



11-18-04
#61

MEMORANDUM

TO: Mayor and Council Members

FROM: Dennis Waley, City Treasurer

DATE: November 15, 2004

SUBJECT: Refunding Bond Issue Approval Request – Northwest Austin MUD 1
– Item 61 on November 18, 2004

On Friday, November 12, 2004, a telephone request for assistance regarding Council consideration and approval of a proposed Northwest Austin MUD refunding bond issuance was received by City of Austin Treasury Office staff. Consultants representing the district requested that an agenda item be placed on the Council's November 18, 2004 agenda.

The district's consultants were informed that inclusion on the November 18 agenda would not be possible, but that every effort to expedite the request for approval on an upcoming Council agenda would be made, provided that the district's proposal met the City's standard financial criteria for approving district bond refundings. Information on the City's MUD bond refunding approval criteria and process was communicated to the district's consultants over the phone and via email. These requirements, the most important of which are summarized below, are applied to all municipal utility districts prior to requesting refunding bond issue approval by the City Council.

MUD refunding bond proposals are required to result in a 4.25% net present value savings. In other words the present value of the debt service requirements that will be avoided due to the refinancing of the debt has to equal at least 4.25%. This is also the criteria used to determine the feasibility of City of Austin refunding opportunities.

All districts are required to submit the following documentation prior to staff recommendation of City Council approval of a proposed bond refunding:

- 1) financial information demonstrating that the required savings criteria will be achieved by the proposed transaction,
- 2) a copy of the district's draft official statement for the bond issue, and

3) a copy of the district board of director's draft bond resolution.

Mayor and Council Members
November 15, 2004
Page 2

The district's submittals are reviewed by both the City's financial advisor and bond counsel to insure that the proposed bond issue is properly structured and that legal requirements related to the proposed refunding bond issue are met.

Language requiring City Council approval of all District bond issuances is included in all City of Austin MUD Consent Agreements and Chapter 25-9 of the City Code so that this standardized review process may be carried out for all MUD bond issues. This process is designed to allow for sufficient scrutiny of the proposed bond issues by the City's own financial consultants prior to recommending approval to the City Council.

Given that the required submittals from Northwest Austin MUD were not received until after 2:00 pm on Monday, November 15, it is respectfully requested that approval of the proposed bond refunding be postponed until the required submittals can be properly reviewed.

If you have any questions, please contact me at 974-7883.

Dennis Waley
City Treasurer

xc: Toby Futrell, City Manager
John Stephens, Chief Financial Officer
Vickie Schubert, Deputy Chief Financial Officer