

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	45864	Agenda Number	38.
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Meeting Date:	6/4/2015	Department:	Treasury
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## Subject

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2015A, in a par amount not to exceed \$380,000,000, in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of the costs of issuance, and providing that the issuance and sale be accomplished by December 4, 2015.

## Amount and Source of Funding

Resulting debt service requirements and fees will be included in the 2015-16 Proposed Operating Budget of the Combined Utility Bond Redemption Fund. A fiscal note is not required.

## Fiscal Note

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

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, City Treasurer, 512-974-7882
Council Committee, 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, has advised that refinancing, or "refunding" certain maturities from the Water and Wastewater System Revenue Refunding Bonds Series 2005, 2005A, 2006A, 2007, and 2009A may result in present value savings (lower debt service costs) that exceed the City's target guideline of 4.25% of the refunded bonds. Using interest rates as of May 12, 2015 the transaction produced \$36.4 million in present value savings or 9.3%. The new bonds are known as "revenue refunding" bonds, and are backed solely by the revenue of Austin Water, instead of property taxes.

To quickly take advantage of changing market conditions, the ordinance sets parameters so that the City has the authority to enter into the transaction, as long as certain thresholds in the ordinance are met. 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 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 4, 2015.

The transaction will be sold through the following underwriting team:

Senior Manager: JPMorgan

Co-Managers:

BOSC

Coastal

Estrada Hinojosa

First Southwest

George K. Baum

SAMCO

Wells Fargo

For this transaction, McCall, Parkhurst & Horton L.L.P will serve as bond counsel, Norton Rose Fulbright US LLP will serve as disclosure counsel, and serving as underwriter's counsel will be Bracewell Guiliani. Rating agencies will include Moody's Investors Service, Inc., Standard & Poor's, and Fitch Ratings, Inc.