



City of Austin

Recommendation for Action

File #: 24-6067, **Agenda Item #:** 12.

11/21/2024

Posting Language

Approve a resolution authorizing the issuance by Pilot Knob Municipal Utility District No. 2 of Unlimited Tax Road Bonds, Series 2024A, in a principal amount not to exceed \$6,280,000 to finance costs related to the construction of road improvements, capitalizing approximately six months of interest requirements on the bonds, developer interest, related legal and engineering services, and the issuance of the bonds. Funding: This item has no fiscal impact.

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; Sara Groff, Planner Principal, 512-974-8074.

Council Committee, Boards and Commission Action:

November 13, 2024 - to be reviewed by the Water and Wastewater Commission Review.

Additional Backup Information:

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

The City consented to the creation of the District by Council action taken March 22, 2012 (Consent Ordinance) and under the terms of the Consent Agreement among the City, the District, and Carma Easton LLC, a Texas limited liability company (Developer) dated effective as of April 13, 2012 (Consent Agreement). 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 (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 \$6.28 million for road purposes consistent with a bond proposition approved by District voters in 2014. After the proposed bond issue and a current issuance by the District of bonds for water, wastewater and drainage purposes, approximately \$188.5 million will remain in authorized but unissued bonds (\$127.0 million for water, wastewater, and drainage purposes, \$9.0 million for recreational purposes, and \$52.5 million for road purposes).

Proceeds of the 2024A Bonds will be used to finance a portion of the District's share of the cost of constructing road improvements to serve the District. The remaining 2024A Bond proceeds will be used to: (i) capitalize approximately six months' interest requirements on the 2024A Bonds, (ii) pay developer interest; and (iii) pay certain legal and engineering costs and costs associated with the issuance of the 2024A 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, 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.