



## Recommendation for Action

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**File #:** 21-2655, **Agenda Item #:** 56.

8/26/2021

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### **Posting Language**

Approve an ordinance authorizing the issuance and sale of taxable City of Austin Certificates of Obligation, Taxable Series 2021, in an amount not to exceed \$20,525,000, 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 6/18/2015, 5/12/2016, 5/24/2018, and 9/11/2018. Notice of Intention to issue certificates 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.

#### *Non-Tax Supported Item*

#### **Waller Creek District Park Improvements - \$14,300,000**

This is part of the overall plan for projects in the Tax Increment Financing Reinvestment Zone (TIRZ) No. 17. This supports the Waterloo Park Link. It is the largest of the chain of parks that will be a gathering space for the City of Austin including: a civic lawn, a performing arts venue, food service in the park, unique hill country gardens, wetlands, and extensive nature-based play areas. Within this link, a connection to Symphony square and restoration of the creek and adjacent open space will be completed. This funds design and construction of the Waterloo Park. This funding source was approved as part of the Fiscal Year 2018-2019 Capital Budgets.

#### *Non-Tax Supported Item:*

#### **Waller Creek Tunnel - \$6,225,000**

The Waller Creek Tunnel Project consists of a storm water bypass tunnel constructed from 12th Street at Waterloo Park to Lady Bird Lake just upstream of the mouth of Waller Creek. This is the last planned remaining issuance related to the Waller Creek Tunnel Project. The funding source for this was approved as part of the Fiscal Year 2014-15 and the Fiscal 2015-16 Capital Budgets.

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 \$20,525,000 Certificates of Obligation, Taxable Series 2021 issuance are estimated as follows:

	Total Over 20 Years:	Ave rag e Per Yea r
Principal	\$20,525,000	\$1,026,250
Interest	12,391,750	<u>619,588</u>
Total Debt Service	\$32,916,750	\$1,645,838

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.