File #: 19-2091, Agenda Item #: 81. 6/20/2019

Posting Language
Approve an ordinance authorizing the issuance and sale of City of Austin Airport System Revenue Bonds, Series 2019A (Non-AMT), in an amount not to exceed $70,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees be accomplished by February 28, 2020.

Lead Department
Treasury

Fiscal Note
This item has no fiscal impact.

For More Information:
Belinda Weaver, Interim Treasurer, 512-974-7885

Council Committee, Boards and Commission Action:
June 11, 2019 - Austin Airport Advisory Commission

Additional Backup Information:
The Bonds are being issued to provide funding related to infrastructure improvements at the airport, specifically, additional funding for the six-level parking garage at the Lot A site north of the existing parking garage and west of the new rental car facility, and various improvements to the Airports Runway and existing infrastructure. The parking garage construction scope of work has been expanded to include additional improvements to the entrances of the long-term and close-in parking lots and new overhead signage on Presidential Boulevard.

The debt service cost for the currently proposed $70,000,000 City of Austin Airport System Revenue Bonds, Series 2019A (Non-AMT) is estimated as follows:

<table>
<thead>
<tr>
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<th>2019-2020</th>
<th>Average Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principal</td>
<td>$0</td>
<td>$2,258,064</td>
</tr>
<tr>
<td>Interest</td>
<td>$1,750,000</td>
<td>$2,219,710</td>
</tr>
<tr>
<td>Total Debt Service</td>
<td>$1,750,000</td>
<td>$4,477,774</td>
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</tbody>
</table>

The Airport financing plan on today’s agenda included “AMT” (Alternative Minimum Tax) bonds and “Non-AMT” bond issuances for ABIA. The entire issuance is supported by Airport System revenue.

The bonds funding the airport terminal expansion, consolidated maintenance facility and information technology building are considered private activity bonds. The interest earned on private activity bonds is subject to the AMT provisions of the Internal Revenue Code. The bonds financing the parking garage, runway improvements, and existing infrastructure improvements are considered governmental bonds for federal
income tax purposes and the interest earned on government bonds, is not subject to the AMT provisions.

The effect of AMT versus Non-AMT to the City of Austin is that Non-AMT bonds generally bear interest at a lower rate than AMT bonds.

In order to provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the “Pricing Officer”) to complete the sale of the Bonds in accordance with the parameters in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on February 28, 2020.

This transaction will be sold through Citibank NA, as Senior Manager, Morgan Stanley, as Co-Senior Manager, and Jeffries, and Raymond James, as Co-Managers, Bracewell L.L.P will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will service as disclosure counsel, and serving as underwriter’s counsel will be Haynes and Boone, LLP. PFM Financial Advisors LLC is the City’s financial advisor.