



Recommendation for Action

File #: 20-3235, **Agenda Item #:** 47.

10/15/2020

Posting Language

Approve a resolution approving issuance by the Northtown Municipal Utility District of Unlimited Tax and Revenue Bonds, Series 2020, in a principal amount not to exceed \$10,710,000.

Lead Department

Treasury

Fiscal Note

This item has no fiscal impact.

For More Information:

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

Council Committee, Boards and Commission Action:

Water and Wastewater Commission Review October 14, 2020.

Additional Backup Information:

The Northtown Municipal Utility District (the "District") was created in 1985. At an election held within the District on December 21, 1985, the District's voters authorized the issuance of an aggregate principal amount of \$69,443,000 of unlimited tax and revenue bonds for the construction of the District's water, sanitary sewer and drainage systems. After the issuance of the Bonds, \$24,503,000 of unlimited tax and revenue new money bonds will remain authorized but unissued. Its approximately 1224 acres lie just east of Interstate 35 between Austin and Pflugerville. The District includes the Northtown Park, Meadow Pointe, Wildflower, Settler's Meadow (The Trails at Sunset Ridge), The Lakes at Tech Ridge, and Brookfield neighborhoods, an elementary school, several parks and ponds, a hike and bike trail, and other areas.

When the District was created, the City of Austin and the District entered into a Consent Agreement. The Consent Agreement provides that the City may annex the District after eight years from the date of confirmation of creation of the District if 90% of the District's facilities that were to be constructed through the issuance of bonds had not been completed by that eight-year timeframe (1993). Because 90% of the District's facilities were not completed eight years after confirmation of creation, the City could technically proceed with annexation of the District at any time. Generally, under Texas law, the City may not annex any land within the District unless it annexes the entire District, assumes all of the District's obligations, including the Bonds, and dissolves the District. At this time, the City has not initiated any discussions and no negotiations on the terms of any possible strategic partnership agreement or on the creation of a limited district have occurred.

While the City of Austin is not responsible for the principal and interest payments due on the District's outstanding debt, Article II, Section A. 1 of the Consent Agreement requires that all bonds the District issues, and the terms and provisions thereof, be approved by the Austin City Council prior to issuance. The City Council last took action in 2019 to approve the District's refunding of debt originally issued in 2007, 2011 and 2012.

The City's Financial Services Department and the City's Financial Advisor have reviewed the proposed issuance and recommend approval of the District's proposed issuance.

Strategic Outcome(s):

Government that works for all.