



City of Austin, Texas

\$63,100,000

Water and Wastewater System Revenue Refunding Bonds, Series 2006



The PFM Group

Public Financial Management, Inc.
P.F.M. Asset Management, LLC
P.F.M. Advisors

**Pricing Report
November 17, 2005**



\$63,100,000

Water and Wastewater System Revenue Refunding Bonds, Series 2006

Refunding Bonds – The Bonds are being issued to refund \$63,360,000 of the City's outstanding Combined Utility System Revenue Bonds, Series 1996A and 1996B, issued for improvements to the Water and Wastewater System. The refunding will result in net present value savings of \$4,099,852.76 to the City or 6.47% of the refunded bonds.



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\$63,100,000

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ISSUER	City of Austin, Texas
TYPE OF SALE	Negotiated
PURCHASER	Morgan Keegan & Company, Inc.
BOND COUNSEL	Fulbright & Jaworski, L.L.P.
UNDERWRITER'S COUNSEL	Andrews Kurth L.L.P.
FINANCIAL ADVISOR	Public Financial Management



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Bond Market Update

MARKET POST: MUNIS EXTEND THEIR GAINS

Nov 16 2005 10:41

By Anastasiya Johnson and Bill Curran, The Bond Buyer NEW YORK (Thomson)--Another benign inflation indicator, rising Treasuries and favorable reception of new deals supported the municipal bond market today. Traders said tax-exempt bond prices moved higher, while yields fell two to three basis points. A few trades reported by the Municipal Securities Rulemaking Board showed a firming market. Dealers traded California Statewide Communities Development Authority 5s of 2035 at 5.02% recently and bought the bonds from customers Monday at 5.05%. Dealers bought from customers Puerto Rico Highway & Transportation Authority 5s of 2035 at 5.035% this morning and at 5.09% yesterday. "Bonds that were lying around yesterday are probably up [in price and down in yield] two to three basis points, while new stuff is up [in price and down in yield] probably five basis points but is not trading," a trader in New York said. "The government market is better and new issues were fairly well received yesterday. The ones that were priced cheaper, got marked up three or four basis points from where they started out because of demand. So it looks like you will be able to work through this week's supply and there is nothing next week because of Thanksgiving." At the start of the week, many participants were concerned that the market would have a problem digesting at least \$8.9 billion of long-term supply, but it appears that deals have been well received yesterday. After an active session yesterday, new issuance continues at a frenzied pace today, with the New York State Dormitory Authority bringing the largest deal of week - \$948 million of personal income revenue bonds, \$862 million of which is tax-exempt. The authority's personal income tax bonds are rated AA by Standard & Poor's and AA-minus by Fitch Ratings. Bonds mature from 2006 to 2035. Morgan Stanley will serve as senior book-runner on the tax-exempt sale. In early activity, Goldman, Sachs & Co. tentatively priced \$120 million of Ohio infrastructure improvement general obligation bonds to yield from 3.25% in 2007 to 4.45% in 2025. Bonds are callable in 2015 at par. Moody's pegs the credit Aa1, while Standard & Poor's and Fitch assign a AA-plus rating. The 2007 maturity had the tightest spread to Municipal Market Data's triple-A scale at one basis point over. Bonds maturing between 2013 and 2020 were the widest at 10 basis points over MMD. The New York City Industrial Development Authority will come to market for the second time this month when it sells \$400 million of uninsured revenue bonds on behalf of the Terminal One construction project at John F. Kennedy International Airport for four international carriers. The deal, which is being priced by Citigroup Global Markets Inc., is rated A3 by Moody's Investors Service, BBB-plus by Standard & Poor's, and A-minus by Fitch, and will consist of serial maturities from 2006 to 2024. Earlier this month, the IDA sold an \$800 million special facility revenue bond deal on behalf of American Airlines to finance a separate \$1.3 billion terminal project at JFK. And the Charlotte-Mecklenburg County, N.C., Hospital Authority will sell \$100 million of term bonds that mature in 2023 and 2045. The bonds are rated Aa3 by Moody's and AA by Standard & Poor's. Banc of America Securities LLC is underwriting the deal.



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Bond Market Update - Continued

In the competitive market, the Delaware Transportation Authority will sell \$150 million of transportation system senior revenue bonds at 10:30 a.m., EST. Bonds mature between 2006 and 2025 and are callable at par in 2015. The proceeds from the bond issue will fund a portion of the Department of Transportation's capital program and will be used to service debt and refund bond anticipation notes issued by the Authority. Moody's and Standard & Poor's rated the deal Aa3 and AA. At 1 p.m., EST, the Houston Independent School District will sell \$105 million school building bonds that mature from 2009 to 2032. Bonds are callable in 2015 at par and are backed by the triple-A rated Texas Permanent School Fund. Two Scottsdale, Ariz., credits comprise the rest of the major competitive market activity. At 11 a.m., EST, the triple-A rated city will sell \$145 million of general obligation bonds that mature from 2007 to 2024. At 11:30 a.m., the Scottsdale Municipal Property Corporation will sell \$141 million of excise tax revenue bonds that mature from 2007 to 2035. The credit is rated Aa1 by Moody's, and AA-plus by Standard & Poor's and Fitch. Both deals have par calls in 2016. The trader said there is some going away business both the secondary and the primary. "People are doing swaps -- bonds are going out of the market and newer names that have not been around are coming in -- and there is a little bit of insurance money is still around and some fund business," the trader said. Munis firmed as Treasuries extended their yesterday's gains after the closely watched consumer price data came in line with expectations. The Labor Department reported consumer price index rose 0.2% in October compared to a 1.2% increase in September. Excluding volatile food and energy sectors, the CPI was also up 0.2%, compared to a 0.1% gain in the core rate in September. Economists polled by IIR BondData Americas had predicted a 0.1% gain in consumer prices and a 0.2% increase in the core rate. The CPI data follows an unexpected 0.3% decline in the core producer price index, which was reported yesterday. It was the largest drop in the core PPI rate in two and a half years, indicating that inflation pressures have started to ease after a post-hurricane spike. A separate report showed today that business inventories rose 0.5% in September, beating the August growth rate of 0.4% and exceeding economist expectations of a 0.3% gain. Meanwhile, sales rose 0.6% compared to a revised 0.7% gain in August. Treasuries also continue to find support from a promise of "continuity" from the heir apparent to the reins of Federal Reserve Board. Ben Bernanke, who was nominated to replace Alan Greenspan as chairman of the Federal Reserve Board, stressed continuity with Greenspan's policies in his confirmation hearings before the Senate Banking Committee yesterday and reiterated that he was in favor of introducing inflation targets. The Bond Buyer's 30-day visible supply today decreased \$997 million to \$13.3 billion. The total is comprised of \$3.3 billion of competitive deals and \$10 billion of negotiated bonds.

Disclosure: The Municipal Securities Rulemaking Board reported 35,816 trades Tuesday of 15,904 separate issues for a volume of \$21 billion. Of all bonds traded, 2,111 changed hands at least four times. Most active was Clark County, Nev., industrial development 4.85% bonds of 2035, which traded 145 times at a high of 100.5, a low of 98.25 and an average of 99.789.

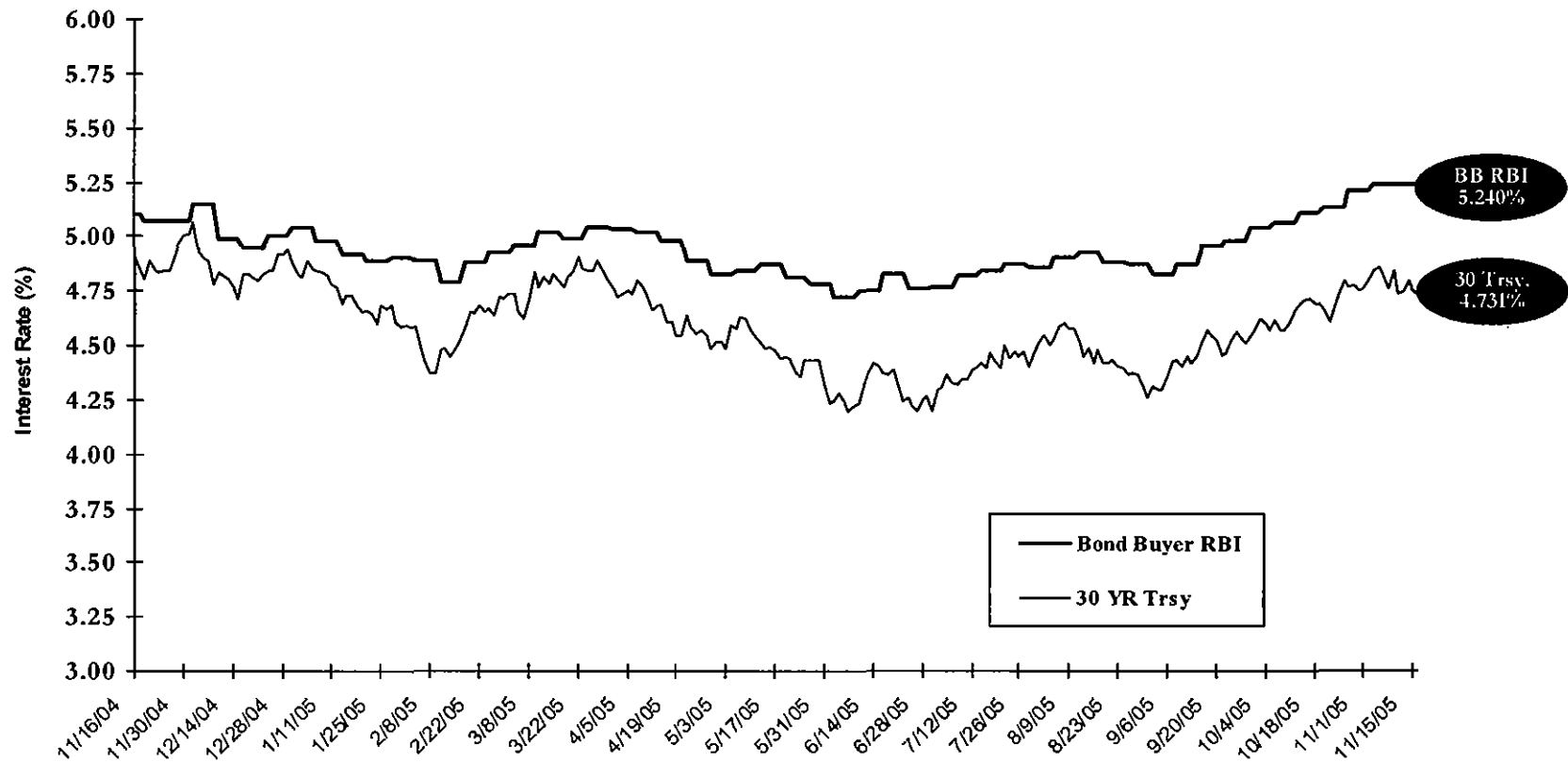


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Bond Buyer Revenue Bond Index vs. 30 Year Treasury November 2004 through November 2005



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Municipal Markets Calendar

NEGOTIATED

Week of	Amount	Issuer	State	Issue	Manager
November 7, 2005	\$ 47,240,000	Trinity River Authority	TX	Rev	Banc of America
November 14, 2005	\$ 81,785,000	Illinois Fin Auth	IL	Rev	Ziegler Cap Mkts
November 14, 2005	\$ 41,205,000	Asheville, City of	NC	Rev	Citigroup
November 14, 2005	\$ 26,330,000	Oklahoma Co Fin Auth	OK	Rev	Ziegler Cap Mkts
November 14, 2005	\$ 37,020,000	Columbia, City of	SC	Rev	Morgan Keegan
November 14, 2005	\$ 144,000,000	Conroe ISD	TX	GO	First Southwest
November 14, 2005	\$ 10,355,000	Brazos River Authority	TX	Rev	RBC Dain Rauscher
November 14, 2005	\$ 24,016,968	Bastrop ISD	TX	Rev	First Southwest

COMPETITIVE

Week of	Amount	Issuer	State	Issue	Manager
November 14, 2005	\$ 81,785,000	Illinois Fin Auth	IL	Rev	Ziegler Cap Mkts
November 14, 2005	\$ 41,205,000	Asheville, City of	NC	Rev	Citigroup
November 14, 2005	\$ 26,330,000	Oklahoma Co Fin Auth	OK	Rev	Ziegler Cap Mkts
November 14, 2005	\$ 37,020,000	Columbia, City of	SC	Rev	Morgan Keegan
November 14, 2005	\$ 50,310,000	Wisconsin	WI	GO	Lehman Brothers
November 14, 2005	\$ 30,000,000	Vermont	VT	GO	Merrill Lynch
November 14, 2005	\$ 12,365,000	Sugar Land Dev Corp	TX	Rev	BOSC



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Maturity Schedules

Water and Wastewater System Revenue Refunding Bonds, Series 2006

<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Coupon</u>	<u>Yield</u>
11/15/2006	950,000	5.000%	3.490%	11/15/2016	2,935,000	5.000%	4.370%
11/15/2007	3,295,000	5.000%	3.540%	11/15/2017	1,430,000	5.000%	4.430%
11/15/2008	3,410,000	5.000%	3.620%	11/15/2018	3,255,000	5.000%	4.480%
11/15/2009	4,005,000	5.000%	3.740%	11/15/2019	6,135,000	5.000%	4.510%
11/15/2010	1,835,000	5.000%	3.870%	11/15/2020	5,135,000	5.000%	4.560%
11/15/2011	365,000	5.000%	4.050%	11/15/2021	3,090,000	5.000%	4.590%
11/15/2012	3,375,000	5.000%	4.060%	11/15/2022	5,585,000	5.000%	4.620%
11/15/2013	2,785,000	5.000%	4.160%	11/15/2023	6,545,000	5.000%	4.640%
11/15/2014	3,410,000	5.000%	4.250%	11/15/2024	1,455,000	5.000%	4.720%
11/15/2015	2,575,000	5.000%	4.320%	11/15/2025	1,530,000	5.000%	4.750%

Ratings:

Moody's –

Standard & Poor's –

Fitch Inc. –

*MBIA

Insured*

Aaa

AAA

AAA

Underlying

A1

A

A+

True Interest Cost: 4.599%



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