



Recommendation for Action

File #: 19-2703, Agenda Item #: 62.

8/22/2019

**Posting Language**

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Property Finance Contractual Obligations, Series 2019, in a par amount not to exceed \$29,400,000 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 for the Austin Resource Recovery and Fleet projects approved by City Council on 09/11/2018 and the Parks and Recreation on 11/1/2019.

**For More Information:**

Belinda Weaver, Interim Treasurer, 512-974-7885

**Additional Backup Information:**

The Contractual Obligations will be used to finance 210 vehicles and equipment across several City departments, 800 Recycling Receptacles in Public Parks, and 38,000 32-gallon carts and other equipment for Austin Resource Recovery, 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 Contractual Obligations will be structured with a seven year maturity to match the shorter useful life of the assets being financed.

The Contractual Obligation sale totals \$29,400,000, for vehicles and equipment for the following departments:

- Austin Resource Recovery \$5,760,000
- Fleet \$22,455,000
- Parks and Recreation \$1,185,000

The entire \$29,400,000 is associated with equipment included in the Fiscal Year 2018-19 Capital Budget.

The General Obligation Debt Service cost of the \$29,400,000 Contractual Obligations is estimated as follows:

	Total	Average Per
	Over	Year
	7	
	Years	
	:	
Principal	\$29,400,000	\$4,200,000

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Interest	<u>3,497,600</u> <u>499,657</u>
Total Debt Ser	\$32,897,6(\$4,699,657

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 Contractual Obligations 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.