

A G E N D A



Recommendation for Council Action

Austin City Council

Item ID

26350

Agenda Number

93.

Meeting Date:

8/29/2013

Department:

Treasury

Subject

Approve an ordinance authorizing the issuance of City of Austin, Public Improvement Refunding Bonds, Series 2013A, in an amount not to exceed \$107,225,000 in accordance with the parameters set out in the ordinance, and all related documents, and approving related fees. These funds will be used to refund certain previously-issued Certificates of Obligation as well as Public Improvement and Refunding Bonds. Refunding these obligations is intended to result in present value savings exceeding the City's target guideline of 4.25%.

Amount and Source of Funding

Debt service requirements and annual paying agent/registrar fee of \$500 was included in the 2013-14 Proposed Operating Budget of the General Obligation Debt Service Fund.

Fiscal Note

Purchasing
Language:Prior Council
Action:For More
Information:

Financial and Administrative Services - Treasury

Boards and
Commission
Action:

MBE / WBE:

Related Items:

Additional Backup Information

Due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that refunding certain previously-issued Certificates of Obligation as well as Public Improvement and Refunding Bonds may result in present value savings exceeding the City's target guideline of 4.25% of the refunded obligations. As of July 29, 2013, the transaction produced \$3.0 million in present value savings.

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 execute 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 Council under the ordinance expires on March 30, 2014.

The transaction will be sold through the following underwriting team:

Senior Manager
Raymond James

Co-Managers
Coastal Securities
Estrada Hinojosa (MBE)
First Southwest Company
Goldman Sachs
Loop Capital Markets (MBE)
Morgan Stanley
Piper Jaffray
Samco Capital Markets
Wells Fargo Securities

Andrews Kurth will serve as bond counsel, McCall Parkhurst and Horton will serve as Disclosure Counsel, and Greenberg Traurig as underwriter counsel for this transaction. Public Financial Management will serve as Financial Advisor.