

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

25190

Agenda Number

74.

Meeting Date:

6/20/2013

Department:

Treasury

Subject

Approve an ordinance authorizing the issuance of City of Austin Water and Wastewater System Revenue Refunding Bonds, Series 2013A, by December 31, 2013, in an amount not to exceed \$500,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.

Amount and Source of Funding

\$16,663,995 in the first year debt service requirement and \$2,600 estimated annual administration fee for the paying agent/registrar for the proposed bond sale will be included in the 2013-14 Proposed Operating Budget of the Utility Revenue Bond Redemption Fund.

Fiscal Note

**Purchasing
Language:**

**Prior Council
Action:**

**For More
Information:**

Art Alfaro, Treasurer / 974-7882

**Boards and
Commission
Action:**

MBE / WBE:

Related Items:

Additional Backup Information

This transaction will allow Austin Water to take advantage of currently favorable market conditions and restore the available capacity under its tax exempt commercial paper program for future borrowing needs by refunding up to \$220,000,000 of tax-exempt commercial paper. 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 \$123,670,000 of the City of Austin Water and Wastewater System Revenue Refunding Bonds, Series 2004A and \$113,335,000 Series 2005A may result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of May 27, 2013 the transaction produced \$25,561,454 in present value savings or 10.79%.

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, Pricing Officer may only exercise the authority delegated by Council under the ordinance until December 31, 2013.

The transaction will be sold through the following underwriting team:

Co-Senior Managers: J.P. Morgan Securities LLC; Ramirez & Co., Inc.

Co-Managers: B of A Merrill Lynch
Jeffries & Co.
George K Baum & Co.
Mesirow Financial
Hutchinson, Shockey, Erley
Southwest Securities
Stifel Nicolaus & Company
Siebert Brandford Shank & Co.

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