

AGENDA



Thursday, August 27, 2009

**Discussion and Possible Action on Bond Sales
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 70

Subject: Approve an ordinance and related documents authorizing the issuance of City of Austin Public Improvement Bonds, Series 2009 A; and approve an ordinance and related documents authorizing the issuance of City of Austin Public Improvement Bonds, Series 2009 B in a total amount for both series not to exceed \$115,000,000.

Amount and Source of Funding: \$19,963,772 in the first year debt service requirement and \$400 estimated annual administration fee for the paying agent/registrar for the proposed bond sale is included in the 2009-2010 Proposed Operating 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

Prior Council Action: On July 23, 2009, Council approved the August 27, 2009 Bond Sale Schedule. On March 8, 2007, September 10, 2007 and September 8, 2008, Council approved Reimbursement Resolutions related to this bond issuance.

It is recommended that the City Council approve two ordinances. The first ordinance is authorizing the issuance of the City of Austin Public Improvement Bonds, Series 2009 A and the second ordinance is authorizing the issuance of City of Austin Public Improvement Bonds, Series 2009 B (Bonds), in an amount for both issuances not to exceed \$115,000,000. Attachment A shows the specific projects associated with the issuance of the Bonds. All of the Bonds are being issued to provide funding for reimbursement resolutions that have previously been approved by Council.

The structure of the Bonds will incorporate the use of Build America Bonds (BABs), created by the American Recovery and Reinvestment Act signed into law on February 17, 2009, in addition to tax-exempt bonds. The BABs will be issued as taxable bonds with a federal rebate equal to 35% of the interest payment. The use of this hybrid structure will provide a lower financing cost versus the issuance of tax-exempt bonds only, resulting in savings to the City.

After this sale, the status of remaining general obligation bond authorizations will be as follows:

Authorized but Unissued G.O. Bonds	Amount Being Issued	Remaining Authorization
\$468,765,000	\$110,085,000	\$358,680,000

The transaction will be sold through the following underwriting team:

Senior Manager: JP Morgan
 Co-Senior Manager: Estrada Hinojosa
 Co-Managers: Goldman Sachs
 Merrill Lynch
 First Southwest (Regional)
 RBC (Regional)

Ramirez & Co. (MBE)

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

After this sale, the City's outstanding general obligation bonds will total \$1,061,233,632 including \$215,321,027 in non-tax supported debt.