

A G E N D A



Recommendation for Council Action

Austin City Council - Commissioners Court Meeting	Item ID	34869	Agenda Number	107.
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Meeting Date:	8/28/2014	Department:	Treasury
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Subject

Approve an ordinance authorizing the issuance and sale of City of Austin, Texas, Certificates of Obligation, Taxable Series 2014, in a par amount not to exceed \$9,600,000 by February 28, 2015, in accordance with the parameters set out in the ordinance, authorizing related documents, and approving related fees. These bonds will be used for the Grey Rock Golf Course and improvements to that golf course.

Amount and Source of Funding

\$722,000 in anticipated first year debt service requirements and an estimated annual administration fee of \$500 for the paying agent/registrar for the proposed bond sale was included in the 2014-15 Proposed Operating Budget of the General Obligation Debt Service Fund.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	Notice of intention to issue certificates was approved by City Council on 06/26/2014; the Bond Sale Schedule was approved by City Council on 08/07/2014
For More Information:	Art Alfaro, Treasurer, 974-7882
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

On June 26, 2014, 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 31 days prior to the sale of the Certificates of Obligation by the City. These notices were published July 7, 2014 and July 14, 2014. The \$9,600,000 in taxable Certificates of Obligation is to fund existing project appropriations that were approved with a reimbursement resolution, in accordance with financial policies, as described below:

Grey Rock Golf Course and improvements to that golf course - \$9,600,000

This project includes the purchase of a 292-acre golf and tennis facility located off of Highway 45 within Circle C Ranch and includes various site improvements. The type of improvements may include cart path ADA compliance, tennis court resurfacing and storm water improvements. The project was approved as an amendment to the Fiscal Year 2013-2014 Capital Budget.

The entire \$9,600,000 of Certificates of Obligation is being issued to provide funding for a reimbursement resolution that has been previously approved by Council. Reimbursement resolutions declare an issuer's official intent to reimburse a project expenditure with the proceeds of obligations to be issued after the expenditure may have been incurred. The action is required by IRS and U.S. Treasury rules. The City generally submits reimbursement resolutions for Council consideration as a part of the annual budget adoption in September, the same time as the new capital appropriations are adopted, or at the time of a capital budget amendment for a particular project.

The Debt Service cost for the \$9,600,000 Certificates of Obligation, Taxable Series 2014 issuance is estimated as follows:

	2014-15:	Total Over 20 Years:	Average Per Year
Principal	\$290,000	\$9,600,000	\$480,000
Interest	<u>432,000</u>	<u>5,225,000</u>	<u>261,250</u>
Total Debt Service	\$722,000	\$14,825,000	\$741,250

The entire \$9,600,000 that is being issued will be tax supported.

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 (Pricing Officer) to complete the sale of the bond transaction in accordance with the parameters in the ordinance. In addition, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on February 28, 2015.

The transaction will be sold through the following underwriting team:

Senior Manager:
RBC Capital Markets

Co-Managers:
Ramirez & Company
SAMCO Capital Markets
Coastal Securities, Inc
Siebert, Bradford, Shank & Co.

For this transaction, Andrews Kurth, L.L.P. will serve as bond counsel, McCall, Parkhurst & Horton L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Haynes & Boone L.L.P. Public Financial Management is the City's financial advisor.