

**Posting Language**

Recommend approval of a resolution authorizing the issuance by Pilot Knob Municipal Utility District No. 2 of Unlimited Tax Bonds, Series 2022A, in a principal amount not to exceed \$5,900,000.

**Lead Department**

Financial Services Department

**Client Department**

Austin Water Assistant Director of Environmental, Planning & Development Services, Kevin Critendon

**Fiscal Note**

This item has no anticipated fiscal impact.

**Council Committee, Boards and Commission Action:**

November 9, 2022 - To be reviewed by the Water & Wastewater Commission.

**Additional Backup Information:**

Pilot Knob Municipal Utility District No. 2 (the “District”), a political subdivision of the State of Texas, was created under the laws of the State of Texas by House Bill No. 1756, Acts of the 82nd Texas Legislature, Regular Session (2011), codified as Chapter 8376, Texas Special District Local Laws Code (the “Enabling Legislation”), and operates under Chapters 49 and 54 of the Texas Water Code. The Enabling Legislation became effective May 23, 2011, and created the District, subject to the consent of the City of Austin (the “City”) to the creation.

The City consented to the creation of the District by Council action taken March 22, 2012 (the “Consent Ordinance”) and under the terms of the Consent Agreement among the City, the District, and Carma Easton LLC, a Texas limited liability company (the “Developer”) dated effective as of April 13, 2012 (the “Consent Agreement”). The City and the District entered into a Strategic Partnership Agreement dated as of June 5, 2012 (as amended, the “SPA”), as authorized by Section 43.0751, Texas Local Government Code, which sets forth the terms and conditions of the City’s annexation of the land within the District and on which the District will continue to exist as a limited district, Pilot Knob Limited District No. 2 (the “Limited District”), in accordance with Section 43.0751, Texas Local Government Code, and the Enabling Legislation following the City’s full-purpose annexation of the land within the District as provided in Consent Agreement and the SPA.

The District, which currently contains 557.187 acres of land, is located within the extraterritorial jurisdiction of the City in southeast Travis County, Texas. The District is located approximately eight miles southeast of the City’s downtown, about 1 mile east of McKinney Falls Parkway, about a half mile west of U.S. Highway 183, and just west of FM 1625. An extension of William Cannon Drive bisects the District in an east-west direction. North Fork Dry Creek traverses the northern part of the District in a west to east direction. South Fork Dry Creek traverses the southern part of the District in a west to east direction. The Austin-Bergstrom International Airport is located approximately four miles to the northeast of the District.

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 the District's bond sale in the amount of \$5.9 million for Water, Wastewater and Drainage purposes consistent with a bond proposition approved by District voters in 2014. After the proposed bond issue, approximately \$133.2 million in authorized but unissued bonds will remain in this proposition, with an additional approximately \$9.0 million unissued for the Recreational proposition, and approximately \$62.2 million unissued for the Road proposition.

The proceeds from the proposed bond sale will finance the following: (i) water distribution, wastewater collection and drainage facilities for Easton Park Section 2C, Phases 1 and 2; (ii) drainage facilities for Easton Park Section 2B, Phase 2; and (iii) City review and oversight fees, as well as various project and issuance costs.

The City is the retail provider of water and wastewater service.

The District bonds are the sole obligation of the District until the City full purpose annexes the District. The first eligible date for the City to annex the District pursuant to the Consent Agreement is December 31, 2042.

City departmental staff from Austin Water, Parks and Recreation, Housing and Planning, and Watershed Protection reviewed the District's Consent Agreement and its amendments. The District was found to be in compliance with the terms of the agreement. The City's Financial Services Department and the City's Financial Advisor have reviewed the District's proposed bond sale and recommend approval.

**Strategic Outcome(s):**

Government that Works for All