



Department Source: Law

To: City Council

From: City Manager & Staff

Council Meeting Date: April 20, 2020

Re: TEFRA Public Hearing - Special Obligation Bonds (Airport Project), Series 2020A

Executive Summary

This public hearing is being conducted to fulfill the requirements of the Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) and the Internal Revenue Code of 1986, as amended, for the issuance of tax-exempt bonds related to construction of a new airport terminal and related improvements at Columbia Regional Airport.

Discussion

Generally, under the tax rules, an issuer must obtain public approval of certain tax-exempt bonds after providing reasonable public notice and a hearing. Because these bonds are proposed to be issued as private placement tax-exempt bonds, a public hearing and public approval process is required. Under TEFRA, the public hearing conducted by the issuer is required to provide a reasonable opportunity for interested individuals to express their views, either orally or in writing, on the issuance of tax-exempt bonds and the nature of the improvements and projects for which the bond funds will be allocated. In accordance with TEFRA regulations, the City provided public notification of the public hearing on the city website.

Regions Capital Advantage, INC has agreed to purchase the tax exempt bonds for an amount not to exceed \$14,500,000 at an interest rate of 1.9% per annum. The purpose of the bonds will be for construction of a new terminal building and other improvements, renovations, upgrades and projects at Columbia Regional Airport, as well as fund costs of issuance.

Following the close of the TEFRA public hearing, the city council must provide its approval of the issuance of the tax-exempt bonds for the financing of the project in order for the financing to move forward as a tax-exempt issuance. The city council approval is reflected in the accompanying legislation relating to approval of the bonds.

Fiscal Impact

Short-Term Impact: Approximately \$470,000, plus interest, debt payment will be due in 2021.

Long-Term Impact: Remaining principal amounts of issuance plus interest matures annually until 2034.



Strategic & Comprehensive Plan Impact

Strategic Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not Applicable, Tertiary Impact: Not Applicable

Comprehensive Plan Impacts:

Primary Impact: Not Applicable, Secondary Impact: Not applicable, Tertiary Impact: Not Applicable

Legislative History

Date	Action
04/06/2020	R53-20 - Approving the proposal contained in a commitment letter from Regions Capital Advantage, Inc. to purchase Special Obligation Bonds (Airport Project), Series 2020A; setting a public hearing in compliance with Section 147(f) of the Internal Revenue Code.
04/06/2020	B88-20 – Introduction of an ordinance authorizing the issuance of Special Obligation Bonds (Airport Project), Series 2020A.

Suggested Council Action

None.