

AGENDA



Thursday, August 26, 2010

**Financial and Administrative Services
RECOMMENDATION FOR COUNCIL ACTION****Item No. 18**

Subject: Approve issuance by Senna Hills Municipal Utility District Unlimited Tax and Waterworks and Sewer Revenue Refunding Bonds, Series 2010, in a principal amount not to exceed \$6,295,000; approving a substantial draft of the District's Bond Resolution and Preliminary Official Statement.

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. There is no anticipated fiscal impact. A fiscal note is not required.

For More Information: Art Alfaro, Treasurer 974-7882

Prior Council Action: On November 19, 2009, the City Council approved the not to exceed \$1,600,000 Senna Hills Municipal Utility District to issue Unlimited Tax and Revenue Bonds \$1,600,000 Series 2010.

In conjunction with the issuance of new money bonds approved by the City Council on November 19, 2009, Senna Hills Municipal Utility District, located on the north side of FM 2244, approximately 5.0 miles west of the intersection of FM 2244 and Loop 360 and 2.5 miles east of the intersection of FM 2244 and State Highway 71, has proposed a refunding bond issue to reduce annual debt service requirements. Proceeds of the issue will be used to acquire water, wastewater and drainage facilities from the Developer, to reimburse the Developer for such advanced costs and to refund and redeem \$4,785,000 outstanding Unlimited Tax and Waterworks and Sewer System Revenue Bonds, Series 1999 and Series 2000. The net present value savings for this transaction is currently projected to be \$184,047.82 or 4.403% 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 \$15,000 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 Senna Hills MUD's proposed Series 2010 bond refunding is recommended, subject to final review of the offering documents by the Chief Financial Officers' designee.