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Date: September 15, 2010

To: Mueller Local Government Corporation Board of Directors

From: Jeff Knodel, Deputy Chief Financial Officer

Subject: 2011 Budget Adoption

2011 Operating Budget

As a part of the City's budget adoption process, the operating budget for the Mueller Local Government Corporation (MLGC) will be presented to the Board of Directors for approval. This occurs in a separate meeting on the same days as the City's budget readings, September 13, 14, and 15, 2010. If the MLGC budget is adopted on September 13, the meetings on the next two days will not be necessary.

I have attached a copy of the purpose and nature page for the MLGC Operating Fund as well as the fund summary. Revenues include a City of Austin grant payment from the Economic Incentives Reserve Fund, Tax Increment Financing revenues, and interest income.

For 2011, the requirements for the MLGC will include principal and interest payments for debt issued for the Mueller Redevelopment Project. In addition, other costs consist of bond issue costs related to issued debt.

Should you have any questions, please contact me at 974-2589.

Attachments

xc: Marc A.Ott, President
Leslie Browder, Vice President
Art Alfaro, Treasurer
Rodney Gonzales, Secretary

Mueller Local Government Corporation

Purpose and Nature of Fund

This fund was created to issue debt related to the development of the Mueller Redevelopment Project.

To facilitate the redevelopment of property formerly known as the Robert Mueller Municipal Airport, the City entered into a Master Development Agreement with Catellus Austin, LLC. The City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs," either directly or through the Corporation. Approximately \$12,000,000 in Contract Revenue Bonds was issued in August 2006 and approximately \$15,000,000 will be issued in September 2009.

In addition, ad valorem taxes collected within the Mueller Tax Increment Financing Zone (TIF) will be transferred to the Corporation from the Tax Increment Fund to fund debt service requirements associated with the Mueller Project.

Factors Affecting Revenue

Mueller Local Government Corporation Revenue includes \$983,069 from the Economic Incentives Reserve Fund for debt service of the 2006 Contract Revenue Bonds and a transfer in the amount of \$1,330,094 from ad valorem taxes collected within the zone for debt service related to the 2009 bond issuance. Future revenues from the Tax Increment Fund will be used for future debt issuances related to the Mueller Redevelopment Project.

Factors Affecting Requirements

The proposed expenditures of \$2,377,143 from the Mueller Local Government Corporation includes debt service for principal and interest payments and administrative costs.

| | 2008-09 Actual | 2009-10 Amended | 2009-10 Estimated | 2010-11 Proposed |
|--------------|-------------------|--------------------|----------------------|---------------------|
| Transfers In | \$984,493 | \$2,213,951 | \$2,213,951 | \$2,313,163 |
| Requirements | \$981,981 | \$2,069,956 | \$1,838,881 | \$2,377,143 |