



Recommendation for Action

File #: 23-2524, Agenda Item #: 17.

8/31/2023

Posting Language

Approve an ordinance authorizing the issuance and sale of City of Austin, Texas, Certificates of Obligation, Series 2023, in a par amount not to exceed \$28,000,000, 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 on September 13, 2017, August 9, 2018, September 10, 2019, December 3, 2020, and September 2, 2021. Notice of Intention to issue certificates approved June 1, 2023.

For More Information:

Belinda Weaver, Treasurer, 512-974-7885.

Additional Backup Information:

On June 1, 2023, City 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 45 days prior to the adoption of the ordinance authorizing the issuance of the Certificates of Obligation by the City. State law also requires that the Official Notice of Intention to Issue Certificates of Obligation be continuously posted on the City's internet website. These notices were published June 12, 2023 and June 19, 2023 and were posted on the City's internet website on June 5, 2023, and included descriptions of the projects to be financed.

New Fire/EMS Stations - \$17,500,000

This supports a comprehensive plan to build five new fire/EMS stations in the areas of immediate need identified by the Austin Fire Association (Local 975) and the Austin Fire Department. This is the third sale related to this plan. 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 stations include Del Valle/Moore's Crossing, Travis Country, Loop 360/Davenport Ranch, Goodnight Ranch, and Canyon Creek/620 Station. This funding source was approved as part of the Fiscal Year 2020 through 2022 Capital Budgets. The general obligation debt service fund is the funding source for the debt service payments and budget will be included in the FY 2023-24 proposed budget. Future issuances are anticipated.

Fire/EMS Station Improvements - \$2,800,000

This supports a plan to address three Fire/EMS stations in need of critical and urgent repair and renovation.

This is the first sale related to this plan. These three stations include Fire Station #1/EMS station #6, Fire Station #3, and Fire Station #22/EMS#12. The improvements include a rebuild of Station #22 due to the extent of foundation and structural issues, a bay replacement at Station #3, and extensive electrical and structural repairs, lead and asbestos abatement at Fire Station #1/EMS Station #6. This funding source was approved as part of the Fiscal Year 2019-2020 Capital Budgets. The general obligation debt service fund is the funding source for the debt service payments and budget will be included in the FY 2023-24 proposed budget. Future issuances are anticipated.

Street Improvements - \$5,200,000

This funding supports the Jaine Lane and Meadow Lake Street projects. This includes extension, realignments, bike-lanes, sidewalks, drainage, and right-of-way acquisitions, transportation safety, signals, improved access to schools, traffic calming, and improved access to transit. The funding source consists of certificates of obligation which was approved as part of the Fiscal Year 2018 Capital Budget. The general obligation debt service fund is the funding source for the debt service payments and budget will be included in the FY 2023-24 proposed budget. Future issuances are anticipated.

Street and Roadway Improvement Projects - \$2,500,000

This funding supports various street and roadway improvement projects that address transportation safety, signals, improved access to schools such as sidewalks, traffic calming, and improved access to transit. The funding source consists of certificates of obligation which was approved as part of the Fiscal Year 2018 Capital Budget. The general obligation debt service fund is the funding source for the debt service payments and budget will be included in the FY 2023-24 proposed budget. Future issuances are anticipated.

The debt service costs for the currently-proposed \$28,000,000 Certificates of Obligation Series 2023 issuance are estimated as follows:

	Total Over 20 Years:	Average Per Year
Principal	\$28,000,000	\$1,400,000
Interest	17,893,575	894,679
Total Debt Service	<u>\$45,893,575</u>	<u>\$2,294,679</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 certificates of obligation 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.

