

AGENDA



Recommendation for Council Action

| | | | | |
|---------------------|----------------|-------|----------------------|-----|
| Austin City Council | Item ID | 72896 | Agenda Number | 12. |
|---------------------|----------------|-------|----------------------|-----|

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

Subject

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Property Finance Contractual Obligations, Series 2017, in an amount not to exceed \$5,460,000 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

\$422,320 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. Contractual Obligations will be used to finance the purchase of vehicles/equipment across several departments.

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 Resolution for the Austin Resource Recovery, Austin Transportation, and Public Works projects approved by City Council on 09/14/16. |
| For More Information: | Art Alfaro, Treasurer, 512-974-7882 |
| Council Committee, Boards and Commission Action: | |
| MBE / WBE: | |
| Related Items: | |

Additional Backup Information

The Contractual Obligations will be used to finance equipment for 35 vehicles/equipment across several City departments and 52,000 32-gallon carts for Austin Resource Recovery, and is consistent with the Financial Policies for the use of non-voter approved debt found on Attachment A to this request. Details of the anticipated purchases are found on Attachment B to this request.

The Contractual Obligation sale totals \$5,460,000, for vehicles/equipment for the following departments:

- Austin Resource Recovery \$3,020,000
- Public Works \$2,010,000
- Austin Transportation Department \$430,000

The entire \$5,460,000 is associated with equipment included in the FY 2016-17 Capital Budget.

The General Obligation Debt Service cost of the \$5,460,000 Contractual Obligations is estimated as follows:

| | 2017-18: | Total Over 7 Years: | Average Per Year |
|--------------------|-----------------|--------------------------------|-----------------------------|
| Principal | \$325,000 | \$5,460,000 | \$780,000 |
| Interest | <u>127,400</u> | <u>774,725</u> | <u>110,675</u> |
| Total Debt Service | \$452,400 | \$6,234,725 | \$890,675 |

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 Contractual Obligations 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 Contractual Obligations will be sold through the following underwriting team:

Co-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.