



City of Austin, Texas

Late Backup
69, 70, 71, 72

\$20,905,000

Public Improvement Bonds, Series 2009A

\$78,460,000

Public Improvement Bonds, Series 2009B

\$12,500,000

Certificates of Obligation, Series 2009

\$13,800,000

Public Property Finance Contractual Obligations, Series 2009



The PFM Group

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

Pricing Report

August 27, 2009



Use of Proceeds

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.



The PFM Group

Public Financial Management Inc
PFM Asset Management LLC
PFM Advisors



Description

| | |
|---------------------|-----------------------------------|
| ISSUER | City of Austin, Texas |
| TYPE OF SALE | Negotiated |
| SENIOR UNDERWRITER | JP Morgan |
| BOND COUNSEL | McCall, Parkhurst & Horton LLP |
| FINANCIAL ADVISOR | Public Financial Management, Inc. |
| UNDERLYING RATINGS: | Fitch: AA+ |
| | Moody's: Aa1 |
| | S&P: AAA |



The PFM Group

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



Bond Market Update

WEDNESDAY'S MARKET: QUIET, BUT SOME LIFE ON THE LONG END

Aug 26 2009 3:26

By Jeanine O'Connor

NEW YORK (Thomson)-- Investors picked around the longer end of the municipal market while shunning shorter-dated maturities again.

It was a lazily traded summer session in the municipal market today. However, the longer end of the market firmed slightly, helped by thin supply levels. At the close, municipal bonds maturing in 2010 through 2017 ended unchanged, bond due in 2018 through 2024 ended one basis point firmer, and bonds due in 2025 through 2039 ended two basis points firmer.

In new issuance, JPMorgan repriced \$165 million Indianapolis Local Public Improvement Bond Bank bonds. Series 2009B, comprised of \$144 million bonds, was reoffered at yields of 2.65% in 2015 through 3.67% in 2020. The remaining \$20 million bonds in Series 2009C are taxable. Merrill Lynch priced \$161 million Wisconsin Health and Educational Facilities Authority revenue bonds. Series 2009A, totaling \$26 million revenue bonds, was priced at yields of 2.28% 4.23% in 2015, and 5.24% in 2020. Series 2009B, comprised of \$133 million term rate revenue bonds, were priced at par and mature in 2025 and 2027. Merrill Lynch also priced \$680 million Dallas County Hospital District, Texas, limited tax Build America Bonds. Series 2009B, comprised of \$222 million bonds, mature in 2020, 2021, 2022, 2023, 2024, 2025, and 2034, and were priced to yield 150, 160, 190, 205, 210, 220, and 195 basis points over their Treasury equivalents. Series 2009C, comprised of \$457 million bonds, mature in 2017, 2018, 2019, 2021, 2023, 2024, 2025, 2026, 2029, and 2044, and were priced to yield 70, 90, 100, 140, 160, 170, 180, 185, 120, and 140 basis points over their Treasury equivalents.

In the competitive sector, JPMorgan won \$174 million Florida Board of Education public improvement capital outlay refunding. It was priced at yields of 2.26% in 2014, 3.36% in 2019, and 3.98% in 2024 and coupons of 5.00%.

A well-received auction of \$39 billion in five-year notes bumped Treasury prices up again, but the market ultimately ended mixed after bouncing around a bit after the note sale. The notes went at a rate of 2.494% and indirect bidders took 56.4% of the sale.

On tomorrow's primary calendar, Citigroup is expected to price \$1 billion MSR Energy Authority, California, gas revenue bonds.

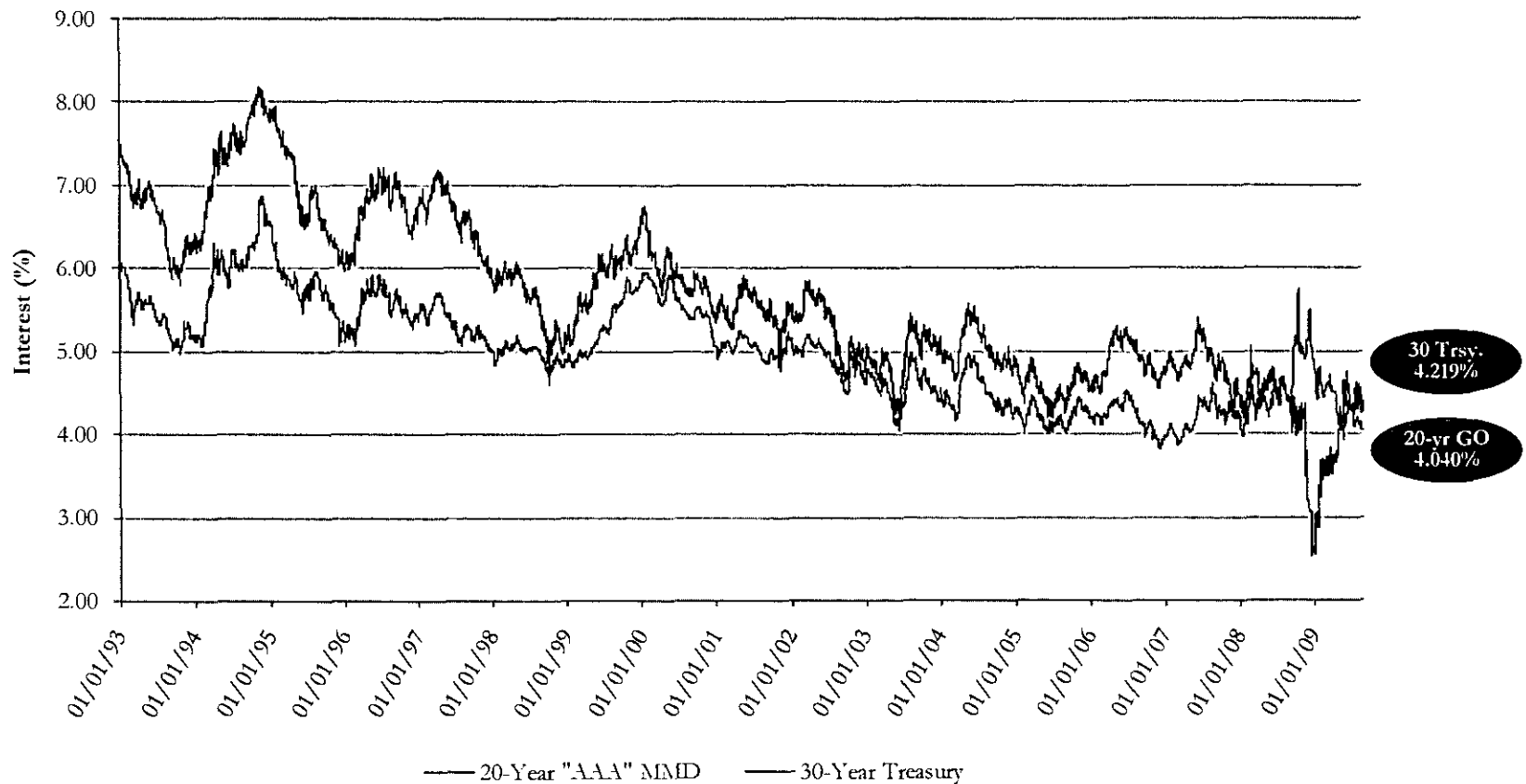


The PFM Group

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



AAA 20 Year GO vs. 30 Year Treasury *January 1993 through August 2009*



The PFM Group

Public Financial Management, Inc
PFM Asset Management LLC
PFM Advisors



Municipal Markets Calendar

COMPETITIVE

| Week of | Amount | Issuer | State | Issue | Manager |
|-----------------|----------------|------------------------------|-------|-----------|---------|
| August 24, 2009 | \$ 56,545,000 | Fort Worth, City of | TX | GO | N/A |
| | \$ 375,000,000 | San Francisco Public Utility | CA | Revenue | N/A |
| | \$ 13,502,000 | Bourne, City of | MA | GO | N/A |
| | \$ 29,411,000 | Rockland County | NY | BANS | N/A |
| | \$ 29,295,000 | Savannah, City of | GA | Refunding | N/A |

NEGOTIATED

| Week of | Amount | Issuer | State | Issue | Manager |
|-----------------|----------------|---------------------------------|-------|---------|---------------|
| August 24, 2009 | \$ 133,885,000 | Austin, City of | TX | GO | JPMorgan |
| | \$ 704,000,000 | Dallas County Hospital District | TX | Revenue | Merrill Lynch |
| | \$ 52,000,000 | Laredo, City of | TX | Revenue | Citigroup |
| | \$ 67,000,000 | Orlando, City of | FL | GO | Merrill Lynch |
| | \$ 185,000,000 | Miami Dade County | FL | GO | Raymond James |



The PFM Group

Public Financial Management, Inc
PFM Asset Management LLC
PFM Advisors



Maturity Schedules

| Public Improvement Bonds Tax-Exempt Series 2009A | | | |
|---|--------------|--------|--------|
| Maturity | Principal | Coupon | Yield |
| 9/1/2010 | \$ 9,515,000 | 2.500% | 0.460% |
| 9/1/2011 | 1,905,000 | 3.000% | 0.910% |
| 9/1/2012 | 1,075,000 | 3.000% | 1.350% |
| 9/1/2013 | 100,000 | 3.000% | 1.700% |
| 9/1/2014 | 2,930,000 | 5.000% | 2.060% |
| 9/1/2015 | 1,450,000 | 2.500% | 2.310% |
| 9/1/2015 | 2,695,000 | 5.000% | 2.310% |
| 9/1/2016 | 1,295,000 | 5.000% | 2.580% |

| Public Improvement Bonds Federally Taxable Series 2009B | | | |
|--|--------------|--------|--------|
| Maturity | Principal | Coupon | Yield |
| 9/1/2017 | \$ 4,615,000 | 4.130% | 4.146% |
| 9/1/2018 | 4,865,000 | 4.330% | 4.346% |
| 9/1/2019 | 5,135,000 | 4.430% | 4.446% |
| 9/1/2020 | 5,420,000 | 4.680% | 4.696% |
| 9/1/2021 | 5,715,000 | 4.690% | 4.746% |
| 9/1/2022 | 6,030,000 | 4.690% | 4.746% |
| 9/1/2023 | 6,360,000 | 4.690% | 4.746% |
| 9/1/2024 | 6,710,000 | 4.690% | 4.746% |
| 9/1/2025 | 7,080,000 | 5.400% | 5.310% |
| 9/1/2026 | 7,470,000 | 5.400% | 5.310% |
| 9/1/2027 | 7,880,000 | 5.400% | 5.310% |
| 9/1/2028 | 4,975,000 | 5.400% | 5.310% |
| 9/1/2029 | 6,205,000 | 5.400% | 5.310% |

| Certificates of Obligation, Series 2009 | | | |
|---|------------|--------|--------|
| Maturity | Principal | Coupon | Yield |
| 9/1/2010 | \$ 565,000 | 2.500% | 0.750% |
| 9/1/2011 | 605,000 | 3.000% | 0.910% |
| 9/1/2012 | 635,000 | 3.000% | 1.350% |
| 9/1/2013 | 670,000 | 3.000% | 1.700% |
| 9/1/2014 | 705,000 | 3.000% | 2.060% |
| 9/1/2015 | 345,000 | 3.000% | 2.310% |
| 9/1/2016 | 365,000 | 3.000% | 2.580% |
| 9/1/2017 | 385,000 | 3.000% | 2.840% |
| 9/1/2018 | 400,000 | 3.000% | 3.060% |
| 9/1/2019 | 420,000 | 3.125% | 3.260% |
| 9/1/2020 | 340,000 | 3.375% | 3.440% |
| 9/1/2021 | 355,000 | 3.500% | 3.580% |
| 9/1/2022 | 380,000 | 3.625% | 3.710% |
| 9/1/2023 | 400,000 | 3.750% | 3.820% |
| 9/1/2024 | 420,000 | 3.875% | 3.910% |
| 9/1/2025 | 440,000 | 4.000% | 4.010% |
| 9/1/2026 | 465,000 | 4.000% | 4.100% |
| 9/1/2027 | 485,000 | 4.125% | 4.180% |
| 9/1/2028 | 515,000 | 4.200% | 4.260% |
| 9/1/2029 | 540,000 | 4.250% | 4.340% |
| 9/1/2030 | 240,000 | 4.700% | 4.750% |
| 9/1/2031 | 255,000 | 4.700% | 4.750% |
| 9/1/2032 | 265,000 | 4.700% | 4.750% |
| 9/1/2033 | 280,000 | 4.700% | 4.750% |
| 9/1/2034 | 295,000 | 4.700% | 4.750% |
| 9/1/2035 | 310,000 | 4.750% | 4.800% |
| 9/1/2036 | 330,000 | 4.750% | 4.800% |
| 9/1/2037 | 345,000 | 4.750% | 4.800% |
| 9/1/2038 | 365,000 | 4.750% | 4.800% |
| 9/1/2039 | 380,000 | 4.750% | 4.800% |

| PPFCO, Series 2009 | | | |
|--------------------|------------|--------|--------|
| Maturity | Principal | Coupon | Yield |
| 5/1/2010 | \$ 650,000 | 2.500% | 0.750% |
| 11/1/2010 | 770,000 | 3.000% | 0.750% |
| 5/1/2011 | 790,000 | 3.000% | 0.910% |
| 11/1/2011 | 800,000 | 3.000% | 0.960% |
| 5/1/2012 | 820,000 | 3.000% | 1.350% |
| 11/1/2012 | 850,000 | 3.000% | 1.400% |
| 5/1/2013 | 855,000 | 3.000% | 1.700% |
| 11/1/2013 | 875,000 | 3.000% | 1.750% |
| 5/1/2014 | 895,000 | 3.000% | 2.060% |
| 11/1/2014 | 910,000 | 3.000% | 2.110% |
| 5/1/2015 | 935,000 | 3.000% | 2.310% |
| 11/1/2015 | 955,000 | 3.000% | 2.360% |
| 5/1/2016 | 970,000 | 3.000% | 2.580% |
| 11/1/2016 | 990,000 | 3.000% | 2.630% |
| 5/1/2017 | 275,000 | 3.000% | 2.840% |
| 11/1/2017 | 280,000 | 3.000% | 2.890% |
| 5/1/2018 | 285,000 | 3.000% | 3.060% |
| 11/1/2018 | 290,000 | 3.000% | 3.110% |
| 5/1/2019 | 300,000 | 3.125% | 3.260% |
| 11/1/2019 | 305,000 | 3.250% | 3.310% |



The PFM Group

Public Financial Management, Inc
PFM Asset Management LLC
PFM Advisors

TIC: 3.225947%

TIC: 4.068839%

TIC: 2.395784%



Build America Bonds

- Part of the American Recovery and Reinvestment Act of 2009 (“Stimulus Package”) for the benefit of local and state governments
 - Step 1 = City issues Build America Bonds at a taxable interest rate
 - Step 2 = City receives direct payments from Department of the Treasury equal to 35% of the taxable interest payment
- Build America Bonds program is scheduled to expire at end of calendar year 2010
- Over \$24 billion of Build America Bonds have been issued in the U.S. since the inception date February 17, 2009
- Texas accounts for 17% of the Build America Bonds issued to date
- Other Texas governments who have issued Build America Bonds:
 - Texas Department of Transportation
 - Texas Public Finance Authority
 - Bexar County
 - City of Houston
 - Dallas Convention Center Hotel
 - Collin County
 - North Texas Tollway Authority



The PFM Group

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