

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	June 18, 2007
	Agenda Item No. <u>70</u> Roll Call No. <u>07-</u> Communication No. <u>07-372</u> Submitted by: Allen McKinley, Finance Director and Craig Smith, A.A.E. Aviation Director	

AGENDA HEADING:

Public Hearing Regarding the Issuance of not to Exceed \$6,000,000 in Aggregate Principal Amount of Special Facility Revenue Bonds (Elliott Aviation Project) of the City of Des Moines, Iowa.

SYNOPSIS:

Recommend approval of the issuance of not to exceed \$6,000,000 in aggregate principal amount of special facility revenue bonds. Elliott Aviation of Des Moines (Rick Michalski, Vice President / General Manager, 2800 SW McKinley Avenue, Des Moines) has requested that the City issue Special Facility Revenue Bonds in an aggregate amount of not to exceed \$6 million. Elliott Aviation, not the City, will be legally responsible for paying debt service.

FISCAL IMPACT:

Amount: \$6,000 (revenues)

Funding Source: The City does not incur any costs upon the issuance of Special Facility Revenue Bonds. This debt instrument does not count against the City's general obligation debt limit. Elliott Aviation will pay all fees charged by non-City parties for work done in conjunction with the review and issuance process. Elliott Aviation will pay the debt service on the bonds. In addition, the applicant is required to pay a review fee equal to 1/1000th of the issue to the City.

ADDITIONAL INFORMATION:

Elliott Aviation of Des Moines Inc. has requested that the City issue Special Facility Revenue Bonds in an amount not to exceed \$6 million. Bond proceeds will primarily be used by Elliott Aviation to fund the construction of a regional headquarters facility to be used by Elliott Aviation, consisting of three aircraft hangars, a general aviation terminal and supporting office area with certain other directly related

improvements. The facility will be located at 2800 SW McKinley Avenue, Des Moines, Iowa, on the Des Moines International Airport and will be leased to Elliott Aviation pursuant to a Fixed Base Operator Lease and Agreement. A small portion of the Special Facility Revenue Bonds will be used for a reserve fund and for paying costs of issuance and related costs of the bonds, including necessary expenses incidental thereto.

The City's Industrial Revenue Bond policy requires the City Council to review the bond at a minimum of two separate meetings. The first review (May 21, 2007) was to approve a resolution to set a date of public hearing for June 18, 2007, on the proposal to issue bonds. This action is the public hearing on the issuance of the bonds.

Prior to the next meeting, City staff, in conjunction with special counsel and Public Financial Management (the City's financial advisor), will review all documents to ensure legal compliance and to assess the possibility of any future default on the bonds which could harm the capital markets' perception of the City's own bonds.

Even though Elliott Aviation will pay the debt service, the City's name will be on the bonds. Elliott Aviation will pay all fees charged by non-City parties for work done in conjunction with the review process.

PREVIOUS COUNCIL ACTION(S):

Date: May 21, 2007

Roll Call Number: 07-1014

Action: Authorizing execution of a Preliminary Agreement with Elliott Aviation of Des Moines, Inc. regarding issuance of not to exceed \$6,000,000 aggregate principal amount of Special Facility Revenue Bonds, directing publication of notice of intent to issue, and setting date of public hearing, (6-18-07). Moved by Vlassis to adopt. Motion Carried 7-0.

Date: May 21, 2007

Roll Call Number: 07-1013

Action: On approval of a Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. for services at the Des Moines International Airport. Moved by Mahaffey to adopt. Motion Carried 7-0.

Date: May 7, 2007

Roll Call Number: 07-866

Action: Set date of hearing for approval of a Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. for services at the Des Moines International Airport, (5-21-07). Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: June 5, 2007

Resolution Number: A07-113

Action: Recommended Approval of Issuance of not to exceed \$6,000,000 in Aggregate Principal Amount of Special Facility Revenue Bonds of City of Des Moines, Iowa for Elliott Aviation Project.

Date: June 5, 2007

Resolution Number: A07-114

Action: Approval of Private Construction Agreement between Elliott Aviation and Ryan Construction

Date: May 1, 2007

Resolution Number: A07-85

Action: Recommended Approval of Fixed Base Operator Lease and Agreement with Elliott Aviation of Des Moines, Inc. for Services at the Des Moines International Airport

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Final approval of related documents.