



Recommendation for Action

File #: 23-2513, Agenda Item #: 15.

8/31/2023

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin, Texas Public Property Finance Contractual Obligations, Series 2023, in a par amount not to exceed \$9,315,000 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 March 1, 2024.

Lead Department

Financial Services Department.

Fiscal Note

The Fiscal Year 2023-24 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the 2023-24 Proposed Operating Budget of the General Obligation Debt Service Fund.

Prior Council Action:

Reimbursement Resolutions approved by City Council for Greater Austin Travis County Regional Radio System project on September 10, 2019 and fleet vehicle and equipment on August 27, 2020 and September 15, 2022.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885.

Additional Backup Information:

The Contractual Obligations will be used to finance equipment for the Greater Austin Travis County Regional Radio System, vehicles and related equipment for various general fund and internal service departments, as well as equipment for use by Austin Police/Forensics, and is consistent with the Financial Policies for the use of non-voter approved debt found on Attachment A to this request. Details of the anticipated purchases are found on Attachment B to this request.

The Contractual Obligation sale totals \$9,315,000, for vehicles and equipment for the following items:

- GATRRS \$3,650,000
- Vehicles and Equipment \$5,550,000
- Forensics \$115,000

The entire \$9,315,000 is associated with items included in the Fiscal Year 2019-20 Fiscal Year 2020-21 and Fiscal Year 2022-23 Capital Budgets.

These Contractual Obligations are being issued to provide funding related to reimbursement resolutions previously approved by City Council. Reimbursement resolutions declare the City's official intent to reimburse a project's expenditure with the proceeds of debt obligations to be issued after the expenditure may have occurred. This action is required by IRS and U.S. Treasury rules and State law.

The General Obligation Debt Service cost of the \$9,315,000 Contractual Obligations, Series 2023 is estimated as follows:

	Total Over 7 Years:	Average Per Year
Principal	\$9,315,000	\$1,330,714
Interest	1,843,875	263,411
Total Debt Service	<u>\$11,158,875</u>	<u>\$1,594,125</u>

In order to provide the City with the flexibility to respond quickly to changing market conditions, the proposed ordinance delegates the authority to the Interim City Manager or Chief Financial Officer to complete the sale of the Contractual Obligations in accordance with the parameters in the ordinance. Additionally, the authority of the Interim City Manager or Chief Financial Officer to exercise the authority delegated by Council under this ordinance expires at 11:59 p.m. on March 1, 2024.

This transaction will be sold through the following underwriting team:

Senior Manager:
RBC Capital Markets
Co-Senior Manager:
Mesirow Financial, Inc.

Co-Managers:
Piper Sandler & Co.
Rice Financial Products Company

For this transaction, McCall, Parkhurst & Horton L.L.P. will serve as bond counsel, and Bracewell LLP will serve as disclosure counsel. PFM Financial Advisors, LLC. is the City's financial advisor.