

Recommendation for Board Action				
Mueller Local Government Corporation	Item ID	35140	Agenda Number	2.
Meeting Date:	8/28/2014		Department:	Economic Development
Subject				
<p>Approve a resolution authorizing the issuance of Mueller Local Government Corporation Contract Revenue Bonds, Series 2014 in a par amount not to exceed \$18,265,000 by the Mueller Local Government Corporation (Corporation), by February 28, 2015, in accordance with the parameters set out in the resolution, authorizing all related documents between the City and the Corporation, and approving related fees.</p>				
Amount and Source of Funding				
<p>\$794,774 is the estimated first year debt service requirement and \$1,000 annual administration fee for the trustee/paying agent for the proposed bond sale will be funded from property taxes generated in the Tax Increment Reinvestment Zone Number 16 (TIRZ # 16), which is the Mueller property.</p>				
Fiscal Note				
No fiscal note is required.				
Purchasing Language:				
Prior Council Action:	August 16, 2009 - Council approved an interlocal agreement by and between the City, TIRZ # 16 and the Corporation.			
For More Information:	Greg Canally, Deputy Chief Financial Officer, (512) 974-2609			
Boards and Commission Action:				
MBE / WBE:				
Related Items:				
Additional Backup Information				
<p>It is recommended that the Mueller Local Government Corporation (Corporation) approve a resolution authorizing the issuance of bonds in an amount not to exceed \$18,265,000 by the Corporation. The City determined that it would be in the best interest of the general public to redevelop property within the City formerly known as Robert Mueller Municipal Airport (Mueller). To facilitate the redevelopment of Mueller, the City entered into a Master Development Agreement (MDA) with Catellus Austin, LLC. Under the MDA the City agreed to issue debt to finance certain "Public Finance Reimbursement Project Costs," either directly or through the Corporation.</p> <p>In August 2009, the Corporation successfully issued \$15,000,000 in contract revenue bonds. In August 2012, the Corporation issued another \$16,735,000 in contract revenue bonds. This will be the third bond issuance to meet the obligations set out in the approved MDA. Debt service on the bonds is funded by the property taxes generated in the Tax Increment Reinvestment Zone (TIRZ) # 16.</p>				

The Debt Service cost for the \$18,265,000 Series 2014 issuance is estimated as follows:

	2014-15:	Total Over 15 Years:	Average Per Year
Principal	\$325,000	\$18,265,000	\$1,217,667
Interest	<u>469,774</u>	<u>5,325,372</u>	<u>355,025</u>
Total Debt Service	\$794,774	\$23,590,372	\$1,572,692

In order to provide the Corporation with the flexibility to respond quickly to changing market conditions, the proposed resolution delegates the authority to the City Manager or Chief Financial Officer (Pricing Officer) to complete the sale of the bond transaction in accordance with the parameters in the ordinance. In addition, the authority of the Pricing Officer to exercise the authority delegated by Council under this resolution expires on February 28, 2015.

Senior Manager:
RBC Capital Markets

Co-Managers:
Ramirez & Company
SAMCO Capital Markets
Coastal Securities, Inc.
Siebert, Bradford, Shank & Co.

For this transaction, McCall, Parkhurst & Horton, L.L.P. will serve as bond counsel, Fulbright & Jaworski L.L.P. will serve as disclosure counsel, and serving as underwriter's counsel will be Haynes & Boone L.L.P. Public Financial Management is the City's financial advisor.