

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	16294	Agenda Number	80.
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Meeting Date:	6/28/2012	Department:	Aviation
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## Subject

Approve an ordinance authorizing the defeasance and redemption of all outstanding Airport System Variable Rate Revenue Notes, Series A; amending the Fiscal Year 2011-2012 Airport Capital Fund Operating Budget of the Aviation Department (Ordinance No. 20110912-005) by increasing transfers out by \$28,000,000 to the Airport Variable Rate Bond Debt Service Fund, amending the Airport Variable Rate Bond Debt Service Fund (Ordinance No. 20110912-005) increasing transfers in by \$28,000,000, and appropriating these funds and authorizing all other actions to be taken for the defeasance and redemption of all outstanding Airport System Variable Rate Revenue Notes, Series A.

## Amount and Source of Funding

Funding is available through the Airport Capital Budget.

## Fiscal Note

A fiscal note is attached.

Purchasing Language:	
Prior Council Action:	The City of Austin, Texas Airport System Variable Rate Revenue Refunding Notes, Series A were approved by Council on February 5, 1998.
For More Information:	David Arthur, Aviation Assistant Director and Chief Financial Officer, 530-6688.
Boards and Commission Action:	To be reviewed by the Austin Airport Advisory Commission on June 26, 2012.
MBE / WBE:	
Related Items:	

## Additional Backup Information

The Revenue Series A Notes were issued on February 24, 1998. The issuance of \$28.0 million in variable rate notes provided funding, in conjunction with other sources of funds, for the construction of the terminal complex, air cargo apron, ARFF facility and other miscellaneous support facilities at the Austin-Bergstrom International Airport. The original maturity of the notes was November 2017.

The principal and interest for the Revenue Series A Notes are payable solely from the net revenues of the Airport System and funds held in the Debt Service Fund and the Debt Service Reserve Fund. The ability to pay debt service on the Revenue Series A Notes depends solely on the receipt of sufficient Airport System Gross Revenues. The airport has been amortizing principal related to the variable rate notes through the airline rate base since FY 2002, and has sufficient funds to repay the variable rate notes in full at this time.

The Revenue Series A Notes have a credit enhancement in the form of an irrevocable direct-pay Letter of Credit issued by State Street Bank and Trust Company. The Letter of Credit will expire on August 18, 2012. Due to the Letter of Credit expiring this year, the Airport has determined to redeem the Revenue Series A Notes in whole at a redemption price of 100% of the principal amount thereof without premium. The redemption of the Revenue Series A Notes will eliminate risk and uncertainty for the Airport in the current unpredictable market for variable rate debt and supporting Letters of Credit.