



## **AGENDA MEMORANDUM**

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

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**DATE:** July 14, 2021

**TO:** Peter Zanoni, City Manager

**FROM:** Heather Hurlbert, Director of Finance and Business Analysis  
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Approve the Delegation of Authority for the Issuance of Certificates of Obligation Bonds

### **CAPTION:**

Ordinance authorizing the delegation of the issuance of City of Corpus Christi, Texas Certificate of Obligations, Series 2021 related to Solid Waste and City Facilities improvements in an amount not to exceed \$18,500,000, 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 Director of Finance and Business Analysis and authorizing other matters incident and related thereto.

### **SUMMARY:**

The City plans on issuing Certificates of Obligation in an amount not to exceed \$18,500,000 for improvements to Solid Waste and City facilities. 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 \$18,500,000; (2) the true interest rate shall not exceed 5% per year, and (3) final maturity no later than March 1, 2041. The City's bond counsel has confirmed that the City can delegate the sale of the bonds to the Authorized Officials in the manner outlined above pursuant to the authority contained in Chapter 1371, as amended, in the Texas Government Code.

On March 8, 2021, the City Council approved a \$12,000,000 reimbursement resolution to begin awarding contracts for the projects to be funded with the Certificates of Obligation prior to the issuance of obligations. This agenda item will allow for the issuance of Certificate of Obligations to reimburse the City funds used for these projects.

This is the second step in the process of issuing the certificates of obligation. The City Council approved a notice of intention to issue an amount not to exceed \$18,500,000 in certificates of obligation at the June 15, 2021 City Council meeting. This notice of intention was placed in the Corpus Christi Caller-Times on June 24, 2021 and June 27, 2021. Staff will meet with the rating agencies the week of July 26<sup>th</sup>, will issue the preliminary official statement in mid-August, and then price and sell the new money bonds in late August. City Council will be updated with the final results of the issuance upon completion of the sale. A complete timeline is shown below:

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

The certificates of obligation will fund numerous City facility capital improvements, Solid Waste facility construction and capital improvements, and Parks and Recreation capital improvements. The original amount identified for financing in the FY 2021 capital improvement plan was \$11,730,940, but several additional projects were identified which increased the need by \$6,675,000 for a total of \$18,405,940. The projects are as follows:

**FY 2021 CERTIFICATES OF OBLIGATION**

City Hall First Floor Renovation	\$	125,000	
City Hall 6th Floor Conference Room	\$	480,000	
City Hall Fencing and Gates	\$	135,000	
Various Facility Improvements	\$	2,000,000	
Museum of Science and History Cooling and Heating	\$	1,342,440	
Cefe Valenzuela Landfill Sector 2C Cell Development	\$	517,000	
Cefe Valenzuela Gas Collection & Control System	\$	315,000	
Cefe Valenzuela Landfill Road Improvements	\$	2,000,000	
JC Elliott Landfill Road Improvements	\$	1,100,000	
Solid Waste Facility Complex	\$	2,516,500	
Police Substation - Flour Bluff	\$	1,200,000	
<b>Total for Projects in Capital Budget</b>			<b>\$ 11,730,940</b>
<b><u>Additional needs for Certificates of Obligation:</u></b>			
Additional Facility Improvements	\$	3,000,000	
Golf Course Improvements	\$	2,300,000	
Veteran's Memorial	\$	125,000	
City Hall Elevators	\$	1,250,000	
<b>Total for Additional Projects</b>			<b>\$ 6,675,000</b>
<b>TOTAL FY 2021 CERTIFICATES OF OBLIGATION</b>			<b>\$ 18,405,940</b>

**ALTERNATIVES:**

n/a

**FISCAL IMPACT:**

The fiscal impact of this ordinance is that it will generate \$18,500,000 in bond proceeds for use on the facility projects.

**COMMENTS:**

None.

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
CO Project Listing