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# *City of Austin, Texas*

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**\$97,525,000**

**Public Improvement Bonds, Series 2007**

**\$3,820,000**

**Certificates of Obligation, Series 2007**

**\$9,755,000**

**Public Property Finance Contractual Obligations, Series 2007**



**The PFM Group**

Public Financial Management, Inc.  
PFM Asset Management LLC  
PFM Advisors

**Pricing Report**  
**August 30, 2007**



*\$97,525,000 Public Improvement Bonds, Series 2007*  
*\$3,820,000 Certificates of Obligation, Series 2007*  
*\$9,755,000 Public Property Finance Contractual Obligations, Series 2007*

***Public Improvements Bonds*** - Proceeds from the sale of the Bonds will be used to finance various capital improvements, and to pay certain costs of issuance of the Bonds

***Certificates of Obligation*** - Proceeds from the sale of the Certificates will be used to finance various capital improvements and to pay certain costs of issuance of the Certificates

***Public Property Finance Contractual Obligations*** - Proceeds from the sale of the Contractual Obligations will be used to purchase certain equipment for various City Departments and to pay costs of issuance of the Contractual Obligations



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*\$97,525,000 Public Improvement Bonds, Series 2007*  
*\$3,820,000 Certificates of Obligation, Series 2007*  
*\$9,755,000 Public Property Finance Contractual Obligations, Series 2007*

ISSUER	City of Austin, Texas	
TYPE OF SALE	Private Placement	
BOND COUNSEL	McCall, Parkhurst & Horton LLP	
FINANCIAL ADVISOR	The PFM Group	
UNDERLYING RATINGS	Fitch	AA+
	Moody's	Aa1
	S&P	AA+



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## *Bond Market Update*

- Municipal bonds notched a consecutive day of noticeable gains, even as the Treasury market declined, while Citigroup Global Markets Inc lowered numerous yields -1 to -7 basis points on \$279 million Kentucky Asset/Liability Commission federal highway trust fund revenue project notes in the new issue market
- "The market changed on a dime," a trader said "Last week bonds were trading +32 and +35 and now they're going away +19 and +20, gapping up, and high-yield spreads have tightened up 20 basis points from a week ago, easily. We're seeing some arbs selling but some buying at aggressive prices, insurance companies are looking to put money to work and money managers and some tender option bond programs are active. We've got buyers back."
- Turning to secondary market business flow, activity levels remained moderate 16 years and less, although customer buy counts nearly matched the 30-day averages, according to MSRB trades compiled soon after the close of futures by TheMuniCenter. Customer buying beat the 30-day averages 16 years and longer, as did dealer trading, while selling outpaced 16 through 20 years by a solid distance.
- Looking ahead, the market closes in on economics, the holiday and upcoming manufacturing and employment data and a Federal Reserve monetary policy meeting just appearing on the horizon.
- "Institutional business could still have room because spreads are still okay and if European money comes in after the weekend after being shut down in August that could push it some more," a trader said. "Instead of the double-whammy we took last week where we lost everything we could see another day where the government contract is off and we're moving up. We were definitely oversold and have come back a little. But, it's still going to be confusing and volatile and we're watching retail now with rates coming down so fast. You have to be careful now and not get pulled in hook, line and sinker. The smart guy might stay in but not with as heavy a position."
- Investors continued to seek refuge from hedge fund losses in the very short end of the Treasury market and the government's two-year note auction sold at a lower than anticipated yield while yields rose out the curve, as the stock market rebounded from yesterday's losses.
- After the close of futures trading, two-year notes yielded 4.15%, versus 4.07% yesterday, 10-year notes yielded 4.54%, off an intra-day high of 4.55% and a low of 4.48% and 30-year bonds yielded an intra-day high of 4.87%, off a low of 4.83%.
- On the economic front this morning, the Mortgage Bankers Association said mortgage applications declined -4.0%, following a prior drop of -5.5%.
- Tomorrow, preliminary second quarter annualized gross domestic product and personal consumption are expected to increase while the GDP Price Index and core PCE are expected to remain little changed from last month's readings. Weekly jobless claims are forecast to decline 2,000.
- Friday, personal income is forecast to fall while spending is expected to increase. PCE inflation indicators are expected to decline. The Chicago Purchasing Manager report and the University of Michigan consumer confidence survey are expected to slip while factory orders are forecast to gain.

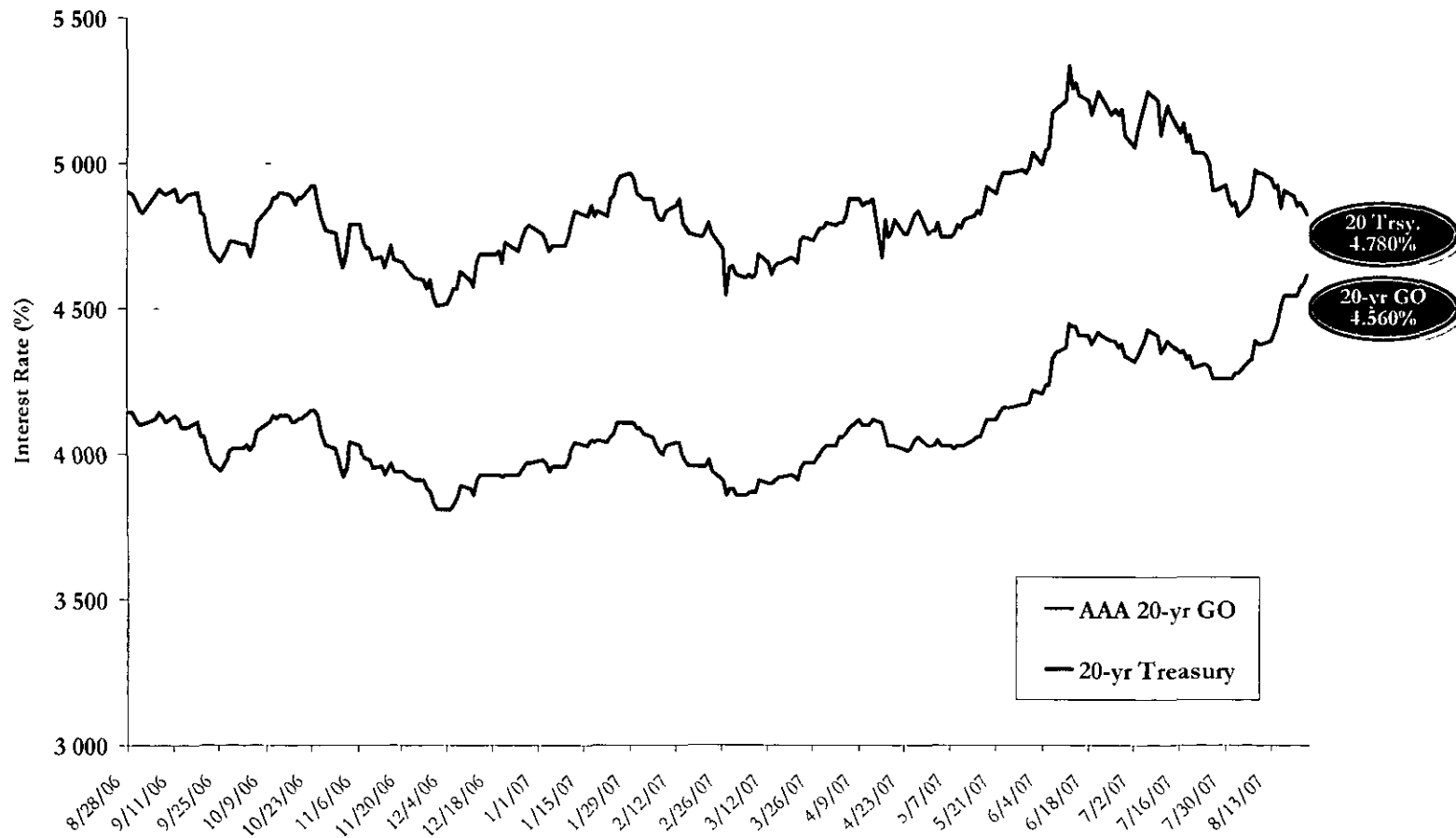


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# *AAA 20 Year GO vs. 20 Year Treasury* *August 2006 through August 2007*



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## *Municipal Markets Calendar*

### COMPETITIVE

Week of	Amount	Issuer	State	Issue	Manager
August 27, 2007	\$ 18,690,000	Harris Co MUD #400	TX	GO	N/A
August 27, 2007	\$ 57,700,000	Putnam County	TN	GO	N/A
August 27, 2007	\$ 49,700,000	Burlington County	NJ	GO	N/A
August 27, 2007	\$ 30,348,650	Hempstead, Town of	NY	GO	N/A
August 27, 2007	\$ 37,000,000	Tooele County School District	UT	GO	N/A

### NEGOTIATED

Week of	Amount	Issuer	State	Issue	Manager
August 27, 2007	\$ 52,510,000	Tarrant County	TX	GO	JPMorgan Securities
August 27, 2007	\$ 32,295,000	Bryan, City of	TX	Rev	Lehman Brothers
August 27, 2007	\$ 17,500,000	New Braunfels, City of	TX	GO	First Southwest
August 27, 2007	\$ 17,000,000	Rockport, City of	TX	GO	Southwest Securities
August 27, 2007	\$ 85,620,000	Atlanta, City of	GA	CO	A G Edwards & Sons



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## *Maturity Schedules*

Public Improvement Bonds, Series 2007				Certificates of Obligation, Series 2007				PPECO, Series 2007			
Maturity	Principal	Coupon	Yield	Maturity	Principal	Coupon	Yield	Maturity	Principal	Coupon	Yield
9/1/2008	\$ 4,000,000	4 800%	4 800%	9/1/2008	\$ 115,000	4 880%	4 880%	5/1/2008	\$ 455,000	3 656%	3 656%
9/1/2009	-			9/1/2009	120,000	4 880%	4 880%	11/1/2008	535,000	3 656%	3 656%
9/1/2010	100,000	4 640%	4 640%	9/1/2010	125,000	4 880%	4 880%	5/1/2009	550,000	3 656%	3 656%
9/1/2011	100,000	4 640%	4 640%	9/1/2011	135,000	4 880%	4 880%	11/1/2009	555,000	3 656%	3 656%
9/1/2012	100,000	4 640%	4 640%	9/1/2012	140,000	4 880%	4 880%	5/1/2010	570,000	3 656%	3 656%
9/1/2013	100,000	4 640%	4 640%	9/1/2013	145,000	4 880%	4 880%	11/1/2010	580,000	3 656%	3 656%
9/1/2014	100,000	4 640%	4 640%	9/1/2014	155,000	4 880%	4 880%	5/1/2011	595,000	3 656%	3 656%
9/1/2015	100,000	4 640%	4 640%	9/1/2015	160,000	4 880%	4 880%	11/1/2011	605,000	3 656%	3 656%
9/1/2016	100,000	4 640%	4 640%	9/1/2016	170,000	4 880%	4 880%	5/1/2012	620,000	3 656%	3 656%
9/1/2017	4,880,000	4 640%	4 640%	9/1/2017	180,000	4 880%	4 880%	11/1/2012	630,000	3 656%	3 656%
9/1/2018	5,120,000	4 640%	4 640%	9/1/2018	190,000	4 880%	4 880%	5/1/2013	645,000	3 656%	3 656%
9/1/2019	5,380,000	4 640%	4 640%	9/1/2019	195,000	4 880%	4 880%	11/1/2013	660,000	3 656%	3 656%
9/1/2020	5,645,000	4 640%	4 640%	9/1/2020	210,000	4 880%	4 880%	5/1/2014	675,000	3 656%	3 656%
9/1/2021	5,930,000	4 640%	4 640%	9/1/2021	220,000	4 880%	4 880%	11/1/2014	685,000	3 656%	3 656%
9/1/2022	6,225,000	4 640%	4 640%	9/1/2022	230,000	4 880%	4 880%	5/1/2015	220,000	3 656%	3 656%
9/1/2023	6,535,000	4 640%	4 640%	9/1/2023	240,000	4 880%	4 880%	11/1/2015	225,000	3 656%	3 656%
9/1/2024	6,865,000	4 640%	4 640%	9/1/2024	255,000	4 880%	4 880%	5/1/2016	230,000	3 656%	3 656%
9/1/2025	7,205,000	4 640%	4 640%	9/1/2025	265,000	4 880%	4 880%	11/1/2016	235,000	3 656%	3 656%
9/1/2026	7,570,000	4 640%	4 640%	9/1/2026	280,000	4 880%	4 880%	5/1/2017	240,000	3 656%	3 656%
9/1/2027	31,470,000	4 640%	4 640%	9/1/2027	290,000	4 880%	4 880%	11/1/2017	245,000	3 656%	3 656%



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**TIC: 4.640893%**

**TIC: 4.880505%**

**TIC: 3.655331%**



## *Bank Bids*

PIBs, Series 2007	
<u>Bidder Name</u>	<u>TIC</u>
Bank of America	4 640893%
Dexia Credit Local	4 884403%
Morgan Keegan	4 920224%
Citigroup Global Markets	5 028409%

C/O's, Series 2007	
<u>Bidder Name</u>	<u>TIC</u>
JPMorgan Chase Bank	4 880505%
Dexia Credit Local	5.002461%

PPFCO, Series 2007	
<u>Bidder Name</u>	<u>TIC</u>
Chase Equipment Leasing	3 655331%
Dexia Credit Local	4.959770%



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