

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	58662	Agenda Number	12.
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Meeting Date:	6/9/2016	Department:	Treasury
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Subject

Approve a resolution authorizing the issuance by Travis County Municipal Utility District No. 10, formerly known as Point Venture II Municipal Utility District, of Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds, Series 2016, in an amount not to exceed \$5,805,000.

Amount and Source of Funding

The City is not responsible for payment of District bond debt service unless the District is annexed by the City.

Fiscal Note

A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, City Treasurer, 512-974-7882
Council Committee, Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

Travis County Municipal Utility District No. 10 (the "District") was created originally as Point Venture II Municipal Utility District within the extraterritorial jurisdiction ("ETJ") of the City of Austin in 1989. Its approximately 590 acres is located on Lake Travis approximately five miles south of the City of Lago Vista ("Lago Vista") and approximately twenty-six miles northwest of the central business district of Austin. Currently, the majority of the District is located within the ETJ of Lago Vista, with only a small portion at the west end of the District still located within the ETJ of the City of Austin.

When the District was created, the City of Austin and the District entered into a Consent Agreement requiring City approval for all bond sales, although the City of Austin is not responsible for the principal and interest payments due on the District's outstanding debt unless the City annexes the District. The District is not included in the City's annexation plans at this time. Under the City of Austin's interlocal agreement with the City of Lago Vista dated April 15, 2004, the remainder of the District will be released to the ETJ of Lago Vista when the criteria in the interlocal agreement are met.

Similar to a home refinance, “refunding” of debt lowers the amount of debt service over the life of the existing bonds by replacing them with new bonds that have lower interest costs. At this time, due to favorable market conditions, the District has proposed a refunding bond issue to reduce annual debt service requirements on the District’s debt. Proceeds of the issue will be used to refund and redeem certain maturities from the District’s Waterworks and Sewer System Combination Unlimited Tax and Revenue Refunding Bonds originally issued in 2004, 2010, and 2011. The net present value savings for this transaction is currently projected to be approximately \$335,974 or 6.33% 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 City’s Financial Services Department and the City’s Financial Advisor have reviewed the proposed refunding and recommend approval of the District’s proposed refunding, subject to the average annual debt service savings being approximately level throughout the life of the bonds as presented in the preliminary number runs.