



Recommendation for Action

File #: 19-2701, Agenda Item #: 60.

8/22/2019

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin Public Improvement Bonds, Taxable Series 2019, in a par amount not to exceed \$40,700,000 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving the payment of the costs of issuance, and all related fees, and providing that the issuance and sale be accomplished not later than February 22, 2020.

Lead Department

Treasury

Fiscal Note

The Fiscal Year 2020 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2019-20 Proposed Operating Budget of the General Obligation Debt Service Fund.

Prior Council Action:

Reimbursement Resolutions approved by City Council on 09/8/2014, 09/13/2017, 03/7/2019.

For More Information:

Belinda Weaver, Interim Treasurer, 512-974-7885

Additional Backup Information:

Approval of this ordinance will authorize the issuance of up to \$40,700,000 in City of Austin Public Improvement Bonds, Taxable Series 2019.

The bonds are being issued to provide funding for affordable housing and the Austin Film Studios pursuant to reimbursement resolutions that were previously approved by Council. 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 occurred. 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 General Obligation Debt Service cost for the \$40,700,000 Public Improvement Bonds, Taxable Series 2019 issuance is estimated as follows:

	Total Over 20 Years:	Average Per Year
Principal	\$40,700,000	\$2,035,000
Interest	<u>18,063,300</u>	<u>903,165</u>

Total Debt	\$58,7	\$2,938,165
Service	63,30	
	0	

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 22, 2020.

This transaction will be sold through the following underwriting team:

Senior Manager:
Ramirez & Co., Inc.

Co-Managers:
RBC Capital Markets, LLC
Loop Capital
Piper Jaffray & Co

For this transaction, McCall, Parkhurst, & Horton L.L.P. will serve as bond counsel, and Bracewell L.L.P will serve as disclosure counsel. PFM Financial Advisors, LLC., is the City's financial advisor.