



AGENDA MEMORANDUM

First Reading for the City Council Meeting of March 24, 2015
Second Reading for the City Council Meeting of March 31, 2015

DATE: March 6, 2015

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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(361) 826-3227

Authorization for the Issuance of General Improvement Refunding Bonds

CAPTION:

Ordinance authorizing the issuance of one or more series of “City of Corpus Christi, Texas General Improvement Refunding Bonds”, as further designated by series, in an aggregate principal amount not to exceed \$85,000,000, levying a continuing direct annual ad valorem tax, within the limitations prescribed by law, for the payment of the bonds; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the bonds; including the approval and distribution of an official statement pertaining thereto; authorizing the execution of a paying agent/registrar agreement, a purchase contract, and an escrow agreement; complying with 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 bonds; and providing an effective date.

PURPOSE:

The City plans on refunding any callable, outstanding general obligation bonds for savings.

BACKGROUND AND FINDINGS:

The City plans on refunding any callable, outstanding general obligation bonds for savings. This currently equates to \$85,000,000 in three outstanding series of bonds. If all eligible outstanding bonds are refunded at today’s interest rate, a net present value savings of \$4,816,538 or 5.835% would be realized. This action is in compliance with Section 10.3 of the City’s Debt Management Policy that outlines a minimum net present value savings threshold of 2.5% for consideration of a bond refunding. The actual amount to be refunded for this transaction, however, will be determined at the time of pricing.

Because of the fluctuating conditions in the municipal bond market, our financial advisor has recommended that the City Council delegate to the City Manager, Deputy City Manager, Assistant City Manager for General Government and Operations Support, and the Director of Financial Services (the “Delegated Officials”) the authority to effect the sale of the bonds subject to the following parameters: (1) the principal amount in total of all bonds sold may not exceed \$85,000,000; (2) none of the bonds shall bear interest at a rate greater than 6% per year; and (3) the bonds must have a rating issued by a nationally recognized municipal securities ratings organization in one of the four highest rating categories. The \$85,000,000 represents the principal amount of all general obligation bonds currently outstanding that are eligible to be refunded. The actual amount that will be refunded will be determined at the time of pricing. Also, the City's bond counsel has confirmed that the City can delegate the sale of the bonds to the Delegated Officials in the manner outlined above pursuant to the authority contained in Chapter 1371, as amended, Texas Government Code.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Issuance of municipal obligations are exempted from the City’s charter provision regarding dual reading and/or emergency adoption provisions pursuant to the provisions of Section 1201.028, as amended, Texas Government Code.

DEPARTMENTAL CLEARANCES:

- Bond Counsel
- Legal Department

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 85,000,000	-	\$ 85,000,000
BALANCE	-	\$ 85,000,000	-	\$ 85,000,000
FUND(S): CIP Fund (number to be determined after bond sale)				

COMMENTS:

The amount of the refunding will be known at the time of pricing.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance