

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	7945	Agenda Number	102.
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Meeting Date:	7/28/2011	Department:	Finance
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## Subject

Approve the 2011 General Obligation Bond Sale Schedule (\$86,540,000 in Public Improvement Bonds, \$51,150,000 in Certificates of Obligation, and \$26,725,000 in Contractual Obligations).

## Amount and Source of Funding

\$86,540,000 in Public Improvement Bonds, \$51,150,000 in Certificates of Obligation, and \$26,725,000 in Contractual Obligations.

## Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Reimbursement Resolutions approved by City Council on 9/10/07, 9/8/08, 9/14/09, 10/1/09, 11/5/09, 8/19/10, 9/13/10, 1/27/11, 4/21/11; Official Intent to Issue Certificates of Obligation, 6/23/11
For More Information:	Leslie Browder, Chief Financial Officer, 974-2283 or Art Alfaro, Treasurer, 974-7882
Boards and Commission Action:	N/A
MBE / WBE:	
Related Items:	

## Additional Backup Information

Approval of the attached proposed bond sale schedule will allow for the necessary preparation of documents for presentation to Council on August 25, 2011 related to the sale of the debt to support prior year and 2011-2012 appropriations for capital projects.

The proposed bond sale for 2011-12 includes Public Improvement Bonds, Certificates of Obligation, and Contractual Obligations.

Public Improvement Bonds are secured by and payable from ad valorem taxes and require voter approval. The City generally uses these bonds to purchase land or make improvements to real property. The proposed Public Improvement Bond sale for 2011-12 is \$86,540,000.

Highlights of the proposed Public Improvement Bond Sale include:

- 2006 Bonds, Proposition 1: Street Reconstruction, Sidewalks, Signals, Bikeways - \$14,300,000
- 2006 Bonds, Proposition 2: Watershed Master Plan Projects - \$18,000,000
- 2006 Bonds, Proposition 3: Parks & recreation facility, pool improvements, playscape and trail improvements

- \$6,235,000
- 2006 Bonds, Proposition 4: Community & Cultural facilities, including African American Cultural Center, Asian American Resource Center, Mexic-Arte Museum, Zach Scott Theatre - \$10,500,000
- 2006 Bonds, Proposition 5: Affordable Housing - \$8,450,000
- 2006 Bonds, Proposition 6: New Central Library - \$4,000,000
- 2006 Bonds, Proposition 7: Mueller EMS Station and Animal Services Center - \$9,750,000
- 2010 Bonds, Proposition 1: Pedestrian/ADA/Bikeways, Street Reconstruction, Mobility Enhancements, Signals - \$15,305,000

Certificates of Obligation may be issued with or without voter approval. State law requires publication of a Notice of Intent to Issue Certificate, which occurred on July 11<sup>th</sup> and July 18<sup>th</sup>. An election is required only if, before the Certificates are authorized by the City Council, a petition is signed by at least 5% of the qualified voters of the City, protesting the issuance of the Certificates. The proposed projects to be financed with Certificates of Obligation total \$51,150,000.

Highlights of the proposed Certificates of Obligation sale include:

- Harold Court Remediation, \$6,350,000
- Rosewood & Loop 360 Landfill Remediation, \$2,300,000
- Transportation Projects / Street Improvements, \$7,500,000
- Waller Creek Tunnel, *up to* \$35,000,000

This is the first of several planned debt issuances related to the approximately \$100 million portion of the Waller Creek Tunnel project that will be funded by Certificates of Obligations. Debt service will be covered primarily from revenue generated by the Waller Creek Tax Increment Reinvestment Zone. The August 28<sup>th</sup> bond sale will include up to \$35 million in Certificates of Obligation for this project, but is expected to be less, after refining the cash flow estimates for the project, which will be determined prior to the actual sale.

Contractual Obligations do not require voter approval and there is no provision in state law for notice or petition. Contractual Obligations may only be issued for the purchase of personal property. The City generally limits Contractual Obligations to property with a minimum life expectancy of 5 years. The proposed Contractual Obligation sale totals \$26,725,000.

Highlights of proposed Contractual Obligation sale include:

- Austin Water Utility capital equipment, \$1,965,000
- Public Safety/Public Works radios, \$7,500,000
- Police DVV system, \$3,500,000
- Police vehicles and equipment, \$5,135,000
- Public Works capital equipment, \$3,003,000
- Solid Waste Services capital equipment. \$5,622,000

This year's bond sale includes debt related to several reimbursement resolutions approved by Council during the 2010-11 fiscal year and prior fiscal years. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure is incurred. The action is required by the IRS and Treasury rules. The City generally submits reimbursement resolution for Council consideration as part of the annual budget adoption in September, the same time as the new capital appropriations. Of the \$86,540,000 in Public Improvement Bonds that is being issued, the entire \$86,540,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the up to \$51,150,000 in Certificates of Obligation, the entire amount would also provide funding for reimbursement resolutions that have already been approved by Council. Of the \$26,725,000 in Contractual Obligations that is being issued, \$16,135,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council.

\$86,540,000 in Public Improvement Bonds, \$7,500,000 in Certificates of Obligation and \$16,135,000 in Contractual Obligations will be issued as general obligation debt of the City paid from the levying of property taxes. \$43,650,000 in Certificates of Obligation and \$10,590,000 in Contractual Obligations will be issued as general obligation debt of

the City paid from departmental operating funds and a special project fund.

The debt service costs are estimated as follows:

Total Issuance-	\$ 86,540,000	Public Improvement Bonds
	\$ 51,150,000	Certificates of Obligation
	<u>\$ 26,725,000</u>	Contractual Obligations
	\$164,415,000	Total Bond Sale

	Fiscal Year	Total Debt
	2011-12	Service Over the
	<u>Requirements</u>	<u>Life of the Bonds</u>
Principal	\$ 11,435,000	\$ 164,415,000
Interest	<u>\$ 8,129,110</u>	<u>\$ 106,661,354</u>
Total Debt Service	\$ 19,564,110	\$ 271,076,354