

A U S T I N C I T Y C O U N C I L
AGENDA

Thursday, June 22, 2006

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**Treasury Office
RECOMMENDATION FOR COUNCIL ACTION**

Subject: Approve an ordinance authorizing the redemption of outstanding Airport System Prior Lien Revenue bonds, Series 1989, in the approximate amount of \$1,021,000, and the execution of all related documents.

Amount and Source of Funding: Approximately \$1,021,000 from the Aviation Department Debt Service Fund.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

Additional Backup Material

(click to open)

☐ Ordinance

For More Information: Leslie Browder, Deputy Chief Financial Officer
974-7822

The Aviation Department seeks approval of an ordinance authorizing the utilization of approximately \$1,021,000 of current balances in the debt service fund for the purpose of redeeming the outstanding Airport System Prior Lien Revenue Bonds, Series 1989. This action will allow the Aviation Department to redeem the Series 1989 outstanding revenue bonds as a debt management strategy.

The execution of the early redemption will result in the following debt service savings:

Fiscal Year Savings

FY 2007 thru FY 2020 (each year) - \$ 73,500

FY 2020-21 - 1,036,750

Total - \$2,065,750

The transaction will result in \$2,065,750 gross debt service savings, with a net debt service savings of \$1,050,233 after factoring in the approximately \$1,021,000 cash outlay used to redeem the bonds.

ORDINANCE NO. 2006

**AN ORDINANCE AUTHORIZING THE REDEMPTION OF THE
OUTSTANDING AIRPORT SYSTEM PRIOR LIEN REVENUE BONDS SERIES
1989; AUTHORIZING THE GIVING OF NOTICE OF REDEMPTION;
ENACTING OTHER PROVISIONS INCIDENT AND RELATING TO THE
SUBJECT; AND DECLARING AN EMERGENCY.**

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

PART 1. Findings:

WHEREAS, the City Council of the City of Austin, Texas (the "City"), has heretofore issued and has outstanding its Airport System Prior Lien Revenue Bonds, Series 1989 (the "Bonds"); and

WHEREAS, pursuant to the provisions of the ordinance authorizing the issuance of the Bonds, the City has the option of calling the Bonds for redemption in whole or in part, prior to maturity on November 15, 1999, or any date thereafter at a price of par plus accrued interest to the date of redemption; and

WHEREAS, the City has determined to use lawfully available funds of the City to redeem all of the outstanding Bonds prior to maturity on August 1, 2006; and

WHEREAS, the City has determined that it is necessary and desirable to authorize the paying agent of the Bonds to provide written notice of redemption to the registered holders of the Bonds and to AMBAC Assurance Corporation, as bond insurer for the Bonds (the "Insurer"); **NOW THEREFORE**

PART 2. Council Action:

Section 1. All of the outstanding Bonds (being \$1,000,000 in aggregate principal amount maturing on November 15, 2020) are hereby called for redemption prior to their scheduled maturities on August 1, 2006 at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the date of redemption;

Section 2. JPMorgan Chase Bank, as paying agent for the Bonds, is hereby authorized and directed to cause a notice of redemption, in substantially the form set forth in Exhibit A to this Ordinance, to be mailed to the appropriate registered holders as well as the Insurer in accordance with the provisions of the ordinance authorizing the issuance of the Bonds.

1 Section 3. The officers, employees and agents of the City, and each of them, shall be
2 and each is expressly authorized, empowered and directed from time to time and at any
3 time to do and perform all acts and things and to execute, acknowledge and deliver, in the
4 name and under the seal and on behalf of the City, all documents, instruments and other
5 papers, whether or not herein mentioned, as they may determine to be necessary or
6 desirable in connection with the redemption of the Bonds.

7 Section 4. It is officially found, determined, and declared that the meeting at which this
8 Ordinance has been adopted was open to the public and public notice of the time, place
9 and subject matter of the public business to be considered and acted upon at said meeting,
10 including this Ordinance, was given, all as required by the applicable provisions of
11 Chapter 551, Texas Government Code.

12 **PART 3.** The council finds that the public importance of this action and the fact that
13 there is an urgent public need for the City to make financial arrangements for the
14 redemption of the Bonds as soon as possible and without delay constitutes an emergency.
15 Because of this emergency, this ordinance takes effect immediately on its passage for the
16 immediate preservation of the public peace, health and safety.

17 **PASSED AND APPROVED**

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21 _____, 2006

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Will Wynn
Mayor

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26 **APPROVED:**

David Allan Smith
City Attorney

ATTEST:

Shirley A. Gentry
City Clerk