

AGENDA



Thursday, September 23, 2010

**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION**
Item No. 23

Subject: Approve an ordinance authorizing the issuance of City of Austin, Texas Public Improvement Refunding Bonds, Series 2010, in an amount not to exceed \$150,000,000 and authorizing and approving related documents.

Amount and Source of Funding: \$1,768,107 estimated debt service requirement and \$400 annual paying agent/registrar fee was included in the 2010-2011 Budget of the General Obligation Debt Service Fund.

Fiscal Note: There is no unanticipated fiscal impact. A fiscal note is not required.

For More Information: Art Alfaro, Treasurer 974-7882

Due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that refunding portions of the Public Improvement Bonds, Series 2002, Series 2003, Series 2004, Certificates of Obligation, Series 2001, Series 2002, Series 2003, Series 2004 and various Municipal Utility District bonds which have been previously annexed by the City, including Circle C MUD #3, Series 1996, Circle C MUD #4, Series 1996, Davenport Ranch MUD #1, Series 1997A&B and Northwest Austin MUD #1, Series 2001. The refunding will result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of August 18, 2010, the transaction produced \$7,539,220 in present value savings or 8.95%.

In order to provide the City with the flexibility to quickly respond to changing market conditions, the proposed ordinance delegates the authority to the City Manager or Chief Financial Officer (the "Pricing Officer") to effect the execution of the sale of the refunding bond transaction in accordance with the parameters set forth in the ordinance. The parameters set forth in the ordinance stipulate that the Pricing Officer will only execute the sale of the bonds if the City can achieve a present value debt service savings of not less than 4.25%. In addition, the authority of the Pricing Officer to exercise the authority delegated thereto by the City Council under the ordinance expires on March 31, 2011.

The transaction will be sold through the following underwriting team which was approved by council on May 3, 2007.

Senior Manager:
Goldman Sachs

Co-Managers:
Citigroup
Barclay's
Morgan Stanley
Morgan Keegan (Regional)
Southwest Securities (Regional)
Rice Financial Products (MBE)
Cabrera Capital Markets (MBE)
Siebert Brandford Shank & Co (MBE)

McCall, Parkhurst and Horton will serve as bond counsel for this transaction.

This item has been posted for not later than 2:00 p.m., in order for Council action to occur prior to the close of the financial markets.