



## Recommendation for Action

**File #:** 21-2654, **Agenda Item #:** 55.

8/26/2021

### **Posting Language**

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Certificates of Obligation, Series 2021, in an amount not to exceed \$43,930,000, 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 25, 2022.

### **Lead Department**

Treasury.

### **Fiscal Note**

The Fiscal Year 2022 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2021-22 Proposed Operating Budget of the General Obligation Debt Service Fund.

### **Prior Council Action:**

Reimbursement Resolutions approved by City Council on 9/13/2017, 9/11/2018, 9/10/2019, 6/4/2020, 8/27/2020, 10/15/2020, and 12/3/2020. Notice of Intention to Issue Certificates of Obligation approved 06/10/2021.

### **For More Information:**

Belinda Weaver, Treasurer, 512-974-7885

### **Additional Backup Information:**

On June 10, 2021, 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 45 days prior to the sale of the Certificates of Obligation by the City. These notices were published June 21, 2021 and June 28, 2021 and included descriptions of the projects.

#### **Austin Fire Department Locker Room Improvements - \$26,620,000**

This funding supports 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, Fiscal Year 2018-19, and Fiscal Year 2019-20 Capital Budgets.

#### **Austin Fire and Emergency Medical Service (EMS) Department Stations- \$15,600,000**

This is part of the comprehensive plan to build five new fire/EMS stations in the areas of immediate need identified by the Austin Fire Association (Local 975) and the Austin Fire Department. This is the second bond sale related to this plan. These five stations were chosen as locations that would benefit the Fire and EMS

response times, and which could also support potential gaps in existing stations' response times. The stations include Del Valle/Moore's Crossing, Travis Country, Loop 360/Davenport Ranch, Goodnight Ranch, and Canyon Creek/620 Station. This funding source was approved as part of the Fiscal Year 2020-2021 Capital Budgets.

*Austin Fire Department Shady Hollow Fire Station- \$1,710,000*

This funding is for the purchase of the Shady Hollow Fire Station. This was in response to the City's Strategic Partnership Agreement (SPA) with the Shady Hollow Municipal Utility District to place City emergency services as close to reasonably possible to the District. This funding source was approved as part of the Fiscal Year 2020-21 Capital Budget.

These Certificates of Obligation are being issued to provide funding related to reimbursement resolutions previously approved by City Council. Reimbursement resolutions declare the City's official intent to reimburse a project's expenditure with the proceeds of debt obligations to be issued after the expenditure may have occurred. This action is required by IRS and U.S. Treasury rules and State law.

The debt service costs for the currently-proposed \$43,930,000 Certificates of Obligation, Series 2021 issuance are estimated as follows:

	Total Over 20 Years:	Ave rag e Per Yea r
Principal	\$43,930,000	\$2,196,500
Interest	<u>26,567,000</u>	<u>1,328,350</u>
Total Debt Service	\$70,497,000	\$3,524,850

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 25, 2022.

The Certificates will be issued via competitive sale. Electronic bids will be accepted on September 14, 2021. Bids will be verified by the City's financial advisor, PFM Financial Advisors, LLC, and the Certificates will be awarded to the bidder providing the City with the lowest true interest cost.

For this transaction, McCall, Parkhurst & Horton L.L.P. will serve as bond counsel, and Norton Rose Fulbright

US LLP will serve as disclosure counsel.

**Strategic Outcome(s):**

Government that Works for All.