



**Water & Wastewater Commission
Review and Recommendation**

Commission Meeting Date:	October 6, 2021	COA Strategic Direction:	Government That Works for All
Council Meeting Date:	October 14, 2021		
Department:	Financial Services		
Client:	Kevin Critendon		
Agenda Item			
Recommend approval of an ordinance amending the Fiscal Year 2021-2022 Combined Utility Revenue Bond Redemption Fund (Ordinance No. 20210811-001) to increase the transfer in from the Water and Wastewater Reserve Fund by \$20,000,000 and increase other operating requirement expenditures by \$20,000,000 for the purpose of defeasing and redeeming certain outstanding bonds secured by the Reserve Fund.			
Amount and Source of Funding			
This item has no fiscal impact.			
Purchasing Language:	N/A		
Prior Council Action:	N/A		
Boards and Commission Action:	October 6, 2021 — To be reviewed by the Water and Wastewater Commission.		
MBE/WBE:	N/A		

Debt Service Reserve funds are utilized to provide additional security to bond holders. As bonds mature or are refinanced with obligations that do not require a Debt Service Reserve fund, the reserve funds on hand can be utilized for debt service. The funds on hand can be utilized by contributing the funds as part of the refinancing transaction or they can be utilized to defease outstanding obligations. To utilize the excess reserve funds, the Combined Utility Revenue Bond Redemption Fund's requirements must be increased. There will be a \$0 net impact as the reserve proceeds will serve as "Revenue" to offset the increased requirements.

A defeasance is a method of using available cash to pay off outstanding debt. The cash is placed in an escrow account held by a trustee to make principal and interest payments on the required payment date for the bonds being defeased. The obligations payable from the escrow are no longer secured by or payable from the revenues initially pledged to their payment.

**OPERATING BUDGET
FISCAL NOTE**

DATE OF COUNCIL CONSIDERATION:
DEPARTMENT:
FUND:

10/14/21
Austin Water
Combined Utility Revenue Bond

SUBJECT: Approve an ordinance amending the Fiscal Year 2021-2022 Combined Utility Revenue Bond Fund (Ordinance No. 20210811-001) to authorize the use of Parity Water/Wastewater Obligation funds held in the Reserve Fund of \$20,000,000 for the purpose of defeasing and redeeming certain outstanding bonds secured by the Reserve Fund for a net impact of \$0 to the ending balance.

CURRENT YEAR IMPACT:

	2021-22 Proposed	This Action	2021-22 Amended
Beginning Balance	88,144,323	0	88,144,323
Revenue			
Interest	14,817		14,817
Other Revenue	0		0
Total Revenue	14,817	0	14,817
Transfers In			
Austin Water Utility	218,455,000		218,455,000
TRF WWW Reserve Fund	0	20,000,000	20,000,000
Total Transfers In	218,455,000	20,000,000	238,455,000
Total Available Funds	218,469,817	20,000,000	238,469,817
Other Requirements			
Interest payment D/S funds	100,702,598	0	100,702,598
Debt defeasance payment D/S funds	64,826,000	20,000,000	84,826,000
Principal payment D/S funds	55,365,000	0	55,365,000
TRF CRF to Debt Defeasance	0	0	0
Total Other Requirements	220,893,598	20,000,000	240,893,598
Total Requirements	220,893,598	20,000,000	240,893,598
Excess (Deficiency) of Total Available	(2,423,781)	0	(2,423,781)
Ending Balance	85,720,542	0	85,720,542

FIVE-YEAR ESTIMATED IMPACT:

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Available Funds	20,000,000	0	0	0	0
Total Requirements	20,000,000	0	0	0	0
Net Budget Impact	0	0	0	0	0

ANALYSIS / ADDITIONAL INFORMATION: This item will amend the Combined Utility revenue Bond Fund to increase Transfer In from WWW Reserve Fund by \$20.0 million and increase Transfers Out by \$20.0 million. Released debt service reserve funds will be utilized pay down obligations on future refunding and defeasance transactions.