



AGENDA MEMORANDUM

Future Item for the City Council Meeting of May 28, 2013
Action Item for the City Council Meeting of June 11, 2013

DATE: May 28, 2013

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
ConstanceP@cctexas.com
(361) 826-3227

Authorization for the Issuance of General Improvement Bonds
to finance Bond 2012 Projects

CAPTION:

- A. Motion authorizing the appointment of M. E. Allison, & Co., as Financial Advisor for the issuance of "City of Corpus Christi, Texas General Improvement Bonds, Series 2013" in an amount not to exceed \$88,010,000.
- B. Ordinance authorizing the issuance of "City of Corpus Christi, Texas General Improvement Bonds, Series 2013" in an amount not to exceed \$88,010,000, levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the bonds; 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 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 the Mayor and certain members of the City staff to execute certain documents relating to the sale of the bonds; and providing an effective date.

PURPOSE:

On November 6, 2012 the citizens of Corpus Christi approved seven of the eight bond propositions included in the Bond 2012 election. The project cost associated with the seven propositions total \$88,010,000. This agenda item authorizes the issuance of up to \$88,010,000 of General Improvement Bonds to fund the projects associated with each of the seven propositions.

BACKGROUND AND FINDINGS:

Part A:

Issuance of bonds requires utilization of a financing team which is made up of three parts: the financial advisor, bond counsel, and the underwriting syndicate. Part A of this agenda item authorizes the appointment of M. E. Allison & Co., Inc. as financial advisor for this transaction. See Exhibit A for the Financial Advisor's fee schedule.

Fulbright & Jaworski L.L.P. is currently under contract with the City to serve as the City's bond counsel and will serve as the second part of our financing team. The third part of the financing team is the underwriters, and selection of the syndicate of underwriters from the City's pool of approved underwriters is being recommended for delegation to the Mayor, City Manager, Assistant City Manager for General Government and Operations Support, and Director of Financial Services in Part B of this agenda item.

Part B:

On November 6, 2012 the voters of Corpus Christi approved seven of the eight bond propositions on the ballot. Those approved were as follows:

	<u>Amount Authorized</u>	<u>Purpose</u>	<u>Projected tax increase per \$100 valuation</u>
Proposition 1	\$55,000,000	Street Improvements	No impact
Proposition 3	\$4,750,000	Service Center Complex Improvements	\$0.00264
Proposition 4	\$16,000,000	Parks and Recreation Improvements	\$0.00866
Proposition 5	\$2,340,000	Museum & Library Improvements	\$0.00136
Proposition 6	\$820,000	Public Health Improvements	\$0.00054
Proposition 7	\$700,000	Public Safety Improvements	\$0.00046
Proposition 8	\$8,400,000	Economic Development Projects	<u>\$0.00458</u>
		TOTAL	\$0.01824

In order to adhere to the time schedules to insure timely completion of these projects, the City has already begun moving forward with contracts. On December 18, 2012, the City Council approved an ordinance expressing the City's intent to reimburse itself for costs incurred prior to the receipt of the bond proceeds. This agenda item will authorize the issuance of the bonds to reimburse the City for any costs already incurred and to fund the remaining projects.

Because of the fluctuating conditions in the municipal bond market, our financial advisor has recommended that the City Council delegate to the Mayor, City Manager, Assistant City Manager for General Government and Operations Support, and the Director of Financial Services (i.e., "Authorized Representatives") the authority to effect the sale of the bonds subject to the following parameters: (1) the principal amount of each series of bonds may not exceed \$88,010,000; (2) none of the bonds shall bear interest at a rate greater than 7% per year, and (3) the bonds must have a rating issued by a nationally recognized municipal securities ratings organization in one of the four highest rating categories. The City's bond counsel has confirmed that the City can delegate the sale

of the bonds to the Authorized Representatives 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

FINANCIAL IMPACT:

Not Applicable Operating Expense Revenue CIP

FISCAL YEAR:	Project to Date Exp. (CIP Only)	Current Year	Future Years	TOTALS
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 88,010,000	-	\$ 88,010,000
BALANCE	-	\$ 88,010,000	-	\$ 88,010,000
FUND(S): CIP Fund (number to be determined after bond sale)				

COMMENTS:

The financial impact of this item is consistent with the financing plan included with the adopted 2013 Capital Improvement Plan and the proposed 2014 Capital Improvement Plan.

RECOMMENDATION:

Staff recommends approval of the motion and ordinance as presented.

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:

- Bond Counsel
- Legal Department

LIST OF SUPPORTING DOCUMENTS:

Exhibit A – Financial Advisor Fee Schedule
Ordinance