

FINANCE COMMITTEE

09-0417R

RESOLUTION AUTHORIZING THE CITY TO PROVIDE A \$2,000,000 CONSTRUCTION LINE OF CREDIT TO THE DULUTH AIRPORT AUTHORITY TO ASSIST IN THE MANAGEMENT OF CASH FLOW RELATED TO THE NEW AIRPORT TERMINAL CONSTRUCTION PROJECT.

CITY PROPOSAL:

RESOLVED, that the city, acting through the city treasurer, shall make available a line of credit to the Duluth airport authority of up to \$2,000,000, to be drawn upon as needed, to assist in the management of cash flow in connection with the Duluth airport authority's new airport terminal construction project, same to be repaid in full periodically upon receipt by the Duluth airport authority of project funds from defined FAA, state of Minnesota and other grant or bonding sources which are providing construction cost reimbursement funds. The line of credit shall be available for use in the construction of the Duluth airport authority's new terminal and directly related infrastructure improvements only and shall terminate upon completion of the project. Interest at a rate of 4.00 percent per annum shall be charged on drawn funds. The city treasurer shall determine the forms, procedures and supporting documentation that

will be required to draw on the line of credit. Such transactions shall be subject to audit and public disclosures.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

FINANCE/ATTY DM:cjk 6/10/2009

STATEMENT OF PURPOSE: The line of credit is being made available to provide cash flow necessary to bridge payments to construction contractors made by the Duluth airport authority and the receipt of construction project reimbursement funds from the various grants and bonding proceeds used to finance the airport terminal project. It is anticipated that the line of credit will be drawn and repaid as construction draw requests are made and reimbursements received on a periodic basis. It is the understanding and intent of both parties that this line of credit will not be used for any purpose other than for use in the construction of the Duluth airport authority's new airport terminal and directly related infrastructure improvements. The line of credit authority will expire upon completion of the project or earlier at the mutual agreement of the parties.