

AGENDA



Thursday, October 22, 2009

**Treasury Office
RECOMMENDATION FOR COUNCIL ACTION****Item No. 37**

Subject: Adopt a resolution approving issuance by Northwest Austin Municipal Utility District No. 1 of Unlimited Tax Refunding Bonds, Series 2009, in a principal amount not to exceed \$2,780,000; and approving a draft of the District's Bond Order and Preliminary Official Statement in substantially the form provided by the District.

Amount and Source of Funding: The City is not responsible for payment of District bond debt service until dissolution of the District. Once the dissolution of the District takes place, the avoided debt service associated with the refunding would also benefit the City of Austin.

For More Information: Art Alfaro, Treasurer 974-7882

Northwest Austin Municipal Utility District No. 1 (District), located approximately 18 miles northwest of Austin's central business district, has proposed a refunding bond issue to reduce annual debt service requirements. Proceeds of the issue will be used to currently refund the District's outstanding Unlimited Tax Refunding Bonds, Series 1998. The net present value savings for this transaction is currently projected to be \$128,253 or 4.613% of the principal amount of the refunded bonds. The projected present value savings due to the reduced market interest rates meets the City's target guideline of a 4.25% savings for its own bond refundings. Since the actual amount of savings is dependent on the terms of the sale, approval is requested for this transaction at a minimum present value savings of 4.25%, to allow for market fluctuations.

The District will realize average annual debt service savings of over \$16,000 through the remaining term of the refunded bonds, which does not extend past the term of the existing debt. The City is not responsible for debt service on the District's Bonds. Furthermore, the City would benefit from the debt service savings associated with the refunding once the District is dissolved.

Approval of the District's proposed Series 2009 bond refunding is recommended, subject to final review of the offering documents by the Chief Financial Officer's designee.