

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID		Agenda Number	69.
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Meeting Date:	1/17/2013	Department:	Treasury
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**Subject**

Approve an ordinance authorizing the issuance of City of Austin Rental Car Special Facility Revenue Bonds, Taxable Series 2013, in an amount not to exceed \$150,000,000.00, subject to specified parameters set forth in the ordinance, authorizing related documents and approving related fees. These funds will be used to finance costs of the Consolidated Rental Car Facility (CONRAC), including, without limitation, the acquisition and construction of the CONRAC, funding debt service, and other reserves, and paying the costs of issuance.

**Amount and Source of Funding**

\$2,451,442.35 in first year estimated debt service requirement and \$500 annual paying agent/trustee fee will be paid by Rental Car Customer, Facility Charges. A fiscal note is not required.

**Fiscal Note**

No fiscal note required.

<b>Purchasing Language:</b>	N/A
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<b>Prior Council Action:</b>	<p>On May 24, 2012: Council approved the negotiation and execution of a master lease with Austin CONRAC, LLC ("Master Lease") to construct, maintain, and operate the CONRAC facility for the operation of rental car concessions at Austin-Bergstrom International Airport.</p> <p>Council approved the negotiation and execution of revenue producing agreements with rental car companies ("Concession Agreements") to operate rental car concessions at the CONRAC facility at Austin-Bergstrom International Airport.</p>
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<b>For More Information:</b>	Art Alfaro, Treasurer: 512-974-7882
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<b>Boards and Commission Action:</b>	Recommended by the Airport Advisory Commission on December 11, 2012.
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<b>MBE / WBE:</b>	
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<b>Related Items:</b>	
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**Additional Backup Information**

Since ABIA opened in 1999, rental car customer service counters and staff offices have been situated inside the Airport terminal. Approximately 1,200 rental car ready return and staging spaces are located on the 3rd level of the Airport parking garage. The first two levels of the garage are used for public parking. The costs of constructing and maintaining the rental car facilities currently operating at ABIA are paid from revenues generated by customer facility charges collected by the rental car companies during business at ABIA ("RACs") and transferred to a trustee acting on behalf of the City. Due to increasing passenger traffic, Airport officials and the RACs have been discussing ways to address the need for additional public parking and rental car company space. As a result, in November 2011, the Department of Aviation and the RACs signed a letter of intent for the planning, design, construction, financing, and operation of a multi-level public parking garage and consolidated rental car facility ("CONRAC") at the Airport. The CONRAC is planned to be built on the eastern half of surface parking Lot A located immediately behind the existing parking garage.

The City will use the ground level of the CONRAC for covered public parking while the RACs will occupy the upper four floors, of the facility. The capital costs of the proposed CONRAC facility are anticipated to be financed from the net proceeds of special facility revenue bonds having a term of not greater than thirty 30 years to be issued by the City. The bonds will be secured by and payable solely from Customer Facility Charges collected by the RACs and, if needed, contingent fees to be paid by the RACs under the Concession Agreements with the City, as well as reserve funds established at the time the bonds are issued. Upon Council approval, the City will apply and make the proceeds of the bonds available pursuant to the Master Lease for the purpose of financing, constructing, and developing the CONRAC facility. It is anticipated that construction of the CONRAC facility shall start in March 2013 and the date of beneficial occupancy is scheduled to occur on or about March 2015. Title to and ownership of the CONRAC facility and improvements shall vest in the City as such CONRAC facility and improvements are constructed.

Austin CONRAC, LLC ("Austin CONRAC") is a single purpose entity which is wholly managed by the RACs that shall assist with the planning, design, construction, and operation of the CONRAC facility. The City will enter the Master Lease, to lease the ground on which the CONRAC facility will be built to Austin CONRAC and Austin CONRAC will enter into sublease agreements with the RACs for use of CONRAC facilities by the RACs for their rental car concessions. The Master Lease will not exceed a thirty (30) year term. The base rent for the CONRAC facility shall be an annual amount of \$900,000.00 to the City. The base rent will be adjusted at 5 year intervals throughout the term of the master lease.

Each RAC will enter into a Concession Agreement with the Department of Aviation as well as into a sublease agreement with Austin CONRAC. Pursuant to the sublease agreements with Austin CONRAC, the RACs will each lease office space, counter and customer service areas, ready/return parking stalls, vehicle staging spaces, storage facilities, and quick turn-arounds (QTAs) in the CONRAC facility. The Department of Aviation will ensure local companies have the opportunity to bid to operate rental car companies at the Airport and lease space in the new CONRAC facility.

The CONRAC facility is expected to provide efficiencies to the RACs in the operation of their rental car facilities as well as easy access to the ABIA terminal for rental car customers. As a result of consolidating numerous functions on site at the CONRAC facility, annual carbon dioxide emissions are expected to be reduced by approximately 411 tons.

Austin CONRAC submitted its M/WBE Compliance Plan for the design phase and was approved by the City. Austin CONRAC will comply fully with the City's M/WBE procurement program for third party contracts related to the construction of the CONRAC facility including active public outreach programs to identify and solicit M/WBE subcontractors.

In order to provide the City with the flexibility to quickly respond to changing market conditions, the proposed ordinance delegates the authority to the City Manager, Chief Financial Officer, and other officers named in the ordinance (the "Pricing Officer") to complete the sale of the bond transaction in accordance with the parameters in the ordinance.

The transaction will be sold through an underwriting team of Wells Fargo Securities and Estrada Hinojosa & Company, Inc.

Bracewell & Giuliani LLP will serve as Bond Counsel. McCall, Parkhurst & Horton L.L.P. will serve as Disclosure Counsel to the City. Andrews Kurth LLP will serve as counsel to the underwriters.