

**AGENDA**



**Recommendation for Council Action**

Austin City Council	<b>Item ID</b>	72951	<b>Agenda Number</b>	13.
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<b>Meeting Date:</b>	8/17/2017	<b>Department:</b>	Treasury
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**Subject**

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Improvement Bonds, Series 2017, in a par amount not to exceed \$74,000,000, in accordance with the parameters set out in the ordinance, authorizing related documents, and approving the payment of the costs of issuance, all related fees, and providing that the issuance and sale be accomplished by February 16, 2018.

**Amount and Source of Funding**

\$19,415,000 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 projects funded with proceeds from the 2012 & 2016 bond elections. The funds will be used for health and human services facilities, library facilities, parks and recreation projects, public safety facilities, and transportation and mobility infrastructure.

**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.

<b>Purchasing Language:</b>	
<b>Prior Council Action:</b>	Reimbursement Resolutions approved by City Council on 09/08/14, 09/09/15, 09/14/16, 12/15/16, and 05/04/17.
<b>For More Information:</b>	Art Alfaro, Treasurer, 512-974-7882
<b>Council Committee, Boards and Commission Action:</b>	
<b>MBE / WBE:</b>	
<b>Related Items:</b>	

**Additional Backup Information**

Approval of this ordinance will authorize the issuance of up to \$74,000,000 in City of Austin Public Improvement Bonds, Series 2017, consisting of up to \$74,000,000 in new money bonds as follows:

<b>Election Year</b>	<b>Description</b>	<b>New Money Amount</b>
2012	Health and Human Services Facility Improvements	\$ 3,200,000
2012	Library Facility Improvements	1,900,000
2012	Parks and Recreation	15,300,000
2012	Public Safety Facility Improvements	10,600,000
2016	Streets/Signals/Mobility	43,000,000
		\$74,000,000

The entire \$74,000,000 in new money Public Improvement Bonds is being issued to provide funding for 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 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 General Obligation Debt Service cost for the new money bond issuance of \$74,000,000 is estimated as follows:

	<b>FY 2017-18:</b>	<b>Total Over 20 Years:</b>	<b>Average Per Year</b>
Principal	\$15,530,000	\$74,000,000	\$3,700,000
Interest	<u>3,885,000</u>	<u>35,970,638</u>	<u>1,798,532</u>
Total Debt Service	\$19,415,000	\$109,970,638	\$5,498,532

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 Pricing Officer’s authority delegated by Council under this ordinance expires on Friday, February 16, 2018.

This transaction 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.