

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	60714	Agenda Number	32.
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 Public Property Finance Contractual Obligations, Series 2016, in an amount not to exceed \$25,070,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.</p>				
Amount and Source of Funding				
<p>\$2,126,400 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. Contractual Obligations will be used to finance the purchase of equipment for Communications Technology Management and vehicles/equipment across several departments.</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:	09/10/12 - Council approved Reimbursement Resolution for the Communications Technology Management projects; 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				

The Contractual Obligations will be used to finance equipment for the Greater Austin Travis County Regional Radio System (GATRRS), the City of Austin Telecommunications Network (COATN) as well as 255 vehicles/equipment across several City departments, and is consistent with the Financial Policies for the use of non-voter approved debt found on Attachment A to this request. Details of the anticipated purchases are found on Attachment B to this request.

The GATRRS and COATN equipment in the amount of \$8,600,000 was previously approved by Council through a reimbursement resolution. Reimbursement resolutions declare an issuer's official intent to reimburse a project's 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 and state law. 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 remaining funding in the amount of \$16,470,000 was included in the 2016-17 Proposed Budget.

The General Obligation Debt Service cost of the \$25,070,000 Contractual Obligations is estimated as follows:

	2016-17:	Total Over 7 Years:	Average Per Year
Principal	\$1,625,000	\$25,070,000	\$3,581,429
Interest	<u>501,400</u>	<u>2,915,650</u>	<u>416,521</u>
Total Debt Service	\$2,126,400	\$27,985,650	\$3,997,950

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 18, 2017.

This transaction will be sold through the following underwriting team:

Senior Manager:
Wells Fargo Securities, LLC

Co-Managers:
Estrada Hinojosa & Co. Inc.
Hilltop Securities Inc.
Piper Jaffray & Co.
Raymond James & Associates
Robert W. Baird & Co.

For this transaction, 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.