



Notice of Intention to Issue Certificates of Obligation

City Council
April 11, 2023



Financing Capital Projects

- Capital Improvement Projects (CIP) and Funding approved with Capital Budget
 - Budgets are appropriated and Reimbursement Resolutions approved by City Council to begin using debt funds
 - Capital Staff assesses funding needs for next 12-18 months to determine what debt needs to be issued to fund current and prior year approved projects
 - **Today**-City Council is considering an authorization to publish the Notice of Intention to issue the approved Certificate of Obligation debt as required by state law
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Steps for Issuance

Specific steps must be followed per state law for the issuance of Certificates of Obligation (CO)

- **Today**-Authorization and approval to publish Notice of Intention
 - Notice must be published twice at least 45 days prior to action to give notice to the public of the intention to issue CO debt
 - April 16th and April 23th –Publish dates in the Corpus Christi Caller-Times
 - **May 23, 2023**-First Reading of ordinance 45 days after first notice of intention to authorize delegation of authority
 - **June 13, 2023**-Second reading and adoption of ordinance authorizing delegation of authority
 - **July 11, 2023**-Close on CO Financings
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Projects funded with Certificates of Obligation

Approved Fiscal Year 2023 CIP

C. Valenzuela Landfill Sector 2A Cells Development*	\$6,948,108
C Valenzuela Backup Generators*	\$551,892
Gabe Lozano Golf Course	\$1,200,000
Police Training Academy	\$6,300,000
Total Projects approved in the CIP	\$15,000,000

The Notice of Intention sets the limit on the amount of CO's that can be issued. The amount can be reduced prior to issuance but not increased above the amount noticed.

* Self supported project

2023 Financing Plan Discussion | April 11, 2023

City of Corpus Christi, Texas



SPECIALIZED PUBLIC FINANCE INC.
FINANCIAL ADVISORY SERVICES

Victor Quiroga
Managing Director
711 N Carancahua St
Suite 518
Corpus Christi, Texas
78401
361.278.1310
victor@spfmuni.com

Dan Wegmiller
Managing Director
248 Addie Roy Road
Suite B103
Austin, Texas 78746
512.820.6086
dan@spfmuni.com

Plan of Finance

Plan of Finance

FINANCING TRANSACTIONS:

- ▶ \$35,750,000 General Obligation Bonds – I&S Tax Supported
- ▶ \$7,500,000 Combination Tax & Revenue Certificates of Obligation – I&S Tax Supported
- ▶ \$7,500,000 Combination Tax & Revenue Certificates of Obligation (Taxable) – Solid Waste Revenue Supported
- ▶ \$3,500,000 Limited Tax Notes – I&S Tax Supported
- ▶ \$114,000,000 Utility System Revenue Improvement Bonds – Utility System Revenue Supported

FIVE FINANCING TRANSACTIONS FOR A TOTAL OF \$168,250,000

Date	Task
Tuesday, April 11, 2023	<ul style="list-style-type: none"> ▪ City Council receives the presentation of the Plan of Finance for 2023. ▪ City Council considers a resolution directing publication of the notice of intent to issue Certificates of Obligation (tax-exempt and taxable).
Week of April 16, 2023	<ul style="list-style-type: none"> ▪ First notice of intent appears in the newspaper.
Week of April 23, 2023	<ul style="list-style-type: none"> ▪ Second notice of intent appears in the newspaper. ▪ SPFI makes application to Rating Agencies in order to obtain ratings on the Bonds, Certificates and Notes.
Week of May 15, 2023 (Proposed)	<ul style="list-style-type: none"> ▪ Bond rating conference calls or site visits.
Tuesday, May 23, 2023	<ul style="list-style-type: none"> ▪ City Council considers the first reading of the Delegation/Parameters ordinances authorizing the sale of the Bonds, Certificates and Notes.
Tuesday, June 1, 2023	<ul style="list-style-type: none"> ▪ Rating Agencies assign bond ratings.
Tuesday, June 13, 2023	<ul style="list-style-type: none"> ▪ City Council considers the Delegation/Parameters ordinances authorizing the sale of the Bonds, Certificates and Notes.
Tuesday, July 11, 2023	<ul style="list-style-type: none"> ▪ Proposed closing date. The Bonds, Certificates and Notes are delivered, and proceeds received.

 Requires official City Council meeting.

The Long View on Tax-Exempt Rates: The Bond Buyer's G.O. Index Since 1961



General Obligation Financing Overview per Approved Budget

PLANNED ISSUANCE*

- ▶ \$35,750,000 General Obligation Bonds
 - Remaining authorization from 2020 General Obligation Bond program

- ▶ \$7,500,000 Combination Tax & Revenue Certificates of Obligation
 - I&S tax-supported projects

- ▶ \$7,500,000 Combination Tax & Revenue Certificates of Obligation (Taxable)
 - Self-supported by solid waste revenues

- ▶ \$3,500,000 Limited Tax Notes
 - I&S tax-supported issue for street projects

PRELIMINARY USE OF PROCEEDS*

In Millions (\$)

Project	G.O. Bonds	C/Os	Limited Tax Notes
Streets	30.50	-	3.50
Parks & Recreation	5.25	1.20	-
Public Safety	-	6.30	-
Solid Waste	-	7.50	-
Total	35.75	15.00	3.50

METHOD OF SALE

- Open market financing through the competitive sale process

** Preliminary, subject to change.*

Combined Utility System Financing Overview per Approved Budget

PLANNED ISSUANCE*

- ▶ \$114,000,000 Utility System Revenue Improvement Bonds
 - New money issuance for improvements to the City’s combined utility system

PRELIMINARY USE OF PROCEEDS*

In Millions (\$)

Project	New Money Issuance
Water	40.00
Wastewater	45.00
Stormwater	25.00
Gas	4.00
Total	114.00

METHOD OF SALE

- Open market financing through either the competitive or negotiated sale process

** Preliminary, subject to change.*

Current City Bond Ratings

- Rating Agency Analyses
- Economy
 - Financial Performance
 - Management
 - Debt Position

	S&P Global Ratings	MOODY'S	Fitch Ratings
Highest Possible Rating	AAA	Aaa	AAA
High Grade / High Quality	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
Upper Medium Grade	A+	A1	A+
	A	A2	A
	A-	A3	A-
Lower Medium Grade	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-
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