



City of Austin, Texas

\$273,890,000*

Electric Utility System Revenue Refunding Bonds,
Series 2012A

\$107,750,000*

Electric Utility System Revenue Refunding Bonds,
Taxable Series 2012B



**Council Presentation
November 8, 2012**

*Preliminary, subject to change.



\$381,640,000* Electric Utility System Revenue Refunding Bonds, Series 2012 A&B

ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
BOND COUNSEL	Fulbright & Jaworski L.L.P.
FINANCIAL ADVISOR	Public Financial Management, Inc.
LEAD UNDERWRITER	Citigroup
RATINGS	Moody's A1 Stable Outlook S&P Fitch AA- Stable Outlook

Purpose - The Bonds are being issued to refund \$181,555,000 of the City's outstanding Tax-Exempt Commercial Paper and \$43,734,000 of the City's outstanding Taxable Commercial Paper issued for the Electric Utility System. Additionally, Bonds are being issued to refund and restructure select maturities of the City's currently outstanding bond indebtedness. The purpose of the bond sale is to restore capacity in the commercial paper programs, refund outstanding bonds to effect debt service savings, and smooth near-term debt service requirements.

*Preliminary, subject to change.





Issue Objectives- Series 2012 A&B

Series 2012A

- Refund \$182MM of the City's outstanding Tax-Exempt Commercial Paper issued for the Electric Utility System
- Restore available capacity under the tax-exempt commercial paper program while locking in historically low interest rate levels
- Refinance \$127,800,000* of currently outstanding long-term debt
- Estimated debt service savings of \$20.12MM* (net present value) or 15.7%

Series 2012B

- Refund \$43.7MM of the City's outstanding Taxable Commercial Paper issued for the Electric Utility System
- Restore available capacity under the taxable commercial paper program while locking in historically low interest rate levels
- Restructure \$59,205,000* of currently outstanding long-term debt in order to smooth near-term debt service requirements



*Preliminary, subject to change.



Rating Agency Highlights

Fitch Ratings (AA-, Stable Outlook)

- Rating reflects Austin Energy's role as a retail electric service provider to a large and important service area
- Austin Energy's growing service area includes a deep and diverse economy, exceptionally low unemployment, and above average wealth levels and a diversified customer base
- Financials expected to improve with implementation of new rates
- Diverse power supply

Moody's (A1, Stable Outlook)

- Well diversified power supply portfolio
- Strong and growing service area reflected in the Aaa rating for the City of Austin General Obligation Bonds
- Base rate increase approved effective October 2012 will provide opportunity to restore financial metrics to stronger levels to support rating

Standard and Poor's





Timetable – Key Dates

Date	Action
October 22-23	- Rating Agency Meetings
November 5	- Received Ratings
November 8	- City Council Action
Week of November 12	- Distribute Preliminary Official Statement
December 4	- Bond Pricing*
December 18	- Closing



*Preliminary, subject to change.



Interest Rate Environment

Historical Comparison of 10-Year Treasury and 30-Year Treasury

