

Fiscal Year 2023 Bond Sale Results | July 18, 2023

# City of Corpus Christi, Texas



**SPECIALIZED PUBLIC FINANCE INC.**  
FINANCIAL ADVISORY SERVICES

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# Overview of the Plan of Finance

## FINANCINGS: FIVE TRANSACTIONS FOR A TOTAL OF \$168,250,000

Bond Amount	Financing Tool	Repayment Source	Sale Method
\$35,750,000	General Improvement Bonds	I&S Taxes	Competitive
\$6,300,000	Certificates of Obligation	I&S Taxes	Competitive
\$8,700,000	Certificates of Obligation (Taxable)	Solid Waste Revenue	Competitive
\$3,500,000	Limited Tax Notes	I&S Taxes	Competitive
\$114,000,000	Utility System Revenue Bonds	Utility System Revenues	Negotiated

### KEY DATES:

- ❖ APRIL 11<sup>TH</sup> – PLAN OF FINANCE PRESENTED TO COUNCIL / NOTICE OF INTENT RESOLUTION FOR THE CO'S APPROVED
- ❖ MAY 23<sup>RD</sup> – COUNCIL APPROVED FIRST READING OF THE BOND ORDINANCES
- ❖ MAY 30<sup>TH</sup>/31<sup>ST</sup> – CITY STAFF HOSTED ONSITE VISITS WITH BOND RATING AGENCIES – FITCH, MOODY'S AND S&P
- ❖ JUNE 13<sup>TH</sup> – COUNCIL APPROVED SECOND READING OF THE BOND ORDINANCES
- ❖ JUNE 21<sup>ST</sup> – LOCKED-IN FIXED INTEREST RATES - GENERAL OBLIGATION BONDS, CERTIFICATES OF OBLIGATION AND TAX NOTES
- ❖ JUNE 29<sup>TH</sup> – LOCKED-IN FIXED INTEREST RATE – UTILITY SYSTEM REVENUE BONDS

# City Bond Ratings Affirmed

Rating Agency Analyses	S&P Global Ratings	MOODY'S	Fitch Ratings	
Economy	Highest Possible Rating	AAA	Aaa	AAA
	High Grade / High Quality	AA+ AA AA-	Aa1 Aa2 Aa3	AA+ AA AA-
Financial Performance	Upper Medium Grade	A+	A1	A+
		A	A2	A
		A-	A3	A-
Management	Lower Medium Grade	BBB+	Baa1	BBB+
		BBB	Baa2	BBB
		BBB-	Baa3	BBB-
Debt Position	Speculative Grade	BB+	Ba1	BB+
		BB	Ba2	BB
		BB-	Ba3	BB-
		B+	B1	B+
		B	B2	B
B-	B3	B-		
Highly Speculative Grade	CCC (+,-), CC or C	Caa1, Caa2 or Caa3	CCC (+,-), CC or C	
In Default	D	Ca	D	



- Current Corpus Christi General Obligation Bond rating
- Current Corpus Christi Utility System Bond rating
- Minimum Investment Grade

## Rating Agency Reflections on the City

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- Continued economic growth expected
  
- Very strong financial policies and practices
  - Conservative budgeting
  - Capital planning
  - Strong institutional framework
  
- Consistently positive operating results
  
- Strong management team

## General Obligation Debt – Bid Results

- Inaugural use of a Competitive Sale Method for the City’s sale of bonds
  - *Bidder providing the lowest interest rate is awarded the bonds*
- Bids for each bond Issue were opened the morning of Wednesday, June 21<sup>st</sup>
- The City received a very high level of participation from investment banks throughout the nation
- The four competitive bond sale received a total of 39 bids
- All winning bidders were below budget assumptions

Bond Amount	Financing Tool	Interest Rate	Winning Bidder	Number of Bids
\$35,750,000	General Obligation Bonds	3.70%	Jefferies	10
\$6,300,000	Certificates of Obligation	3.67%	Raymond James	11
\$8,700,000	Certificates of Obligation (Taxable)	5.00%	Raymond James	8
\$3,500,000	Limited Tax Notes	3.02%	Raymond James	10

## Utility System Bonds – Pricing Results

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- Transaction issued using a Negotiated Sale Method
  - *Underwriters included: Jefferies, Morgan Stanley, Baird, Wells Fargo & Cabrera*
  
- Bond issue priced on Thursday, June 29<sup>th</sup>
  
- Fixed interest rate of 4.09% for 30-years
  
- One transaction achieved 2 goals:
  - 1) Generated \$114,000,000 for Utility System Infrastructure Improvements
  - 2) Refinanced \$32,165,000 in eligible outstanding principal and **saved the City's ratepayers over \$2,000,000 in interest costs**

# Summary

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- General Obligation debt issued using a Competitive Sale Method
  - The four transactions attracted 39 bids from investment banks throughout the nation
  
- Utility System debt issued using a Negotiated Sale Method
  - Generated \$114,000,000 in bond proceeds for infrastructure improvements
  - Saved the City's ratepayers over \$2 million in interest cost saving by refinancing outstanding debt
  
- Final, fixed, interest rates were below budget
  
- All five bond transactions were a success due to the City's high credit ratings

## Appendix – Competitive Sale Bid Tabulations

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# General Improvement Bonds, Series 2023

Rank	Firm	Location	Bid Received	True Interest Cost (TIC)
1	Jefferies LLC	New York, NY	8:56:11 AM	3.707928%
2	Wells Fargo Bank, National Association	Charlotte, NC	8:59:38 AM	3.708568%
3	Robert W. Baird & Co., Inc.	Milwaukee, WI	8:59:45 AM	3.709039%
4	PNC Capital Markets	Philadelphia, PA	8:46:58 AM	3.719885%
5	Morgan Stanley & Co., LLC	New York, NY	8:58:20 AM	3.744718%
6	UMB Bank N.A.	Dallas, TX	8:57:42 AM	3.757395%
7	KeyBanc Capital Markets	Cleveland, OH	8:59:13 AM	3.782999%
8	BOK Financial Securities, Inc.	Dallas, TX	8:54:51 AM	3.783049%
9	FHN Financial Capital Markets	Memphis, TN	8:59:19 AM	3.797426%
10	HilltopSecurities	Dallas, TX	8:59:28 AM	3.898391%

- Bids were due on June 21, 2023 at 9:00 AM, CDST. All bids were submitted via Parity’s online bidding system.
- The spread between the low bid and the high bid is approximately 0.190% (or 19.0 basis points).
- The final TIC equated to 3.705923% based on the resize par amount.
- Project Fund Deposit: \$35,750,000
- Term: 20-Years

## Combination Tax & Limited Pledge Revenue Certificates of Obligation, Series 2023A

Rank	Firm	Location	Bid Received	True Interest Cost (TIC)
1	Raymond James & Associates, Inc.	Memphis, TN	9:27:06 AM	3.674605%
2	Robert W. Baird & Co., Inc.	Milwaukee, WI	9:28:13 AM	3.710055%
3	BOK Financial Securities, Inc.	Dallas, TX	9:23:13 AM	3.753032%
4	SWBC Investment Services, LLC	San Antonio, TX	9:29:10 AM	3.755878%
5	Stifel, Nicolaus & Co., Inc.	Birmingham, AL	9:25:35 AM	3.762130%
6	TD Securities	New York, NY	9:17:31 AM	3.764683%
7	PNC Capital Markets	Philadelphia, PA	9:23:36 AM	3.789857%
8	Wells Fargo Bank, National Association	Charlotte, NC	9:29:40 AM	3.791187%
9	Cabrera Capital Markets Inc.	Chicago, IL	9:24:47 AM	3.794257%
10	HilltopSecurities	Dallas, TX	9:27:08 AM	3.828042%
11	SAMCO Capital Markets	Dallas, TX	9:26:37 AM	3.840698%

- Bids were due on June 21, 2023 at 9:30 AM, CDST. All bids were submitted via Parity's online bidding system.
- The spread between the low bid and the high bid is approximately 0.166% (or 16.6 basis points).
- The final TIC equated to 3.670399% based on the resize par amount.
- Project Fund Deposit: \$6,300,000
- Term: 20-Years

## Combination Tax & Limited Pledge Revenue Certificates of Obligation, Taxable Series 2023B

Rank	Firm	Location	Bid Received	True Interest Cost (TIC)
1	Raymond James & Associates, Inc.	Memphis, TN	9:56:12 AM	5.008249%
2	BOK Financial Securities, Inc.	Dallas, TX	9:56:38 AM	5.017602%
3	Stifel, Nicolaus & Co., Inc.	Birmingham, AL	9:58:56 AM	5.060935%
4	PNC Capital Markets	Philadelphia, PA	9:58:21 AM	5.079314%
5	Robert W. Baird & Co., Inc.	Milwaukee, WI	9:39:26 AM	5.108329%
6	UMB Bank N.A.	Kansas City, MO	9:58:59 AM	5.153575%
7	SAMCO Capital Markets	Dallas, TX	9:47:56 AM	5.170393%
8	SWBC Investment Services, LLC	San Antonio, TX	9:59:25 AM	5.215252%

- Bids were due on June 21, 2023 at 10:00 AM, CDST. All bids were submitted via Parity's online bidding system.
- The spread between the low bid and the high bid is approximately 0.207% (or 20.7 basis points).
- The final TIC equated to 5.001267% based on the resize par amount.
- Project Fund Deposit: \$8,700,000
- Term: 20-Years

## Combination Tax & Limited Pledge Revenue Certificates of Obligation, Taxable Series 2023B

Rank	Firm	Location	Bid Received	True Interest Cost (TIC)
1	Raymond James & Associates, Inc.	Memphis, TN	10:29:54 AM	3.021789%
2	PNC Capital Markets	Philadelphia, PA	10:23:56 AM	3.022047%
3	SWBC Investment Services, LLC	San Antonio, TX	10:29:48 AM	3.052594%
4	BOK Financial Securities, Inc.	Dallas, TX	10:19:10 AM	3.057718%
5	Robert W. Baird & Co., Inc.	Milwaukee, WI	10:23:52 AM	3.082204%
6	Stifel, Nicolaus & Co., Inc.	Birmingham, AL	10:25:44 AM	3.098613%
7	TD Securities	New York, NY	10:17:51 AM	3.106657%
8	Cabrera Capital Markets Inc.	Chicago, IL	10:26:53 AM	3.173126%
9	Wells Fargo Bank, National Association	Charlotte, NC	10:29:18 AM	3.195549%
10	HilltopSecurities	Dallas, TX	10:28:51 AM	3.237082%

- Bids were due on June 21, 2023 at 10:30 AM, CDST. All bids were submitted via Parity's online bidding system.
- The spread between the low bid and the high bid is approximately 0.215% (or 21.5 basis points).
- The final TIC equated to 3.021445% based on the resize par amount.
- Project Fund Deposit: \$3,500,000
- Term: 7-Years