



**Debt Issuance**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.:** 6  
**AGENDA DATE:** Thu 04/01/2004  
**PAGE:** 1 of 1

**SUBJECT:** Approve issuance by Northtown Municipal Utility District of Unlimited Tax and Revenue Refunding Bonds, Series 2004, in an amount not to exceed \$5,000,000; approving a substantial draft of the District's Bond Resolution and Preliminary Official Statement.

**AMOUNT & SOURCE OF FUNDING:** The City is not responsible for payment of District bond debt service until annexation and dissolution of the District. If annexation occurs, the avoided debt service associated with the refunding would also benefit the City of Austin. There is no anticipated fiscal impact. A fiscal note is not required.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**REQUESTING** Financial and **DIRECTOR'S**  
**DEPARTMENT:** Administrative Services - **AUTHORIZATION:** Vickie Schubert  
Treasury

**FOR MORE INFORMATION CONTACT:** Vickie Schubert, Acting Director of Finance and Administrative Services 974-3344

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** N/A

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Northtown Municipal Utility District, located approximately 15 miles northeast 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 Waterworks and Sewer System Unlimited Tax and Revenue bonds, Series 1994, and advance refund certain of the District's outstanding Unlimited Tax and Revenue Bonds, Series 1997 and Series 2001. The net present value savings for this transaction is currently projected to be \$217,500 or 4.35% of the maximum principal amount of the refunded bonds. The projected present value savings due to 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% of the principal amount of the refunded bonds, to allow for market fluctuations.

The District may realize average annual debt service savings of over \$35,000 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. In the event of annexation of the District by the City, the City would benefit from the debt service savings associated with the refunding.

Approval of Northtown MUD's proposed Series 2004 bond refunding is recommended, subject to final review of the offering documents by the Director of Financial Services' designee.