



City of Austin

Recommendation for Action

File #: 26-2907, **Agenda Item #:** 16.

10/22/2026

Posting Language

Approve a resolution authorizing the issuance by Pilot Knob Municipal Utility District No. 3 of Unlimited Tax Bonds, Series 2026, in an amount not to exceed \$4,400,000 to be used for water, wastewater, and drainage improvements in the district and related engineering costs and costs of issuing the bonds. Funding: This item has no fiscal impact.

Lead Department

Austin Financial Services

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, Kate Castles, Principal Planner, 512-974-270

Council Committee, Boards and Commission Action:

October 14, 2026 - Recommended by the Water and Wastewater Commission on a 6-0 vote with one commissioner off the dais, three absences, and one vacancy.

Additional Backup Information:

Pilot Knob Municipal Utility District No. 3, 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, codified as Chapter 8377, Texas Special District Local Laws Code, and operates under Chapters 49 and 54 of the Texas Water Code. The Enabling Legislation became effective June 17, 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 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. 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 approximately 677.567 acres of land, is within the Limited Purpose 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 complete, 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 \$4.4 million for water, wastewater and drainage purposes consistent with a bond proposition approved by District voters in 2013. After the proposed bond issue and a current bond issuance by the District for road purposes, approximately \$36.0 million in authorized but unissued bonds will remain (\$21.7 million for water, wastewater and drainage purposes, \$7.8 million for recreational purposes, and \$6.5 million for road purposes). Proceeds of the 2026 Bonds will be used to finance the following:

- Cottonmouth Creek wastewater interceptor segment C;
- Cottonmouth wastewater interceptor phase 2;
- North Fork lift station;
- North Fork force main and wastewater line;
- North Fork wastewater interceptor segment 4; and
- Easton Park water transmission main segments F&G.

The remaining 2026 Bond proceeds will be used to:

- Pay developer interest; and

Pay other costs associated with the issuance of the 2026 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, Austin Parks and Recreation, Austin Planning, Austin Housing, Austin Transportation and Public Works, and Austin Watershed Protection reviewed the District's Consent Agreement and its amendments. The District was found to be in compliance with the terms of the Consent Agreement. Austin Financial Services and the City's Financial Advisor have reviewed the District's proposed bond sale and recommend approval.