



Recommendation for Action

File #: 21-1577, **Agenda Item #:** 6.

4/22/2021

Posting Language

Approve an ordinance amending the Fiscal Year 2020-2021 Operating Budget for the Department of Aviation (Ordinance No. 20200812-001) to establish the Subordinate Obligation Fund; amending the Fiscal Year 2020-2021 Operating Budget for the Department of Aviation Airport Capital Fund (Ordinance No. 20200812-001) to increase transfers out by \$2,645,601; and amending the Fiscal Year 2020-2021 Operating Budget for the Department of Aviation Subordinate Obligation Fund (Ordinance No. 20200812-001) to transfer in and appropriate \$2,645,601 to replenish current and anticipated future deficiencies of the Austin-Bergstrom Landhost Enterprises, Inc. Debt Service Reserve Fund.

Lead Department

Department of Aviation.

Fiscal Note

Funding in the amount of \$2,645,601 is available in the Fiscal Year 2020-2021 Operating Budget for the Department of Aviation Airport Capital Fund (Ordinance No. 20200812-001). Fiscal notes are attached.

Prior Council Action:

On August 3, 2017, Council adopted Resolution No. 20170803-011 approving a resolution by Austin-Bergstrom Landhost Enterprises, Inc. to issue Series 2017 Bonds and negotiate and execute a Facilities Lease and Grant Agreement, on an 11-0 vote.

For More Information:

Rajeev Thomas, Airport Deputy Chief of Finance, Department of Aviation.

Additional Backup Information:

In 2017, the City approved a resolution by Austin-Bergstrom Landhost Enterprises, Inc. (ABLE) authorizing the issuance of Airport Hotel Senior Revenue Refunding and Improvement Bonds, Series 2017. In connection with ABLE's issuance of these bonds, the City determined it was in the best interest of the City to enter a Grant Agreement with ABLE to restore funds in the Debt Service Reserve Fund (DSRF) to satisfy the DSRF Requirement.

As part of the Grant Agreement, if the City receives a DSRF Deficiency Notice from the Bond Trustee and the Department of Aviation makes a Grant Funding Determination that Surplus Airport System Revenues are sufficient to fund the deficiency, the City is obligated to transfer funds to pay the deficiency to the Bond Trustee on behalf of ABLE.

Due to the significant impact of COVID-19 on the Airport Hilton Hotel, the Bond Trustee issued a DSRF Deficiency Notice to the City in October 2020. The Department of Aviation then determined that there were sufficient Surplus Airport System Revenues to fund the deficiency. In accordance with Section 5.05 Flow of Funds of the Airport Bond Ordinance (Series 2019A), the Department of Aviation created a Subordinate Obligation Fund to fund any future DSRF deficiencies after making a Grant Funding Determination that Surplus Airport System Revenues are sufficient. In order to complete any fiscal activities with the Subordinate

Obligation Fund, this item will need to be approved in order to finalize the establishment of the Subordinate Obligation Fund and transfer the budget authority that was originally allocated to the Operating Budget for the Department of Aviation Airport Capital Fund (Ordinance No. 20200812-001). This item has a municipal purpose.

Strategic Outcome(s):

Mobility.