



AGENDA MEMORANDUM

First Reading for the City Council Meeting of March 18, 2014
Second Reading for the City Council Meeting of March 25, 2014

DATE: March 18, 2014

TO: Ronald L. Olson, City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Financing for Proposed Bond 2014 Design Work
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CAPTION:

- A. Motion authorizing the appointment of M. E. Allison, & Co., as Financial Advisor for the “City of Corpus Christi, Texas Tax Notes, Series 2014” in an amount not to exceed \$8,000,000.

- B. Ordinance authorizing the issuance of “City of Corpus Christi, Texas Tax Notes, Series 2014” in an amount not to exceed \$8,000,000, levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the obligations; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the obligations; authorizing the execution of a Payment Agent/Registrar Agreement and a Purchase and Investment Letter; complying with the provisions of the Depository Trust Company’s Letter of Representations; delegating the authority to the Mayor and certain members of the City Staff to execute certain documents relating to the sale of the tax notes; and providing an effective date.

PURPOSE:

The purpose of this agenda item is to provide funding for the design work of street projects listed under Proposition One of the Council approved street project list for a November 2014 bond election.

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 attachment 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 the issuance of tax notes, the City will issue a request for bids to local banks in Corpus Christi and other financial institutions for the purchase of the tax notes. Therefore, no underwriters will be needed.

Part B:

City Council discussions have emphasized the need to have the design of proposed street projects complete before the November 2014 election date to allow for project completion in approximately two years. Authorization for the tax notes will provide the funding mechanism for staff to begin the design process on the projects listed under Proposition One. (See attachment.)

Tax notes are being recommended for this financing because they are for a short duration which cannot exceed seven years. Additionally no offering document is needed nor are underwriters. The City will send out bid requests to local banks and other financial institutions; will give them two weeks to respond; and then the institution offering the lowest interest rate will win the bid.

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:

- Bond Counsel

- Legal Department
- Engineering

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	-	\$8,000,000	-	\$ 8,000,000
BALANCE	-	\$8,000,000	-	\$ 8,000,000
FUND(S): Street CIP Fund				

COMMENTS: n/a

RECOMMENDATION:

Staff recommends approval of the motion and ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Financial Advisor Fee Schedule
Ordinance