

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	28700	Agenda Number	43.
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Meeting Date:	11/21/2013	Department:	Treasury
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Subject

Approve an ordinance authorizing the issuance of City of Austin 4.5% Hotel Occupancy Tax Revenue Refunding Bonds, Series 2013, in an amount not to exceed \$30,000,000, in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. These funds will be used to refund the City of Austin Hotel Occupancy Tax Revenue Refunding Bonds Series 2004. These bonds will be refunded if the refund will result in present value savings meeting or exceeding the City's target guideline of 4.25%.

Amount and Source of Funding

\$480,847 for estimated debt service requirement and annual paying agent/registrar fee of \$400 was included in the 2013-14 Approved Budget of the Convention Center Hotel Occupancy Tax Revenue Bond Redemption Fund.

Fiscal Note

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, Treasurer 974-7882
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that refunding the Hotel Occupancy Tax Revenue Refunding Bonds Series 2004 may result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of October 30, 2013, the transaction would produce \$2,302,684 in present value savings or 8.52%.

In order to provide the City with the flexibility to quickly respond 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 refunding bond transaction in accordance with the parameters in the ordinance. The parameters stipulate that the Pricing Officer will only execute the sale of the bonds if the City can achieve a present value debt service savings of not less than 4.25%.

The transaction will be sold through Mesirow Financial, with co-managers of Cabrera Capital Markets, Piper Jaffrey, RBC Capital Markets, and RW Baird & Company. Norton Rose Fulbright LLP will serve as bond counsel. McCall, Parkhurst and Horton L.L.P. will serve as disclosure counsel. Bracewell & Giuliani LLP will serve as underwriter's counsel.