

AGENDA



Recommendation for Council Action

AUSTIN CITY COUNCIL

Regular Meeting: August 23, 2018

Item Number: **045**

Treasury Office

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Property Finance Contractual Obligations, Series 2018, in an amount not to exceed \$23,115,000 in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of the costs of issuance, all related fees, and providing that the issuance and sale be accomplished not later than February 16, 2019.

| | |
|-----------------------------|--|
| Lead Department | Treasury |
| Fiscal Note | The Fiscal Year 2019 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2018-19 Proposed Operating Budget of the General Obligation Debt Service Fund. |
| Prior Council Action | Reimbursement Resolution for the Austin Resource Recovery and Fleet projects approved by City Council on 09/13/2017 and 10/12/2017. |
| For More Information | Belinda Weaver, Interim Treasurer, 512-974-7885 |

Additional Backup Information:

The Contractual Obligations will be used to finance 242 vehicles and equipment across several City departments and 38,000 32-gallon carts and other equipment 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 \$23,115,000, for vehicles and equipment for the following departments:

- Austin Resource Recovery \$5,000,000
- Fleet \$18,115,000

The entire \$23,115,000 is associated with equipment included in the Fiscal Year 2017-18 Capital Budget.

The General Obligation Debt Service cost of the \$23,115,000 Contractual Obligations is estimated as follows:

| | Total Over 7 Years: | Average Per Year |
|--------------------|--------------------------------|-----------------------------|
| Principal | \$23,115,000 | \$2,889,375 |
| Interest | <u>2,749,885</u> | <u>343,736</u> |
| Total Debt Service | \$25,864,885 | \$3,233,111 |

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, 2019.

Electronic Bids will be accepted beginning at 9:30 a.m. Central Daylight Time ("CDT") and ending at 10:00 a.m. CDT, on September 12, 2018. Bids will be verified by the City's Financial Advisor, PFM Financial Advisors, LLC.

For this transaction, McCall, Parkhurst, & Horton L.L.P. will serve as bond counsel, and Bracewell L.L.P. will serve as disclosure counsel.