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City of Austin, Texas

$165,145,000
Water and Wastewater System Revenue Refunding Bonds, Series 2004A

Pricing Report
September 30, 2004

The PFM Group
Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

$165,145,000
Water and Wastewater System Revenue Refunding Bonds, Series 2004A

Refunding Bonds – The Bonds are being issued to refund $175,000,000 of the City's outstanding Tax-Exempt Commercial Paper issued for the Water and Wastewater System.

CITY OF AUSTIN
FOUNDED 1839

$165,145,000
Water and Wastewater System Revenue Refunding Bonds, Series 2004A

ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
LEAD UNDERWRITER	Goldman, Sachs, & Co.
BOND COUNSEL	Fulbright & Jaworski, L.L.P.
AUDITOR	KPMG LLP/R. Mendoza & Company, PC
FINANCIAL ADVISOR	Public Financial Management

Bond Market Update

MARKET POST: MUNIS WEAKEN, YIELDS RISE AT LEAST 3-5 BPS Sep 29 2004 2:09

By Anastasija Johnson, The Bond Buyer NEW YORK (Thomson)--The municipal bond market weakened today, as sellers outnumbered buyers and participants took a cue from weaker Treasuries, adjusting prices lower. Traders said municipal bonds were quoted three to five basis points higher in yield and more in spots particularly on the front end, as more participants were willing to cut their offerings. "Every once in a while you see some trade that shocks you," a trader in Chicago said. Tax-exempts resisted weak signals from the Treasury market yesterday, giving up only one or two basis points, but succumbed to pressure today after a stronger than expected second quarter growth rate sent government bonds tumbling. "We've seen a downdrift in Treasuries in the last two days, so the muni market is taking advantage of some of the spreads, but I don't think it's panic selling, it's just consolidation," another trader in Chicago said. Traders attributed most selling to arbitrage accounts, but said the pace of selling was orderly and buyers still showed some interest, leaving the market in decent shape. "There are definitely a lot more sellers in the market," a trader in New York said. "It's more arb driven, accounts are not necessarily selling, but arbs are better sellers across the board. But in general there is still good inquiry, it's not like the market is for sale. There are a few two-sided markets." Traders also said some participants were putting bonds up for sale to pay for $850 million New Jersey Transportation Trust Fund Authority deal sold yesterday. The Treasury market turned south after the Commerce Department reported second quarter gross domestic product growth was revised upward to 3.3% from the preliminary estimate of 2.8%. "It was higher than expected but the revision was largely due to an upward revision in inventories and a smaller trade deficit," said Scott Brown, chief economist at Raymond James & Associates. "The underlying story is still the same: a relatively soft quarter for consumer spending, but a pretty good quarter for business investment." Growth slowed down from a 4.5% expansion in the first quarter, but was not as weak as the market expected, pushing bond prices lower. The government bond market hardly moved since then, showing little reaction to the sale of $24 billion two-year notes. The Treasury sold the notes with 2 1/2% coupon at a yield of 2.62% and a price of 99.768. The bid-to-cover ration was 2.20. In recent trading, the two-year Treasury note was quoted down 3/32 to yield 2.57%, the 10-year note was quoted down 18/32 to yield 4.07% and the 30-year bond was quoted down 31/32 to yield 4.85%. "It's such a tight range," the first trader said. "If oil is back up to $50 tomorrow, you could be back up to 4.0% on the 10-year note yield. When it's all said and done, we are jumping around the same area."

In the new issue market, New York State Thruway Authority sold $352 million state personal income tax revenue bonds. Goldman, Sachs priced the deal to yield from 1.75% in 2006 to 4.38% in 2024, selectively raising yields one and three basis points at repricing. Bonds due in 2011 through 2024 are insured by Ambac Assurance Corp and the issue carries underlying ratings of AA from Standard & Poor's and AA-minus from Fitch Ratings.

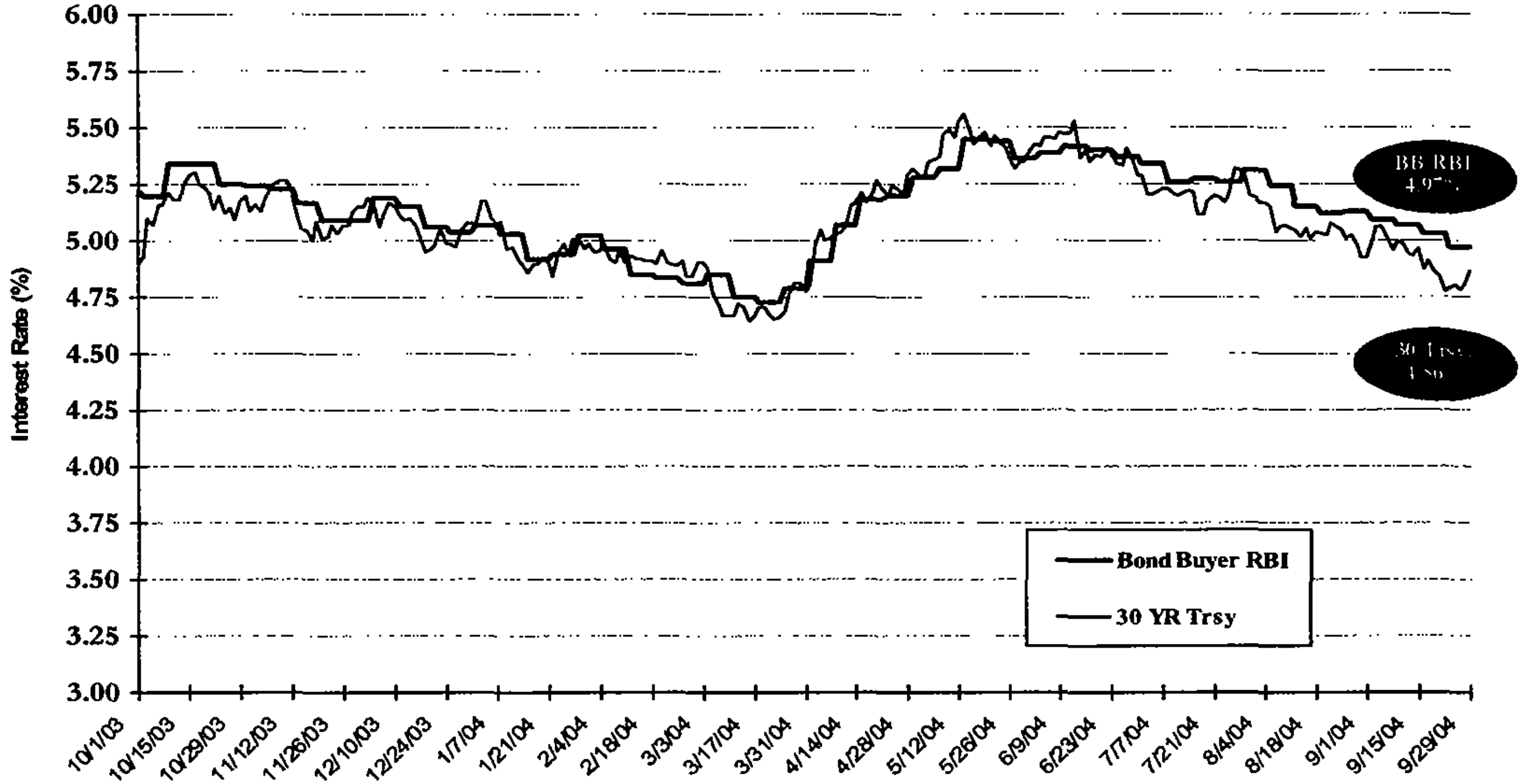
Bond Market Update - Continued

Goldman, Sachs & Co. also priced a $166 million Austin, Texas, water and wastewater system revenue refunding offering to yield from 2.10% in 2007 to 4.70% in 2029, raising yields one and two basis points in 2010 through 2017 at a repricing. Yields on non-callable 2018 and 2019 maturities were lowered four and five basis points. The issue is insured by Ambac Assurance Corp. and carries underlying ratings of A2 from Moody's Investors Service, A from Standard & Poor's and A-plus from Fitch Ratings.

In the competitive sector, Illinois Regional Transportation Authority sold $260 million new money general obligation bonds. Goldman Sachs won the deal and reoffered it at yields ranging from 2.63% in 2009 through 4.45% in 2027. A 2034 maturity was reoffered as 5 3/4s to yield 4.50%. Bonds due in 2007, 2008, 2018 through 2020 and in 2029 were not formally reoffered. The issue is insured by Financial Security Assurance and carries underlying ratings of Aa2 from Moody's Investors Service, AA from Standard & Poor's and AA from Fitch Ratings. In the short-term sector, Lehman Brothers won $400 million Port Authority of New York and New Jersey taxable consolidated notes. California is expected to sell $6 billion revenue anticipation notes. A two-day retail order period on a portion of the deal attracted roughly $1.5 billion in retail orders. Banc of America Securities is the lead underwriter.

Looking ahead to new issue volume, The Bond Buyer's 30-day visible supply calendar fell $588 million to $6.36 billion. The total comprises $2.94 billion of competitive loans and $3.42 billion in negotiated issues.

Bond Buyer Revenue Bond Index vs. 30 Year Treasury
October 2003 through September 2004



Municipal Markets Calendar

NEGOTIATED

Week of	Amount	Issuer	State	Issue	Manager
September 27, 2004	**$ 165,145,000**	**City of Austin**	**TX**	**Rev**	**Goldman, Sachs & Co.**
September 27, 2004	$ 58,000,000	Kings River Consv Dt.	CA	Rev	Citigroup
September 27, 2004	$ 50,000,000	SW Comm Coll Dt	CA	Rev	Citigroup
September 27, 2004	$ 77,350,000	Mississippi Dev Bank	MS	Rev	Loop Capital
September 27, 2004	$ 65,000,000	Manchester	NH	Rev	Bear Stearns
September 27, 2004	$ 348,515,000	NYS Thruway Auth	NY	Rev	Goldman, Sachs & Co.
September 27, 2004	$ 45,000,000	Coastal Water Auth	TX	Rev	Banc of America
September 27, 2004	$ 21,565,000	San Jacinto River Auth	TX	Rev	RBC Dain Rauscher
September 27, 2004	$ 799,100,000	New Jersey Transp Tr Fund	NJ	Rev	Bear Stearns
September 27, 2004	$ 195,000,000	Philadelphia	PA	Rev	JPMorgan

COMPETITIVE

Sale Date	Amount	Issuer	State	Issue	Manager
September 29, 2004	$ 260,000,000	Regional Transp Auth	IL	GO	NA
September 29, 2004	$ 50,000,000	Bergen County	MI	GO	NA
September 29, 2004	$ 88,665,000	Seattle	WA	Rev	NA
September 29, 2004	$ 16,000,000	Brazoria Co MUD #26	TX	GO	NA

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Bond Pricing Comparisons

Issuer	City of Austin	City of Seattle	Brazoria County MUD No. 26	City of Colorado Springs
State	Texas	Washington	Texas	Colorado
Issue	WWW System Revenue Refunding Bonds, Series 2004A	Water System Revenue Bonds, Series 2004	Unlimited Tax Bonds, Series 2004A	Utilities System Subordinate Lien Improvement Revenue Bonds, Series 2004B
Par	$165,145,000	$88,665,000	$16,000,000	$107,700,000
Sale Type	Negotiated	Competitive	Competitive	Competitive
Ratings	Aaa/AAA/AAA	Aaa/AAA/--	--/AA/--	Aa2/AA/AA
Insurance	Ambac	MBIA	Radian	FSA (18-20, 24-27)
Sale/Pricing Date	9/29/2004	9/29/2004	9/29/2004	9/15/2004
Call Option	11/15/2014 @ 100 (except 18-19)	09/01/2014 @ 100	09/01/2012 @ 100	11/15/2014 @ 100
TIC	4.436312%	4.578700%	4.980000%	4.595400%

Maturity Schedules

Water and Wastewater System Revenue Refunding Bonds

Maturity 15-Nov	Amount	Coupon	Yield	Maturity 15-Nov	Amount	Coupon	Yield
2007	$ 3,985,000	5.000%	2.100%	2019	$ 7,175,000	5.000%	3.960%
2008	4,185,000	5.000%	2.380%	2020	7,515,000	5.000%	4.100%
2009	4,395,000	5.000%	2.680%	2021	7,890,000	5.000%	4.190%
2010	4,615,000	5.000%	2.920%	2022	8,285,000	5.000%	4.280%
2011	4,845,000	5.000%	3.120%	2023	8,700,000	5.000%	4.370%
2012	5,085,000	5.000%	3.270%	2024	9,135,000	5.000%	4.450%
2013	5,340,000	5.000%	3.420%	2025	9,590,000	5.000%	4.530%
2014	5,605,000	5.000%	3.540%	2026	10,070,000	5.000%	4.600%
2015	5,885,000	5.000%	3.650%	2027	10,575,000	5.000%	4.650%
2016	6,180,000	5.000%	3.750%	2028	11,105,000	5.000%	4.680%
2017	6,490,000	5.000%	3.850%	2029	11,660,000	5.000%	4.700%
2018	6,835,000	5.000%	3.880%				

Ratings:	Insured*	Underlying
Moody's –	Aaa	A2
Standard & Poor's –	AAA	A
Fitch Inc. –	AAA	A+

*Ambac

True Interest Cost: 4.436312%