



Legislation Text

File #: 23-2462, **Version:** 1

STRATEGIC PRIORITY: Government Performance & Financial Management

AGENDA DATE: September 27, 2023

COUNCIL DISTRICT(S): N/A

DEPARTMENT: City Controller's Office

EXECUTIVE: Jack Ireland

SUBJECT

A resolution authorizing a two-year extension of the Letter of Credit Reimbursement Agreement and a Fee Agreement with JPMorgan Chase Bank, National Association from December 18, 2023 to December 18, 2025, with respect to the Love Field Airport Modernization Corporation Airport System Commercial Paper Notes, AMT Series - Not to exceed \$3,700,000 - Financing: Aviation Fund (This item was deferred on September 13, 2023)

BACKGROUND

On December 9, 2020, the City Council authorized a resolution establishing the Love Field Airport Modernization Corporation (LFAMC) Commercial Paper Program as interim financing for capital improvements at Love Field Airport for a period of three years, ending in December 2023, with a maximum principal amount at any one time outstanding not to exceed \$150,000,000.

Commercial paper provides interim financing for capital projects. The use of commercial paper permits more cost-efficient use of capital as short-term debt is issued to closely match the amount and timing of the award of capital project contracts. Commercial paper notes are normally sold at rates of interest that are lower than rates available at the same time on long-term debt. Outstanding commercial paper is periodically reduced by refinancing it with long-term debt. The City currently has three existing commercial paper programs; a general obligation commercial paper program supported by voter-approved debt, a waterworks and sewer system commercial paper program supported by utility system revenue; and the commercial paper program via the LFAMC supported by Airport System revenues.

This item provides authorization to extend the existing agreements with JPMorgan Chase Bank, National Association, which provide support for the repayment of the LFAMC Commercial Paper Notes if necessary, by providing for an extended expiration date to December 18, 2025 from December 18, 2023, at a reduced fee structure. No other terms and conditions of the existing agreement is changed.

The extension of the Letter of Credit is cost-effective for Love Field Airport and necessary to provide liquidity support for the LFAMC Airport System Commercial Paper Notes, AMT Series, while allowing for a new commercial paper liquidity provider solicitation in the future. All agreements to be executed by the LFAMC in connection with establishing the commercial paper program are subject to review and approval by the Board of Directors of the LFAMC.

PRIOR ACTION/REVIEW (COUNCIL, BOARDS, COMMISSIONS)

[The City Council was briefed by memorandum regarding this matter on September 4, 2020. <https://dallascityhall.com/government/citymanager/Documents/FY19-20_Memos/UAI-Airport-System-ST-Obligations_Memo_090420.pdf>](https://dallascityhall.com/government/citymanager/Documents/FY19-20_Memos/UAI-Airport-System-ST-Obligations_Memo_090420.pdf)

On September 9, 2020, the City Council approved a resolution authorizing the Love Field Airport Modernization Corporation (“LFAMC” or “Issuer”) to negotiate agreements and instruments to which the Issuer is a party in connection with the issuance of its Airport System Series A short term obligations in an aggregate principal amount not to exceed \$150,000,000, including, but not limited to; authorizing such short term obligations to be issued, sold, and delivered in various forms, including commercial paper notes and a bank note; making certain covenants and agreements in connection therewith; establishing a maximum term of the program ending no later than September 30, 2030; resolving other matters related to the issuance, sale, security, and delivery of such short term obligations; approving the payment of issuance costs in connection with the issuance of the short term obligations; approving the preparation of an Offering Memorandum in connection with the sale of the short-term obligations; and providing an effective date by Resolution No. 20-1306.

The Transportation and Infrastructure Committee was briefed regarding this matter on November 16, 2020.

On December 9, 2020, the City Council approved a resolution authorizing the approval of Love Field Airport Modernization Corporation with respect to establishing a Commercial Paper Program to finance improvements at Love Field Airport; the issuance of Love Field Airport Modernization Corporation Airport System Commercial Paper Notes, AMT Series, in an aggregate principal amount at any one time outstanding not to exceed \$150,000,000, to provide interim financing to pay Project Costs for Eligible Projects and to refund obligations issued in connection with Eligible Projects; approving and authorizing certain authorized officers and employees to act on behalf of the Corporation in the selling and delivery of such Commercial Paper Notes, within the limitations and procedures specified herein; making certain covenants and agreements in connection therewith; resolving other matters incident and related to the issuance, sale, security, and delivery of such Commercial Paper Notes, including the approval and authorizing the execution of a Letter of Credit Reimbursement Agreement and a Fee Agreement with JPMorgan Chase Bank, National Association; approving a Dealer Agreement with J.P. Morgan Securities LLC and a related Issuing and Paying Agent Agreement with U.S. Bank National Association, and an Amended and Restated Project Financing Agreement with the City, in the manner herein provided; approving the use of an Offering Memorandum in connection with the sale from time to time of such Commercial Paper Notes; and providing an effective date by Resolution No. 20-1875.

On September 13, 2023, this item was deferred by Councilmember Chad West.

FISCAL INFORMATION

Fund	FY 2024	FY 2025	Future Years
Aviation Fund	1,900,000.00	1,800,000.00	\$0.00