

## AGENDA



Thursday, June 8, 2006

[Back](#)**Financial and Administrative Services  
RECOMMENDATION FOR COUNCIL  
ACTION**

ITEM 9

**Subject:** Approve a resolution authorizing the issuance by Northwest Austin Municipal Utility District No.1 ("District") of Unlimited Tax and Revenue Refunding and Improvement Bonds, Series 2006, in an amount not to exceed \$8,000,000, subject to approval and execution of the proposed agreement with Canyon Creek Land, Ltd. and Canyon Creek Options, Ltd.(Canyon Creek Development Agreement); and approving a substantial 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. There is no anticipated fiscal impact. A fiscal note is not required.

**Fiscal Note:****Additional Backup Material**

(click to open)

☐ Resolution**For More Information:** John Stephens**Prior Council Action:****Boards and Commission Action:** Reviewed by Austin Water Utility Commission. (Related to item 7 and 8)

The Northwest Austin Municipal Utility District No. 1 ("District") was created on March 16, 1988, by an Order of the Texas Water Commission, predecessor to the Texas Commission on Environmental Quality ("TCEQ").

The District contains approximately 709 total acres and is located inside the City limits, approximately 12 miles northwest of downtown Austin. It is approximately three miles north of the intersection of FM 620 and RR 2222 and approximately three miles south of the intersection of FM 620 and US 183. The District receives City of Austin ("City") retail water and wastewater service.

The City has received a request from the District to approve a combined District bond sale in the amount of \$8,000,000, which includes the sixth District new money bond issue of no more than \$2,560,000 and a refunding bond issue of no more than \$5,440,000. These bonds are the sole obligation of this inside City District.

The District has previously issued \$13,710,000 in District Bonds to fund facilities installed under developer reimbursement agreements in 1992, 1994, 1997, 1999 and 2001.

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. Canyon Creek, Section 11, b. Canyon Creek, Section 23-25, c. Canyon Creek, Section 28, d. Canyon Creek, Section 30-32, e. Canyon Creek, Section 34. TCEQ granted initial approval of this bond issue in an Order issued on February 25, 2005, and the District has received TCEQ authorization for an extension of the time for this bond issue until March 10, 2007. The net present value savings ("NPV") for the proposed refunding portion of the transaction is currently projected to be \$296,867 or 4.96% of refunded par equal to approximately \$5.44 million.

The projected savings due to reduced market interest rates exceeds the City's target guideline of a 4.25% NPV savings. Total gross debt service savings is expected to equal approximately \$413,800 which would result in average annual debt service savings of over \$20,690 through the remaining term of the refunded bonds, which does not extend past the term of the existing 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, Watershed Protection, Fire, and Law reviewed the District's consent agreements. City staff recommends approval of the issuance of \$8,000,000 in Northwest Austin MUD No. 1 Unlimited Tax Refunding Bonds, Series 2006, contingent upon approval and execution of the proposed Canyon Creek Developer Agreement with Canyon Creek Land, Ltd. and Canyon Creek Options, Ltd., and review and approval of the final bond offering documents by the Chief Financial Officer's designee.

## **RESOLUTION NO.**

**WHEREAS**, Northwest Austin Municipal Utility District No. 1 (the "District") is a conservation and reclamation district, a body corporate and politic and governmental agency of the State of Texas, created on or about August 11, 1988, by an order of the Texas Water Commission (now the Texas Commission on Environmental Quality) and the District operates under Chapters 54 and 49, Texas Water Code (the "Act"); and

**WHEREAS**, on May 14, 1987, the City of Austin (the "City") granted its consent to the creation of the District and thereafter the City, the District, Texas American Bank-Fort Worth, N.A., Nash Phillips/Copus, Inc. and Plateau Utilities, Inc. entered into a certain "Agreement Concerning Creation and Operation of Northwest Austin Municipal Utility District No. 1" which, as amended (the "Consent Agreement"), sets forth revised terms and conditions for creation and operation of the District; and

**WHEREAS**, the creation of the District was confirmed by an election held within the District on May 8, 1988; and

**WHEREAS**, the Consent Agreement sets forth terms relating to the issuance of bonds by the District; and

**WHEREAS**, subject to the terms of the Consent Agreement, the District is authorized by the Act to purchase, construct, acquire, own, operate, maintain, repair, improve, or extend, inside or outside its boundaries, any and all works, improvements, facilities, plants, equipment, and appliances necessary to accomplish the purposes of its creation; and

**WHEREAS**, under the Consent Agreement and its proposed "Order Authorizing the Issuance of \$7,999,997.35 Northwest Austin Municipal Utility District No. 1 Unlimited Tax Refunding and Improvement Bonds, Series 2006" (the "Series 2006 District Bond Order"), the District proposes to issue bonds designated as its "\$7,999,997.35 Northwest Austin Municipal Utility District No. 1 Unlimited Tax Refunding and Improvement Bonds, Series 2006" (the "Series 2006 Bonds") consisting of no more than \$2,560,000 in new unlimited tax bonds and \$5,440,000 to refund the District's Series 2001 Unlimited Tax Bonds; and

**WHEREAS**, the District has submitted to the City for review and approval a substantial draft of the Series 2006 District Bond Order and Preliminary Official Statement and requested City approval of its proposed issue of the Series 2006 Bonds; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**Section 1.** The City Council approves the issuance by the District of the Series 2006 Bonds, in an amount not to exceed \$8,000,000, and the substantial draft of the Series 2006 District Bond Order and Preliminary Official Statement for the Series 2006 Bonds, attached respectively as Exhibits A and B, and incorporated by reference.

**Section 2.** The City Council's approval is effective only to the extent that the District's issuance of the Series 2006 Bonds complies with the following requirements:

- (A) the principal amount of the Series 2006 Bonds does not exceed \$8,000,000, and includes a maximum of \$5,440,000 in refunded bonds;

- (B) the proposed agreement with Canyon Creek Land, Ltd. and Canyon Creek Options, Ltd. ("Canyon Creek Developer Agreement") is approved and executed;
- (C) the District secures the debt service payment on the bonds by obtaining a municipal bond insurance policy from a nationally recognized company that in the regular course of its business issues insurance policies to guarantee the payment of debt service on bonds;
- (D) the debt service on the Series 2006 Bonds maturing on and after September 1, 2007, has been structured to produce level annual refunding savings.
- (E) the final maturity of the Series 2006 Bonds does not extend beyond September 1, 2026; and
- (F) the City's financial advisor confirms to the City that the requirements set forth in clauses (A) through (E) above have been satisfied.

**ADOPTED:** \_\_\_\_\_, 2006    **ATTEST:** \_\_\_\_\_

Shirley A. Gentry  
City Clerk