



AGENDA MEMORANDUM

First Reading for the City Council Meeting of June 14, 2016
Second Reading for the City Council Meeting of June 21, 2016

DATE: June 1, 2016

TO: Margie C. Rose, Acting City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Authorization for the Issuance of Utility System Revenue Refunding Bonds

CAPTION:

Ordinance authorizing the issuance of "City of Corpus Christi, Texas Utility System Junior Lien Revenue Refunding Bonds, Series 2016" in an amount not to exceed \$84,735,000; making provisions for the payment and security thereof by a junior and inferior 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 the Bonds; including the approval and distribution of an official statement pertaining thereto; authorizing the execution of a paying agent/registrar agreement, an escrow agreement, and a purchase contract; complying with the requirements imposed by the letter of representations previously executed with the depository trust company; delegating the authority to certain members of the City staff to execute certain documents relating to the sale of the bonds, and providing an effective date.

PURPOSE:

The City plans on refunding any callable, outstanding Utility System Revenue Bonds for savings.

BACKGROUND AND FINDINGS:

The City plans on refunding any callable, outstanding Utility System Revenue Bonds for savings. This currently equates to \$84,735,000. If all eligible outstanding bonds are refunded at today's interest rate, a net present value savings of approximately \$13.1 million or 16.65% would be realized. The actual amount to be refunded, however, will be determined at the time of pricing.

Because of the fluctuating conditions in the municipal bond market, our financial advisor has recommended that the City Council delegate to the City Manager, Deputy City Manager, Assistant City Manager for General Government and Operations Support, and the Director of Financial Services - including any person serving in any of the foregoing capacities on an interim or non-permanent basis (the "Delegated Officials") the authority to effect the sale of the bonds subject to the following parameters: (1) the principal amount in total of all bonds sold may not exceed \$84,735,000 and (2) none of the bonds shall bear interest at a rate greater than 6% per year. The \$84,735,000 represents the principal amount of all Utility System Revenue bonds currently outstanding that are eligible to be refunded. The actual amount that will be refunded will be determined at the time of pricing. Also, 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.

ALTERNATIVES:

n/a

OTHER CONSIDERATIONS:

n/a

CONFORMITY TO CITY POLICY:

This item conforms to City policy.

EMERGENCY / NON-EMERGENCY:

Issuance of municipal obligations are exempted from the City's charter provision regarding dual reading and/or emergency adoption provisions pursuant to the provisions of Section 1201.028, as amended, Texas Government Code.

DEPARTMENTAL CLEARANCES:

- Financial Services Department
- Bond Counsel
- City Attorney's Office

FINANCIAL IMPACT:

Not Applicable Operating Expense X Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 84,735,000	-	\$ 84,735,000
BALANCE	-	\$ 84,735,000	-	\$ 84,735,000
FUND(S): CIP Fund (number to be determined after bond sale)				

COMMENTS:

The amount of the refunding will be known at the time of pricing.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance