

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	32766	Agenda Number	40.
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Meeting Date:	5/22/2014	Department:	Treasury
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Subject

Approve an ordinance authorizing the issuance and sale of City of Austin, Texas, Water and Wastewater System Revenue Refunding Bonds, Series 2014, in a par amount not to exceed \$310,000,000 by January 31, 2015 in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees.

Amount and Source of Funding

\$12,089,663 in the first year debt service requirement and \$2,600 estimated annual administration fee for the paying agent/registrar for the proposed bond sale will be included in the 2014-15 Proposed Operating Budget of the Utility Revenue Bond Redemption Fund

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, Treasurer 512-974-7882
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

This transaction will allow Austin Water to take advantage of currently favorable market conditions and restore the available capacity under its tax exempt commercial paper program for future borrowing needs by refunding up to \$200,000,000 of tax-exempt commercial paper. In addition, due to current favorable conditions in the municipal bond market, the City's financial advisor, Public Financial Management, Inc., has advised that a refunding of \$91,945,000 of the City of Austin Water and Wastewater System Revenue Refunding Bonds, Series 2005A and \$9,725,000 of the City of Austin Combined Utility System Subordinate Revenue Refunding Bonds, Series 1998A may result in present value savings exceeding the City's target guideline of 4.25% of the refunded bonds. As of April 16, 2016 the transaction produced \$8.44 million in present value savings or 8.31%.

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 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%. In addition, the authority of the Pricing Officer to exercise the authority delegated by Council under the ordinance expires on January 31, 2015.

The transaction will be sold through the following underwriting team:

Senior Manager: Barclays Capital Inc.

Co-Managers: BOSC, Inc.
Cabrera Capital Markets, LLC
CITI
Comerica Securities
Edward Jones
Fidelity Capital Markets
Rice Financial Products
Robert W. Baird & Co.

For this transaction, McCall, Parkhurst & Horton L.L.P will serve as bond counsel, Fulbright & Jaworski L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Andrews Kurth L.L.P..