City of Austin, Texas

$145,345,000

Public Improvement Refunding Bonds, Series 2005

Pricing Report
January 27, 2005

PFM
Public Financial Management

$145,630,000
Public Improvement Refunding Bonds, Series 2005

Bond Purpose – Proceeds from the sale of the Bonds will be used to refund $147,970,000 of the City's outstanding general obligation debt and to pay certain costs of issuance of the Bonds. The obligations being refunded are the Series 1997 Public Improvement Bonds, maturities 2008-2017, Series 1997 Certificates of Obligation, maturities 2010-2017, Series 1998 Public Improvement Bonds, maturities 2010-2012, Series 1998 Certificates of Obligation, maturities 2010-2012, Series 1999 Public Improvement Bonds, maturities 2010-2019, Series 1999 Certificates of Obligation, maturities 2012-2019, Series 2000 Public Improvement Bonds, maturities 2013-2015 and 2018-2020, Series 2000 Certificates of Obligation, maturities 2015-2020, Series 2001 Public Improvement Bonds, maturities 2013-2017, and Series 2002 Certificates of Obligation, maturities 2018-2019.

The refunding resulted in $7,127,786.24 in net present value savings for the City, or 4.817048% of the refunded par.

$145,345,000
Public Improvement Refunding Bonds, Series 2005

ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
BOND COUNSEL	McCall, Parkhurst & Horton, L.L.P.
AUDITOR	KPMG LLP/Richard Mendoza, CPA
FINANCIAL ADVISOR	Public Financial Management

UNDERWRITING TEAM

Lehman Brothers

Apex Pryor Securities	First Southwest Company	JPMorgan
Morgan Keegan & Company Inc.	Morgan Stanley	Ramirez & Co. Inc.
Siebert Brandford Shank & Co., LLC		UBS Financial Services, Inc.

MARKET POST: MUNIS FIRM; $145M AUSTIN, TEXAS, BONDS PRICE Jan 26 2005 2:09

By Anastasija Johnson and Bill Curran, The Bond Buyer NEW YORK (Thomson)--The long end of the municipal bond market improved slightly today, as the 30-year Treasury bond rebounded, but buyers remained wary after a down-trade yesterday. "The market's up one or two basis points from last night but if the [Treasury bond] doesn't hold here, we could give that up pretty quickly," a trader in New York said. "There's not a lot of conviction, there's no direction, no leadership in the market. The problem is that with a lack of issuance there's nothing to focus on. Technicals look really good, absolute levels are horrible."

In the secondary, Sacramento County, Calif., Sanitation District Finance Authority 5s of 2035 were quoted 4.43% bid, 4.41% offered. In late-day trading yesterday, the market was 4.45% bid, 4.43% offered. New York Sales Tax Asset Receivable Corp. 5s of 2029 were quoted 4.33% bid, 4.31% offered. And California general obligation 5s of 2034 were quoted 4.47% bid, 4.45% offered. "There is some trading with bonds which were cut yesterday," another trader in New York said. "The bid side is where it went out yesterday, except people are willing to pay the offered side. If [long] bonds were quoted 4.48%-4.45% yesterday, people are willing to take on some bonds close to 4.45% level."

Municipal bond prices were cut yesterday and yields were adjusted three to five basis points higher in sympathy with a corrective sell-off in Treasuries. But longer-dated government bonds returned to positive territory this morning and yields edged lower, giving support to tax-exempts. "Municipal traders don't buy when the market is going down, they get scared as a rule, they only like to buy when it is going a little higher [like today], it gives them a sense of comfort," the second trader said. A trader in Chicago said he did not see any improvement in the bid side and participants avoided stocking up bonds amid concerns that the so-called January effect would soon wear off. The market usually performs well in January because inflows of coupon interest and bond redemption proceeds tend exceed supply, but this technical imbalance usually corrects itself later in the year. "The bid-ask spreads are still pretty wide," the third trader said. "I think people who have bonds are still fairly proud of them and those who don't have bonds are not really clamoring to buy anything. Historically, we are at a point when the market trails off in the next few weeks as the January effect is worn off." Another trader in New York said that bonds are expensive and the market has remained in a range for such a long time that participants are uneasy about buying at current levels. "Right now, we are not moving in any direction, everyone is scared that the market is going to go down, but it doesn't," he said.

Bond Market Update , Continued

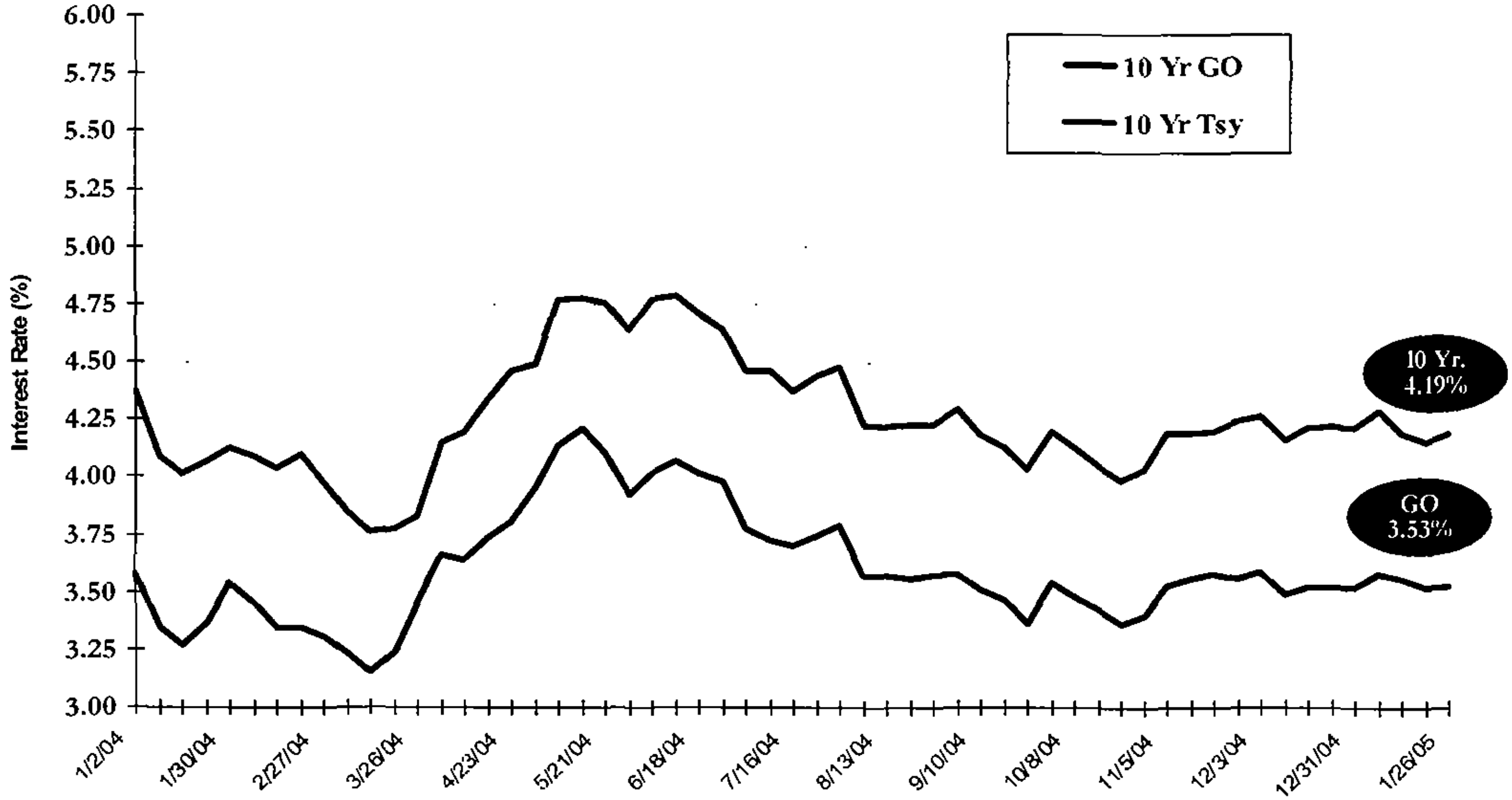
"There are the same names in the Street, so there is some reluctance on the buy side, there is still a sticker shock because who wants to own 30- year bonds at 4.50%." But the municipal market takes its cues from Treasuries, which, despite some profit-taking yesterday, continue to climb higher, at least on the long end. The front end of the government market absorbed a $24 billion two-year this afternoon with little impact. The U.S. Treasury sold two-year notes at a high yield of 3.245% and a price of 99.769428. The notes had a 3.125% coupon and the amount of bids exceeded the amount of bonds offered by a ratio of 2.01:1. At the last auction in December, the bid-to-cover ratio stood at 2.0. Indirect bidders, which include foreign central banks, bought 29% of the notes compared to 33% at the last auction. In recent trading, the two-year was quoted down 2/32 to yield 3.25% after closing at 3.22% yesterday. The 10-year note was quoted up 1/32 to yield 4.19% after closing at 4.20%. And the long bond was quoted up 7/32 to yield 4.67% after closing at 4.68% yesterday.

Primary market activity increased today in what should be the busiest session of a very light week. Austin, Texas, is in the market with $145 million public improvement refunding bonds. Lehman Brothers tentatively priced the bonds to yield from 3.05% in 2010 to 4.03% in 2020. MBIA guaranteed the bonds, which have underlying ratings of Aa2 from Moody's Investors Service, and AA-plus from Standard & Poor's and Fitch Ratings. Goldman, Sachs repriced $280 million refunding revenue bonds for the South Carolina Public Service Authority, lowering yields by two to five basis points. The underwriter priced bonds to yield from 2.95% in 2008 to 4.33% in 2023. The deal consists of forward delivery bonds, which are set for delivery on Oct. 4. MBIA insured the deal, which has underlying ratings of Aa2 from Moody's, AA-minus from S&P and AA from Fitch.

Visible Supply
Looking ahead to new issue volume, The Bond Buyer's 30-day visible supply calendar rose $197 million to $4.6 billion. The total is comprised of $1.9 billion competitive loans and $2.7 billion of negotiated issues.

Disclosure
The Municipal Securities Rulemaking Board reported 27,064 trades Tuesday of 12,499 separate issues. Of all bonds traded, 1,555 changed hands at least four times. Most active was New York City Municipal Water Finance Authority 4 1/2s of 2029. The bonds traded 80 times at a high of 103.75, low of 98.94 and average of 99.792.

10 Year GO Bond Index vs. 10 Year Treasury
January 2004 through January 2005



Municipal Markets Calendar

Negotiated

Week of January 24, 2005	Amount	Issuer	State	Issue	Manager
	$ 145,345,000	**City of Austin**	**TX**	**GO**	**Lehman Brothers**
	$ 16,105,000	Round Rock	TX	GO	RBC Dain Rauscher
	$ 10,780,000	Amarillo Jr Coll Dt	TX	GO	Morgan Keegan
	$ 31,030,000	Mansfield ISD	TX	GO	Morgan Keegan
	$ 72,000,000	Renton SD #403	WA	GO	Banc of America
	$ 260,000,000	S Carolina Pub Svc Auth	SC	REV	Goldman Sachs
	$ 361,175,000	Pennsylvania Hgr Educ Fac	PA	REV	Merrill Lynch

Competitive

Week of January 24, 2005	Amount	Issuer	State	Issue	Manager
	$ 27,000,000	Allen ISD	TX	GO	N/A
	$ 27,160,000	Columbia Heights ISD #13	MN	GO	N/A
	$ 47,570,000	Newark USD	CA	GO	N/A
	$ 64,980,000	Normal CUSD #5	IL	GO	N/A
	$ 20,425,000	Waltham	MA	GO	N/A

Maturity Schedules

Maturity 1-Sep	Amount	Interest Rate	Price or Yield	Maturity 1-Sep	Amount	Interest Rate	Price or Yield
2010	$ 7,560,000	5.000%	3.050%	2016	$ 14,695,000	5.000%	3.780%
2011	8,985,000	5.000%	3.220%	2017	15,490,000	5.000%	3.850%
2012	9,785,000	5.000%	3.390%	2018	14,345,000	5.000%	3.900%
2013	16,510,000	5.000%	3.530%	2019	15,125,000	5.000%	3.950%
2014	17,375,000	5.000%	3.640%	2020	6,820,000	5.000%	3.990%
2015	18,655,000	5.000%	3.720%				

Ratings

Moody's: Aa2

Standard and Poors: AA+

Fitch: AA+

TIC: 3.928354%