



## **AGENDA MEMORANDUM**

First Reading for the City Council Meeting of June 14, 2022  
Second Reading for the City Council Meeting of June 28, 2022

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**DATE:** June 2, 2022

**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, Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2022B for Solid Waste improvements in an amount not to exceed \$9,500,000, 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, Finance Director 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 an effective date.

### **SUMMARY:**

The City plans on issuing \$9,500,000 of taxable Certificates of Obligations (CO) in support of improvements to the Solid Waste facilities. 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 \$9,500,000 for the taxable CO's.
- 2) The true interest rate shall not exceed 5.5% per year.

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 2021-2022 Capital Improvement Budget, several projects were budgeted to use CO's totaling \$18,014,500 for the funding of the projects. The projects include:

Solid Waste Facility Complex	\$4,200,000
Solid Waste Compost Facility	\$4,821,500
Parks Tourist District Facility & Warehouse	\$330,000
City Hall HVAC Upgrade & Water Treatment	\$22,000
City Hall Window Replacement	\$500,000
City Hall Carpet Replacement	\$636,000
City Hall Skylight Replacement	\$425,000
Citywide Library Improvements	\$1,720,000
Police Training Academy	\$5,360,000
Total	<u>\$18,014,500</u>

Since the adoption of the Capital Improvement Budget, one additional needed project was identified. The project is to make improvements at the Health Department Facility on Horne Road due to needed capital maintenance that has been deferred over the years.

Health Department Building	<u>\$2,000,000</u>
Total Projects	\$20,014,500

The total amount to be funded with CO's is an amount not to exceed \$21,000,000. Of this amount \$9,500,000 will be self-supported taxable bonds for Solid Waste projects and \$11,500,000 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 17, 2022 and Sunday, April 24, 2022.

Issuing bonds is a multi-step process. Staff met with rating agencies the week of May 23<sup>rd</sup> with expected ratings issued the week of June 13<sup>th</sup>. The sale of the bonds is expected the last week of June or the first week in July depending on market conditions with the financing closing the end of July. 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 \$9,500,000 in bond proceeds for use on solid waste facility improvements approved in the FY2022 CIP budget.

**COMMENTS:**

None.

**RECOMMENDATION:**

Staff recommends approval of the ordinance as presented.

**LIST OF SUPPORTING DOCUMENTS:**

Ordinance  
Project List  
Notice of Intention