City of Austin

Recommendation for Action

File #: 26-2948, **Agenda Item #:** 3. 11/5/2026

Posting Language
Approve an ordinance authorizing the issuance and sale of City of Austin, Texas Electric Utility System Revenue Refunding and/or Improvement Bonds, in one or more series with an aggregate par amount not to exceed $695,000,000, in fixed rate and/or variable rate modes, in accordance with the parameters set out in the ordinance; authorizing related documents; approving the payment of costs of issuance; and providing that the issuance and sale be accomplished by April 22, 2027. Funding: Fiscal Year 2026-2027 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2026-2027 Operating Budget of the Combined Utility Bond Redemption Fund.

Lead Department
Austin Financial Services

Fiscal Note
Fiscal Year 2026-2027 debt service requirements and estimated annual administration fees for the paying agent/registrar for the proposed bond sale are included in the Fiscal Year 2026-2027 Operating Budget of the Combined Utility Bond Redemption Fund.

For More Information:
Belinda Weaver, Treasurer, 512-974-7885

Additional Backup Information:
Transaction Overview. The Bonds are contemplated to be issued in three separate series (2026A tax-exempt fixed rate bonds, 2026B taxable fixed rate bonds, and 2026C tax-exempt variable rate bonds) for the following purposes. The total par amount being authorized in all series is an amount not to exceed $695,000,000.

The 2026A Bonds will be issued as tax-exempt fixed-rate debt. The 2026B Bonds will be issued as taxable debt because they are refinancing outstanding taxable commercial paper notes. The 2026C Bonds will be issued as tax-exempt adjustable rate soft put bonds given recent increases to interest rates. A soft put bond enables Austin Energy to borrow a portion of long-term debt at short-term rates, since short-term rates are typically lower than long-term rates; at the put date, the bonds will be remarketed at a new rate.

Commercial Paper Refinancing (Tax-Exempt & Taxable). Austin Energy uses short term debt called "commercial paper" to fund many of its capital projects. Austin Energy uses both tax-exempt and taxable commercial paper. Long-term bonds are periodically issued to refinance the commercial paper to better match the useful life of the capital assets financed. The issued bonds are backed solely by the net revenue of Austin Energy, rather than property taxes. This transaction will allow Austin Energy to fix-out outstanding commercial paper notes and restore the available capacity under the City's commercial paper program, which supports both Austin Energy's and Austin Water's capital programs.

Electric System Improvements. The Bonds will also include a new money component for acquisition and construction of electric utility capital improvement projects.

Bond Refunding Component. Additionally, the outstanding Electric Utility System Revenue Refunding Bonds Series 2017 are currently callable and a refinancing, or "refunding," of those maturities may result in present value savings (lower debt service costs) exceeding the City's target guideline for refunding savings of at least 4.25% of the refunded bond amount. The City's municipal advisor, PFM Financial Advisors LLC, will monitor market conditions and work with the City to finalize the Series 2017 Bond maturities that generate savings at bond pricing.

The Bonds will include cost of issuance.

These transactions are all expected to be issued simultaneously.

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, Chief Financial Officer, Director of Financial Services, or City Treasurer to complete the sale of the bond transaction in accordance with the parameters in the ordinance. The authority of the Pricing Officer to exercise the authority delegated by Council under the ordinance expires on April 22, 2027.

The transaction will be sold through the following underwriting team:

Senior Manager:	JP Morgan Securities LLC
Co-Senior Manager:	Ramirez & Co
Co-Managers:	Siebert, Williams Shank & Co, LLC and Rice Securities, LLC

For this bond transaction, PFM Financial Advisors LLC will serve as municipal advisor, Norton Rose Fulbright US LLP will serve as bond counsel, and Orrick, Herrington & Sutcliffe LLP will serve as disclosure counsel. Rating agencies include Moody's Ratings, S&P Global Ratings, and Fitch Ratings, Inc.

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