

Posting Language

Recommend approval to authorize the issuance by Pilot Knob Municipal Utility District No. 3 of Unlimited Tax Road Bonds, Series 2023A, in the amount of \$ 7,875,000.

Lead Department

Financial Services Department

Client Department

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

Fiscal Note

This item has not fiscal impact.

Council Committee, Boards and Commission Action

November 8, 2023 - To be reviewed by the Water & Wastewater Commission

Additional Backup Information

Pilot Knob Municipal Utility District No. 3 (“District”), a political subdivision of the State of Texas, was created under the laws of the State of Texas by House Bill No. 1758, Acts of the 82nd Texas Legislature, Regular Session (2011), codified as Chapter 8377, Texas Special District Local Laws Code (“Enabling Legislation”), and operates under Chapters 49 and 54 of the Texas Water Code. The Enabling Legislation became effective May 25, 2011, and created the District, subject to the consent of the City.

The City consented to the creation of the District by Council action taken March 22, 2012 (“Consent Ordinance”) and under the terms of the April 13, 2012 Consent Agreement among the City, the District, and Carma Easton LLC, a Texas limited liability company (“Developer”). The City and the District entered into a Strategic Partnership Agreement dated as of June 4, 2012 (“SPA”), as authorized by Section 43.0751, Texas Local Government Code. The SPA sets forth the terms and conditions of the City’s annexation of the land within the District and frames the terms by which the District will continue to exist as a limited district, Pilot Knob Limited District No. 3, 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 677.567 acres of land, is within the extraterritorial jurisdiction of the City in southeast Travis County, Texas. The District is approximately eight miles southeast of the City’s downtown, adjacent to the east side of McKinney Falls Parkway and approximately one mile west of U.S. Highway 183. An extension of William Cannon Drive, the initial phases of which are under construction, bisects the District in an east-west direction. Cottonmouth Creek traverses the District in a north-south direction. The Austin-Bergstrom International Airport is 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 \$7.875 million for road purposes consistent with a bond proposition approved by District voters in

2014. After the proposed bond issue and a current bond issuance by the District for water, wastewater and drainage purposes, approximately \$32.8 million in authorized but unissued will remain in this proposition, approximately \$29.7 million bonds will remain in water, wastewater, drainage proposition, and an additional approximately \$7.8 million unissued for the recreational purposes.

The proceeds from the proposed bond sale will be used to finance the following: District's share of the cost of constructing road improvements to serve the District. The remaining 2023A Bond proceeds will be used to: (i) pay developer interest; and (ii) pay certain engineering costs and costs associated with the issuance of the 2023A Bonds.

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

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, 2037.

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