

AGENDA



Thursday, November 8, 2007

**Discussion and Possible Action on Bond Sales
RECOMMENDATION FOR COUNCIL ACTION****Item No. 81**

Subject: Approve an ordinance authorizing the issuance of City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Series 2007A, in an amount not to exceed \$250,000,000 and authorizing and approving related documents.

Amount and Source of Funding: Funding of \$3,577,500 estimated debt service requirement and \$400 annual paying agent/registrant fee is available in the Fiscal Year 2007-2008 Budget of the Utility Revenue Bond Redemption Fund.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Art Alfaro, Treasurer 974-7882

Due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that a refunding of portions of the Combined Utility Systems Revenue Refunding Bonds, Series 1997, Water and Wastewater System Revenue Refunding Bonds, Series 2001A, 2001B, 2003, 2004A and 2005A may be accomplished at a present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of October 25, 2007, the transaction produced \$7,243,214 in present value savings or 4.46%.

The Water and Wastewater System Revenue Refunding Bonds, Series 2001A, 2001B, 2003, 2004A and 2005A can all be advance refunded prior to their respective optional redemption dates. In order to provide the City with the flexibility to quickly respond to changing market conditions, the proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the "Pricing Officer") to effect the execution of the sale of the refunding bond transaction in accordance with the parameters set forth in the ordinance. The parameters set forth in the ordinance stipulate that the Pricing Officer will only execute the sale of the bonds if the City can achieve a present value debt service savings of not less than 4.25%. In addition, the authority of the Pricing Officer to exercise the authority delegated thereto by the City Council under the ordinance expires on May 8, 2008.

The transaction will be sold through Goldman Sachs because the firm provided the transaction to the City.

Fulbright & Jaworski, L.L.P. will serve as bond counsel for this transaction.

This item has been posted for not later than 2:00 p.m., in order for Council action to occur prior to the close of the financial markets.