



REPORT TO THE CITY COUNCIL

AGENDA ITEM NO.	1D
COUNCIL MEETING	10/3/13
APPROVED BY	
DEPARTMENT DIRECTOR	
CITY MANAGER	<i>[Signature]</i>

October 3, 2013

FROM: Kevin R. Meikle
Director of Aviation

SUBJECT: APPROVE THE 10TH AMENDMENT TO ANNUAL APPROPRIATIONS RESOLUTION NO. 2013-98 TO APPROPRIATE \$280,000 FOR THE INCREASED PASSENGER FACILITY CHARGE COMMITMENT ON THE AIRPORTS' SERIES 2013 BONDS.

RECOMMENDATION

Staff recommends Council approve the 10th Amendment to Annual Appropriations Resolution (AAR) No. 2013-98 to appropriate \$280,000 for the increased Passenger Facility Charge commitment on the Airports Department (Airports) Series 2013 Bonds.

EXECUTIVE SUMMARY

Airports recently issued the Series 2013 Bonds, which were used to refinance the Airports' Series 2000 Bonds. One of the covenants of the new bonds is a pledge by Airports to increase the Passenger Facility Charge (PFC) contribution toward the annual debt payment from \$1.1 million to \$1.6 million. The FY 2014 Budget was adopted before the refinancing deal was complete and therefore the budget currently reflects the previous \$1.1 million PFC contribution requirement. For FY 2014, the \$500,000 increase in the PFC contribution is partially offset by a \$220,000 savings in the new annual debt service. Therefore, Airports needs to increase appropriations by \$280,000 for this fiscal year to pay the new PFC commitment.

BACKGROUND

In August 2013, Airports completed the sale of the Series 2013 Bonds. The sale produced strong financial gains for Airports. Among those gains was a lower average interest rate while maintaining the same maturity date of 2030. These factors, combined with strong investor demand on the day of sale, resulted in a net present value savings of about 8% for Airports. Looking beyond FY 2014, Airports will save an estimated \$240,000 annually through the bonds' maturity in 2030.

The increased PFC commitment contributed to the strong investor response, while still providing sufficient cushion as the economy continues to cycle up and down. PFC collections are based on passenger enplanements, which continue to be strong.

FISCAL IMPACT

Airports will use \$280,000 of reserve PFC funds to cover this appropriation increase. As of August 31, 2013, Airports had \$4,936,173.03 in reserve PFC funds. Future budgets will incorporate the \$1.6 million PFC contribution within the annual debt service payment. There is no impact to the General Fund from this recommended action.

Attachment: 10th Amendment to the AAR

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RESOLUTION NO. _____

A RESOLUTION OF THE COUNCIL OF THE CITY OF FRESNO ADOPTING THE 10th AMENDMENT TO THE ANNUAL APPROPRIATION RESOLUTION NO. 2013-98 TO APPROPRIATE \$280,000 TO REFLECT THE INCREASED PASSENGER FACILITY CHARGE COMMITMENT ON THE AIRPORTS SERIES 2013 BONDS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FRESNO:

THAT PART III of the Annual Appropriation Resolution No. 2013-98 be and is hereby amended as follows:

	<u>Increase/(Decrease)</u>
TO: AIRPORTS DEPARTMENT	
FYI 2000 Revenue Bond Fund	\$ 280,000

THAT account titles and numbers requiring adjustment by this Resolution are as follows:

FYI PFC Passenger Facility Chg

Retained Earnings:		
Account: 25300 Unreserved/Undesignated		\$ 280,000
Fund: 42021		
Org Unit: 430101		
	Total Retained Earnings	<u>\$ 280,000</u>
Revenues:		
Account: 44910 Transfer To Other Fund		\$ (280,000)
Fund: 42021		
Org Unit: 430101		
	Total Revenues	<u>\$ (280,000)</u>

FYI 2000 Revenue Bond Fund

Revenues:		
Account: 43910 Transfers From Other Fund		\$ 280,000
Fund: 42037		
Org Unit: 430402		
	Total Revenues	<u>\$ 280,000</u>

Date Adopted:
Date Approved:
Effective Date:

	<u>Increase/(Decrease)</u>
Appropriations:	
Account: 53302 Prof Svcs/Consulting - Outside	\$ 4,000
58011 Debt Redemption	<u>276,000</u>
Fund: 42037	
Org Unit: 430402	
Total Appropriations	<u>\$ 280,000</u>

THAT the purpose is to appropriate \$280,000 to reflect the increased Passenger Facility Charge commitment on the Airports - Series 2013 bonds.

CLERK'S CERTIFICATION

STATE OF CALIFORNIA }
COUNTY OF FRESNO } ss.
CITY OF FRESNO }

I, YVONNE SPENCE, City Clerk of the City of Fresno, certify that the foregoing Resolution was adopted by the Council of the City of Fresno, California, at a regular meeting thereof, held on the _____ Day of _____, 2013

AYES: _____
NOES: _____
ABSENT: _____
ABSTAIN: _____

Mayor Approval: _____, 2013
Mayor Approval/No Return: _____, 2013
Mayor Veto: _____, 2013
Council Override Veto: _____, 2013

YVONNE SPENCE, CMC
City Clerk

Date Adopted:
Date Approved:
Effective Date: