



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of September 18, 2012
Second Reading Ordinance for the City Council Meeting of September 25, 2012

DATE: August 21, 2012
TO: Ronald L. Olson, City Manager
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Appropriation and transfer of \$65,417 from the Airport Capital Reserve Fund to the Airport Operating Fund to be used for capital expenditures.

CAPTION:

Ordinance appropriating \$65,417 from the No. 4611 Airport Capital Reserve Fund and transferring \$65,417 to the No. 4610 Airport Operating Fund and increasing appropriations from the No. 4610 Airport Operating Funds for capital expenditures as a result of the July 10, 2012 refunding of the Series 2000 A & B Bonds that eliminated the reserve fund requirement; amending the FY 2012-13 Operating Budget adopted by Ordinance No. 029577 to increase revenue and expenditures by \$65,417.

PURPOSE:

The General Airport Revenue Bonds, Series 2000 A & B bond covenant required the establishment of an Airport Capital Reserve Fund. The Series 2000 A & B Bonds were officially refunded on July 10, 2012. The refunding eliminated the reserve fund requirement allowing for the return of reserve funds to the Airport Fund to be used for authorized capital expenditures.

BACKGROUND AND FINDINGS:

The 2000 Terminal re-construction and roadway improvement projects at Corpus Christi International Airport were funded in part from the Series 2000 A & B General Airport Revenue Bonds (GARBs). The bonds were issued based on an Airport revenue pledge and credit rating. This resulted in a higher interest rate and higher debt service. The City's financial advisor, M.E. Allison along with Trillion Aviation, the Airport's business development consultant recommended the refunding of the GARBs on the bond call date. On July 10, 2012, the refunding was finalized with a resulting annual savings of \$275,000. The refunding also eliminated several restrictive bond covenants including the requirement for an Airport Capital Reserve Fund and a 1.25 Debt Ratio coverage. The Airport Capital Reserve Fund was established to account for expenditures associated with major airport construction projects and for the replacement of large equipment used at the Airport. These expenditures will continue to be funded by the Airport from existing operating and capital accounts.

The Capital Reserve Fund was established through a transfer of funds from the Airport Operating Fund. Airport and Financial Services staff is recommending the elimination of the Airport Capital Reserve Fund and transferring the remaining funds back to the Airport Operating Fund.

ALTERNATIVES:

The only alternative would be to retain the Airport Capital Reserve Fund though there is no legal requirement. Retention of the fund would require additional financial and audit resources to maintain the separate fund.

OTHER CONSIDERATIONS:

Not Applicable

CONFORMITY TO CITY POLICY:

Non-applicable

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal
Finance
Management and Budget

FINANCIAL IMPACT:

Operating Revenue Capital Not applicable

Fiscal Year: 2012-2013	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget	\$0	\$0	0	\$0
Encumbered / Expended Amount	\$0	\$0	0	\$0
This item	0	\$65,417	0	\$65,417
BALANCE	\$0	\$65,417	0	\$65,417

Fund: 4611 Airport Capital Reserve Fund

RECOMMENDATION:

Staff recommends the appropriation and transfer of the funds.

LIST OF SUPPORTING DOCUMENTS:

Ordinance