



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 Zanoni, City Manager

FROM: Alma I. Casas, Interim Director of Finance and Procurement
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Delegating the Authorization for the Issuance of General Improvement Bond

CAPTION:

Consistent with the FY 2024 approved Three-Year Capital Improvement Program approved by Corpus Christi City Council on September 5, 2023, consideration and approval of an ordinance authorizing the issuance of “City of Corpus Christi, Texas, General Improvement Bonds, Series 2024”, for the first issuance of bonds from the Bond 2022 authorization, for improvements to streets and parks and recreation facilities in an amount not to exceed \$50,000,000 and refinancings in an amount not to exceed \$105,000,000 in a sale to be conducted in November 2024, for the refunding, 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 , and certain other authorized officials to approve and execute documents relating to the issuance, sale, and delivery of the bonds; enacting other provisions incident and related thereto; and providing for an effective date.

SUMMARY:

The City plans on issuing the remaining \$50,000,000 of the \$125,000,000 General Improvement (GO) bonds approved by the voters in the 2022 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. In addition, the City may issue up to \$105,000,000 for current refunding and for savings. 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 \$155,000,000.
- 2) The true interest rate shall not exceed 5.00%.
- 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 November 2022, voters approved 4 propositions totaling \$125,000,000 for improvements to Streets, Park and Recreational facilities, and Public Safety facilities and Libraries. The sale of these GO Bonds will provide the remaining funding for the projects approved in the propositions. On January 30, 2024, the City Council approved a \$28,100,000 reimbursement resolution to begin awarding contracts for the Bond 2022 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 will meet with rating agencies during the weeks of April 15th and April 22nd, 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 up to \$50,000,000 in bond proceeds for use in improvements to Streets, Park and Recreational facilities, public safety, and libraries approved by voters during the 2022 Bond Election and possibly refund bonds totaling \$105,000,000 for savings.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance