



City of Austin

Recommendation for Action

File #: 24-6517, **Agenda Item #:** 13.

1/30/2025

Posting Language

Approve an ordinance authorizing the establishment of the City of Austin, Texas, Airport System Subordinate Lien Revolving Revenue Note Program, the issuance from time to time of short-term notes in an aggregate principal amount not to exceed \$150,000,000 at any one time outstanding, the execution of all related agreements, including one or more Note Purchase Agreements, and payment of all related cost of issuance. Funding: The Fiscal Year 2024-25 Note Program debt service requirements and cost of issuance are included in the 2024-25 Approved Operating Budget of the Airport Operating Fund.

Lead Department

Financial Services Department

Fiscal Note

The Fiscal Year 2024-25 Note Program debt service requirements and cost of issuance are included in the 2024-25 Approved Operating Budget of the Airport Operating Fund.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885

Additional Backup Information:

The proposed note program is being created to provide a short-term financing vehicle to initially fund the City's Airport Expansion and Development Program (AEDP) and to fund other capital improvement program projects from time to time at the Airport. 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 improvements, and terminal infrastructure. The AEDP includes a new concourse B with additional gates, a new larger capacity central utility plant, a new parking garage, and a new arrival/departure hall with expanded ticket counters, security capacity and roadway infrastructure. The proposed note program will fund design and construction of the AEDP elements including projects located on the airside, terminal and landside.

The proposed note program allows the City to issue short term notes for qualifying capital improvement program projects at the Airport to minimize borrowing costs, to more efficiently manage arbitrage liability, and to allow greater flexibility for the Airport to manage cash needs. The note program will operate similar to a commercial paper program, in that short term notes may be issued from time to time during the authorized issuance period of 30 years, and at various times during the life of the note program, when market conditions are favorable, Council will be asked to authorize the issuance of long-term refunding bonds to retire all or a portion of the outstanding notes.

The ordinance delegates authority to certain authorized officers of the City:

- i. to determine the final terms of the notes being issued, which may be issued bearing interest at variable or fixed rates, on a taxable or tax-exempt basis, and with a maturity date not to exceed 364 days; and
- ii. to enter into one or more Note Purchase Agreements from time to time with third-party banks to provide for the direct purchase of notes issued under the note program. The ordinance approves the form of

the initial Note Purchase Agreement to be entered into between the City and Wells Fargo Bank, National Association, which will serve as the initial purchaser of the notes.

The proposed short-term notes and the costs of the note program will be secured by a lien on the net revenues of the Airport System that is junior and subordinate to the lien securing the City's Airport System Revenue Bonds. Under State law, the holders of the notes will not have a right to seek payment from property taxes.

For this transaction, PFM Financial Advisors LLC will serve as financial advisor and Bracewell LLP will serve as bond counsel.