



Recommendation for Action

File #: 22-2705, Agenda Item #: 16.

9/1/2022

**Posting Language**

Approve an ordinance authorizing the issuance and sale of tax-exempt City of Austin Public Improvement and Refunding Bonds, Series 2022, in an amount not to exceed \$225,350,000 in accordance with the parameters set out in the ordinance, authorizing related documents, approving the payment of the costs of issuance all related fees, and providing that the issuance and sale be accomplished by March 1, 2023.

**Lead Department**

Financial Services Department.

**Fiscal Note**

The Fiscal Year 2022-2023 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2022-2023 Proposed Operating Budget of the General Obligation Debt Service Fund.

**Prior Council Action:**

March 4, 2021 - Council approved a Reimbursement Resolution.

August 27, 2020 - Council approved a Reimbursement Resolution.

September 10, 2019 - Council approved a Reimbursement Resolution.

September 11, 2018 - Council approved a Reimbursement Resolution.

March 22, 2018 - Council approved a Reimbursement Resolution.

**For More Information:**

Belinda Weaver, Treasurer, 512-974-7885.

**Additional Backup Information:**

Approval of this ordinance will authorize the issuance of up to \$225,350,000 in City of Austin Public Improvement and Refunding Bonds, Series 2022, consisting of up to \$140,000,000 in new money bonds to provide funding for:

<b>Election Year</b>	<b>Description</b>	<b>New Money Amount</b>
2016	Transportation/Mobility	\$110,000,000
2018	Flood Mitigation, Open Space, Water Quality Protection	\$3,000,000
2018	Parks and Recreation	\$15,000,000
2018	Library and Cultural Arts	\$3,000,000
2020	Transportation	\$9,000,000

\$140,000,000

The \$140,000,000 in new money bonds is being issued to provide funding for reimbursement resolutions that were previously approved by Council. Reimbursement resolutions declare an issuer’s official intent to reimburse a project’s expenditure with the proceeds of obligations to be issued after the expenditure may have occurred. The action is required by the Internal Revenue Service and U.S. Treasury rules and State law. The City generally submits reimbursement resolutions for Council consideration as a part of the annual budget adoption in August or 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 General Obligation Debt Service cost for the new money bond issuance of \$140,000,000 is estimated as follows:

	<b>Total Over 20 Years:</b>	<b>Average Per Year:</b>
Principal:	\$140,000,000	\$7,000,000
Interest:	\$84,679,250	\$4,233,962
<b>Total Debt Service :</b>	<b>\$224,679,250</b>	<b>\$11,233,962</b>

In addition to the new money bonds described above, approval of this ordinance will authorize the issuance of refunding bonds in an amount not to exceed \$85,350,000 to refund outstanding bonds of the City as described below:

- \$85,350,000 will be authorized to refund certain outstanding bonds for present value savings. Eligible bonds to be refunded include the City’s outstanding Public Improvement Bonds Series 2012A and Certificates of Obligation Series 2012, each of which have an optional redemption date of September 1, 2022. The City’s financial advisor, PFM Financial Advisors LLC, continues to monitor the refunding savings and the City will consult with PFM closer to the bond pricing date to determine which maturities from the currently callable bonds identified above result in present value savings (lower debt service costs) that exceed the City’s target guideline of 4.25% of the refunded bonds. Only those bonds that meet or exceed the City’s criteria for refunding savings will be eligible for inclusion in the bond sale.

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 (known as the Pricing Officer) to complete the sale of the bond transaction in accordance with the parameters in the ordinance, including selecting for refunding and redemption some or all of the obligations eligible for refunding as provided in the ordinance. Additionally, the authority of the Pricing Officer to exercise the authority delegated by Council under this ordinance expires on March 1, 2023.

**This transaction will be sold through the following underwriting team:**

Senior Manager:  
Raymond James & Assoc.

Co-Senior Manager:  
Piper Sandler & Co.

Co-Managers:  
Mesirow  
Hilltop Securities

For this transaction, McCall, Parkhurst & Horton L.L.P. will serve as bond counsel, and Norton Rose Fulbright

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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.