

## AGENDA



## Recommendation for Council Action

## AUSTIN CITY COUNCIL

Regular Meeting: August 23, 2018

Item Number: 044

## Treasury Office

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Certificates of Obligation, Series 2018, in an amount not to exceed \$7,500,000, in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of the costs of issuance, all related fees, and providing that the issuance and sale be accomplished not later than February 16, 2019.

<b>Lead Department</b>	Treasury
<b>Fiscal Note</b>	The Fiscal Year 2019 debt service requirements and estimated annual administration fees for the paying agent/registrars for the proposed bond sale are included in the 2018-19 Proposed Operating Budget of the General Obligation Debt Service Fund.
<b>Prior Council Action</b>	Reimbursement Resolutions approved by City Council on 09/08/14 and 09/13/17. Notice of Intention to issue certificates approved 06/14/18.
<b>For More Information</b>	Belinda Weaver, Interim Treasurer, 512-974-7885

## Additional Backup Information:

These Certificates of Obligation are being issued to provide funding related to reimbursement resolutions previously approved by Council for Fire Station Locker Room and Station Improvements and the Watershed Home Buyout Program.

On June 14, 2018, City 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, 2018 and July 8, 2018 and included descriptions of the projects.

*Locker Room and Station Improvements - \$1,500,000*

This funding was used for design work for retrofitting various fire stations to accommodate locker and bathroom facilities for all firefighters as well as general renovations. This funding source was approved as part of the Fiscal Year 2017-18 Capital Budget.

*Watershed Home Buyout Program - \$6,000,000*

This program is for the buyout and demolition of flood-prone properties in the Lower Onion Creek neighborhoods of Onion Creek Forest, Yarrabee Bend, Onion Creek Plantation, and Silverstone, the Williamson Creek neighborhoods of Fairview and Radam, as well as the Onion Creek subdivision in the Onion Creek watershed. City Council previously approved this appropriation and funding source as part of the Fiscal Year 2014-15 Capital Budget.

The debt service costs for the currently-proposed \$7,500,000 Certificates of Obligation Series 2018issuance are estimated as follows:

	<b>Total Over 20 Years:</b>	<b>Average Per Year</b>
Principal	\$ 7,500,000	\$375,000
Interest	<u>4,537,750</u>	<u>226,888</u>
Total Debt Service	\$12,037,750	\$601,888

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 16, 2019.

Electronic Bids will be accepted beginning at 9:00 a.m. Central Daylight Time ("CDT") and ending at 9:30 a.m. CDT, on September 12, 2018. Bids will be verified by the City's Financial Advisor, PFM Financial Advisors, LLC.

For this transaction, McCall, Parkhurst, & Horton L.L.P. will serve as bond counsel, and Bracewell L.L.P will serve as disclosure counsel.