

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

19820

Agenda Number

70.

Meeting Date:

11/8/2012

Department:

Treasury

Subject

Approve an ordinance authorizing the issuance of City of Austin Electric Utility System Revenue Refunding Bonds, Series 2012A, in a par amount not to exceed \$335,000,000 by December 31, 2012 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.

Amount and Source of Funding

\$12,256,743 in the first year debt service requirement and \$250 estimated annual administration fee for the paying agent/registrar for the proposed bond sale was included in the 2012-13 Approved Operating Budget of the Utility Revenue Bond Redemption Fund.

Fiscal Note

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

Purchasing
Language:

Prior Council
Action:

N/A

For More
Information:

Art Alfaro, Treasurer 974-7882

Boards and
Commission
Action:

MBE / WBE:

Related Items:

Additional Backup Information

Austin Energy will refund up to \$200,000,000 of tax-exempt commercial paper. This refunding will allow Austin Energy to take advantage of currently favorable market conditions and restore the available capacity under its tax-exempt commercial paper program for future borrowing needs. In addition, due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that a refunding of approximately \$127,800,000 of the City of Austin Electric Utility System Revenue Refunding Bonds, Series 2003 will result in present value savings with respect to the refunded bonds exceeding the City's target guideline of 4.25% of the refunded bonds. As of October 10, 2012, the transaction produced \$20,338,035 in present value savings or 15.9%.

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 complete 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 December 31, 2012.

The transaction will be sold through the following underwriting team:

Senior Manager:	Citi
Co-Managers:	BOSC
	Barclay's
	Cabrera Capital Markets
	Comerica
	Edward Jones
	Fidelity
	MR Beal
	RBC
	RW Baird
	Rice Financial

For this transaction, Fulbright & Jaworski L.L.P. will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as co-underwriter counsel will be Haynes & Boone LLP and Bracewell & Giuliani LLP