



AGENDA MEMORANDUM

First Reading for the City Council Meeting of June 10, 2025
Second Reading for the City Council Meeting of June 17, 2025

DATE: June 10, 2025

TO: Peter Zaroni, City Manager

FROM: Sergio Villasana, CPA Director of Finance and Procurement
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<p>Delegating the Authorization for the Issuance of Utility System Revenue Improvement Bonds</p>
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CAPTION:

Ordinance by the City Council of the City of Corpus Christi, Texas authorizing the issuance of its utility system senior lien revenue improvement and/or refunding bonds in one or more series (as designated by purpose and series) for Water, Wastewater, and Stormwater utility improvements in an amount not to exceed \$181,000,000 and refinancings in an amount not to exceed \$162,385,000, within set parameters and according to the City Council adopted Capital Improvement Plan, and the plan of finance set by the City's financial advisors; making provisions for the payment and security thereof by a first and prior lien on and pledge of the net revenues of the City's utility system on a parity with certain currently outstanding utility system revenue obligations; stipulating the terms and conditions for the issuance of additional revenue bonds on a parity therewith; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of one or more series of bonds, including the approval and distribution of one or more official statements pertaining thereto; authorizing the execution of one or more paying agent/registrar agreements, one or more escrow agreements, and one or more purchase contracts; complying with the requirements imposed by the Letter of Representations previously executed with the depository trust company; delegating authority to the City Manager, Assistant City Manager, and Director of Finance and Procurement to execute certain documents relating to the sale of each series of bonds; and providing an effective date.

SUMMARY:

The City intends to issue \$181,000,000 of Utility System Junior Lien Revenue Improvement Bonds to fund the Capital Improvement Program for utilities. 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 \$162,385,000 for current refundings and for savings. The ordinance delegates the authority to issue the bonds to

the City Manager, Assistant City Manager over Finance, 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, Assistant City Manager over Finance, and the Director of Finance and Procurement (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 \$343,385,000.
- 2) The true interest rate shall not exceed 5.50% per year.
- 3) Maximum maturity of July 17, 2055.
- 4) Minimum net present value savings on the refunding of 2.5%

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.

The City Council annually approves reimbursement resolutions to award contracts for the utility projects Capital Improvement Plan (CIP) prior to the issuance of bonds. This agenda item will allow for the issuance of Utility System Revenue Bonds to reimburse the City funds used for these projects.

The City intends to issue bonds in an amount not to exceed \$181,000,000 to fund Water, Wastewater, Gas, and Stormwater projects included in the Capital Improvement plan. In addition to the project funding, the City may issue bonds in an amount up to \$162,385,000 in current refunding. The current refunding will be for savings and the City will only move forward with these transactions if the savings achieved exceed a minimum net present value of 2.5%.

Issuing bonds is a multi-step process. Staff will meet with rating agencies during the week of June 2, 2025, with expected ratings issued by June 12, 2025. The sale of the bonds is expected in late-June 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 \$181,000,000 in bond proceeds for use on utility system improvements approved in the CIP budget and possibly refund bonds totaling \$162,385,000 for savings.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation