

What is a Municipal Utility District?

A municipal utility district is a special district created either legislatively or through the Texas Commission on Environmental Quality ("TCEQ") to finance water, wastewater, storm drainage, roads, and parks (in certain counties).

- There are currently over 1,400 special districts in Texas with a combined population of over 30 million residents.
- The TCEQ, oversees the creation of special districts and reviews bond applications for utilities and park/recreational improvements.
- Cities must consent to the creation of a MUD if the land is located within its extraterritorial jurisdiction ("ETJ").
- A MUD, once it is created, must have an organizational meeting to elect an Interim Board of Directors, engage consultants to help with the operations and management of the District, and to call the bond and organizational elections.
- A MUD must have a bond election for residents to vote for the amount of bonds the MUD will have available to fund infrastructure with.
- A MUD must have an organizational election that appoints 5 individuals to serve on the MUD's Board of Director.
- A MUD usually engages general counsel, bond counsel, a financial advisor, an engineer, bookkeeper, auditor, and general manager.

Who We Are

About Us

Public Finance Group LLC was founded in March 2014 in Austin, Texas. Public Finance Group LLC is registered with the Securities and Exchange Commission ("SEC") and the Municipal Securities Rulemaking Board ("MSRB") as a municipal advisory firm.

Public Finance Group LLC works with special utility districts in Travis, Williamson, Bell, Hays, Caldwell, Comal, Guadalupe, Harris, and Montgomery counties to advise on technical and quantitative aspects related to public debt. The firm determines the feasibility of and optimum structure for new debt financings; refunding of existing outstanding debt; coordination and preparation of all Preliminary and Official Statements, including presentations to the rating agencies and municipal bond insurance companies.

Public Finance Group LLC currently serves as the financial advisor to over 70 special districts throughout Texas.

Contact Us



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*A Guide to Municipal Utility
Districts ("MUDs")*

What are the ongoing duties of MUD management?

The MUD's Board of Directors will meet monthly, once the District is active, to:

1. Review and approve minutes of the previous Board meeting.
2. Receive the General Manager's Report regarding development and how the systems are functioning within the District.
3. Receive and Approve the Bookkeeper's Report (how the District is managing its funds and investments)
4. Receive the Financial Advisor's Report, including recommendations regarding future or current/pending bond issuances.
5. Receive the Developer's Report regarding the current status of development within the District.
6. Receive the Engineer's Report related to the construction of District facilities.
7. General Counsel Report regarding any legal matters that need to come before the Board.

Additionally, the Board will annually (typically during August and September) set the District's total tax rate for the year and approve an operating budget. Once the District issues bonds, the total tax rate will be allocated, as necessary, to cover the District's Debt Service Requirements and the operations and maintenance of the District.

What about the MUD Developer?

The MUD Developer is responsible for:

1. The overall design and outlay of the MUD.
2. Sell either finished lots (or land to become finished lots) to homebuilders.
3. Collection and organization of facilities constructed, funds spent, and maintenance of cancelled checks.

What is the process for issuing of Bonds?

1. Financial Advisor presents updated Finance Plan, which includes projected Bonds to be sold including the amount of bonds and timing related to the bond sale to the Board of Directors.
2. Board of Directors authorizes the necessary consultants to begin the bond sale process
3. Engineer presents a proposal to the Board of Directors to authorize the preparation of the bond application to the TCEQ. (2 to 3 months)
4. General Counsel presents a Resolution Requesting an Updated Estimated Assessed Valuation from the Appraisal District for the Board's approval.
5. Engineer prepares the Bond Application.
6. Developer provides copies of all pay estimates, copies of cancelled checks to the Engineer and Auditor.
7. Board approves the submittal of the Bond Application to the TCEQ as either an Expedited (60-days) or Regular (6-month) review.
8. Protest period of any person with standing to protest the issuance of the Bonds (30 days)

Bond Process Continued:

9. Bond Counsel publishes the Notice of Sale of the Bond Sale. (10 days prior to the Bond Sale)
10. Bond Sale (receive bids on the Bonds)
11. Board of Directors reviews the bids and awards the sale of the Bonds to the lowest bidder.
12. Financial Advisor prepares the Final Official Statement (7 days)
13. Bond Counsel prepares and submits the Transcript of Proceedings to the Attorney General of the State of Texas for review and approval
14. Attorney General Review of the Transcript of Proceedings (12 days)
15. Auditor reviews Developer pay estimates and cancelled checks (up to 1 month) and prepares the Reimbursement Report for the Bond proceeds.
16. Closing Date – Bonds are available to the Initial Purchaser (lowest bidder) of the Bonds, Funds are deposited into the District's Accounts, and the Bookkeeper coordinates the distribution of funds to the District, Developer, and Consultants.

Assuming that the Bonds are submitted for an Expedited review, the entire process for issuing bonds takes between 9 and 10 months.

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