



## AGENDA MEMORANDUM

Action Item for the City Council Meeting February 14, 2023

**DATE:** February 1, 2023  
**TO:** Peter Zanoni, City Manager  
**FROM:** Heather Hurlbert, CPA, CGFO Director of Finance and Procurement  
Heatherh3@cctexas.com  
361-826-3227

Resolution authorizing the issuance of Arena Refunding Bonds

### **CAPTION:**

Resolution by the City Council of the City of Corpus Christi, Texas relating to “Corpus Christi Business and Job Development Corporation Sales Tax Revenue Refunding Bonds, Taxable Series 2023 (Arena Project)”; approving the resolution of Corpus Christi Business and Job Development Corporation authorizing the issuance of such bonds; and resolving other matters incident and related to the issuance of the bonds; and providing an effective date.

### **SUMMARY:**

This item will authorize the issuance of bonds to refund the outstanding tax exempt Arena Bonds and reissuing as taxable with no change in the maturity date.

### **BACKGROUND AND FINDINGS:**

In July 2022 the City entered into a management contract with OVG360 for the professional management of the American Bank Center. Refunding the Type A Sales Tax Bonds will further maximize the City’s authority to contract with service providers at the Arena.

Staff worked with the City’s Financial Advisor (FA) Estrada Hinojosa on a plan of finance for the outstanding bonds. The recommendation for the outstanding Type A Sales Tax Arena bonds is to refund the bonds as taxable. The series is scheduled to be paid in full September 2025 and currently has an outstanding principal balance of \$9,595,000. The bonds will retain the existing final maturity date of September 2025 but will be reissued as taxable bonds with an estimated interest rate of 4.5%. The refunding bonds will be sold through a private placement bid. Refunding the bonds as taxable at current interest rates will result in an estimated cost of \$133,000 over the life of the bonds.

In addition to the refunding of the Arena Bonds, City Council approved the defeasance of the outstanding Convention Center Bonds at their next payment date in March 2023. The series is scheduled to be paid in full March 2030 and currently has an outstanding principal balance of

\$1,315,000. There is sufficient fund balance from Hotel Occupancy Tax revenue in the Debt Service Fund to pay the principal amount in full. Defeating the bonds will result in an estimated savings of \$198,000 over the life of the bonds.

On January 30, 2023 the Type A board approved a resolution approving the refunding of the Type A Sales Tax Arena bonds and delegating the authority to staff to execute the documents for the competitive private placement sale.

Required action today is the approval of the resolution approving the issuance of the bonds for the refunding. Both the defeasance and the refunding transactions will be finalized in March 2023. A complete timeline is attached.

**ALTERNATIVES:**

The City Council could choose not to approve the refunding resolution.

**FISCAL IMPACT:**

The fiscal impact is a cost of \$133,000 over the remaining life of the bonds.

**RECOMMENDATION:**

Staff recommends the approval of the resolution.

**LIST OF SUPPORTING DOCUMENTS:**

Resolution  
Timeline