



City of Austin

Recommendation for Action

File #: 25-0238, **Agenda Item #:** 8.

3/6/2025

Posting Language

Approve an ordinance authorizing the issuance and sale by September 6, 2025 of City of Austin Airport System Revenue Refunding Bonds, Series 2025 (AMT), in a par amount not to exceed \$250,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. Funding: The Fiscal Year 2025 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2024-2025 Operating Budget of the Airport Revenue Bond Redemption Fund.

Lead Department

Financial Services Department

Fiscal Note

The Fiscal Year 2025 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2024-2025 Operating Budget of the Airport Revenue Bond Redemption Fund.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885

Additional Backup Information:

The proposed 2025 Bonds are being issued to refund all or a portion of the outstanding \$244,495,000 Airport System Revenue Bonds, Series 2014 (AMT) for debt service savings (the "2014 Bonds"). The 2014 Bonds are currently callable (able to be refinanced) and due to current favorable conditions in the municipal bond market, the City's financial advisor, PFM Financial Advisors LLC, has advised that refinancing, or "refunding" certain maturities from the 2014 Bonds may result in present value savings (lower debt service costs) that exceed the City's target guideline of 4.25% of the refunded bonds. Using interest rates as of February 3, 2025, the transaction is estimated to produce \$12.9 million in present value savings (or, expressed as a percentage of the refunded bonds, a present value savings of 5.3%).

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, Chief Financial Officer, Director of Financial Services, City Treasurer or any Deputy or Assistant City Manager authorized by the City Manager to sign documents on his behalf (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 September 6, 2025.

This transaction will be sold through an underwriting syndicate comprised of Siebert, Williams, Shank & Co. as the Senior Manager, Estrada Hinojosa and Hilltop Securities as Co-Managers, and Foster Brown Todd LLC as the underwriter's counsel. Bracewell LLP will serve as the City's bond counsel, Orrick, Herrington, Sutcliffe LLP will serve as City's disclosure counsel, and PFM Financial Advisors LLC is the City's financial advisor.