



AGENDA MEMORANDUM

First Reading for the City Council Meeting of June 14, 2022
Second Reading for the City Council Meeting of June 28, 2022

DATE: June 2, 2022

TO: Peter Zanoni, City Manager

FROM: Heather Hurlbert, Director of Finance and Procurement
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Delegating the Authorization for the Issuance of Utility System Revenue
Improvement Bonds

CAPTION:

Ordinance authorizing the issuance of City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement, Series 2022B for Water, Wastewater, and Stormwater Utility improvements in an amount not to exceed \$102,000,000, within set parameters and according to the plan of finance set by the City's financial advisors; 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; delegating authority to the City Manager, Chief Financial Officer, Finance Director and certain other authorized officials to approve and execute documents relating to the issuance, sale and delivery of the bonds; enacting other provisions incident and related thereto; and providing an effective date.

SUMMARY:

The City intends to issue \$102,000,000 of Utility System Junior Lien Revenue Improvement Bonds to fund the Capital Improvement Program for utilities. 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, Chief Financial Officer, 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, Chief Financial Officer, 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 \$102,000,00.
- 2) The true interest rate shall not exceed 5.5% per year.

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.

On December 1, 2020, the City Council approved a reimbursement resolution to award contracts for water and wastewater projects Capital Improvement Plan (CIP) prior to the issuance of bonds. This agenda item will allow for the issuance of Utility System Revenue Bonds to reimburse the City funds used for these projects.

Issuing bonds is a multi-step process. Staff met with rating agencies the week of May 23rd with expected ratings issued the week of June 13th. The sale of the bonds is expected the last week of June or the first week in July depending on market conditions with the financing closing the end of July. City Council will be updated with the final results of the issuance at completion.

ALTERNATIVES:

n/a

FISCAL IMPACT:

The fiscal impact of this ordinance is that it will generate \$102,000,000 in bond proceeds for use on utility system improvements approved in the CIP budget.

COMMENTS:

None.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance