



AGENDA MEMORANDUM

Action Item for the City Council Meeting January 24, 2023

DATE: January 17, 2023

TO: Peter Zaroni, City Manager

FROM: Heather Hurlbert, CPA, CGFO Director of Finance and Procurement
Heatherh3@cctexas.com
361-826-3227

Fund appropriation and budget amendment for bond defeasance

CAPTION:

Ordinance appropriating \$1,342,418.83 from Debt Service Fund Balance for the payment of debt and amending the FY 2023 operating budget.

SUMMARY:

This item will appropriate \$1,342,418.83 in excess fund balance, including Hotel Occupancy Tax revenue, from the Debt Service Fund Balance to allow for the defeasance of the Convention Center Bonds.

BACKGROUND AND FINDINGS:

In July 2022 the City of Corpus Christi entered into a management contract with OVG360 for the professional management of the American Bank Center. Defeating the Convention Center bonds and refunding the Type A Sales Tax Bonds will further maximize the City's authority to contract with service providers at the Arena.

Staff worked with the City's Financial Advisor (FA) Estrada Hinojosa on a Plan of Finance for the outstanding Conference Center bonds. The recommendation for the outstanding Convention Center Bonds is to defease the bonds at their next payment date in March 2023. The series is scheduled to be paid in full March 2030 and currently has an outstanding principal balance of \$1,315,000. There is sufficient fund balance from Hotel Occupancy Tax revenue in the Debt Service Fund to pay the principal amount in full. Defeating the bonds will result in an estimated savings of \$198,000 over the life of the bonds.

This action will appropriate the funds and amend the budget to allow for the payment to defease the bonds.

ALTERNATIVES:

City Council could choose not to approve appropriation and budget amendment.

FISCAL IMPACT:

The fiscal impact will be the appropriation of \$1,342,418.83 from available Debt Service fund balance for defeasance of the outstanding Convention Center Bonds for debt service savings.

Funding Detail:

Fund: 2010 – Debt Service Fund
Department: 99 – Balance Sheet
Organization/Activity: 99 – Balance Sheet
Project # **(CIP Only)**: N/A
Account: 251850 – Fund Balance

RECOMMENDATION:

Staff recommends approval of the Ordinance.

LIST OF SUPPORTING DOCUMENTS:

Ordinance