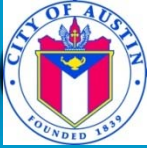


Whisper Valley and Indian Hills Public Improvement Districts (PIDs)



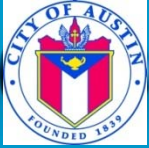
Audit and Finance Committee
August 26, 2015



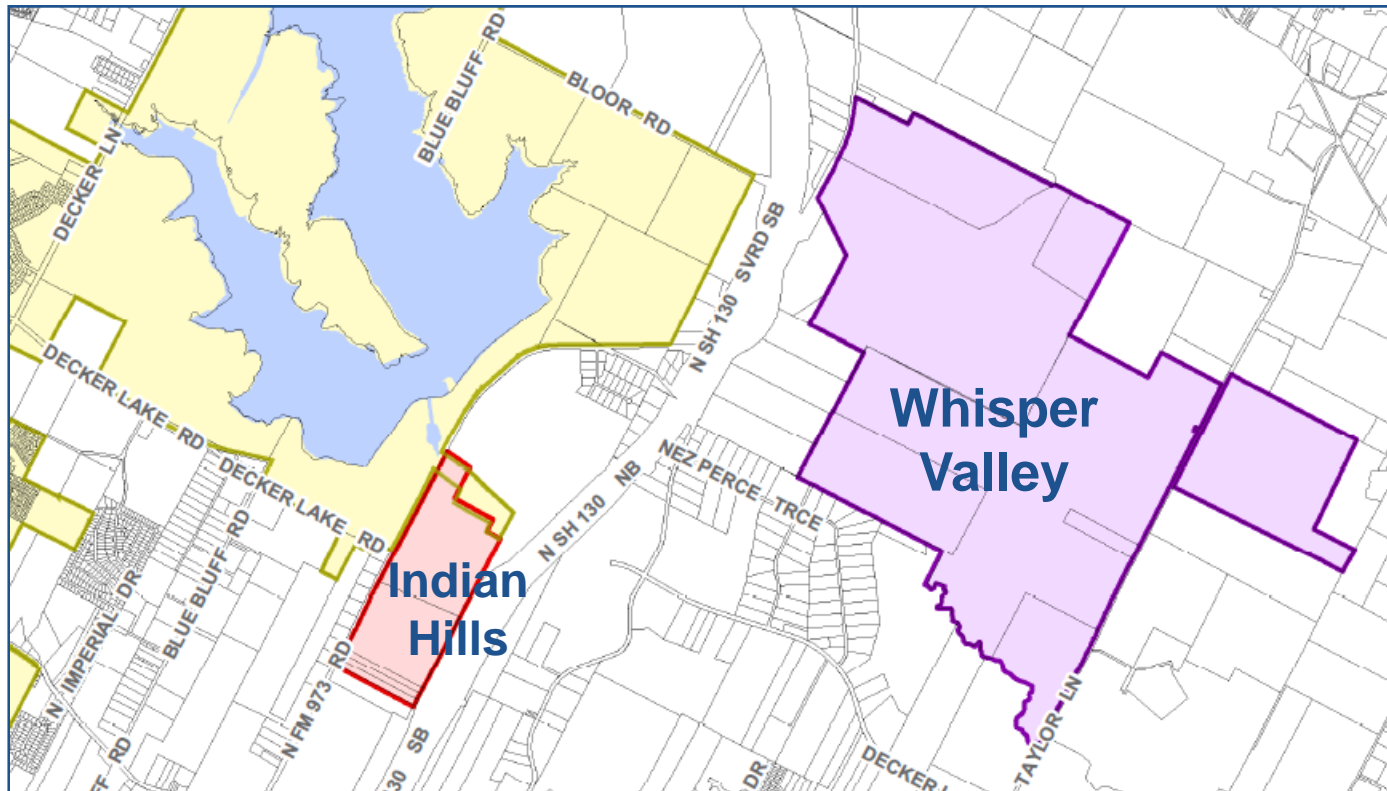


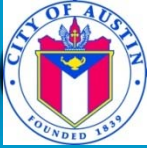
Whisper Valley and Indian Hills PID Proposed Development

- **Whisper Valley PID (WV)**
 - 2,060 acres; Limited purpose annexation in the City's extraterritorial jurisdiction
 - Single family (2,800 units); Multi-Family (4,700 units); Office (1.3 mil sq. ft.); Commercial (1.3 mil sq. ft.) – PUD Zoning with Affordable housing
 - Extension of Braker Lane
 - Major extension of water infrastructure (48" and 24" water transmission mains)
 - Major wastewater interceptor and remote wastewater treatment facilities (up to 10 MGD)
 - 600-acre public park
- **Indian Hills PID (IH)**
 - 240 acres; Limited purpose annexation in the City's extraterritorial jurisdiction
 - Multi-Family (1,500 units); Office (1.6 mil sq. ft.); Retail (60,000 sq. ft.); R&D (473,000 sq. ft.); Industrial (275,000 sq. ft.) – PUD Zoning with Affordable housing
 - Extension of Decker Lake Road
 - Major extension of water infrastructure (48" water transmission main)



Whisper Valley and Indian Hills - Locations





Standard CRA vs. WV and IH PIDs-related CRA

- **Standard Water and Wastewater CRA**

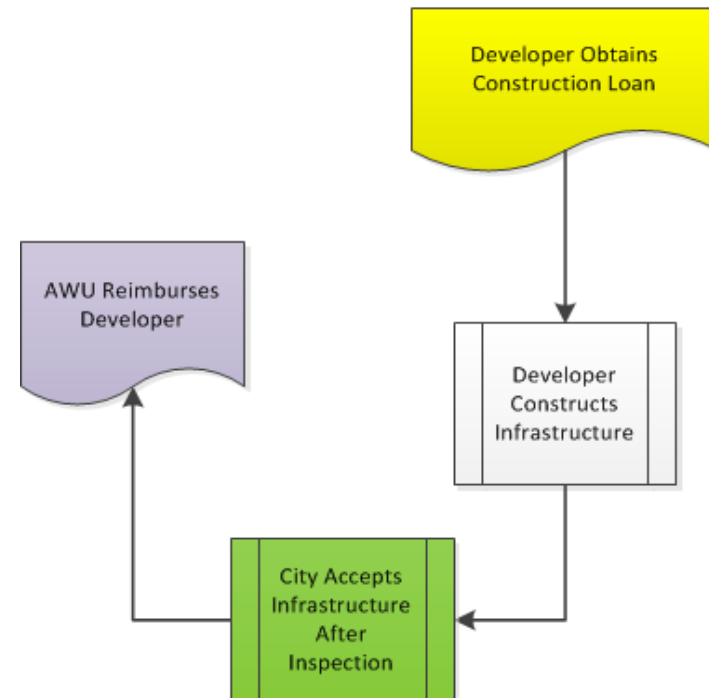
- Developer provides cash for constructing infrastructure
- City accepts infrastructure for ownership, operation, and maintenance
- City reimburses Developer for City's proportionate share of infrastructure

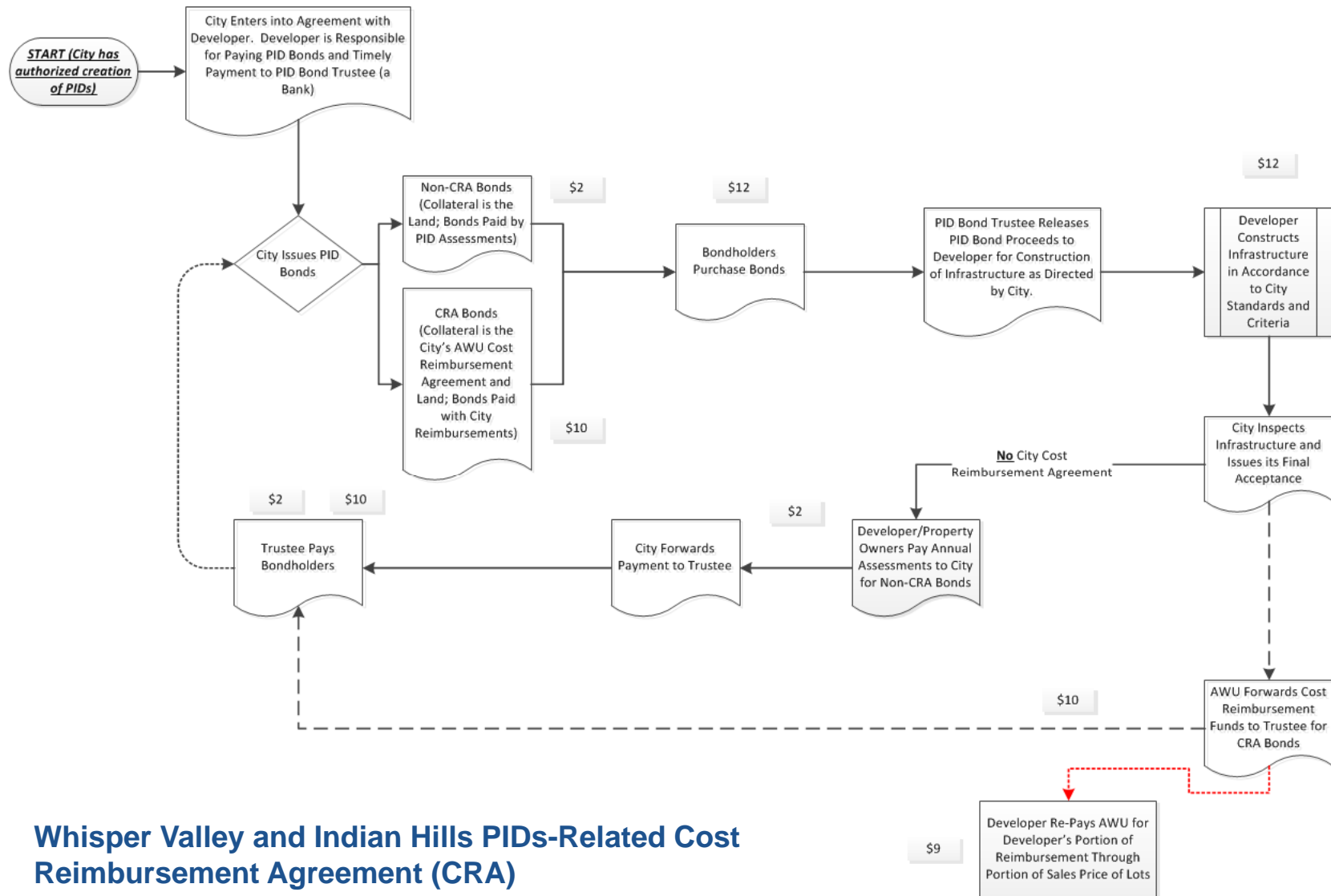
– VS.

- **Whisper Valley and Indian Hills PIDs-Related Water and Wastewater CRA**

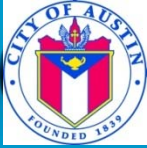
- PID bonds provide cash for Developer constructing infrastructure
- City accepts infrastructure
- City reimburses PID Bond Trustee for infrastructure
- Developer repays City for Developer's proportionate share of infrastructure

Standard Cost Reimbursement
Agreement





Whisper Valley and Indian Hills PIDs-Related Cost Reimbursement Agreement (CRA)



Request of City Council

- **Status**
 - Developer's \$7.4 million assessment payment due to City on July 1, 2015
 - City had reimbursed \$1.9 million of \$7.4 million and deposited with Trustee; remainder of \$5.5 million still due July 1
 - Developer planned to use City reimbursements for water and wastewater infrastructure to make assessment payments
 - Developer did not complete City reimbursable water or wastewater infrastructure projects by July 1
 - Developer did not pay \$5.5 million remainder when due; currently in default
 - \$7.4 million principal and interest payment on PID Bonds due December 1, 2015
- **Modify Water CRA to allow reimbursements to be used for timely PID Bond payment**
 - Change reimbursement terms from "final acceptance" to "conditional acceptance"
 - No impact to public health and safety
 - Infrastructure ready for full usage on conditional acceptance
 - Developer provides City a bond for any remaining tasks
 - Change multi-year split reimbursement payment to 90-day one-time payment
 - No water rate impact - funding currently in Austin Water's five-year Capital Improvements Plan (CIP)



Assessment & Reimbursement

Description	Whisper Valley	Indian Hills	Total
Special Assessment	\$4,172,560	\$1,314,988	\$5,487,548
Penalty and Interest*	\$458,982	\$144,649	\$603,631
Due as of September 1, 2015	\$4,631,542	\$1,459,637	\$6,091,179
Amount held in Trustee Account	\$1,917,425	\$0	\$1,917,425
Combined Total	\$6,548,967	\$1,459,637	\$8,008,604
Payment on PID Bonds due December 1, 2015			\$7,405,000

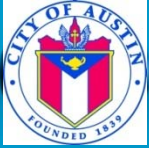
* Penalty and Interest accrue or increase monthly. Amounts as of September, 2015.

- Proposed CRA amendment modifies acceptance terms and reimbursement payment schedule to potentially resolve July 1 special assessment issue and provide sufficient funds for December 2015 bond payment

Planned Reimbursements	Whisper Valley	Indian Hills	Total
Waterline #1 Senior Bonds ¹	\$2,347,279	\$265,123	\$2,612,402
Waterline #1 Subordinate Bonds ¹	\$3,197,641	\$1,583,183	\$4,780,824
Waterline #2 Subordinate Bonds	\$3,355,074	n/a	\$3,355,074
Total	\$8,899,994	\$1,848,306	\$10,748,300

¹Includes only Phase 1, Phase 2 not underway.

- Planned reimbursements chart excludes Waterline #1 (Phase 2) and wastewater treatment plant

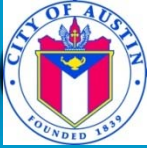


Next Steps

- **To Date**
 - Water and Wastewater Commission recommended approval on August 12
 - Public Utilities Committee referred item to Audit and Finance Committee on August 19
- **Next Steps**
 - Public Utilities Committee consideration scheduled for September 16
 - City Council consideration scheduled for September 17
 - Negotiate and execute amendment to Water CRA (City and Developer)
 - Developer will complete waterlines per Amended Water CRA within next 30-60 days
 - Waterline #2: Awaiting required documentation for verification prior to reimbursement
 - Waterline #1: Testing, make tie-ins, concrete work, required documentation
 - Developer's actions support Water CRA reimbursements paid for timely PID Bond payment on December 1, 2015
 - Proposed Amendment to Wastewater Cost Reimbursement Agreement (CRA) for Council consideration in October or November 2015

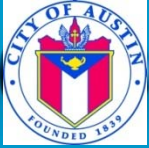
Appendix





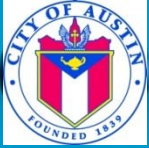
Whisper Valley and Indian Hills Public Improvement Districts

Project	Austin Whisper Valley PID	Austin Indian Hills PID
PID Created	Resolution # 20100826-026	Resolution # 20100826-023
Size of District	2,066 acres	240 acres
Current Zoning	PUD approved	PUD approved
Annex Status upon PID Creation	Limited Purpose in the City's extraterritorial jurisdiction.	Limited Purpose in the City's extraterritorial jurisdiction.
Description of Development	700 acres of parks and open space, 7,500 housing units and over 2,000,000 square feet of retail and commercial uses	Over 1,200 multifamily units and just under 2,000,000 square feet of high quality industrial, commercial and retail uses.
Description of Public Infrastructure	Extension of Braker Lane Water/Wastewater utility extensions and facilities 600 acres public park	Extension of Decker Lake Road Water/Wastewater utility extensions
Bonds Issued	\$15,500,000 Special Assessment Revenue Bonds, Senior Series 2011 due September 1, 2026 <u>and</u> \$18,485,168.10 Special Assessment Revenue Bonds, Subordinate Series 2011 due December 1, 2016.	\$2,860,000 Special Assessment Revenue Bonds, Senior Series 2011 due September 1, 2026 <u>and</u> \$2,332,349.75 Special Assessment Revenue Bonds, Subordinate Series 2011 due December 1, 2016.
Term of Bonds	15 years (Senior Bonds) and 5 years (Subordinate Bonds)	15 years (Senior Bonds) and 5 years (Subordinate Bonds)
Capitalized Interest	First 3 years	First 3 years
Interest rate on Bonds	7.875% - 8.500%	7.875% - 8.500%



WV and IH PID Bonds

Description of Bonds	Term	Whisper Valley	Indian Hills	Total PID Bonds
Special Assessment Revenue Bonds, Senior Series 2011 due September 1, 2026	15 Years	\$15,500,000.00	\$2,860,000.00	\$18,360,000.00
Special Assessment Revenue Bonds, Subordinate Series 2011 due December 1, 2016	5 years	\$18,485,168.10	\$2,332,349.75	\$20,817,517.85
Total PID Bonds		\$33,985,168.10	\$5,192,349.75	\$39,177,517.85



Special Assessment Bonds

- Issued by City as Special Assessment Revenue Bonds
- Source or repayment is special assessments
 - Land Owner pays until property is developed and homes are sold, then special assessments billed to homeowner
- Security - pledge of special assessment revenue and land value
 - Not secured by full faith and credit of city
 - Land appraisal and Value to Lien are key bond evaluation factors
 - Foreclosure and/or land sale are sole security in event of default
- Debt service reserve fund provides added bondholder security

\$15,500,000
CITY OF AUSTIN, TEXAS,
(a municipal corporation of the State of Texas located in Travis County)
SPECIAL ASSESSMENT REVENUE BONDS, SENIOR SERIES 2011
(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT)

\$18,485,168.10
CITY OF AUSTIN, TEXAS,
(a municipal corporation of the State of Texas located in Travis County)
SPECIAL ASSESSMENT REVENUE BONDS, SUBORDINATE SERIES 2011
(WHISPER VALLEY PUBLIC IMPROVEMENT DISTRICT)



PID Special Assessments

- In addition to ad valorem tax
- Authorized for specific period of time to fund public improvements or related debt service
- Method of assessment may be determined by
 - Property value
 - Any other manner that equally assesses property similarly benefited (e.g., flat fee), if the collection entity is in agreement
- Liens against assessed property
 - Superior to all liens, except those for ad valorem taxes
 - Personal liability and charge against owners of assessed property
 - Delinquent installments incur interest, penalties, attorney's fees similar to delinquent ad valorem taxes