



AGENDA MEMORANDUM

First Reading for the City Council Meeting of August 22, 2017
Second Reading for the City Council Meeting of August 29, 2017

DATE: August 10, 2017

TO: Margie C. Rose, Acting City Manager

THRU: Sylvia Carrillo-Treviño, Assistant City Manager
Mark Van Vleck, Assistant City Manager

FROM: Constance P. Sanchez, Director of Financial Services
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Authorization for the Issuance of Utility System Revenue Improvement Bonds for SWIRFT Funding through the Texas Water Development Board
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CAPTION:

Ordinance authorizing the issuance of "City of Corpus Christi, Texas Utility System Junior Lien Revenue Improvement Bonds, Series 2017" in an amount not to exceed \$2,750,000; 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; stipulating the terms and conditions for the issuance of additional Revenue Bonds on a parity therewith; prescribing the form, terms, conditions, and resolving other matters incident and related to the issuance, sale, and delivery of the Bonds; including the approval of an application to the Texas Water Development Board; authorizing the execution of a paying agent/registrar agreement, a financing agreement, and an escrow agreement; complying with the requirements imposed by the letter of representations previously executed with the depository trust company; complying with the regulations promulgated by the Texas Water Development Board; delegating the authority to certain members of the City staff to execute certain documents relating to the sale of the bonds; enacting other provisions incident and related to the subject and purpose of this ordinance; and providing an effective date.

PURPOSE:

The City of Corpus Christi has requested funding from the Texas Water Development Board's (TWDB) State Water Implementation Revenue Fund for Texas (SWIRFT) to fund proposed planning work for a seawater desalination project in an amount not to exceed \$2,750,000. This funding will be in the form of Utility System Junior Lien Revenue Improvement Bonds that will be purchased by the TWDB from the SWIRFT program. In order to proceed forward, the City Council is now being asked to authorize the issuance of the City's Utility System Revenue Improvement Bonds, as well as to approve the financing agreement with the Texas Water Development Board. The deadline to submit the financing agreement to the Texas Water Development Board is September 11, 2017.

BACKGROUND AND FINDINGS:

The SWIRFT program is a financial assistance program administered by the Texas Water Development Board and accessed by local governments across the State of Texas. TWDB financings provide affordable, state financial assistance for projects in the state water plan. The program helps communities develop cost-effective water supplies by providing low-interest loans, extended repayment terms, deferral of loan repayments, and incremental repurchase terms.

On April 26, 2017, the City Council approved the submission of an application to the TWDB for deferred financing from the SWIRFT program for financial assistance (in the form of the Texas Water Development Board deferred loan) in an amount not to exceed \$2,750,000 for planning of a seawater desalination treatment project. (The City Council resolution #031130 with the application is attached.) The loan is structured as an eight-year deferment with the entire \$2,750,000 being paid off in one payment on July 15, 2025. The application was approved by the TWDB on July 20, 2017. The next step is for the City Council to approve the issuance of the City's Utility System Junior Lien Revenue Improvement Bonds. It is anticipated that funds will be received by November 30, 2017.

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
- City Attorney's Office
- Financial Services Department
- Utilities Department

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	-	\$ 2,750,000	-	\$ 2,750,000
BALANCE	-	\$ 2,750,000	-	\$ 2,750,000
FUND(S): CIP Fund (number to be determined after bond sale)				

COMMENTS:

None

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Financing Agreement
City Council Resolution #031130 Approving Submission of the TWDB Application