

AGENDA



Thursday, November 18, 2010

**Discussion and Possible Action on Bond Sales
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 74

Subject: Approve an ordinance authorizing the issuance of City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2010A and City of Austin, Texas Water and Wastewater System Revenue Refunding Bonds, Taxable Series 2010B (Direct Subsidy-Build America Bonds), in an amount not to exceed \$185,000,000, and approving related documents.

Amount and Source of Funding: \$3,764,187 estimated debt service requirement and \$800 annual paying agent/registrar fee is included in the Fiscal Year 2010-2011 budget of the Utility Revenue Bond Redemption Fund.

For More Information: Art Alfaro, Treasurer, Finance and Administrative Services 974-7882

The Water and Wastewater Utility will refund up to \$185,000,000 of Tax-Exempt Commercial Paper. The Tax-Exempt Commercial Paper refunding will allow the Water and Wastewater Utility to take advantage of currently favorable market conditions and free a significant portion of the commercial paper credit line for future borrowing needs.

The structure of the Bonds will incorporate the use of Build America Bonds (BABs), created by the American Recovery and Reinvestment Act signed into law on February 17, 2009, in addition to tax-exempt bonds. The BABs will be issued as taxable bonds with a federal rebate equal to 35% of the interest payment. The use of this hybrid structure will provide a lower financing cost versus the issuance of tax-exempt bonds only.

The transaction will be sold through the following underwriting team:

Senior Manager: Barclays Capital

Co-Managers: BofA/Merrill Lynch
Goldman Sachs
JP Morgan
First Southwest (Regional)
RBC Capital Markets (Regional)
Ramirez & Co. (MBE)
Estrada Hinojosa (MBE)

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

Fulbright & Jaworski, L.L.P. will serve as bond counsel for this transaction.