

**AGENDA**



**Recommendation for Council Action**

Austin City Council	Item ID	72893	Agenda Number	11.
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Meeting Date:	8/17/2017	Department:	Treasury
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**Subject**

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Certificates of Obligation, Series 2017, in an amount not to exceed \$35,325,000, 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**

\$882,313 in anticipated first year debt service requirements and an estimated annual administration fee of \$500 for the paying agent/registrant for the proposed bond sale was included in the 2017-18 Proposed Operating Budget of the General Obligation Debt Service Fund. Certificates of Obligation will be used to finance the New Central Library as well as the Animal Shelter Improvements.

**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 09/08/14 and 09/14/16. Notice of Intention to issue certificates approved 06/08/17.
For More Information:	Art Alfaro, Treasurer, 512-974-7882
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

**Additional Backup Information**

These Certificates of Obligation are being issued to provide funding related to reimbursement resolutions previously approved by Council for the Animal Shelter Improvements, the New Central Library, the Watershed Home Buyout Program, and renovation and expansion of the Women & Children’s Shelter.

On June 8, 2017, City Council authorized publication of an Official Notice of Intention to Issue Certificates of Obligation. State law requires that an Official Notice of Intention to Issue Certificates of Obligation be published once a week for two consecutive weeks with the date of the first publication occurring at least 31 days prior to the sale of the Certificates of Obligation by the City. These notices were published June 19, 2017 and June 26, 2017 and included descriptions of the projects.

*Animal Shelter Improvements - \$5,425,000*  
*7201 Leander Loop, Austin, Texas 78702*

This project consists of new kennel buildings, associated parking for the Animal Center and Campus buildings, loop road reconstruction, storm drainage and signage. City Council previously approved this appropriation and funding source as part of the Fiscal Year 2013-14 Capital Budget.

*New Central Library - \$5,000,000*  
*710 West Cesar Chavez, Austin, Texas 78701*

This funding contributes to the overall construction of the New Central Library. The library will be a 6 story building including 198,000 square feet with 2 levels of underground garage. City Council previously approved this appropriation and funding source as part of the Fiscal Year 2016-17 Capital Budget.

*Watershed Home Buyout Program - \$22,000,000*

This program is for the buyout and demolition of flood-prone properties in the Lower Onion Creek neighborhoods of Onion Creek Forest, Yarrabee Bend, Onion Creek Plantation, and Silverstone, as well as the Williamson Creek neighborhoods of Fairview and Radam, as well as the Onion Creek subdivision in the Onion Creek watershed. City Council previously approved this appropriation and funding source as part of the Fiscal Year 2014-15 Capital Budget.

*Women & Children’s Shelter - \$2,900,000*

This funding contributes to the overall renovation and expansion of the Women & Children’s Shelter. The facility will be 13,328 square feet when completed and will provide emergency shelter, basic needs, counseling & educational services. City Council previously approved this appropriation and funding source as part of the Fiscal Year 2016-17 Capital Budget.

The debt service costs for the currently-proposed \$35,325,000 Certificates of Obligation Series 2017 issuance are estimated as follows:

	<b>FY 2017-18:</b>	<b>Total Over 20 Years:</b>	<b>Average Per Year</b>
Principal	\$1,070,000	\$35,325,000	\$1,766,250
Interest	<u>1,854,563</u>	<u>22,434,300</u>	<u>1,121,715</u>
Total Debt Service	\$2,924,563	\$57,759,300	\$2,887,965

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.

This transaction will be sold through the following underwriting team:

Senior Manager:  
 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.