

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	17834	Agenda Number	83.
Meeting Date:	8/23/2012		Department:	Finance
Subject				
<p>Approve an ordinance authorizing the issuance of City of Austin, Public Property Finance Contractual Obligations, Series 2012 in an amount not to exceed \$29,515,000, related documents, and approve related fees. Contractual obligations will be used to finance the purchase of equipment for Communications & Technology Management, Police, Public Works, Transportation, Solid Waste Services, and Austin Water Utility. The financing of this equipment is consistent with the Financial policies for the non-voter approved debt listed in Attachment A as back-up to this request for Council action.</p>				
Amount and Source of Funding				
<p>\$2,278,533 in the first year debt service requirement and an estimated annual administration fee of \$400 for the paying agent/registrar for the proposed contractual obligation sale is included in the 2012-2013 Proposed Operating Budget of the General Obligation Debt Service Fund.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:	Council approved Reimbursement Resolutions related to this bond issuance on 08/05/10 and 04/28/11 and the Bond Sale Schedule on 08/16/12			
For More Information:	Art Alfaro, Treasurer 974-7882			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

Contractual Obligations will be used to finance equipment for several City departments. The financing of equipment is consistent with the Financial Policies for the use of non-voter approved debt listed in Attachment A. See Attachment B for the schedule of equipment costs and useful lives. Annual debt service funding for the Contractual Obligations is to be provided by a combination of property taxes and transfers into the General Obligation Debt Service Fund from issuing departments.

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 limit Contractual Obligations to property with a minimum life expectancy of 5 years.

The Contractual Obligation sale totals \$29,515,000, for the following:

- Austin Water Utility capital equipment, \$2,250,000
- Code Compliance capital equipment, \$1,080,000
- Golf Carts, \$865,000
- Police Digital Vehicular Video system, \$11,900,000
- Solid Waste Services capital equipment, \$13,420,000

Of the \$29,515,000, \$11,900,000 is to support reimbursement resolutions that have already been approved by Council during previous 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 IRS and U.S. 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 are adopted. The remaining \$17,615,000 is associated with equipment included in the proposed 2012-2013 Capital Budget.

Electronic bids will be accepted beginning at 9:30 a.m. Central Daylight Time ("CDT") and ending at 10:00 a.m. CDT, on Thursday, August 23, 2012. Bids will be verified by the City's Financial Advisor, Public Financial Management, Inc.

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

The Debt Service Cost for the \$29,515,000 issuance is estimated as follows:

	<u>2012-2013</u>	<u>Total Cost over 7 Years</u>	<u>Average Per Year</u>
Principal	\$1,885,000	\$29,515,000	\$4,216,429
Interest	<u>\$393,533</u>	<u>\$2,366,033</u>	<u>\$338,004</u>
Total Debt Service	\$2,278,533	\$31,881,033	\$4,554,433

Of the \$29,515,000 that is being issued, \$11,900,000 is tax supported and \$17,615,000 is self-supporting debt paid by transfers to the General Obligation Debt Service Fund from operating funds of issuing departments.

