



Legislation Text

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File #: 21-1187, Version: 1

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**STRATEGIC PRIORITY:** Government Performance and Financial Management

**AGENDA DATE:** June 23, 2021

**COUNCIL DISTRICT(S):** N/A

**DEPARTMENT:** City Controller's Office

**EXECUTIVE:** Elizabeth Reich

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**SUBJECT**

A resolution authorizing **(1)** the issuance of Refunding Bonds by the Love Field Airport Modernization Corporation in an aggregate principal amount not to exceed \$350,000,000; and **(2)** the financing documents relating to the sale of such bonds - Not to exceed [\\$1,296,000.00](#) - Financing: 2021 Aviation Bond Funds [\(\\$997,000.00\)](#) and [Aviation Fund \(\\$299,000.00\)](#)

**BACKGROUND**

In June 2008, the City Council authorized the creation of a local government corporation, the Love Field Airport Modernization Corporation ("LFAMC"), pursuant to the requirements of Chapter 431, Sub-chapter D of the Texas Transportation Code to aid, assist, and act on behalf of the City in the performance of its governmental functions to facilitate the Love Field Modernization Program and provide a mechanism for financing its costs.

On January 27, 2010, City Council authorized the Love Field Airport Modernization Corporation ("LFAMC") to issue bonds, in one or more series, in the principal amount not to exceed \$500,000,000, subject to certain parameters set forth in the resolution; authorized the LFAMC to enter into a special facilities agreement, a trust indenture, and a bond purchase agreement; and authorized the City Manager to enter into the special facilities agreement and a revenue credit agreement by Resolution No. 10-0360.

In November 2010, the LFAMC issued its Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2010 (Southwest Airlines Company - Love Field Modernization Program Project) in the aggregate principal amount of \$310,000,000 ("Series 2010 Bonds"). Additionally, in May 2012, the LFAMC issued its Love Field Airport Modernization Corporation Special Facilities Revenue Bonds, Series 2012 (Southwest Airlines Co. - Love Field Modernization Program Project) in the aggregate principal amount of \$146,260,000 ("Series 2012 Bonds").

The City, the LFAMC, and Southwest are parties to a special facilities agreement and the LFAMC and Wells Fargo Bank, N.A., as trustee, are parties to a trust indenture supporting the Love Field Modernization Program project bond financing.

In 2015, the LFAMC approved a resolution authorizing the LFAMC to issue \$130,000,000 in general airport revenue bonds in order to initiate the design and construction of the Love Field parking garage and related improvements (“2015 Aviation Revenue Bonds”). On June 10, 2015, City Council authorized the sale of the 2015 Aviation Revenue Bonds by Resolution No. 15-1051.

Additionally, on November 9, 2016, City Council authorized the issuance and sale of \$116,850,000 Love Field Airport Modernization Corporation General Airport Revenue Bonds, Series 2016. The bonds were subsequently issued in 2017 (“2017 Aviation Revenue Bonds”) by Resolution No. 16-1794.

The purpose of refunding eligible outstanding LFAMC Special Facilities Revenue Bonds, Series 2010, is to leverage current market savings. Additionally, the LFAMC is scheduled to meet prior to June 23, 2021, to consider the approval to issue Airport System Revenue Refunding Bonds, Series 2021, in an amount not to exceed \$350,000,000.

On April 14, 2020, the City issued a Request for Proposals for Aviation Financing Debt Underwriting from the pool of qualified firms and received 28 proposals in response. To accommodate this transaction, the City’s co-financial advisors, Hilltop Securities, recommended a syndicate of four underwriting firms; comprised of two non-Minority Women-owned Business Enterprises (M/WBE) firms and two M/WBE firms, achieving at minimum 36.3 percent M/WBE participation. Following committee review, the City plans to use an underwriting syndicate team comprised of BofA Securities, Inc.; Siebert Williams & Co., LLC; J.P. Morgan Securities; Citigroup Global; and Ramirez & Co. BofA Securities, Inc. will be the Bookrunning Senior Manager and Siebert Williams & Co., LLC will serve as the Co- Senior Manager.

**ESTIMATED SCHEDULE OF PROJECT**

Approval of Bond Resolution	June 2021
Pricing	August 2021
Delivery of Proceeds	September 2021

**PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)**

This item has no prior action.

**FISCAL INFORMATION**

Fund	FY <del>2022</del> 2021	FY <del>2023</del> 2022	Future Years
2021 Aviation Bond Funds	<del>TBD</del> \$0.00	\$0.00 \$ 997,000.00	\$0.00
<u>Aviation Fund</u>	\$0.00	\$ 299,000.00	\$0.00
<u>Total</u>	\$0.00	\$1,296,000.00	\$0.00

Attachment I provides an estimate of issuance costs for the proposed bonds and the M/WBE participation. Payment of fees and expenses is contingent upon the issuance and sale of the LFAMC General Airport Revenue Refunding Bonds, Series 2021.