



Recommendation for Action

File #: 19-2090, **Agenda Item #:** 80.

6/20/2019

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin, Texas, Electric Utility Revenue Refunding Bonds, Series 2019B, in a par amount not to exceed \$200,000,000, in accordance with the parameters set out in the ordinance; authorizing related documents; approving the payment of costs of issuance; and providing that the issuance and sale be accomplished by February 28, 2020.

Lead Department

Treasury Office

Fiscal Note

This item has no fiscal impact.

For More Information:

Belinda Weaver, Interim Treasurer (512) 974-7885

Additional Backup Information:

Austin Energy uses short term debt, called “commercial paper,” to fund many of its capital projects. The commercial paper is periodically paid off using bonds that refinance the commercial paper into long-term debt to better match the useful life of the capital assets being financed; the issued bonds are backed solely by the net revenue of the utility, rather than property taxes. This transaction will allow Austin Energy to take advantage of currently favorable market conditions and restore the available capacity under its tax exempt commercial paper program for future borrowing needs by refunding up to \$200,000,000 of tax-exempt commercial paper. Bond proceeds will also be used to pay the costs of issuing the bonds.

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. In addition, the authority of the Pricing Officer to exercise the authority delegated by Council under the ordinance expires on February 28, 2020.

The transaction will be sold through the following underwriting team:

Senior Manager: Goldman Sachs

Co-Senior Manager: JPMorgan

Co-Managers: Wells Fargo
Estrada Hinojosa & Company, Inc.

For this bond transaction, PFM Financial Advisors LLC will serve as financial advisor, Norton Rose Fulbright US L.L.P. will serve as bond counsel, and McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel. Orrick, Herrington & Sutcliffe L.L.P. will represent the underwriters as underwriter’s counsel. Rating agencies include Moody’s Investors Service, Inc., S&P Global Ratings, and Fitch Ratings, Inc.