

## AGENDA



Thursday, March 26, 2009

**Austin Water Utility  
RECOMMENDATION FOR COUNCIL ACTION**

Item No. 7

**Subject:** Approve a resolution authorizing the issuance by Northtown Municipal Utility District ("District") of Unlimited Tax and Revenue Bonds, Series 2009, in an amount not to exceed \$7,560,000; and approving a draft of the District's Bond Order and the Preliminary Official Statement.

**Amount and Source of Funding:** The City is not responsible for payment of District bond debt service unless the District is dissolved under the terms of the Consent Agreement.

**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 Northtown Municipal Utility District ("District") was created on August 14, 1985, by an Order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ"). The District contains approximately 1,224 total acres and is located approximately 15 miles northeast of downtown Austin entirely within the City of Austin's ("City") Extra Territorial Jurisdiction. It is generally bounded by the I-35 East Service Road to the west and Howard Lane to its south and abuts portions of Dessau Road along its eastern boundary. The District receives City wholesale water and wastewater service. As of September 30, 2008, the District contained 2,637 active water connections and 2,599 active wastewater connections.

The City has received a request from the District to approve a District bond sale in the amount of \$7,560,000. The total amount of bonds authorized for the District is \$69,443,000. The District has previously issued the following bonds: Series 1994, \$1,000,000; Series 1997, \$995,000; Series 2001, \$2,100,000; Series 2002, \$3,510,000, Series 2003, \$3,770,000, Series 2006, \$4,500,000, and Series 2007, \$6,005,000. The total amount of District bonds sold to date is \$21,880,000, of which \$18,875,000 is currently outstanding. After the proposed bond issue, \$40,003,000 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. Gaston-Sheldon, Section 5, Phase A,
- b. Gaston-Sheldon, Section 5, Phase B,
- c. Gaston-Sheldon, Section 5, Phase C,
- d. Gaston-Sheldon, Section 5, Phase D,
- e. Brookfield Estates II, Phase 1,
- f. Brookfield Estates II, Phase 2,
- g. Brookfield Estates II, Phase 2B,
- h. Brookfield Estates II, Phase 3,
- i. Brookfield Estates II, Phase 4,
- j. Brookfield Estates II, Phase 5,

- k. Brookfield Estates II, Phase 6,
- l. Parkway,
- m. Parkside, Phase 1, and
- n. Parkside, Phase 2.

The TCEQ Executive Director granted formal approval of this bond issue on December 3, 2008, and the TCEQ order was formally issued on December 5, 2008. According to the TCEQ's order, the net effective interest rate was approved at 6.46%. 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, Fire, and Law reviewed the provisions of the District's consent agreements. City staff recommends approval of the issuance of \$7,560,000 in Northtown MUD Unlimited Tax and Revenue Bonds, Series 2009, contingent upon review and approval of the final bond offering documents by the City Chief Financial Officer's designee.