

FISCAL NOTE

DATE OF COUNCIL CONSIDERATION:

10/20/16

CONTACT DEPARTMENT(S):

Austin Water

SUBJECT: Approve an ordinance authorizing the issuance of City of Austin, Water and Wastewater System Revenue Bonds, Series 2016A, in a par amount not to exceed \$20,430,000, and approve related documents.

ANALYSIS / ADDITIONAL INFORMATION:

The fiscal information outlined below is the result of the City Council April 21, 2016 action approval to submit two loan applications to TWDB. Both loan applications were approved by the TWDB on July 21, 2016 and the TWDB committed to loan Austin a combined total of \$167,175,000. Analysis is based on the Resolution for \$86,980,000 for Direct Reuse Strategy Project Number 51041.

Assumptions for Austin Water and TWDB are based on recent market transactions for illustrative purposes.

AUSTIN WATER

Assumptions:

- Funding for these Austin Water capital projects could be from the issuance of Austin Water revenue bonds in our standard process, or through the proposed TWDB bond issuance process.
- Fiscal note provides results of comparison between Austin Water issuing bonds to fund the projects versus Austin Water utilizing the TWDB loan process
- Use of the TWDB bond process for these projects will result in debt service savings as compared to Austin Water's bond issuance.
- Austin Water assumes \$86,980,000 in TWDB bonds estimated to be issued in separate series over the next 7 years as follows:
 - \$20,430,000 Proposed Series 2016A, to expire on December 31, 2016
 - \$22,590,000 Proposed Series 2017, to expire on December 31, 2017
 - \$18,140,000 Proposed Series 2018, to expire on December 31, 2018
 - \$12,560,000 Proposed Series 2019, to expire on December 31, 2019
 - \$ 9,110,000 Proposed Series 2020, to expire on December 31, 2020
 - \$ 1,925,000 Proposed Series 2021, to expire on December 31, 2021
 - \$ 2,225,000 Proposed Series 2022, to expire on December 31, 2022
- Each TWDB bond issuance assumes a 20-year term
- TWDB loan interest rates based on AAA rating and assumes a 35% rate subsidy on first 5 series issues. Rate subsidies on issuances beyond the 5th year are contingent on TWDB approval. Austin Water assumes interest rates based on current AA rating.
- TWDB bonds assume funding a debt service reserve at each bond issuance. Austin Water bond issuances do not require funding of a debt service reserve.
- Debt service savings is generated from TWDB's higher bond rating than Austin Water and the 35% interest rate subsidy.

	2016-17:	Total Over 20 Years:	Average Per Year
Principal	\$0	\$20,430,000	\$1,021,500
Interest	<u>\$141,000</u>	<u>\$24,155,000</u>	<u>\$1,207,750</u>
Total Debt Service	\$141,000	\$44,585,000	\$2,229,250

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- Estimated amortization schedule based on TWDB rates as of September 2016.

CITY OF AUSTIN				
\$20,430,000 TWDB Loan, Fall 2016 Close				
20 year Debt Service - <u>ESTIMATE*</u>				
Payment	Principal	Interest		Fiscal Year
<u>Date</u>	<u>Payment</u>	<u>Payment</u>	<u>Total</u>	<u>Total</u>
05/15/17	\$ -	\$ 140,127	\$ 140,127	\$ 140,127
11/15/17	920,000	140,126.75	1,060,127	
05/15/18	-	137,670	137,670	1,197,797
11/15/18	920,000	137,670	1,057,670	
05/15/19	-	135,154	135,154	1,192,825
11/15/19	920,000	135,154	1,055,154	
05/15/20	-	132,219	132,219	1,187,374
11/15/20	920,000	132,219	1,052,219	
05/15/21	-	128,956	128,956	1,181,175
11/15/21	920,000	128,956	1,048,956	
05/15/22	-	125,453	125,453	1,174,408
11/15/22	980,000	125,453	1,105,453	
05/15/23	-	121,371	121,371	1,226,824
11/15/23	980,000	121,371	1,101,371	
05/15/24	-	116,875	116,875	1,218,246
11/15/24	980,000	116,875	1,096,875	
05/15/25	-	111,934	111,934	1,208,809
11/15/25	980,000	111,934	1,091,934	
05/15/26	-	106,642	106,642	1,198,575
11/15/26	1,020,000	106,642	1,126,642	
05/15/27	-	100,769	100,769	1,227,411
11/15/27	1,020,000	100,769	1,120,769	
05/15/28	-	94,068	94,068	1,214,837
11/15/28	1,020,000	94,068	1,114,068	
05/15/29	-	86,869	86,869	1,200,937
11/15/29	1,020,000	86,869	1,106,869	
05/15/30	-	78,311	78,311	1,185,180
11/15/30	1,065,000	78,311	1,143,311	
05/15/31	-	68,638	68,638	1,211,950
11/15/31	1,080,000	68,638	1,148,638	
05/15/32	-	58,287	58,287	1,206,925
11/15/32	1,125,000	58,287	1,183,287	
05/15/33	-	47,326	47,326	1,230,613
11/15/33	1,145,000	47,326	1,192,326	
05/15/34	-	35,905	35,905	1,228,231
11/15/34	1,145,000	35,905	1,180,905	
05/15/35	-	23,852	23,852	1,204,757
11/15/35	1,145,000	23,852	1,168,852	
05/15/36	-	11,911	11,911	1,180,763
11/15/36	1,125,000	11,911	1,136,911	1,136,911
	\$ 20,430,000	\$ 3,724,672	\$ 24,154,672	\$ 24,154,672