

AGENDA



Thursday, October 16, 2008

**Austin Water Utility
RECOMMENDATION FOR COUNCIL ACTION****Item No. 4**

Subject: Approve a resolution authorizing the issuance by Senna Hills Municipal Utility District ("District") of Unlimited Tax and Revenue Bonds, Series 2008, in an amount not to exceed \$5,200,000; and approving a substantial draft of the District's Bond Order and the Preliminary Official Statement.

Amount and Source of Funding: No fiscal impact to the City. The City has no responsibility for payment on District bonds unless the District is annexed by the City.

Fiscal Note: A fiscal note is not required.

For More Information: Bart Jennings, 972-0118; Lisa Martinez, 972-0444; Denise Avery, 972-0104

Boards and Commission Action: Recommended by the Water and Wastewater Commission.

The Senna Hills Municipal Utility District ("District") was created on April 6, 1988, by an Order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ"). The District contains approximately 323 total acres and is located in Austin's ("City") two-mile Extraterritorial Jurisdiction ("ETJ"). The District is located on the north side of FM 2244, approximately 5.0 miles west of the intersection of FM 2244 and Loop 360, and 2.5 miles east of the intersection of FM 2244 and State Highway 71.

The City has received a request from the District to approve a District bond sale in the amount of \$5,200,000. The total amount of bonds authorized for the District is \$16,000,000. The District has previously issued the following bonds: Series 2004, \$1,820,000; Series 2000, \$3,380,000; and Series 1999, \$2,985,000. The total amount of District bonds sold to date is \$8,185,000 (excluding this proposed bond sale), of which \$7,815,000 is currently outstanding. After the proposed bond issue, \$2,615,000 in District bond authority will remain.

The proceeds from the proposed bond issue will fund the District's share of costs for the water, wastewater, and drainage facilities serving the following development:

- a. Senna Hills, Section 6,
- b. Senna Hills, Section 7, and
- c. Senna Hills, Section 11.

The District does not receive any City water or wastewater service but does have agreements to purchase raw and treated water from the Lower Colorado River Authority. The District owns a wastewater treatment plant with flow limits of a 30-day average not to exceed 0.157 million gallons per day ("mgd"). The current annual average daily flow is 0.08 mgd. Currently, the District serves 198 water and wastewater connections and with the proposed development another 120 connections will be served. There are no out-of-district customers. The City's nearest water and wastewater mains are located approximately 5 miles or more from the District.

The TCEQ Executive Director granted approval of this bond issue on June 20, 2008, and the TCEQ order was issued on June 23, 2008. According to the TCEQ's order, the net effective rate should not exceed

5.25%. These bonds are the sole obligation of the District. However, if annexation and dissolution by the City were to occur, the City would be responsible for any remaining debt.

City departmental staff from the Austin Water Utility, Parks and Recreation, Emergency Medical Services, Watershed Protection and Development Review, Library, Neighborhood Planning and Zoning, Neighborhood Housing, Finance-Treasury, Watershed Protection, Fire, and Law reviewed the District's consent agreements and found no current compliance deficiencies. City staff recommends approval of the issuance of \$5,200,000 in District Unlimited Tax and Revenue Bonds, Series 2008, contingent upon review and approval of the final bond offering documents by the Chief Financial Officer's designee. The consent agreement for the District requires City approval for all bond sales.