
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: February 13, 2004

SUBJECT: **AIRPORT DEBT REFINANCING**

AFFECTED COUNCIL DISTRICTS: Citywide

STAFF REPORT BY: Gary Mumford

ADMINISTRATIVE DEPT. AND CONTACT PERSON: Department of Airports
Tim Campbell, Executive Director

The Department of Airports has retired two bond issues early and is proposing to refinance the remaining Airport bonds. The annual savings in debt service is approximately \$1.3 million. A portion of the savings will be passed on to the airlines in the form of reduced terminal rents and landing fees. This reduction will assist the airlines in their financial recovery and is offered to fortify the City's long-term relationship with the airlines. On January 20, 2004, the Council adopted a parameters resolution setting the maximum amount of bonds (\$85 million) and setting the date for a public hearing to be held on February 17, 2004.

POTENTIAL MOTION:

The proposed resolution will be the final action of the City Council relating to refinancing the Airport's existing debt.

["I move that the Council"] **Adopt a resolution authorizing the issuance and confirming the sale of Airport Refunding Bonds, Series 2004A and 2004B; and related matters.**

The following information was provided previously. It is provided again for your reference.

In June 2003, the City Council adopted a budget for the Department of Airports that included paying off some bonds early. The budget reduced fees to the airlines since fees are based on actual costs including debt service. Accumulated revenue from the passenger facility charge (PFC) was used to retire the bonds that were issued for the new (west) runway since the runway was an eligible project for use of PFC revenue.

The Airport's bonds are as follows:

Series 1993A	\$32,445,000	Retired in January 2004
Series 1993B	\$26,890,000	To be refinanced
Series 1993	\$10,930,000	Retired in December 2003
Series 2000A	\$18,680,000	To be refinanced
Series 2001A	\$17,100,000	To be refinanced

The Department of Airports proposes refinancing the remaining three bond issues to take advantage of low interest rates. The Department will reissue the bonds as short-term variable rate bonds to allow the Airport more flexibility in calling the bonds and setting interest rates in the future. Fees are also fixed whereas some of the bonds now require letter-of-credit fees that continue to escalate.

cc: Rocky Fluhart, Tim Campbell, Jay Bingham, Dan Mulé, DJ Baxter
