

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	72892	Agenda Number	10.
---------------------	---------	-------	---------------	-----

Meeting Date:	8/17/2017	Department:	Treasury
---------------	-----------	-------------	----------

**Subject**

Approve an ordinance authorizing the issuance and sale of City of Austin Public Improvement Bonds, Taxable Series 2017, in an amount not to exceed \$25,000,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving the payment of the costs of issuance, and all related fees, and providing that the issuance and sale be accomplished not later than February 16, 2018.

**Amount and Source of Funding**

\$2,032,500 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 2017-18 Proposed Operating Budget of the General Obligation Debt Service Fund. These bonds are being issued to provide funding relating to reimbursement resolutions previously approved by Council for affordable housing projects funded with proceeds from the 2013 bond election.

**Fiscal Note**

Information pertaining to the fiscal impact of this item is found under the "Amount and Source of Funding" and "Additional Backup Information" sections.

Purchasing Language:	
Prior Council Action:	Reimbursement Resolutions approved by City Council on 09/09/15, 09/14/16, and 05/04/17.
For More Information:	Art Alfaro, Treasurer, 512-974-7882
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

**Additional Backup Information**

Approval of this ordinance will authorize the issuance of \$25,000,000 in City of Austin Public Improvement Bonds, Taxable Series 2017.

The bonds are being issued to provide funding for affordable housing pursuant to reimbursement resolutions that were previously approved by Council. Reimbursement resolutions declare an issuer's official intent to reimburse a project's expenditure with the proceeds of obligations to be issued after the expenditure may have occurred. The action is required by 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 General Obligation Debt Service cost for the \$25,000,000 Public Improvement Bonds, Taxable Series 2017 issuance is estimated as follows:

	<b>2017-18:</b>	<b>Total Over 20 Years:</b>	<b>Average Per Year</b>
Principal	\$ 720,000	\$25,000,000	\$1,250,000
Interest	<u>1,312,500</u>	<u>15,972,863</u>	<u>798,643</u>
Total Debt Service	\$2,032,500	\$40,972,863	\$2,048,643

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 16, 2018.

The bonds will be sold through the following underwriting team:

Co-Senior Managers:  
Piper Jaffray & Co.  
Estrada Hinojosa & Co. Inc.

Co-Managers  
Hilltop Securities Inc.  
Raymond James & Associates  
Loop Capital

For this transaction, Andrews Kurth Kenyon 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 Bracewell L.L.P. PFM Financial Advisors, L.L.C. is the City's financial advisor.