



AGENDA MEMORANDUM

First Reading for the City Council Meeting of May 23, 2023
Second Reading for the City Council Meeting of June 13, 2023

DATE: May 10, 2023

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO, Director of Finance and Procurement
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Delegating the Authorization for the Issuance of General Improvement Bond

CAPTION:

Ordinance authorizing the issuance of “City of Corpus Christi, Texas, General Improvement Bonds, Series 2023” for improvements to streets and parks and recreation facilities in an amount not to exceed \$35,750,000 within set parameters and according to the plan of finance set by the City’s financial advisors; levying a continuing direct annual ad valorem tax for the payment of the bonds; delegating authority to the City Manager, Chief Financial Officer, Director of Finance and Procurement to execute documents relating to the sale of the bonds; enacting other provisions incident and related thereto; and providing for an effective date.

SUMMARY:

The City plans on issuing the remaining \$35,750,000 of the \$75,000,000 General Improvement (GO) bonds approved by the voters in the 2020 Bond election. 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 \$35,750,000.
- 2) The true interest rate shall not exceed 5.0% per year.
- 3) Maximum maturity of March 1, 2043.

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 November 2020, voters approved three propositions totaling \$75,000,000 for improvements to Streets, Park and Recreational facilities, and Public Safety facilities. The first issuance of bonds was approved via ordinance on its second reading by the City Council on June 28, 2022 in the amount of \$39,250,000. The sale of these bonds in the amount of \$35,750,000 will provide the remaining funding for the projects approved in the propositions for a total of \$75,000,000.

| Date Approved by Voters | Purpose | Amount Authorized | Bonds Previously Issued | Proposed Bonds to be Issued |
|--------------------------------|-------------------------------|--------------------------|--------------------------------|------------------------------------|
| November 3, 2020 | Streets and Sidewalks | \$61,000,000 | \$30,500,000 | \$30,500,000 |
| November 3, 2020 | Parks & Recreation Facilities | \$12,000,000 | \$6,750,000 | \$5,250,000 |
| November 3, 2020 | Public Safety Facilities | \$2,000,000 | \$2,000,000 | \$0 |
| | TOTAL | \$75,000,000 | \$39,250,000 | \$35,750,000 |

On December 1, 2020, the City Council approved a \$75,000,000 reimbursement resolution to begin awarding contracts for the Bond 2020 projects prior to the issuance of bonds. This agenda item will allow for the issuance of GO Bonds to reimburse the City funds used for these projects.

Issuing bonds is a multi-step process. Staff met with rating agencies the week of May 29, 2023 with expected ratings issued the week of June 12, 2023. The sale of the bonds is expected mid-June depending on market conditions with the financing closing in August. 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 up to \$35,750,000 in bond proceeds improvements to Streets, Park and Recreational facilities approved by voters during the 2020 Bond Election.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance