



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 Taxable Certificates of Obligation

CAPTION:

Ordinance authorizing the issuance of “City of Corpus Christi, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2023B” for parks and recreation and solid waste improvements in an amount not to exceed \$8,700,000, 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 to execute documents relating to the sale of the certificates; enacting other provisions incident and related thereto; and providing an effective date.

SUMMARY:

The City plans on issuing \$8,700,000 of taxable Certificates of Obligations (CO) in support of improvements to the Solid Waste facilities and Lozano Golf Course. 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 \$8,700,000 for the taxable CO’s.
- 2) The true interest rate shall not exceed 5.25% 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 the adopted FY 2022-2023 Capital Improvement Budget, several projects were budgeted to use CO’s totaling \$15,000,000 for the funding of the projects. The projects include:

C Valenzuela Landfill Sector 2A Cells Development	\$6,948,108	
C Valenzuela Backup Generators	\$551,892	
Gabe Lozano Golf Course	<u>\$1,200,000</u>	
Subtotal for Taxable CO’s		\$8,700,000
Police Training Academy	<u>\$6,300,000</u>	
Subtotal for Tax-exempt CO’s		<u>\$6,300,000</u>
TOTAL		\$15,000 000

The total amount to be funded with CO’s is an amount not to exceed \$15,000,000. Of this amount \$8,700,000 will be taxable bonds for Solid Waste and Golf Course projects with \$7,500,000 being self-supported by Solid Waste revenue and \$6,300,000 will be tax-exempt bonds supported by property taxes. State law requires that a notice of intention be published when CO’s are to be sold. The required notice was advertised in the Corpus Christi Caller-Times on Sunday, April 16, 2023 and Sunday, April 23, 2023.

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 \$8,700,000 in bond proceeds for use on solid waste and golf course facility improvements approved in the FY2023 CIP budget.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Project List
Notice of Intention