

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	60717	Agenda Number	35.
Meeting Date:	8/18/2016		Department:	Treasury
Subject				
<p>Approve an ordinance authorizing the issuance and sale by February 18, 2017, of City of Austin Certificates of Obligation, Taxable Series 2016, in an amount not to exceed \$8,700,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. fees.</p>				
Amount and Source of Funding				
<p>\$700,000 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 2016-17 Proposed Operating Budget of the General Obligation Debt Service Fund. Certificates of Obligation will be used to finance the Seaholm garage.</p>				
Fiscal Note				
<p>Information pertaining to the fiscal impact of this item is found under the "Amount and Source of Funding" and "Additional Backup Information" sections.</p>				
Purchasing Language:				
Prior Council Action:	04/10/08 and 06/07/12 - Council approved Reimbursement Resolutions; 06/09/16 - Council approved Notice of Intention to issue certificates; 05/16/16 - presented update on General Obligation Bond Sale to Audit and Finance Committee.			
For More Information:	Art Alfaro, Treasurer, 512-974-7882			
Council Committee, Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				

These certificates of obligation are being issued to provide funding related to reimbursement resolutions previously approved by Council for the Seaholm garage.

On June 9, 2016, Council authorized publication of an Official Notice of Intention to Issue Certificates of Obligation. State law requires that an Official Notice of Intention to Issue Certificates of Obligation be published once a week for two consecutive weeks with the date of the first publication occurring at least 31 days prior to the sale of the Certificates of Obligation by the City. These notices were published July 1, 2016 and July 8, 2016 and included a description of the project.

Seaholm Garage - \$8,700,000

This garage will provide for public parking at the Seaholm Redevelopment site. The City's investment in 315 parking spaces of the 538 space underground garage through a condominium interest is supported by future revenue generated by the parking asset. This funding source was approved as part of the Fiscal Year 2007-08 and Fiscal Year 2011-12 Capital Budgets.

The debt service cost for the currently-proposed \$8,700,000 Certificates of Obligation Taxable Series 2016 is estimated as follows:

	2016-17:	Total Over 20 Years:	Average Per Year
Principal	\$265,000	\$8,700,000	\$435,000
Interest	<u>435,000</u>	<u>5,262,750</u>	<u>263,138</u>
Total Debt Service	\$700,000	\$13,962,750	\$698,138

This entire issuance is being self-supported by transfers to the General Obligation Debt Service Fund from revenue associated with the project, rather than by property taxes.

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 certificate of obligation 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 18, 2017.

This transaction will be sold through Siebert Brandford Shank & Co., as Senior Manager, and Piper Jaffray & Co., as Co-Manager. Andrews Kurth LLP will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Bracewell L.L.P. Public Financial Management is the City's financial advisor.