

A G E N D A



RCA	Austin City Council	Item ID	5319
Meeting Date:	4/7/2011	Department:	Treasury
Subject			
Approve an ordinance authorizing and approving (i) an extension of the expiration date of the Standby Bond Purchase Agreement, between the City of Austin and Dexia Credit Local (Dexia) relating to the \$248,350,000 currently outstanding City of Austin, Texas, Airport System Refunding Revenue Bonds, Series 2005 (the Bonds), (ii) an increase in the facility fee rate to 125 basis points payable by the City of Austin to Dexia pursuant to the Standby Bond Purchase Agreement, and (iii) all necessary related documents and actions.			
Amount and Source of Funding			
Funding for the facility fee payable by the City of Austin to Dexia pursuant to the Standby Bond Purchase Agreement, estimated at \$774,270 for the duration of the extension during FY 2011 is included in the Fiscal Year 2010-11 Approved Operating Budget of the Airport Fund.			
Fiscal Note			
There is no unanticipated fiscal impact. A fiscal note is not required.			
Purchasing Language:			
Prior Council Action:	The City of Austin, Texas Airport System Refunding Revenue Bonds, Series 2005 were approved by Council on August 4, 2005, and the Standby Bond Purchase Agreement between the City of Austin and Dexia was approved by Council on April 24, 2008.		
For More Information:	Art Alfaro, Treasurer, 974-7882		
Boards and Commission Action:			
MBE / WBE:			
Related Items:			
Additional Backup Information			

In 2005, the City issued the Bonds for the purpose of refunding part of its outstanding Airport System debt from fixed rate bonds to variable rate obligations, initially in the form of auction rate securities. In 2008, the Bonds were converted from an auction rate mode to a variable rate demand obligation (VRDO) to bear interest in a weekly rate mode. A necessary component of any VRDO is for the holders of such securities to be able to tender the securities for purchase at certain times. Upon being tendered, the VRDO is remarketed to and purchased by a new holder. In the event there are no buyers in the market for any tendered VRDOs, the purchase price for the tendered VRDO is paid by a third party bank pursuant to a liquidity facility. The City entered into a liquidity facility in the form of a Standby Bond Purchase Agreement (SBPA) with Dexia Credit Local at the time the Bonds were converted into VRDOs in 2008. The SBPA with Dexia expires on May 2, 2011. This council request, if approved, will allow the City of Austin to extend Dexia's SBPA for a period of not to exceed 90 days at a facility fee rate of not to exceed 125 basis points per annum on the amount of Dexia's commitment under the SBPA (equal to the principal amount of and maximum amount of interest payable on the Bonds). The purpose of this extension is to allow sufficient time for the City to negotiate and replace the SBPA with a comparable liquidity or credit facility.