

#49



# City of Austin, Texas

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**\$119,255,000**

**Electric Utility System Revenue Refunding Bonds,**

**Series 2010A**

**Late Backup**

**\$100,990,000**

**Electric Utility System Revenue Refunding Bonds,**

**Taxable Series 2010B**

**(Direct Subsidy – Build America Bonds)**



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

**Pricing Report**

**June 10, 2010**



**\$119,255,000 Electric Utility System Revenue Refunding Bonds, Series 2010A**  
**\$100,990,000 Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B**  
**(Direct Subsidy – Build America Bonds)**

**ISSUER**

**City of Austin, Texas**

**TYPE OF SALE**

**Negotiated**

**BOND COUNSEL**

**Fulbright & Jaworski L.L.P.**

**FINANCIAL ADVISOR**

**The PFM Group**

**LEAD UNDERWRITER**

**Citigroup Global Markets, Inc.**

**UNDERLYING RATINGS**

**A1/A+/AA-**



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**\$119,255,000**  
**Electric Utility System**  
**Revenue Refunding Bonds, Series 2010A**

**Purpose** - The Bonds are being issued to refund approximately \$50,000,000 of the City's outstanding Tax-Exempt Commercial Paper issued for the Electric Utility System and to refund the 5/15/2014 maturity of the Combined Utility System Revenue Refunding Bonds, Series 1993 and the 11/15/2022 through 11/15/2030 maturities of the Electric Utility System Revenue Refunding Bonds, Series 2001.



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**\$100,990,000**

**Electric Utility System**

**Revenue Refunding Bonds, Taxable Series 2010B  
(Direct Subsidy – Build America Bonds)**

**Purpose** - The Bonds are being issued to refund approximately \$100,000,000 of the City's outstanding Tax-Exempt Commercial Paper issued for the Electric Utility System.



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## Bond Market Update

NEW YORK, June 9 (Reuters) - U.S. municipal bond prices eased a touch on Wednesday, reflecting softness in Treasuries to make room for the week's \$70 billion of auctions.

Prices of top-rated, 10-year tax-exempt bonds fell enough to send yields up four basis points to 2.85 percent. But 30-year yields held steady at 4 percent, according to Municipal Market Data, a Thomson Reuters service. 'It's fairly calm in the wake of other markets being much less calm,' said R.J. Gallo, who heads the municipal bond investment group at Federated Investors in Pittsburgh, Pennsylvania. Municipal bonds are outperforming taxable debt, such as corporate bonds, he said. 'The municipal market seems to be doing OK, you continue to get inflows, transactions are being done and you're not seeing sharply wider movement in lower quality bond credit spreads.'

One of the hottest topics among municipal bond investors is the difficulty many states, counties, cities and towns are having balancing their books during the recession. 'There are tons of news articles scaring people about municipal bonds yet tons of money is going into open-ended municipal bond funds for over a year,' Gallo said. Credit agencies have aligned their municipal rating criteria with the standards applied to taxable debt, and the recalibration has meant higher ratings for some issuers. Historically, municipal bonds have an exceptionally low risk of default but that might edge up slightly. 'I think that default rates will rise ... but from an infinitesimal level,' said Gallo. 'The question in my mind is will they be high profile.'

At least so far, he said, the communities that have resorted to legal protections to cope with fiscal strains, such as California's Vallejo, or flirted with bankruptcy, such as Pennsylvania's Harrisburg, have not been prominent or large enough to shake the confidence of municipal bond investors.

This week's new issuance included New York City's nearly \$749 million offering of Build America Bonds. The issue priced with spreads over comparable Treasuries of 210 basis points in the 2035 maturity and 170 basis points in the 2040 maturity, according to a pricing wire.

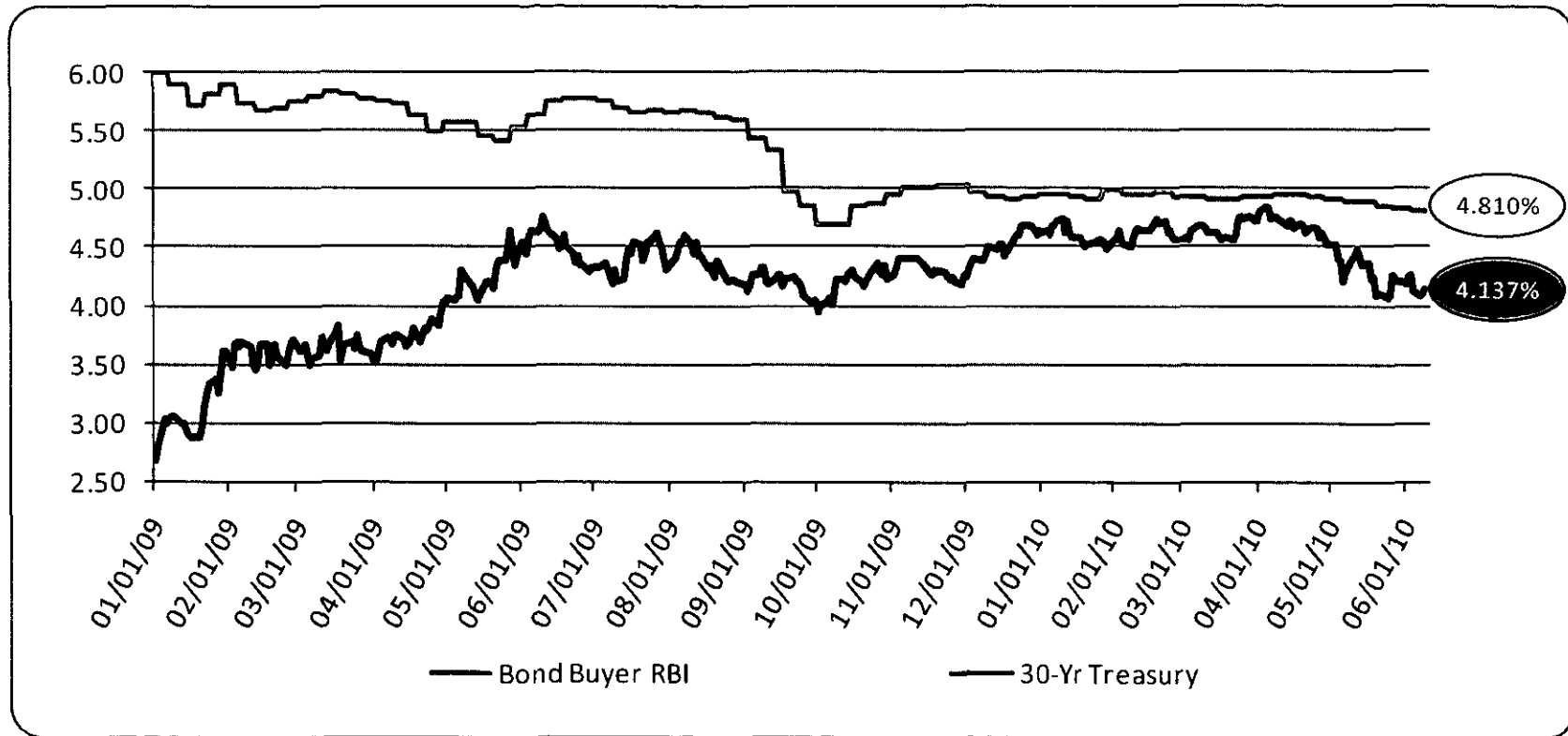


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## Historical Comparison 30 Year Treasury vs. Bond Buyer Revenue Bond Index 1/1/2009 to 6/9/2010



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## Maturity Schedules

### Electric Utility System Revenue Refunding Bonds, Series 2010A

Maturity	Principal Amount	Interest Rate	Price or Yield	Maturity	Principal Amount	Interest Rate	Price or Yield
11/15/2012	\$ 2,820,000	2.000%	1.100%	11/15/2021	\$ 720,000	4.000%	3.690%
5/15/2013	1,985,000	3.000%	1.400%	11/15/2022	6,610,000	5.000%	3.860%
11/15/2013	2,875,000	5.000%	1.430%	11/15/2023	6,935,000	5.000%	3.970%
5/15/2014	1,500,000	3.000%	1.800%	11/15/2024	7,370,000	5.000%	4.070%
11/15/2014	3,020,000	5.000%	1.830%	11/15/2025	2,210,000	4.000%	4.190%
5/15/2015	2,000,000	4.000%	2.200%	11/15/2025	5,585,000	5.000%	4.190%
11/15/2015	3,170,000	5.000%	2.230%	11/15/2026	8,200,000	5.000%	4.260%
11/15/2016	3,330,000	4.000%	2.650%	11/15/2027	8,735,000	5.000%	4.330%
11/15/2017	3,465,000	5.000%	2.950%	11/15/2028	9,160,000	5.000%	4.320%
11/15/2018	3,635,000	5.000%	3.150%	11/15/2029	9,700,000	5.000%	4.370%
11/15/2019	670,000	4.000%	3.380%	11/15/2030	1,750,000	4.375%	4.490%
11/15/2020	695,000	4.000%	3.560%	11/15/2030	8,480,000	5.000%	4.490%

\$14,635,000 5.000% Term maturing November 15, 2040 – Yield 4.750%

### Electric Utility System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy – Build America Bonds)

\$6,395,000 4.536% Term maturing November 15, 2020 – Yield 4.536%

\$17,840,000 5.086% Term maturing November 15, 2025 – Yield 5.086%

\$21,120,000 5.570% Term maturing November 15, 2030 – Yield 5.575%

\$55,635,000 5.720% Term maturing November 15, 2040 – Yield 5.725%

**TIC: 3.995134%**



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## Refunding Savings

### Refunded Maturities

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	<u>Call Price</u>
Combined Utility System Revenue Refunding Bonds, Series 1993	5/15/2014	5.250%	\$ 5,190,000	8/9/2010	100%
Electric Utility System Revenue Refunding Bonds, Series 2001	11/15/2022	5.000%	\$ 6,100,000	11/15/2010	100%
	11/15/2023	5.000%	6,400,000	11/15/2010	100%
	11/15/2024	5.000%	6,800,000	11/15/2010	100%
	11/15/2025	5.000%	7,200,000	11/15/2010	100%
	11/15/2026	5.000%	7,600,000	11/15/2010	100%
	11/15/2027	5.000%	8,100,000	11/15/2010	100%
	11/15/2028	5.000%	8,500,000	11/15/2010	100%
	11/15/2029	5.000%	9,000,000	11/15/2010	100%
	11/15/2030	5.000%	9,500,000	11/15/2010	100%
			<u>\$ 69,200,000</u>		
Total Refunded Bonds			<u>\$ 74,390,000</u>		

**Net PV Savings: \$3,465,069.52**

**% Savings of Refunded Bonds: 4.66%**



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# BAB Savings over Tax-Exempt Structure

Austin Energy BAB Analysis (June 10, 2010)									
Estimated Tax-Exempt Structure				Actual Tax-Exempt/BAB Structure				Annual Savings	PV of Savings (a)
Principal	Interest	Total Debt Service		Principal	Interest	BAB Credit	Total Debt Service		
11/15/2010	\$ -	\$ 4,788,008	\$ 4,788,008	\$ -	\$ 5,128,366	\$ (686,027)	\$ 4,442,339	\$ 345,670	\$ 340,367
11/15/2011	-	10,510,263	10,510,263	-	11,257,388	(1,944,644)	9,312,744	1,197,518	1,141,089
11/15/2012	2,465,000	10,510,263	12,975,263	2,820,000	11,257,388	(1,944,644)	12,132,744	842,518	771,941
11/15/2013	4,500,000	10,431,188	14,931,188	4,860,000	11,171,213	(1,944,644)	14,086,569	844,618	740,723
11/15/2014	4,140,000	10,253,163	14,393,163	4,520,000	10,975,188	(1,944,644)	13,550,544	842,618	707,474
11/15/2015	4,775,000	10,058,663	14,833,663	5,170,000	10,761,688	(1,944,644)	13,987,044	846,618	680,469
11/15/2016	2,910,000	9,879,913	12,789,913	3,330,000	10,563,188	(1,944,644)	11,948,544	841,368	647,483
11/15/2017	3,030,000	9,763,513	12,793,513	3,465,000	10,429,988	(1,944,644)	11,950,344	843,168	621,160
11/15/2018	3,180,000	9,612,013	12,792,013	3,635,000	10,256,738	(1,944,644)	11,947,094	844,918	595,906
11/15/2019	3,340,000	9,453,013	12,793,013	3,820,000	10,074,988	(1,944,644)	11,950,344	842,668	569,029
11/15/2020	3,470,000	9,319,413	12,789,413	3,940,000	9,905,304	(1,894,635)	11,950,670	838,743	542,038
11/15/2021	3,610,000	9,180,613	12,790,613	4,060,000	9,730,311	(1,843,117)	11,947,194	843,419	521,537
11/15/2022	9,645,000	9,036,213	18,681,213	10,060,000	9,531,639	(1,783,662)	17,807,977	873,236	516,493
11/15/2023	10,115,000	8,553,963	18,668,963	10,500,000	9,025,672	(1,722,248)	17,803,423	865,539	489,827
11/15/2024	10,705,000	8,048,213	18,753,213	11,050,000	8,497,606	(1,658,788)	17,888,818	864,394	467,971
11/15/2025	11,300,000	7,512,963	18,812,963	11,600,000	7,941,941	(1,593,280)	17,948,661	864,302	447,603
11/15/2026	11,885,000	6,970,063	18,855,063	12,130,000	7,380,769	(1,525,547)	17,985,221	869,841	430,849
11/15/2027	12,595,000	6,375,813	18,970,813	12,805,000	6,751,868	(1,448,932)	18,107,936	862,877	408,902
11/15/2028	13,220,000	5,746,063	18,966,063	13,380,000	6,088,419	(1,369,587)	18,098,831	867,231	393,091
11/15/2029	13,960,000	5,085,063	19,045,063	14,070,000	5,395,365	(1,287,318)	18,178,046	867,016	375,906
11/15/2030	14,705,000	4,387,063	19,092,063	14,760,000	4,666,956	(1,202,125)	18,224,830	867,232	359,628
11/15/2031	5,825,000	3,662,750	9,487,750	5,860,000	3,914,072	(1,113,813)	8,660,259	827,491	328,358
11/15/2032	6,115,000	3,371,500	9,486,500	6,090,000	3,587,268	(1,019,819)	8,657,449	829,051	314,622
11/15/2033	6,420,000	3,065,750	9,485,750	6,335,000	3,247,704	(922,321)	8,660,383	825,367	299,554
11/15/2034	6,740,000	2,744,750	9,484,750	6,585,000	2,894,594	(821,220)	8,658,374	826,376	286,794
11/15/2035	7,080,000	2,407,750	9,487,750	6,845,000	2,527,616	(716,316)	8,656,300	831,450	275,894
11/15/2036	7,435,000	2,053,750	9,488,750	7,120,000	2,146,234	(607,507)	8,658,727	830,023	263,330
11/15/2037	7,805,000	1,682,000	9,487,000	7,405,000	1,749,662	(494,694)	8,659,968	827,032	250,843
11/15/2038	8,195,000	1,291,750	9,486,750	7,700,000	1,337,328	(377,677)	8,659,651	827,099	239,804
11/15/2039	8,605,000	882,000	9,487,000	8,005,000	908,696	(256,356)	8,657,340	829,660	229,915
11/15/2040	9,035,000	451,750	9,486,750	8,325,000	463,194	(130,530)	8,657,664	829,086	219,581
<b>Total</b>	<b>\$ 216,805,000</b>	<b>\$ 192,301,175</b>	<b>\$ 409,106,175</b>	<b>\$ 220,245,000</b>	<b>\$ 204,439,982</b>	<b>\$ (41,291,287)</b>	<b>\$ 383,393,694</b>	<b>\$ 857,083</b>	<b>\$ 14,137,818</b>

(a) Assumes PV rate equal to Arb. Yield of Tax-Exempt Issue (4.43%)

Average Annual % Savings of Par \$ 857,083 6.42%



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