

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	56390	Agenda Number	10.
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Meeting Date:	4/21/2016	Department:	Treasury
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Subject

Approve a resolution approving issuance by Travis County Water Control and Improvement District Number 10 of Unlimited Tax Bonds, Series 2016, in a par amount not to exceed \$45,970,000.

Amount and Source of Funding

The City is not responsible for payment of District bond debt service; the bonds are obligations solely of the District.

Fiscal Note

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

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, City Treasurer, 512-974-7882; David Anders, 512-972-0323
Council Committee, Boards and Commission Action:	April 13, 2016 – Recommended unanimously by the Water and Wastewater Commission.
MBE / WBE:	
Related Items:	

Additional Backup Information

The Travis County Water Control and Improvement District Number 10 (the “District”) was created by a petition filed with Travis County on August 10, 1956 and a confirmation election held September 29, 1956. The District is located in Travis County along the western shore of Lake Austin, and includes the City of West Lake Hills and the subdivisions of Westwood, Rolling Hills West, Knollwood, Westlake Highland, and the Rob Roy Ranch. The District covers an area of approximately 5,000 acres of high-end residential and retail property.

While the City of Austin is not responsible for the principal and interest payments due on the District’s debt, and the District is not subject to Austin City Ordinance 25-9-281 that would typically result in a requirement for consent of a District’s debt issuance, Section 8.1 of the current Wholesale Water Agreement between the City of Austin and the District does require the District to obtain “approval of the City” prior to the District selling bonds. The District’s anticipated bond sale is “pending” until City Council action takes place.

The City’s Financial Services Department has received a bond application from the District that requests consent to

issue \$45,970,000 in Unlimited Tax Bonds, Series 2016. The application has been reviewed, and approval of the District's request for consent is recommended. The issuance has also been reviewed by Standard & Poor's Ratings Services (S & P). S & P assigned an AA rating with a stable outlook to the bonds, which is its highest available rating for a water district. Information about the District and their proposed issuance, as taken from the bond application, is found below.

The District was created for the purposes of providing, operating, and maintaining facilities to distribute potable water. The District is empowered, among other things, to purchase, construct, operate, and maintain all works, improvements, facilities, and plants necessary for the supply and distribution of water.

Pursuant to a bond election held by the District and passed on May 9, 2015, an order from the TCEQ approving the engineering projects and issuance of the bonds, and an order by the District's Board of Directors, a bond sale of \$45,970,000 in unlimited tax bonds is proposed by the District. The bonds as presented have a 25-year term, maturing in 2041. The current debt to assessed value in the District is 0%, as the District does not have any outstanding debt at this time. The anticipated debt to assessed value after issuance is 1.38%.

The proceeds of the Bonds, along with certain other funds of the District, will be used to finance projects that will improve fire flows and reliability within the District's water system.