
SALT LAKE CITY COUNCIL STAFF REPORT

DATE: January 16, 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 is retiring 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.

POTENTIAL MOTION:

The proposed resolution will authorize not more than \$85 million in bonds to refinance existing debt. However, the actual amount of the bonds should be approximately \$70 million.

["I move that the Council"] **Adopt a resolution authorizing the issuance of up to \$85,000,000 of Airport Revenue Refunding Bonds 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) will be 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	To be retired in January 2004
Series 1993B	\$26,890,000	Proposed to be refinanced
Series 1993	\$10,930,000	Retired in December 2003
Series 2000A	\$18,680,000	Proposed to be refinanced
Series 2001A	\$18,200,000	Proposed 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
