



Recommendation for Action

File #: 23-3256, **Agenda Item #:** 15.

11/30/2023

Posting Language

Approve a resolution authorizing the issuance by Pilot Knob Municipal Utility District No. 2 of Unlimited Tax Road Bonds, Series 2023A, in a principal amount not to exceed \$3,475,000.

Lead Department

Financial Services Department.

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; Joi Harden, Division Manager, 512-974-1617.

Council Committee, Boards and Commission Action:

November 8, 2023 - Recommended by the Water and Wastewater Commission on a 8 - 0 vote, with two absences, and one vacancy.

Additional Backup Information:

Pilot Knob Municipal Utility District No. 2, 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, 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 to the creation.

The City consented to the creation of the District by Council action taken March 22, 2012 (known as the Consent Ordinance) and under the terms of the Consent Agreement among the City, the District, and the developer Carma Easton LLC dated effective as of April 13, 2012. The City and the District entered into a Strategic Partnership Agreement (SPA) dated as of June 4, 2012, 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, 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 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 \$3.475 million for road purposes consistent with a bond proposition approved by District voters in 2014. After the proposed bond issue and a concurrent issuance by the District of bonds for water, wastewater and drainage purposes, the District expects that approximately \$58.8 million in authorized but unissued bonds will remain for road purposes, approximately \$129.9 million will remain for water, wastewater, and drainage purposes, and an

additional approximately \$9.0 million unissued will remain for recreational purposes.

The proceeds from the proposed bond sale will finance the District's share of the cost of constructing road improvements to serve the District. The remaining Series 2023A Bond proceeds will be used to:

- Pay developer interest, and
- Pay certain engineering costs and costs associated with the issuance of the Series 2023A Bonds.

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 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 agreement. The City's Financial Services Department and the City's Financial Advisor have reviewed the District's proposed bond sale and recommend approval.