



## **AGENDA MEMORANDUM**

First Reading at the City Council Meeting of August 18, 2015  
Second Reading at the City Council Meeting of August 25, 2015

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**DATE:** August 7, 2015

**TO:** Ronald L. Olson, City Manager

**FROM:** Carlos Gonzalez, Director of Facilities  
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Authorization for Issuance of Certificates of Obligation for Facility Improvements

### **CAPTION:**

Ordinance authorizing the issuance of "City of Corpus Christi, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2015" in an amount not to exceed \$2,000,000 for the purpose of financing costs associated with making permanent public improvements within the City; providing for the payment of said Certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing said Certificates by a lien on and pledge of the pledged revenues of the Solid Waste System; providing the terms and conditions of said Certificates and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said Certificates, including the approval and distribution of an Official Statement; authorizing the execution of a paying agent/registrar agreement and a purchase contract; complying with the requirements of the letter of representations on file with the depository trust company; delegating the authority to certain members of the City staff to execute certain documents relating to the sale of the Certificates; enacting other provisions incident and related to the subject and purpose of this ordinance; and providing an effective date.

## **PURPOSE:**

The City plans to issue up to \$2,000,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation for the purpose of paying contractual obligations relating to making permanent public improvements to City facilities and to the paying of professional services related to the design, construction, project management, and financing of the projects.

## **BACKGROUND AND FINDINGS:**

The City's Facilities Department has developed a 10-year plan for making capital improvements to City facilities with a priority on senior centers as directed by the City Council on June 23, 2015. Fiscal Year (FY) 2015 is the first year of the plan, and the initial investment is programmed to be \$2 million a year for ten years. The FY15 adopted Capital Improvement Budget and Planning Guide includes Comprehensive Facilities Improvements in the amount of \$2,000,000.

The following projects have been identified for the first year of funding: Roof & HVAC Replacement & Improvements at Lindale Senior Center, Northwest Senior Center, and Greenwood Senior Center; and repairs, renovations, and improvements to the City Hall skylight.

Estimated annual debt service for the certificates of obligation is projected to be approximately \$135,000. This payment will be made from property taxes - without requiring a tax rate increase.

The Certificates of Obligation Act provides that certificates of obligation can be sold for cash only in certain circumstances, such as to address a public emergency or if the certificates of obligation are benefitted by a revenue pledge. As a result, municipalities who do not fall under these emergency categories are required to pledge as additional security for their certificates of obligation, some source of revenue stream that is authorized to be pledged under Texas law. This pledge oftentimes takes the form of a limited amount (\$1,000) that the Texas Attorney General accepts as satisfying this revenue pledge requirement. The alternative (since the contemplated public improvements are not emergencies) to not pledging a revenue source and selling the certificates of obligation for cash would be to exchange the certificates of obligation directly with the provider of the goods or services – which would be prohibitively cumbersome for the City. Because of this requirement in the Certificates of Obligation Act and under advisement of the City's bond counsel and the City's financial advisor, the City is proposing to pledge \$1,000 (one time) of Solid Waste System revenue to these certificates of obligation. By doing so, the legal requirements of the Certificates of Obligation Act will be satisfied - with a nominal effect to the Solid Waste System. This Solid Waste System revenue pledge was disclosed in the City's notice of intention to issue these Certificates of Obligation.

According to the Local Government Code, Section 271.049, prior to the issuance of the certificates of obligation, the City is required to publish notice of its intention to issue the certificates once a week for two consecutive weeks in a newspaper of general circulation, with the date of the first publication to be before the 30<sup>th</sup> day before the date

set for passage of the ordinance to authorize the issuance of the certificates. The notices were in the *Corpus Christi Caller-Times* on July 19, 2015 and July 26, 2015. Thirty days after the date of the first publication is August 18, 2015, and so City Council action to approve this ordinance in its second reading is scheduled for August 25, 2015 and is in compliance with the Local Government Code.

**ALTERNATIVES:** n/a

**OTHER CONSIDERATIONS:** n/a

**CONFORMITY TO CITY POLICY:**

This item conforms to City policy.

**EMERGENCY / NON-EMERGENCY:** n/a

**DEPARTMENTAL CLEARANCES:**

- Facilities
- Financial Services
- Bond Counsel
- Legal Department

**FINANCIAL IMPACT:**

Not Applicable     Operating Expense     Revenue     CIP

<b>FISCAL YEAR:</b>	<b>Project to Date Exp. (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	-	\$ 2,000,000	-	\$ 2,000,000
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 2,000,000	-	\$ 2,000,000
BALANCE	-	-	-	-
FUND(S): CIP Fund				

**COMMENTS:** n/a

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance