

A G E N D A



Recommendation for Council Action

Austin City Council	Item ID	6897	Agenda Number	69.
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Meeting Date:	5/26/2011	Department:	Treasury
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Subject

Authorize negotiation and execution of a professional underwriting agreement with Piper Jaffray & Co. as the underwriter in connection with the issuance of the proposed City of Austin, Texas Public Improvement District Special Assessment Revenue Bonds, Series 2011 (Whisper Valley Project) and the City of Austin, Texas Public Improvement District Special Assessment Revenue Bonds, Series 2011 (Indian Hills Project).

Amount and Source of Funding

Payment for underwriter services will be made from the proceeds of each bond sale. Payment is contingent on the actual issuance of bonds.

Fiscal Note

There is no unanticipated fiscal impact. A fiscal note is not required.

Purchasing Language:	
Prior Council Action:	
For More Information:	Art Alfaro, Treasurer 974-7882; Leslie Browder, Chief Financial Officer 974-2283
Boards and Commission Action:	
MBE / WBE:	
Related Items:	

Additional Backup Information

The Whisper Valley property (2,062 acres) was purchased by Taurus of Texas Holdings L.P. in June 2006 and is located east of SH 130. The site is planned to include approximately 7,500 single and multi-family homes, and more than 2 million square feet of retail and office space. In addition, 700 acres of open space is to be dedicated to the City for use as trails and parkland. The Indian Hills property (240 acres) was purchased by Taurus in December 2005 and is located west of SH 130. Plans for this site include approximately 1,200 medium-density apartment units and 1.5 million square feet of office, warehouse, distribution and neighborhood retail uses. The center portion of the site will be used for the extension of Decker Lake Road, the main thoroughfare.

In June 2009, the City Council voted to approve related development agreements, and in August 2010, voted to approve zoning changes and limited purpose annexation. The properties were originally zoned as agricultural land, with Whisper Valley now zoned as a planned unit development and Indian Hills approved for the straight zoning needed for planned development. The City Council also approved the creation of a separate public improvement district (PID) for each of the two planned developments, in response to a petition by the property owners, a state law prerequisite to creation of a PID. The PID will provide a financing mechanism through the apportionment, levying and collection of assessments to help pay for the basic infrastructure that will support the planned communities (e.g., water, wastewater and roads).

As a preliminary step in preparation for the potential issuance of the City's first public improvement district financing, this action will authorize the Treasurer or Chief Financial Officer to negotiate and execute a contract with the recommended underwriting firm, Piper Jaffray & Company, to work with the City's financial advisor (Public Financial Management) in the preparation needed for the issuance of the PID bonds for the Whisper Valley and Indian Hills projects. The work of the underwriter includes discussions with credit rating agencies, and preparation and review of offering documents, including the underlying due diligence needed before the underwriter can ultimately market the bonds to potential investors.

The City's Treasury Office, working with Public Financial Management, has reviewed the qualifications of Piper Jaffray and has determined that the firm, as the lead underwriter associated with this effort, is qualified to perform the duties of underwriting the PID bond transactions. The evaluation of the firm's credentials considered the experience with the designated principals in similar transactions, the firm's financial condition and its references. The evaluation process also included interviews with the designated principals to assess their approach to managing the PID financing of the Whisper Valley and Indian Hills projects.