



Recommendation for Action

File #: 20-2682, **Agenda Item #:** 75.

8/27/2020

Posting Language

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Certificates of Obligation, Series 2020, in a par amount not to exceed \$134,800,000, 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 26, 2021.

Lead Department

Treasury

Fiscal Note

The Fiscal Year 2021 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2020-21 Proposed Operating Budget of the General Obligation Debt Service Fund.

Prior Council Action:

Reimbursement Resolutions approved by City Council on 2/9/2017, 8/17/2017, 6/14/2018, 9/11/2018 and 9/10/2019. Notice of Intention to issue certificates approved 06/11/2020.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885

Additional Backup Information:

On June 11, 2020, City Council authorized publication of an Official Notice of Intention to Issue Certificates of Obligation. Current state law requires that the City publish an Official Notice of Intention to Issue Certificates of Obligation 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 July 3, 2020 and July 10, 2020 and included descriptions of the projects as well as other information required by State Statute.

New Fire Stations - \$13,300,000

This is part of the comprehensive plan to build five new fire stations in the areas of immediate need identified by the Austin Fire Association (Local 975) and the Austin Fire Department. These five stations were chosen as locations that would benefit the Fire and EMS response times, and which could also support potential gaps in existing stations response times. The first station, Del Valle/Moore's Crossing Fire/EMS Station, includes a storage facility for EMS equipment. This funding source was approved as part of the Fiscal Year 2019-2020 Capital Budget.

Planning and Development Center - \$121,500,000

The new Planning and Development Center is scheduled to open in June 2020 and will house City staff involved in providing land development planning, regulation, permitting, and inspection work. When complete, the 255,000 square foot building will house 750 staff in north central Austin on the site of the former Highland Mall campus. Construction and delivery of the developed property, and closing on this transaction, is

anticipated to occur in summer 2020. This funding source was approved as part of the Fiscal Year 2016-2017 Capital Budget.

The total debt service costs for the currently-proposed \$134,800,000 Certificates of Obligation Series 2020 issuance are estimated as follows:

	Total Over 20 Years:	Average Per Year
Principal	\$134,800,000	\$6,740,000
Interest	72,497,362	3,624,850
Total Debt Serv	\$207,297,362	\$10,364,850

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 Interim 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 26, 2021.

This transaction will be sold through the following underwriting team:

Senior Manager:
Siebert Williams Shank & Co., LLC

Co-Managers:
Piper Sandler & Co
Wells Fargo

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. PFM Financial Advisors, LLC., is the City's financial advisor.

Strategic Outcome(s):

Government that Works for All.