

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	17815	Agenda Number	13.
---------------------	---------	-------	---------------	-----

Meeting Date:	8/16/2012	Department:	Finance
---------------	-----------	-------------	---------

## Subject

Approve the 2012 General Obligation Bond Sale Schedule not to exceed \$85,630,000 in Public Improvement Bonds, \$25,890,000 in Certificates of Obligation and \$29,680,000 in Contractual Obligations.

## Amount and Source of Funding

Not to exceed \$85,630,000 in Public Improvement Bonds, \$25,890,000 in Certificates of Obligation and \$29,680,000 in Contractual Obligations.

## Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Reimbursement Resolutions approved by City Council on 3/8/2007, 9/10/07, 9/8/08, 9/14/09, 11/19/09, 9/13/10, 1/27/11, 2/9/12, 3/22/12, 5/24/12; Official Intent to Issue Certificates of Obligation, 6/28/12.
For More Information:	Ed Van Eenoo, Deputy Chief Financial Officer, 974-2610 or Art Alfaro, Treasurer, 974-7882
Boards and Commission Action:	Recommended by the Audit and Finance Committee.
MBE / WBE:	
Related Items:	

## Additional Backup Information

Approval of this schedule will allow for the necessary preparation of documents for presentation to Council on August 23, 2012 related to the sale of the debt to support prior year and 2012-2013 appropriations for capital projects.

The proposed bond sale for 2012-13 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 2012-13 is an estimated \$85,630,000.

Certificates of Obligation may be issued with or without voter approval. State law requires publication of a Notice of Intent to Issue Certificates. 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 \$25,890,000.

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 an estimated \$29,680,000.

This year's bond sale includes debt related to several reimbursement resolutions approved by Council during the 2011-12 fiscal year and prior. Reimbursement resolutions allow City projects to begin and allow the City to borrow against the investment pool until bonds relating to the project are sold. The use of reimbursement resolutions as a cash management tool is encouraged by the financial policies. Of the \$85,630,000 in Public Improvement Bonds that is being issued, \$85,630,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$25,890,000 in Certificates of Obligation that is being issued, \$25,690,000 is being issued to provide funding for reimbursement resolutions that have already been approved by Council. Of the \$29,680,000 in Contractual Obligations that is being issued, \$11,900,00 is being issued to provide funding for reimbursement resolutions that have already been approved by Council.

\$85,630,000 in Public Improvement Bonds, \$12,560,000 in Certificates of Obligation and \$11,900,000 in Contractual Obligations will be issued as general obligation debt of the City paid from a tax levy. \$13,330,000 in Certificates of Obligation and \$17,780,000 in Contractual Obligations will be issued as general obligation debt of the City paid from transfers from the Departments' operating funds and a special project fund.

The debt service costs are estimated as follows:

Total Issuance-	\$ 85,630,000	Public Improvement Bonds
	\$ 25,890,000	Certificates of Obligation
	<u>\$ 29,680,000</u>	<u>Contractual Obligations</u>
	\$141,200,000	Total Bond Sale

Fiscal Year	2012-13	Service Over the
	Requirements	Life of the Bonds
Principal	\$ 6,220,000	\$ 141,200,000
Interest	<u>\$ 5,998,116</u>	<u>\$ 80,468,016</u>
Total Debt Service	\$ 12,218,116	\$ 221,668,016