

SUBJECT: \$41 million in bonds for aircraft pooling board and state office complex

COMMITTEE: Financial Institutions — committee substitute recommended

VOTE: 5 ayes — Marchant, Ehrhardt, Elkins, Grusendorf, Solomons
0 nays
4 absent — Gutierrez, Giddings, Patterson, Smith

WITNESSES: For — Bill Clayton, Texas Aircraft Pooling Board
Against — None
On — Joel Reitzer, General Services Commission, Lee Deviney and Kimberly K. Edwards, Texas Public Finance Authority; Jesus Garza, City of Austin

BACKGROUND : The State Aircraft Pooling Board, which operates and maintains state aircraft, is currently located at Austin’s Robert Mueller Municipal Airport. The City of Austin is now constructing a new airport at the former Bergstrom Air Force Base.

DIGEST: CSHB 2877 would allow the Texas Public Finance Authority to issue bonds of up to \$48 million, with no more than \$7 million to be used for relocating the State Aircraft Pooling Board and \$41 million to acquire and develop a state complex at Robert Mueller Municipal Airport in Austin.
The bill would take immediate effect if finally approved by a two-thirds vote of the membership of each house.

SUPPORTERS SAY: CSHB 2877 would allow the Texas Public Finance Authority (TPFA) to reallocate part of an existing bond authorization to acquire the State Insurance Building to finance moving the State Aircraft Pooling Board to the new Austin Bergstrom International Airport and to develop a state office complex at the former airport site. No more than \$7 million could be used to finance the pooling board's move to the new airport now under

construction and \$41 million of bonds to be sold would be used to purchase and develop about 200 acres of land at the Robert Mueller Airport site for a state building complex.

This bill would allow the state to finance an agreement made between the City of Austin and the state regarding relocating the State Aircraft Pooling Board from Mueller airport to the new Bergstrom airport. The Austin city council unanimously voted to approve the agreement allowing the state to purchase land at the Mueller airport site for a state office complex.

Building a state office complex to house the various state agencies leasing office space in Austin now would save the state money over the long run, and the location is excellent for such a project.

The state originally authorized the TPFAs to issue bonds valued at \$59.9 million to acquire the State Insurance Building. Although the authorization was for \$59.9 million, the law allows bonds to be issued at one and one-half times the value as a cushion for unanticipated costs; therefore, the actual authorization for the insurance building was actually about \$90 million. The insurance building cost \$41.2 million, which leaves about \$48 million to be used for other purposes.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

The committee substitute made technical changes to the original bill.

HB 3585 by Greenberg et al., authorizing sale of the Aircraft Pooling Board site at Robert Mueller Airport to the City of Austin, is on today's calendar.