

## A G E N D A



## Recommendation for Council Action

Austin City Council	Item ID	48046	Agenda Number	14.
---------------------	---------	-------	---------------	-----

Meeting Date:	8/20/2015	Department:	Treasury
---------------	-----------	-------------	----------

## Subject

Approve an ordinance authorizing the issuance and sale by February 20, 2016, of City of Austin Public Property Finance Contractual Obligations, Series 2015, in a par amount not to exceed \$16,065,000, in accordance with the parameters set out in the ordinance; authorizing related documents; and approving related fees.

## Amount and Source of Funding

\$1,286,300 in anticipated first year debt service requirements and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the 2015-16 Proposed Operating Budget of the General Obligation Debt Service Fund. Contractual Obligations will be used to finance the purchase of equipment for Austin Transportation, Austin Water Utility, Communications Technology Management, Golf, and Public Works.

## Fiscal Note

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

Purchasing Language:	
Prior Council Action:	Reimbursement Resolution for the Communications Technology Management projects approved 09/10/12
For More Information:	Art Alfaro, Treasurer, 512-974-7882
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

## Additional Backup Information

Contractual Obligations will be used to finance equipment for several City departments. The financing of equipment is consistent with the Financial Policies for the use of non-voter approved debt that are noted in Attachment A. See Attachment B for the description of personal property to be financed, equipment costs and useful lives. Annual debt service funding for the Contractual Obligations is to be provided by a combination of property taxes and transfers into the General Obligation Debt Service Fund from issuing departments.

The Contractual Obligation sale totals \$16,065,000, for equipment for the following departments:

- Austin Transportation Department \$695,000
- Austin Water Utility \$2,350,000
- Communications Technology Management \$9,155,000

- Golf \$1,365,000
- Public Works \$2,500,000

Of the \$16,065,000 in Contractual Obligations that is being proposed for issuance, Communication and Technology Management project funding in the amount of \$9,155,000 was previously approved by Council through a reimbursement resolution. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure may have been incurred. The action is required by IRS and U.S. Treasury rules and state law. The City generally submits reimbursement resolutions for Council consideration as a part of the annual budget adoption in September, the same time as the new capital appropriations are adopted, or at the time of a capital budget amendment for a particular project. The remaining \$6,910,000 is associated with equipment included in the proposed 2015-16 Capital Budget.

The Debt Service cost for the \$16,065,000 Contractual Obligations Series 2015 issuance is estimated as follows:

		<b>Total Over</b>	<b>Average</b>
	<b>2015-16:</b>	<b>7 Years:</b>	<b>Per Year</b>
Principal	\$965,000	\$16,065,000	\$2,295,000
Interest	<u>321,300</u>	<u>1,953,750</u>	<u>279,107</u>
Total Debt Service	\$1,286,300	\$18,018,750	\$2,574,107

Of the \$16,065,000 that is being issued, \$10,520,000 is tax-supported and \$5,545,000 is self-supported debt paid by transfers to the General Obligation Debt Service Fund from operating funds of issuing departments.

In order to provide the City with the flexibility to respond quickly 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 bond transaction in accordance with the parameters in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on February 20, 2016.

This transaction will be sold through the following underwriting team:

Senior Manager: Jefferies

Co-Managers: First Southwest  
Piper Jaffray  
Ramirez & Company  
Mesirow

For this transaction, Andrews Kurth, LLP will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Haynes & Boone L.L.P. Public Financial Management is the City's financial advisor.