

A G E N D A



Recommendation for Council Action

Austin City Council - Commissioners Court Meeting	Item ID	34873	Agenda Number	109.
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Meeting Date:	8/28/2014	Department:	Treasury
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Subject

Approve an ordinance authorizing the issuance and sale of City of Austin Public Improvement Bonds, Taxable Series 2014, in a par amount not to exceed \$10,000,000 by February 28, 2015, in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. These bonds are being issued to provide funding relating to a reimbursement resolution previously approved by Council for 2013 bond election projects. The funds will be used as described in the Council-approved bond sale schedule for affordable housing.

Amount and Source of Funding

\$537,000 in anticipated first year debt service requirements and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the Fiscal Year 2014-2015 Proposed Operating Budget of the General Obligation Debt Service Fund.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Bond Sale Schedule approved by City Council on 08/07/2014.
For More Information:	Art Alfaro, Treasurer, 974-7882
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Approval of this ordinance will authorize the issuance of City of Austin Public Improvement Bonds, Taxable Series 2014, in the amount of \$10,000,000, for the 2013 Affordable Housing Bond program.

The entire \$10,000,000 in taxable Public Improvement Bonds is being issued to provide funding for a reimbursement resolution that was previously approved by Council. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure may have been incurred. The action is required by IRS and U.S. Treasury rules. The City generally submits reimbursement resolutions for Council consideration as a part of the annual budget adoption in September, the same time as the new capital appropriations are adopted, or at the time of a capital budget amendment for a particular project.

The General Obligation Debt Service cost for the \$10,000,000 Taxable Series 2014 issuance is estimated as follows:

	2014-15:	Total Over 20 Years:	Average Per Year
Principal	\$87,000	\$10,000,000	\$500,000
Interest	<u>450,000</u>	<u>7,094,567</u>	<u>354,728</u>
Total Debt Service	\$537,000	\$17,094,567	\$854,728

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 bond transaction 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 28, 2015.

This transaction will be sold through the following underwriting team:

Senior Manager:
RBC Capital Markets

Co-Managers:
Ramirez & Company
SAMCO Capital Markets
Coastal Securities, Inc
Siebert, Bradford, Shank & Co.

For this transaction, Andrews Kurth, L.L.P. will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Haynes & Boone L.L.P. Public Financial Management is the City's financial advisor.