



## Legislation Text

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File #: 22-1345, Version: 1

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

**AGENDA DATE:** June 22, 2022

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

**DEPARTMENT:** City Controller's Office

**EXECUTIVE:** Elizabeth Reich

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### **SUBJECT**

A resolution approving notes issued pursuant to a commercial paper program to finance improvements at Dallas Love Field - Financing: No cost consideration to the City

### **BACKGROUND**

On December 9, 2020, City Council authorized the Love Field Airport Modernization Corporation (LFAMC) to establish an Airport System Commercial Paper Program, effectively, the Love Field Airport Modernization Corporation Airport System Commercial Paper Notes, AMT Series (the "Notes"), in an aggregate principal amount 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.

Pursuant to the provisions of section 147(f) of the Internal Revenue Code of 1986 (the "Code"), it is necessary for City Council, on a periodic basis, to approve the Notes and the projects to be financed and refinanced with the proceeds thereof, in order to enable the Notes to qualify as tax-exempt obligations under the Code. On April 25, 2022, a designated hearing officer of the LFAMC conducted a precursory public hearing with respect to the Notes and the Eligible Projects, in compliance with the provisions of section 147(f) of the Code.

The City's bond counsel with respect to the LFAMC, McCall, Parkhurst & Horton L.L.P., recommend annual City Council approval by Resolution to ensure compliance as it relates to the Code and the tax-exempt status of the Notes.

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

On December 9, 2020, City Council authorized 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 by Resolution No. 20-1875.

**FISCAL INFORMATION**

No cost consideration to the City.