



Recommendation for Action

File #: 20-1936, **Agenda Item #:** 35.

5/21/2020

Posting Language

Approve a resolution authorizing issuance by Senna Hills Municipal Utility District of Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2020, in an amount not to exceed \$3,135,000.

Lead Department

Treasury

Fiscal Note

This item has no anticipated fiscal impact.

For More Information:

Belinda Weaver, City Treasurer, 512-974-7885; Virginia Collier, Program Manager, 512-972-0117; Andrei Lubomudrov, Senior Planner, 512-974-7659

Council Committee, Boards and Commission Action:

Water and Wastewater Commission Review May 6, 2020: Recommend approval of a resolution to authorize issuance by **Senna Hills Municipal Utility District** of Unlimited Tax and Waterworks and Sewer System Revenue Refunding Bonds, Series 2020, in an amount not to exceed \$3,135,000.

Additional Backup Information:

Senna Hills Municipal Utility District ("the District") was authorized to be created as a municipal utility district operating pursuant to Articles 16, Section 59 of the Texas Constitution and Chapters 49 and 54 of the Texas Water Code, as amended. The District is 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.

The District is required to obtain City approval for all bond sales pursuant to the Consent Agreement. The City has received a request from the District to approve a District refunding bond sale in the amount of \$3,135,000.

Similar to a home refinance, "refunding" of debt lowers the amount of debt service over the life of the existing bonds by replacing them with new bonds that have lower interest costs. The District has proposed a refunding bond issue to reduce annual debt service requirements on the District's debt. Proceeds of the issue will be used to refund and redeem \$3,135,000 outstanding Unlimited Tax and Waterworks and Sewer System Revenue and Refunding Bonds originally issued in 2010. The projected present value savings due to the reduced market interest rates will need to meet 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.

While the City is not responsible for debt service on the District's Bonds, the City would benefit from the debt service savings associated with the refunding once the District is dissolved. The City's Financial Services Department and the City's Financial Advisor have reviewed the proposed refunding and recommend approval of the District's proposed refunding.

Strategic Outcome(s):

Government that Works for All.