



AGENDA MEMORANDUM

First Reading for the City Council Meeting of May 23, 2023
Second Reading for the City Council Meeting of June 13, 2023

DATE: May 10, 2023

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO, Director of Finance and Procurement
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Delegating the Authorization for the Issuance of Tax Notes

CAPTION:

Ordinance authorizing the issuance of “City of Corpus Christi, Texas Limited Tax Notes, Series 2023”, for street improvements in an amount not to exceed \$3,500,000; levying an annual ad valorem tax, within the limitations prescribed by law, for the payment of the obligations; delegating authority to the City Manager, Chief Financial Officer, Director of Finance and Procurement to execute documents relating to the sale of the notes; enacting other provisions incident and related thereto; and providing an effective date.

SUMMARY:

The City plans on issuing \$3,500,000 of Tax Notes to complete street reconstruction projects. The amount of tax note 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 tax notes 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 tax notes subject to the following parameters:

- 1) The principal amount in total of all tax notes sold may not exceed \$3,500,000.
- 2) The true interest rate shall not exceed 4.75% per year.
- 3) Maximum maturity of March 1, 2030.

The City's bond counsel has confirmed that the City can delegate the sale of the tax notes to the Delegated Officials in the manner outlined above pursuant to the authority contained in Chapter 1371, as amended, Texas Government Code.

The issuance of these tax notes will complete the funding needed for the street reconstruction of Gollihar Road between Greenwood and Crosstown Expressway. This project was included in the 2018 bond but due to current costs in excess of the original estimates, there is a gap in funding of approximately \$3.33M. Tax notes are a shorter-term debt option with a maximum term of seven years.

Issuing tax notes is a multi-step process. Staff met with rating agencies the week of May 29, 2023 with expected ratings issued the week of June 12, 2023. The sale of the notes is expected mid-June depending on market conditions with the financing closing in August. The 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 \$3,500,000 in tax note proceeds for use to complete the funding needed for street reconstruction projects.

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance