

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	8310	Agenda Number	95.
---------------------	---------	------	---------------	-----

Meeting Date:	8/25/2011	Department:	Treasury
---------------	-----------	-------------	----------

## Subject

Approve an ordinance authorizing the issuance of City of Austin Public Improvement Refunding Bonds, Series 2011A, in an amount not to exceed \$125,000,000, by March 30, 2012 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. These funds will be used to refund certain older refunding bonds, Public Improvement Bonds, Certificates of Obligation, and HUD Section 108 loan for the Austin Resource Center for the Homeless. Refunding these obligations is intended to result in present value savings exceeding the City's target guideline of 4.25%.

## Amount and Source of Funding

\$18,593,671 for estimated debt service requirement and annual paying agent/registrar fee of \$400 was included was included in the 2011-2012 proposed Budget of the General Obligation Debt Service Fund.

## Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, Treasurer 974-7882
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

## Additional Backup Information

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 Public Improvement Bonds, Series 2001 & Series 2002; Public Improvement and Refunding Bonds, Series 2003 & Series 2004; Public Improvement Refunding Bonds Series 2001 & Series 2002; Certificates of Obligation, Series 2001, Series 2002, Series 2003 & Series 2004; HUD Section 108 Loan (Homeless Shelter) Series 2002A, HUD Section 108 Loan (Homeless Shelter) Series 2003, HUD Section 108 Loan (Homeless Shelter) Series 2006A may result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of August 10, 2011, the transaction produced \$5,421,729 in present value savings, or 5.62%.

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 execute the sale of the refunding bond transaction in accordance with the parameters in the ordinance. The parameters 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 by Council under the ordinance expires on March 30, 2012.

The transaction will be sold through the following underwriting team, which was approved by Council on May 17, 2007.

Senior Manager  
Ramirez & Co. (MBE)

Co-Managers  
Barclay's  
Citigroup  
Morgan Stanley  
Morgan Keegan (Regional)  
Southwest Securities (Regional)  
Rice Financial Products (MBE)  
Cabrera Capital Markets (MBE)  
Siebert Brandford Shank (MBE)

McCall, Parkhurst and Horton will serve as bond counsel and Andrews Kurth will serve as underwriter counsel for this transaction.

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