



AGENDA MEMORANDUM

First Reading for the City Council Meeting of July 27, 2021
Second Reading for the City Council Meeting of August 10, 2021

DATE: July 17, 2021

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, Director of Finance and Business Analysis
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Delegating the Authorization for the Issuance of Refunding Bonds

CAPTION:

Ordinance authorizing the delegation of the issuance of City of Corpus Christi General Improvement Refunding Bonds, Series 2021, refunding various series in an amount not to exceed \$60,000,000, within set parameters and according to the plan of finance set by the City's financial advisors to the City Manager, Chief Financial Officer, or Finance Director and authorizing other matters incident and related thereto.

SUMMARY:

The City plans on issuing for savings General Improvement Refunding Bonds in an amount not to exceed \$60,000,000. The amount of bond issuance included in the ordinance includes estimated costs of issuance and accounts for any fluctuations in the bond market at the time of pricing. The ordinance delegates the authority to issue the bonds to the City Manager, Chief Financial Officer, or the Director of Finance and Business Analysis per the plan of finance set by the City's financial advisors and within the parameters set forth in the ordinance for net present value savings and true interest rate.

BACKGROUND AND FINDINGS:

Because of the fluctuating conditions in the municipal bond market and to ensure that all legal documents are executed on a timely basis, our financial advisor has recommended that the City Council delegate to the City Manager, Chief Financial Officer, and the Director of Financial Business Analysis - including any person serving in any of the foregoing capacities on an interim or non-permanent basis (the "Authorized Officials"), the authority to approve the sale of the bonds subject to the following parameters: (1) the principal amount in total of all bonds sold may not exceed \$60,000,000; (2) the refunding will result in a net present value savings of at least 3%; and (3) the true interest rate shall not exceed 5% per year. 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, of the Texas Government Code.

The City's Financial Advisor, Estrada Hinojosa, has identified several bonds series that are eligible for refunding at this time. Due to the current instability in the market, a decision has not been made as to which of the identified series will be refunded or if the refunded bonds will be taxable or tax-exempt, but the amount including issuance costs will not exceed \$60,000,000. To move forward with refunding a series, the refunding must result in a net present value savings of at least 3%. If all identified series are refunded, assuming market conditions earlier in the year, the projected annual savings for the General Fund, Airport and Convention Center could be up to approximately \$400,000 over the remaining life of the bonds. The average remaining life of the identified series is 3.6 years with an estimated net present value savings of 4.96%.

This is the first step in the process of issuing refunding bonds. The City will meet with the rating agencies in late July followed by issuing of the preliminary official statement in early August, and then the sale of the bonds in August or September. City Council will be updated with the final results of the issuance at completion. A complete timeline is shown below:

Date	Event
Week of July 26th	Calls with rating agencies
August 10, 2021	Adopt delegation ordinance
August 18, 2021	Due diligence calls
August 19, 2021	Posting of Preliminary Official Statement
August 31, 2021	Pricing and sale of bonds
September 22, 2021	Close on financing

ALTERNATIVES:

n/a

FISCAL IMPACT:

The fiscal impact of this ordinance is that it will generate up to \$400,000, or a 4.96% net present value savings over the remaining life of the bonds.

COMMENTS:

None

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance