



## **AGENDA MEMORANDUM**

First Reading for the City Council Meeting of May 8, 2018  
Second Reading for the City Council Meeting of May 15, 2018

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**DATE:** April 26, 2018

**TO:** Margie C. Rose, City Manager

**THRU:** Sylvia Carrillo-Treviño, Assistant City Manager

**FROM:** Constance P. Sanchez, Director of Financial Services  
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(361) 826-3227

<p>Authorization for Issuance of Certificates of Obligation for Solid Waste</p>
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**CAPTION:**

Ordinance authorizing the issuance of "City of Corpus Christi, Texas Combination Tax and Limited Pledge Revenue Certificates of Obligation, Taxable Series 2018B" in an amount not to exceed \$7,500,000 for the purpose of financing costs associated with making permanent public improvements to the City's Solid Waste system; providing for the payment of said Certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing said Certificates by a lien on and pledge of the pledged revenues of the Solid Waste System; providing the terms and conditions of said Certificates and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said Certificates, including the approval and distribution of an Official Statement pertaining thereto; authorizing the execution of a paying agent/registrar agreement and a purchase contract; complying with the requirements of the letter of representations on file with the depository trust company; enacting other provisions incident and related to the subject and purpose of this ordinance; and providing an effective date.

**PURPOSE:**

The City plans on issuing up to \$7,500,000 of taxable certificates of obligation to construct Sector 3C disposal cell at the Cefé Valenzuela Landfill.

## **BACKGROUND AND FINDINGS:**

The current developed disposal space at Cefe Valenzuela Landfill is predicted to be exhausted in September 2018 based upon historical average disposal rates and recent increases due to Hurricane Harvey debris disposal. On January 23, 2018, a presentation was made to the City Council indicating that construction of the next disposal cell, Sector 3C, will be expedited with the goal of providing new disposal space prior to the exhaustion of the current disposal capacity. Construction of the new cell (with incidentals) is estimated to cost \$7,500,000.

The Certificates of Obligation Act provides that certificates of obligation can be sold for cash only in certain circumstances, such as to address a public emergency or if the certificates of obligation are benefitted by a revenue pledge. As a result, municipalities who do not fall under these emergency categories are required to pledge as additional security for their certificates of obligation, some source of revenue stream that is authorized to be pledged under Texas law. This pledge oftentimes takes the form of a limited amount (\$1,000) that the Texas Attorney General accepts as satisfying this revenue pledge requirement. The alternative (since the contemplated public improvements are not emergencies) to not pledging a revenue source and selling the certificates of obligation for cash would be to exchange the certificates of obligation directly with the provider of the goods or services – which would be prohibitively cumbersome for the City. Because of this requirement in the Certificates of Obligation Act and under advisement of the City's bond counsel and the City's financial advisor, the City is proposing to pledge \$1,000 (one time) of Solid Waste System revenue to these certificates of obligation. By doing so, the legal requirements of the Certificates of Obligation Act will be satisfied - with a nominal effect to the Solid Waste System. This Solid Waste System revenue pledge was disclosed in the City's notice of intention to issue these Certificates of Obligation.

According to the Local Government Code, Section 271.049, prior to the issuance of the certificates of obligation, the City is required to publish notice of its intention to issue the certificates once a week for two consecutive weeks in a newspaper of general circulation, with the date of the first publication to be before the 30<sup>th</sup> day before the date set for passage of the ordinance to authorize the issuance of the certificates. The notices were in the *Corpus Christi Caller-Times* on March 25, 2018 and April 1, 2018. Thirty days after the date of the first publication is April 24, 2018, and so City Council action to approve this ordinance in its second reading is scheduled for May 15, 2018 and is in compliance with the Local Government Code.

## **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:**

- Solid Waste Services
- Financial Services
- Bond Counsel
- City Attorney's Office

**FINANCIAL IMPACT:**

☐ Not Applicable   ☐ Operating Expense   ☒ Revenue   ☐ CIP

<b>FISCAL YEAR:</b>	<b>Project to Date Exp. (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	-	-	-	-
Encumbered/Expended amount of (date)	-	-	-	-
This item	-	\$ 7,500,000	-	\$ 7,500,000
BALANCE	-	\$ 7,500,000	-	\$ 7,500,000
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