

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	July 23, 2007
	Agenda Item No. 56 Roll Call No. <u>07-</u> Communication No. <u>07-444</u> Submitted by: Allen McKinley, Finance Director and Craig Smith, A.A.E. Aviation Director	

AGENDA HEADING:

Authorizing the Issuance and Sale of Special Facility Revenue Bonds (Elliott Aviation Project) In the Aggregate Principal Amount of Not to Exceed \$6,000,000 and Authorizing the Execution of Related Documents.

SYNOPSIS:

Recommend authorizing the issuance of not to exceed \$6,000,000 in aggregate principal amount of special facility revenue bonds. Elliot 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 amount not to exceed \$6,000,000. Elliott Aviation, not the City, will be legally responsible for paying the debt service.

FISCAL IMPACT:

Amount: \$6,000 revenue to the General Fund.

Funding Source: The City does not incur any costs related to 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 (City’s Financial Advisor and Bond Counsel). 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 \$6,000,000. 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 hangers, 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 Based 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 three times. 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. The second review (June 18, 2007) was the public hearing on the issuance of the bonds, at which time, no public comment was received. This is the third and final City Council review. The Council packet includes a letter from the City's financial advisor (PFM) indicating their satisfactory review of the proposed issue. The review is performed because, even though Elliott Aviation will pay the debt service, the City's name will be on the bonds.

PREVIOUS COUNCIL ACTION(S):

Date: June 18, 2007

Roll Call Number: 07-1232

Action: Public hearing on 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. Moved by Hensley to adopt. Motion Carried 6-1

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.

BOARD/COMMISSION ACTION(S):

Date: June 5, 2007

Resolution Number: A07-113

Action: Airport Board 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: Airport Board approval of Private Construction Agreement between Elliott Aviation and Ryan Construction.

Date: May 1, 2007

Resolution Number: A07-85

Action: Airport Board 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: NONE