



City of Austin

Recommendation for Action

File #: 25-0927, **Agenda Item #:**

6/5/2025

Posting Language

Approve a resolution expressing the City's consent, as required by Internal Revenue Code Section 147(f), to the Public Finance Authority's issuance of the Series 2024B Tax-Exempt Bonds, in exchange for the Series 2024B Taxable Bonds previously issued for the purpose of making a loan to Austin FBO, LLC, in an amount not to exceed \$53,410,000 to provide financing of the cost of the acquisition, construction, and/or equipping of certain facilities at Austin-Bergstrom International Airport and fund related costs. Funding: No fiscal impact.

Lead Department

Aviation

Fiscal Note

No fiscal impact.

For More Information:

Inquiries should be directed to Tracy Thompson, Airport Chief Officer - Business & External Affairs at tracy.thompson@flyaustin.com, 512-530-5023.

Council Committee, Boards and Commission Action:

To be reviewed by the Austin Airport Advisory Commission on May 14, 2025.

Additional Backup Information:

On December 5, 2024, the Public Finance Authority issued the Series 2024B Bonds bearing interest includable in the gross income, for federal income tax purposes, of the holders thereof (the "Series 2024B Taxable Bonds"). In accordance with applicable provisions of the indenture pursuant to which the Series 2024B Taxable Bonds were issued, the interest on the Series 2024B Taxable Bonds may be converted to tax-exempt interest through an exchange of such bonds for bonds bearing interest not includable in gross income, for federal income tax purposes, of such holders (the "Series 2024B Tax-Exempt Bonds"), provided certain conditions are satisfied.

The Public Finance Authority intends to issue the Series 2024B Tax-Exempt Bonds in an aggregate principal amount not to exceed \$53,410,000. The bond proceeds will be used to (a) provide financing of the cost of the acquisition, construction and/or equipping of certain facilities at Austin-Bergstrom International Airport (AUS), (b) pay capitalized interest with respect to the Series 2024B Taxable Bonds until the date of the conversion and thereafter with respect to the Series 2024B Tax-Exempt Bonds, (c) pay the costs of issuance allocable to the Series 2024 Taxable Bonds, and (d) fund a deposit to the debt service reserve fund allocable initially to the Series 2024B Taxable Bonds and after the date of the Conversion, to the Series 2024B Tax-Exempt Bonds.

On May 21, 2025, a public hearing was held at AUS in connection with the issuance of the bonds in accordance with the Internal Revenue Code, and no persons presented comments orally or in writing.

The Internal Revenue Code requires that Council approve the bonds since the facilities being financed by the bond proceeds are located within the City. The City is not being asked for funds and in no way will the bonds

be considered a debt or liability of the City. The financing does not count against the City's bonding capacity. All the expenses and repayment liability for this financing are solely an obligation of Austin FBO, LLC.

It is a condition precedent to the effectiveness of this approval that City and Austin FBO, LLC, execute an amendment to the amended and restated fixed base operator lease and development agreement for approximately 40 acres of land at Austin-Bergstrom International Airport, to provide for the reimbursement by Austin FBO, LLC, to City of an amount not to exceed \$3,118,000 for the construction and renovation costs associated with the AUS AEDP MFT-Economy Lot 3 Project, as part of the Midfield Taxiway Project, and their proportionate share of the design costs.