



AGENDA MEMORANDUM

First Reading for the City Council Meeting of July 15, 2025
Second Reading for the City Council Meeting of July 22, 2025

DATE: July 15, 2025

TO: Peter Zanoni, City Manager

FROM: Sergio Villasana, Director of Finance and Procurement
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<p>Delegating the Authorization for the Issuance of Tax-Exempt Certificates of Obligation</p>

CAPTION:

Consideration and approval of ordinance authorizing the issuance of City of Corpus Christi, Texas combination tax and limited pledge revenue certificates of obligation, series 2025A” for capital improvements to streets, public health and safety facilities, parks, public facilities, and storm water infrastructure approved by City Council in the FY 2025 CIP Budget in an amount not to exceed \$38,720,000, 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, Assistant City Manager over Finance, Director of Finance and Procurement and certain other authorized officials to approve and execute documents relating to the issuance, sale, and delivery of the certificates; enacting other provisions incident and related thereto; and providing an effective date.

SUMMARY:

The City plans on issuing \$38,720,000 of Tax-Exempt Certificates of Obligations (CO) in support of capital improvements to streets, public health and safety facilities, parks, public facilities, and storm water infrastructure. 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, 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 - 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 \$38,720,000 for the COs.
- 2) The true interest rate shall not exceed 5.50% per year.
- 3) Maximum maturity of March 1, 2045.

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 2024-2025 Capital Improvement Budget, several projects were budgeted to use COs totaling \$38,713,262 for the funding of the projects. The projects include:

Public Health & Safety	Amount
CCFD Resource Ctr -Ph 2 (EMS Central)	\$ 3,000,000
Animal Care Facility Design	1,154,175
Subtotal-Tax Supported	<u>\$ 4,154,175</u>
Streets & Storm Water Infrastructure	Amount
Corn Products Rd	\$ 550,000
Elizabeth Street	1,000,000
Industrial Streets District 5	1,000,000
Corn Products Rd (IH37-Leopard)	2,700,000
Residential Street Rebuild Program	6,100,000
Street Preventative Maintenance Program	2,700,000
North Beach Drainage Improvements	6,000,000
Subtotal-Tax Supported	<u>\$ 20,050,000</u>
Parks and Recreation	Amount
Harbor Bridge Mitigation - Ben Garza Park	\$ 607,670
Harbor Bridge Mitigation - Dr. H.J. Williams Park	1,520,362
Harbor Bridge Mitigation - North Beach Trail	582,985
Harbor Bridge Mitigation - T.C. Ayers Park	1,761,803
Harbor Bridge Mitigation - Washington Coles Park	7,393,152
Park Operations Building	77,700
Subtotal-Tax Supported	<u>\$ 11,943,672</u>
Public Facilities	Amount
La Retama Central Library Renovation (Exterior)	\$ 1,000,000
City Hall Carpet Replacement	204,000
City Hall Exterior Illumination	618,825
City Hall Skylight Replacement	742,590
Subtotal-Tax Supported	<u>\$ 2,565,415</u>
Tax Supported	\$38,713,262

State law requires that a Notice of Intention be published when Certificates of Obligation (COs) are to be sold. This notice serves to inform citizens that the certificates are being issued. The City Council approved the Notice of Intention on May 13, 2025. The required notice was advertised in the Corpus Christi Caller-Times on Sunday, May 18, 2025, and Sunday, May 25, 2025.

Issuing bonds is a multi-step process. Staff will meet with rating agencies in the upcoming weeks with expected ratings to be issued prior to July 29, 2025. The sale of the bonds is expected at the end of July 2025 depending on market conditions with the financing closing in August 2025.

ALTERNATIVES:

n/a

FISCAL IMPACT:

The fiscal impact of this ordinance is that it will generate \$38,720,000 in bond proceeds for use on public health & safety, streets & storm water infrastructure, parks & recreation, and public facilities.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Presentation