

The Home Team Advantage: Working with Your City's PID Team to Ensure PID Project Success

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PRESENTED BY:

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The City's Team

- ◆ City Attorney- Fiduciary to the city
- ◆ Financial Adviser- Fiduciary to the City
- ◆ Bond Counsel- Fiduciary to the City
- ◆ PID Advisor/Administrator- Represents city, no professional code of responsibility, but significant reputational motivation
- ◆ Underwriter- Not a fiduciary to city
- ◆ Trustee- Not a fiduciary to city
- ◆ Appraiser- Not a fiduciary to city

The City's Team Selection and Responsibilities

- ◆ Professionals often selected through RFQ process
- ◆ City's costs for planning and completing the financing are typically paid from an account held by the City, funded by the developer
- ◆ City Attorney- Negotiates terms of the development for the City, manages the production and finalization of all documents presented to council
- ◆ Bond Attorney- negotiates and prepares transcript documents, obtains Attorney General Approval

The City's Team Selection and Responsibilities

- ◆ PID Administrator- prepares and administers Service and Assessment Plan
- ◆ Financial Advisor- Assists with review of due diligence questionnaire and PLOM
- ◆ Underwriter sets schedule and distributes regularly updated timeline for transaction in consultation with City and Developer teams

PID CREATION

- ◆ Chapter 372 Texas Local Government Code
- ◆ Petition is filed and accepted
- ◆ Hearing after published and mailed notice
- ◆ Creation Resolution approved
- ◆ Recordation of Creation Resolution

Some Not-So-Hypothetical Creation Questions

- ◆ What happens when...
 - Notice to be sent prior to hearing does not match what was in the petition?
 - List of owners and their addresses is different from what developer has provided?
 - No quorum at creation meeting?
 - Developer wants to dedicate parts of the project to City before PID is created?
 - City wants to expend funds to improve District before creation with expectation of reimbursement from PID bonds?

After Creation...Still More Work to Do!

- ◆ Development Documents
 - Development Agreement and PFA
 - Landowner Agreement
 - Acquisition and Reimbursement Agreement
- ◆ Service and Assessment Plan
- ◆ Preliminary Limited Offering Memorandum (SEC Rules 10b-5, 15c2-12)
 - Due Diligence Questionnaire
 - Indenture of Trust
- ◆ Continuing Disclosure Agreements

Know Your Lingo

- ◆ Here are some of the terms you'll come to know:
 - MIA, NIA, IA
 - PFA
 - SAP
 - DDQ, PLOM, LOM
 - BPA, CDA
 - . . . and many more!!!

Closing and Beyond

- ◆ Questions at Closing (Tex. Const. Art. III, Sec. 52, Federal Tax Regulations)
 - Can developer have City paid out of PID proceeds for a separate agreement?
 - Can the City reimburse itself for costs out of PID proceeds?
 - Should the City ever advance funds to the Developer for costs of forming the District?
- ◆ Ongoing Concerns
 - SAP Updates
 - Prepayment
 - Continuing Disclosure (SEC Rule 15c2-12)

New Legislation

- ◆ Notices- HB 1543
- ◆ Development Agreement in ETJ- HB1929

Closing Thoughts and Time for Questions

- ◆ Select a team that can ensure that the City remains in control of the process, regardless of whether it's your first or 100th PID.
- ◆ It's an evolving practice- many of the transaction documents are more standardized and commonly used than several years ago.
- ◆ Frequent and open communication is key to issue spotting and ensuring success.

Contact

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