



AGENDA MEMORANDUM

First Reading for the City Council Meeting of December 9, 2014
Second Reading for the City Council Meeting of December 16, 2014

DATE: August 12, 2014

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Peter Davidson, Marina Superintendent
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<p>Appointment of Financial Advisor for Marina Revenue Bonds</p>
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CAPTION:

Motion authorizing the appointment of M. E. Allison, & Co., as Financial Advisor for the City of Corpus Christi, Texas Marina System Revenue Bonds, Taxable Series 2014 in an aggregate principal amount not to exceed \$2,600,000.

PURPOSE:

The issuance of these Marina Revenue Bonds will fund the replacement of the "R" Pier at the Corpus Christi Marina.

BACKGROUND AND FINDINGS:

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 usually underwriters. However with this issuance, the City will be partnering with the Ed Rachel Foundation who has agreed to loan the Marina up to

\$2,600,000 at an interest rate of 3% and a repayment of 15 years. This private placement will save the City issuance costs.

The existing “R” Pier at the City Marina was constructed in 1982 but now 32 years later, the dock is rotted and unsafe for its intended purpose. A replacement dock is being proposed at a cost of \$2,600,000 for a minimum of 91 boats slips up to 146 boat slips, depending on the pricing resulting from the bids. On January 14, 2014, the City Council ratified a grant application to the United States Fish and Wildlife Service through Texas Parks and Wildlife Department for a \$502,496 Boating Infrastructure Grant for Marina boat slips including 35 transient boat slips. The Marina was awarded this grant on August 25, 2014. These funds will be used to fund 35 transient, visiting boat slips. Also, an additional grant from the United States Fish and Wildlife Service through Texas Parks and Wildlife Department is forthcoming in the amount of \$175,000 for sewage pump-out equipment to be built into the docks.

The City Marina will be partnering with the Ed Rachel Foundation to loan the money to fund this project. The debt will be for a term of 15 years and will be repaid by Marina revenue.

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:

- City Marina Department
- Bond Counsel
- Legal Department

FINANCIAL IMPACT:

X 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	-	-	-	-
BALANCE	-	-	-	-
FUND(S):				

COMMENTS: n/a

RECOMMENDATION:

Staff recommends approval of the motion as presented.

LIST OF SUPPORTING DOCUMENTS:

Exhibit A – Financial Advisor Fee Schedule