



# City of Austin

## Legislation Text

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File #: 24-4992, Version: 1

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### **Posting Language**

Approve a resolution directing the publication of an Official Notice of Intention to Issue \$22,160,000 City of Austin, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2024.

### **Lead Department**

Financial Services Department.

### **Fiscal Note**

The fee to advertise the sale is estimated to cost \$3,000 and will be paid from the Watershed Protection Department's FY 2024 Operating Budget. Debt service resulting from the actual sale of the Certificates of Obligation will be included in the Fiscal Year 2024-25 Proposed Operating Budget of the General Obligation Debt Service Fund.

### **Prior Council Action:**

Approval of Resolution 20231214-066 authorizing the City Manager to apply for low-interest loans in a total amount not to exceed \$22,160,000 from the Texas Water Development Board's Clean Water State Revolving Fund for the Buttermilk Creek Water Quality Improvements Project.

### **For More Information:**

Belinda Weaver, City Treasurer, 512-974-7885.

### **Additional Backup Information:**

State law requires publication of an Official Notice of Intention to Issue Certificates of Obligation once a week for two consecutive weeks. The date of the first publication must be 45 or more days before the date on which the City Council adopts an ordinance authorizing the issuance of the Certificates of Obligation. This proposed request for Council action will allow publication of the notice of intention in the Austin American Statesman, which is estimated to cost \$3,000 for the two-week required notification.

The actual authorization and sale of the Certificates of Obligation will be pursuant to a separate Council action, which is estimated to occur in September 2024. Currently the proposed issuance and description is found below, for inclusion in the advertisement.

### **Texas Water Development Board Clean Water State Revolving Fund Loan for the Buttermilk Creek Water Quality Improvements Project**

The Clean Water State Revolving Fund (CWSRF) is administered for the U.S. Environmental Protection Agency (EPA) and the State of Texas by the Texas Water Development Board (TWDB). The program provides low-cost financing to eligible applicants for a wide range of wastewater, stormwater, reuse, and other pollution control projects. It includes planning, acquisition, design, and construction. CWSRF offers below-market fixed interest rates with the possibility of principal loan forgiveness for green infrastructure and disadvantaged communities. CWSRF loan financial assistance will be secured by City of Austin bonds based on the TWDB fixed lending rate reduction. In addition, up to 70% principal loan forgiveness may be granted at a maximum amount of \$10 million increasing overall cost savings for the project.

This multi-phase green project is located in northeast Austin within the St. Johns and Coronado Hills neighborhoods. It will improve the overall water quality of Buttermilk Creek, through new stormwater control

measures, removal/relocation of deteriorating wastewater infrastructure, and restoration of stream stability and riparian habitat. Buttermilk Creek contributes flow to Walnut Creek, an impaired waterway on the 2022 Texas 303(d) List.

The debt service costs for the currently proposed \$22,160,000 Combination Tax and Surplus Revenue Certificates of Obligation Series 2024 (CWSRF) issuance is estimated as follows:

	<b>Total Over 20 Year</b>	<b>Average Per Year</b>
Principal	\$22,160,000	\$1,108,000
Interest	10,452,000	522,600
Total Debt Service	<u>\$32,612,000</u>	<u>\$1,630,600</u>