

AGENDA



Recommendation for Council Action

Austin City Council	Item ID	37914	Agenda Number	29.
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Meeting Date:	11/20/2014	Department:	Controller's Office
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Subject

Approve an ordinance setting the assessment and approving a proposed 2015 assessment roll for the Whisper Valley Public Improvement District. Related to Items # 30 and # 114.

Amount and Source of Funding

The 2015 assessments are based on each property owner's share of the assessable acres of the district and is estimated to produce \$7,949,960.

Fiscal Note

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

Purchasing Language:

Prior Council Action:

June 18, 2009 – Council approved the Whisper Valley Development Agreement. June 24, 2010 – Council set a public hearing for Whisper Valley PID for August 5, 2010. July 29, 2010 – Council conducted a public hearing for the limited purpose annexation of the Whisper Valley Area. August 5, 2010 – Council conducted a public hearing related to authorization of the Whisper Valley PID. August 26, 2010 – Council approved an ordinance authorizing negotiation and execution of an amended and restated cost reimbursement agreement with Club Deal 120 Whisper Valley, LP for construction of a 48 and 24 inch water main; for the design of a wastewater treatment plant. Approved a resolution authorizing creation of a Public Improvement District for the Whisper Valley Area. Approved an ordinance annexing the Whisper Valley Annexation Area for limited purposes of planning and zoning. Approved an ordinance adopting a regulatory plan for the Whisper Valley annexation area. July 28, 2011 – Council set a public hearing relating to the proposed assessments on the PID for the Whisper Valley Area. November 3, 2011 – Council approved initial Service and Assessment Plan and Assessment Roll. Council authorized the issuance of City of Austin, Texas Special Assessment Revenue Bonds, Senior Series 2011, in an amount not to exceed \$16,500,000 and authorized the issuance of City of Austin, Texas Special Assessment Revenue Bonds, Subordinate Series 2011, in an amount not to exceed \$18,800,000.

For More Information: Diana Thomas, Controller, 512-974-1166; Elaine Hart, CFO, 512-974-2283.

Boards and Commission Action:

MBE / WBE:

Related Items:

Additional Backup Information

Whisper Valley and Indian Hills are two mixed-use planned communities to be located in the SH 130 corridor in the City of Austin's Desired Development Zone. 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 project is described in more detail in a related item that requests Council approval of a service and assessment plan and an assessment roll for the Indian Hills Public Improvement District (PID).

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 property is now zoned as a planned unit development. The City Council also approved the creation of a PID for the planned development, in response to a petition filed by the property owners, a State law prerequisite to creation of a PID. The PID was intended to provide the financing mechanism through the apportionment, levying and collection of assessments to support the issuance of debt for the basic infrastructure that will support the planned community (water, wastewater and roads).

These two projects are long-term in nature, and the first phase is designed to construct the basic infrastructure needed before site development can begin. This basic infrastructure (excluding subdivision internal structure) includes approximately 2.4 miles of major divided arterial roadway (Braker Lane) to connect FM 973 to Taylor Lane, a wastewater treatment facility, several lift stations, 2.5 miles of wastewater interceptor, and 12 miles of large diameter water transmission main. All water and wastewater infrastructure will ultimately be turned over to the City and designed in accordance with City standards. These "macro" improvements will provide benefit to the two projects as a whole. Buildout is then anticipated over 15 to 20 years after this initial phase in response to market demand for housing. The total cost of infrastructure improvements after all phases have been completed is forecast at approximately \$270 million for Whisper Valley and \$28 million for Indian Hills.

The developer plans to construct improvements in phases as the property builds out, and has previously asked the City to issue bonds, backed by the PID assessments, both during discussions regarding the development agreements in 2009 and during formation of the PIDs in 2010. PID bonds are considered special assessment revenue bonds and are not secured by the full faith and credit of the City. Bonded debt service is paid for by the special assessments levied on the real property within the PID. The financing plan for the Whisper Valley and Indian Hills projects includes the issuance of approximately \$38 million in PID bonds, with developer equity contributions of approximately \$7 million.

As a developer subdivides and sells off the land, the new property owner assumes the assessment burden. The ultimate security for PID bonds is the value of the real property being assessed, so it is important that the appraised value of the land is sufficient to secure the bonded debt, and reflect conservative valuation assumptions to account for changes in the real estate market over time. Under the oversight of the City's real estate staff, the City contracted with a qualified appraiser to assess the value of the Whisper Valley and Indian Hills properties to ascertain that adequate value-to-assessment burden ratios were in place prior to the issuance of PID obligations. The appraisal sets forth the estimated aggregate retail value of the taxable property subject to assessment within both PIDs and the present value of the reimbursements for a total combined value estimate of \$80 million. The estimated combined value to assessment burden ratios is approximately 5.13 times the expected principal amount of the bonds for Whisper Valley and a ratio of 5.01 times for Indian Hills. Based on an evaluation of the City's financial advisor and the underwriter, these ratios are considered favorable for a financing of this nature.