Thursday, January 10, 2008

Discussion and Possible Action on Bond Sales   **Item No. 70**
RECOMMENDATION FOR COUNCIL ACTION

Subject: Approve an ordinance authorizing the issuance of City of Austin, Texas Public Improvement Refunding Bonds, Series 2008, in an amount not to exceed $175,000,000 and authorizing and approving related documents.

Amount and Source of Funding: The estimated debt service requirement is $3,468,393 and the $400 annual paying agent/registrar fee was included in the 2007-2008 approved Budget of the General Obligation Debt Service 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 refunding portions of the General Obligation Bonds, Series 1997, Series 1998, Series 1999, Series 2000, Series 2001, Series 2002 and Series 2004 may be result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of December 14, 2007, the transaction produced $6,730,549 in present value savings or 4.29%.
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 July 10, 2008.

The transaction will be sold through the following underwriting team which was approved by council on May 3, 2007.
see Staff Report