

Resolution authorizing a secondary Revenue Guarantee Agreement with Frontier Airlines and Corpus Christi B Corporation, as part of the secondary funding source for the Air Service Minimum Revenue Guarantee Project, in an amount totaling \$394,747, with FY 2026 funding of \$394,747 from Type B Corporation.

WHEREAS, the Texas Legislature in Section 501 of the Local Government Code (Development Corporation Act of 1979) empowered local communities with the ability to adopt an optional local sales and use tax as a means of improving the economic health and prosperity of their citizens;

WHEREAS, on November 8, 2016, residents of the City passed Proposition 2, Adopt Type B Sales Tax to Replace Expiring Portion of Type A Sales Tax, which authorized the adoption of a sales and use tax to be administered by a Type B Corporation at the rate of one-eighth of one percent to be imposed for 20 years with use of the proceeds for (1) 50% to the promotion and development of new and expanded enterprises to the full extent allowed by Texas law, (2) \$500,000 annually for affordable housing, and (3) the balance of the proceeds for the construction, maintenance and repair of arterial and collector streets and roads;

WHEREAS, the 1/8 cent sales tax authorized by passage of Proposition 2 was subsequently enacted by the City's City Council ("City Council") and filed with the State Comptroller of Texas, effective April 1, 2018, to be administered by the Corporation's Board of Directors ("Board"), and allowing for economic development projects that expand business enterprises and create primary jobs;

WHEREAS, on August 3, 2022, the Corpus Christi International Airport (CCIA) was awarded a \$437,579 federal match air service development grant from the U.S. Department of Transportation;

WHEREAS, the SCASD grant is a federal matching grant in the amount of \$437,579, plus a match of \$350,000, totaling \$787,579.

WHEREAS, The SCASD grant aims to ensure a Minimum Revenue Guarantee to provide financial incentives to airline carriers, conduct studies on the possibilities of expanded service, and carry out marketing programs to promote existing local services;

WHEREAS, as part of the SCASD grant program, the City will enter into an Air Service Agreement totaling \$787,579, with Frontier Airline for new air service from Corpus Christi to Denver, Colorado, sourced from a \$437,579 federal SCASD match grant, a \$350,000 community share contribution from Visit Corpus Christi in the amount of \$100,000, plus Type B Corporation Funds in the amount of \$250,000 under the B Corporation's Air Service Minimum Revenue Guarantee Project;

WHEREAS, there will also be a **Minimum Revenue Guarantee secondary funding contract between Frontier Airlines and Corpus Christi B Corporation totaling \$394,747 under the Air Service Minimum Revenue Guarantee project;**

WHEREAS, this Minimum Revenue Guarantee secondary layered funding source from the Type B Corporation in the amount of \$394,747 will be committed through a separate, concurrent agreement, ensuring the full Minimum Revenue Guarantee commitment is met, totaling \$1,182,326, and committing up to \$700,000 in Type B funds for the Air Service Minimum Revenue Guarantee project; and

WHEREAS, the Air Service Minimum Revenue Guarantee Project was approved by the Corpus Christi B Corporation Board at a public hearing held on July 21, 2025, when the B Corporation Board found that the project will stimulate economic growth in offering the City of Corpus Christi a new hub that connects to the Western half of the United States, bringing more travelers to Corpus Christi to use CCIA, and creating or retaining primary jobs pursuant to Texas Local Government Code Section 505.155; and

WHEREAS, the execution of a Secondary Revenue Guarantee Agreement with Corpus Christi B Corporation ***in an amount totaling \$394,747, and for a term from October 9, 2025, to August 16, 2026***, will promote business expansion and bring additional tourists to City.

Be it resolved by the City Council of the City of Corpus Christi, Texas:

Section 1. The City Council specifically finds that the foregoing statements included in the preamble of this resolution are true and correct and adopts such findings for all intents and purposes related to the authorization of this B Corporation Air Service Minimum Revenue Guarantee Agreement; and hereby authorizes the project agreement with B Corporation and Frontier Airlines totaling \$394,747 from Type B Corporation funds, and for a term from October 9, 2025 to August 16, 2026.

Section 2. No funds approved by this resolution may be expended until 60 days have passed following the public hearing held at the Corporation's Board meeting on July 21, 2025, and subject to appropriation.

PASSED AND APPROVED on the _____ day of _____, 2025.

ATTEST:

Paulette Guajardo, Mayor

Rebecca Huerta, City Secretary