



Recommendation for Action

File #: 22-1586, Agenda Item #: 8.

4/7/2022

Posting Language

Approve an ordinance authorizing the issuance and sale by December 31, 2022 of City of Austin Airport System Revenue Bonds, Series 2022 (AMT), in a par amount not to exceed \$470,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.

Lead Department

Financial Services Department.

Fiscal Note

This item has no fiscal impact.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885

Council Committee, Boards and Commission Action:

03/08/2022 Austin Airport Advisory Commission.

Additional Backup Information:

The proposed 2022 Bonds are being issued to partially fund the costs of the City’s Airport Expansion and Development Program (AEDP). The AEDP is intended to increase capacity at the Airport using a strategic approach, including optimizing the existing Barbara Jordan Terminal enabling future Airport expansion with utilities, airfield, and terminal infrastructure. The AEDP includes adding new aircraft gates, checkpoint capacity, ground loading equipment and improved access to ground loading holdrooms, ticket counter and office space and other necessary infrastructure. One of the key elements of the Barbara Jordan Terminal optimization is upgrading the baggage handling system for more bags throughput and integrating the east and west matrix of the current baggage handling system. The proposed bonds will also fund design and preparation of the airfield for a future midfield Concourse B facility, including associated airfield infrastructure.

The debt service cost for the currently proposed \$470,000,000 City of Austin Airport System Revenue Bonds, Series 2022 (AMT) is estimated as follows:

	2022-23	Average Per Year
Principal	\$0	\$12,525,901
Interest	\$20,110,000	\$12,659,784
Total Debt Service	\$20,110,000	\$25,185,685

The Airport financing plan on today’s agenda include an “AMT” (Alternative Minimum Tax) bond issuance for Austin Bergstrom International Airport. The interest earned on private activity bonds is subject to the AMT provisions of the Internal Revenue Code. The entire issuance is supported by Airport System revenue.

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 December 31, 2022.

This transaction will be sold through Morgan Stanley, as Senior Manager, Ramirez & Co, as Co-Senior Manager, and Loop Capital and Raymond James & Associates, as Co-Managers, Bracewell LLP will serve as bond counsel, McCall, Parkhurst & Horton LLP will serve as disclosure counsel, Haynes and Boone LLP will serve as underwriter’s counsel, and PFM Financial Advisors LLC is the City’s financial advisor.

Strategic Outcome(s):

Government that Works for All.