



AGENDA MEMORANDUM

First Reading for the City Council Meeting of April 23, 2024
Second Reading for the City Council Meeting of May 14, 2024

DATE: April 11, 2024

TO: Peter Zaroni, City Manager

FROM: Alma I. Casas, Interim Director of Finance and Procurement
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Delegating the Authorization for the Issuance of Taxable Certificates of Obligation

CAPTION:

Consistent with the FY 2024 approved Three-Year Capital Improvement Program approved by the Corpus Christi City Council on September 5, 2023, consideration and approval of an ordinance authorizing the issuance of "City of Corpus Christi, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2024B" for solid waste improvements in an amount not to exceed \$10,605,000, within set parameters and according to the plan of finance set by the City's financial advisors; 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; delegating authority to the City Manager, Chief Financial Officer, Director of Finance and Procurement and certain other authorized officials to approve and execute documents relating to the issuance, sale and delivery of the certificates; enacting other provisions incident and related thereto; and providing an effective date.

SUMMARY:

The City plans on issuing \$10,605,000 of taxable Certificates of Obligations (CO) in support of improvements to the Solid Waste 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 Procurement 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 Finance and

Procurement - 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 \$10,605,000 for the taxable CO's.
- 2) The true interest rate shall not exceed 6.00% per year.
- 3) Maximum maturity of March 1, 2044.

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.

In the adopted FY 2023-2024 Capital Improvement Budget, several projects were budgeted to use COs totaling \$50,005,000 for the funding of the projects. The projects include:

Parks:

South Bay Park	\$815,000
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Solid Waste:

C Valenzuela Gas Collection System – 3C	\$1,300,000
C Valenzuela Landfill Expansion	250,000
C Valenzuela Road Improvements	3,500,000
C Valenzuela Landfill Sector 2A Cells development	651,892
J Elliott Landfill Road Improvements	4,900,000

Streets:

Alameda (Texan Trail to Chamberlain)	2,017,404
Everhart (Alameda to Staples)	2,080,797
Everhart (SPID to McArdle)	637,730
Everhart (Staples to McArdle)	848,176
Leopard St (Crosstown Expressway to Palm Dr)	1,000,000
McArdle (Kostoryz to Carroll Lane)	3,102,418
North Lexington (Leopard to Hopkins)	2,731,613

Facilities:

City Hall Council Chambers Renovations Ph.1/Ph.2	625,540
City Hall Fencing and Gates	608,180
City Hall Lighting Improvements	217,904
City Hall Parking Lot	830,887
City Hall Roof	480,000
Facilities Administrative Offices	495,975
Fleet Administrative & Parts Facility	556,062
Fleet Vehicle Wash Facility	186,682

Fire:	
Fire Dept HQ-Dev Svcs Foundation Repair	53,338
Fire Station No. 3	6,680,000
Police:	
Police Headquarters	400,000
Police Training Academy	12,207,536
Public Health:	
Public Health Department Building Improvements	2,825,140
Total	<hr/> \$52,002,274

The total amount to be funded with CO's is an amount not to exceed \$50,005,000. Of this amount \$10,605,000 will be taxable bonds for Solid Waste projects with \$10,605,000 being self-supported by Solid Waste revenue and \$39,400,000 will be tax-exempt bonds supported by property taxes. State law requires that a notice of intention be published when COs are to be sold. The City Council approved the Notice of Intention on March 19, 2024. The required notice was advertised in the Corpus Christi Caller-Times on Sunday, March 24, 2024, and Monday, April 1, 2024.

Issuing bonds is a multi-step process. Staff will meet with rating agencies on the weeks of April 18th and April 24th, with expected ratings issued on May 3rd and May 10th. The sale of the bonds is expected in mid-May depending on market conditions with the financing closing in July. The City Council will be updated with the final results of the issuance at completion.

ALTERNATIVES:

n/a

FISCAL IMPACT:

The fiscal impact of this ordinance is that it will generate \$10,605,000 in bond proceeds for use on solid waste facility improvements approved in the FY2024 CIP budget.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance