

# **Bond Case Briefs**

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## **Broward County Airport Deal is Largest U.S. Muni Sale Next Week.**

Oct 22 – Broward County, Florida, plans to issue \$488.9 million of airport system revenue bonds, the largest sales to hit the U.S. municipal market next week, according to Thomson Reuters data.

Altogether, U.S. municipal bond issuers are expected to offer about \$4.1 billion of municipal bonds and notes, down from about \$8 billion this week, the data showed.

The sale in Broward County, which operates the Fort Lauderdale-Hollywood International Airport and the North Perry Airport, comes as the municipal airport sector has recently seen signs of improvement. The 20 busiest airports have all experienced growth in passenger boarding revenue and above-average growth at international gateways. Two of the nation's largest airports, Chicago's O'Hare and Atlanta's Hartsfield Jackson, were upgraded.

Airport bond volume is on pace to be flat in 2015 and 20 percent below average since 2008, according to Wells Fargo Securities. Primary market issuance was \$12.1 billion in 2012 and \$18.6 billion 2010.

"We see airports as resistant to the challenges faced by state and local governments with respect to post-employment benefits," Wells Fargo reported last week. "Demand is not all that surprising as investors in municipal airports have been rewarded over the past three years with relatively attractive returns as have toll road investors."

Airports have benefited from lower energy prices and a gradually improving economy. They have also weathered the most recent cycle of airline consolidation, which added stability to the sector, according to Janney Fixed Income Strategy.

The mergers may impact airports disproportionately, however. American Airlines, for example, now has nine hubs, which "may be more than needed," Janney noted in a report earlier this month. That may leave airports, such as Philadelphia, particularly vulnerable to traffic decline if American Airlines were to cut back.

The Broward County airport sale is rated A+ by Standard & Poor's Ratings and A1 by Moody's Investors. The lead manager is Raymond James.

REUTERS

(Reporting by Robin Respaut; Editing by Frances Kerry)