



## Legislation Details (With Text)

**File #:** 15-0434      **Version:** 1      **Name:** GCMUD #3 Dissolution  
**Type:** Agenda Item      **Status:** Approved  
**File created:** 7/15/2015      **In control:** City Council  
**On agenda:** 7/28/2015      **Final action:** 7/28/2015  
**Title:** Consider and take action on an ordinance abolishing Galveston County Municipal Utility District No. 3 (Director of Finance)

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. Data Sheet, 2. Proposed Ordinance

Date	Ver.	Action By	Action	Result
7/28/2015	1	City Council	Approved	Pass
7/28/2015	1	City Council	Approved	Pass

Consider and take action on an ordinance abolishing Galveston County Municipal Utility District No. 3 (Director of Finance)

Approval of this action will authorize dissolution of Galveston County Municipal Utility District No. 3 (the "District") and upon final close out of the District, the City will see a net increase in revenue of approximately \$550,000 per year beginning in FY 2018.

In 1978, the City approved a Utility Agreement with the District which provided that the City would rebate 40 percent of the City taxes received each year on real property and improvements in the District. The agreement provided that the rebated property tax funds could only be used to pay debt service on the bonds issued by the District. In FY 2015, the City's projected rebate to the District is \$553,000. The District's FY 2015 debt service payments are \$311,000.

The City will be dissolving the District prior to the final maturity of the District's Waterworks and Sewer System Combination Unlimited Tax and Revenue Bonds, Series 1997. The District's outstanding debt following dissolution will be \$625,000 and will be paid by the City in FY 2016 and FY 2017. There will be approximately \$240,000 in the District's debt service fund after the August 1, 2015 payment, and these funds will be used toward the debt payment due in FY 2016. The District has a small amount of cash in their operating fund but expects to spend it on final payouts for professional services. Upon dissolution, the City will order a final audit of the District's accounts for an estimated cost of \$12,000. By dissolving the District, assuming the debt and making the debt service payments directly, the City will save \$242,000 in FY 2016 and FY 2017. Upon final debt payment, the City will realize an annual savings of \$550,000.

### Attachments

1. Data Sheet
2. Proposed Ordinance

### FUNDING

{X} NOT APPLICABLE

{ } Funds are available from Account # \_\_\_\_\_

{ } Requires Budget Amendment to transfer from Account # \_\_\_\_\_ to Account # \_\_\_\_\_

