



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

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DATE: April 11, 2023

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT

Hayward Hangars Airport Hangar Project TEFRA Hearing: Tax and Equity Fiscal Responsibility Act Hearing as Required by the Internal Revenue Code of 1986, and Adoption of a Resolution Approving the Issuance of Revenue Bonds by the Public Finance Authority in an Amount Not-to-Exceed \$5,512,000 to Finance or Refinance the Construction, Furnishing and Equipping of an Aircraft Storage Hangar Project Located at 20995 Skywest Drive, Hayward, California

RECOMMENDATION

That Council:

1. Conducts a public hearing to consider the issuance by the Public Finance Authority (the "Authority") of its exempt facility airport revenue bonds under Section 142(a)(1) of the Internal Revenue Code (the "Code"), in one or more tax-exempt or taxable series (the "Bonds"), to assist in the financing or refinancing of an aircraft storage hangar project located at 20995 Skywest Drive, Hayward, California (as more particularly defined below, the "Project"); and
2. Adopts a resolution (Attachment II) approving the issuance of the Bonds by the Authority for the benefit of the developer, Hayward Hangars, LLC (the "Borrower"), to provide for the financing of the Project, such adoption being necessary for the purposes of satisfying the requirements of the Code and the statute under which the Authority is created.

SUMMARY

The Council has been asked by the Borrower to conduct a public hearing for purposes of satisfying the applicable requirements of the Code in connection with the proposed issuance by the Authority of the Bonds. The Bonds will be used to assist in the financing of all or a portion of the costs of: (i) the construction, furnishing and equipping of an approximately 25,900 square foot aircraft storage hangar, consisting of twelve (12) box hangar units, to be located at the Hayward Executive Airport, 20995 Skywest Drive, Hayward, California (the "Airport") in the City of Hayward, California (the "City"); (ii) refinancing certain outstanding lines of credit, loans and promissory notes of the Borrower, which financed and refinanced other airport-related facilities at the Airport; and (iii) paying costs of issuance related to the Bonds (collectively, the "Project"). The box hangar units will be designed to accommodate

general aviation aircraft and aviation-related businesses.

In furtherance of the Project description above, the airport hangars are a vital part of the Airport. In addition to the hangars in the Project, there are currently 206 City-owned hangars at the Airport, most of which are T-hangars. The total also includes several City-owned 60' x 60' box hangars, along with two (2) large hangars owned by private parties that offer "footprint" leases for airplanes. All of the City-owned hangars are fully occupied. There are also 15 large hangar units (ranging from 5,000 to 12,000 square feet) that cater to owners of larger corporate jets. According to Airport management, there are currently 461 aircraft based at the Airport and 192 names on the waiting lists for City-owned hangars. The Airport benefits from its convenient location in the Bay Area, in which many affluent owners of general aviation ("GA") aircraft are based, but which suffers from a shortage of hangars and desirable airports for GA aircraft.

This project would help facilitate the construction of much needed hangars at the Hayward Airport. The City bears no responsibility for repayment of these tax exempt bonds and simply acts as a conduit to facilitate the public hearing for issuance of the bonds.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution