

 <p style="text-align: center;">Council Communication Office of the City Manager</p>	Date	November 10, 2008
	Agenda Item No. 48 Roll Call No. <u>08-</u> Communication No. <u>08-690</u> Submitted by: Allen McKinley, Finance Director/Treasurer	

AGENDA HEADING:

Resolution instituting proceedings to take additional action for the authorization of a loan agreement and the issuance of, not to exceed \$12,000,000 Aviation System Revenue Capital Loan Notes.

SYNOPSIS:

Holding the hearing for consideration on the authorization to issue \$12,000,000 of Aviation System Revenue Capital Loan Notes to supplement or replace the current authorized \$12,000,000 Commercial Paper Program.

FISCAL IMPACT:

Amount: \$12,000,000 plus interest

Funding Source: EN002 AIR010100 – Airport Operations

ADDITIONAL INFORMATION:

On August 21, 2000, the City Council established the Airport’s Commercial Paper (Series C) Program with an initial authorization of \$5,000,000. On April 7, 2003, the City Council approved an expansion of the program to \$12,000,000 and a time extension to June 30, 2007. On June 18, 2007, the City Council extended the program to June 30, 2008 and most recently on June 23, 2008, City Council extended the program to June 30, 2009. The time extensions have occurred because the Airport was not ready to transition from the Commercial Paper Series C Program to long-term debt.

With the recent turmoil in the financial markets and the “freezing up” of the credit markets, Commercial Paper (short-term borrowing) rates have risen dramatically and the principal amount has become more difficult to “roll” when the paper reaches maturity. Terms have shortened from the maximum of 270 days to 30 days and at times even overnight.

In order to provide more flexibility the Finance Department is proposing a local placement of Capital Loan Notes to supplement or replace the Commercial Paper Program. The Airport will not be increasing their overall indebtedness through this proposal. It is also possible, depending on the bids received, the local placement of the Capital Loan Notes may result in permanent financing.

PREVIOUS COUNCIL ACTION(S):

Date: October 27, 2008

Roll Call Number: 08-1846

Action: On authorization of a Loan Agreement and issuance of not to exceed \$12,000,000 Aviation System Revenue Capital Loan Notes, (11-10-08). (Council Communication No. 08-637) Moved by Hensley to adopt. Motion Carried 7-0.

Date: June 23, 2008

Roll Call Number: 08-1108

Action: Extension of Airport's Commercial Paper Series C Program, including Letter of Credit with Bank of America, for one year, through June 30, 2009. (Council Communication No. 08-388) Moved by Vlassis to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S):

Date: November 4, 2008

Airport Board Resolution: A08-234

Action: That the Board recommend to Council authorization to issue \$12,000,000 Aviation System Revenue Capital Loan Notes to supplement or replace the current authorized \$12,000,000 Series C Commercial Paper Program. Motion Carried 7-0. (Board Communication No. 08-1102)

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

Award of bid on capital loan notes

For more information on this and other agenda items, please call the City Clerk's Office at 515-283-4209 or visit the Clerk's Office on the second floor of City Hall, 400 Robert D Ray Drive. Council agendas are available to the public at the City Clerk's Office on Thursday afternoon preceding Monday's Council meeting. Citizens can also request to receive meeting notices and agendas by email by calling the Clerk's Office or sending their request via email to cityclerk@dmgov.org.