

**CITY OF EL PASO, TEXAS
AGENDA ITEM
DEPARTMENT HEAD'S SUMMARY FORM**

DEPARTMENT: Office of the Chief Financial Officer
AGENDA DATE: March 7, 2017
CONTACT PERSON/PHONE: Dr. Mark Sutter, Chief Financial Officer, 212-1063

DISTRICT(S) AFFECTED: All

SUBJECT:

Discussion and action on a Resolution approving and authorizing publication of notice of intention to issue certificates of obligation in an amount not to exceed \$44,000,000 for the purpose of paying contractual obligations to be incurred for the construction of public works.

(All Districts)

[Mark Sutter (915) 212-1063][Public Hearing Date: March 7, 2017]

BACKGROUND / DISCUSSION:

State law requires that the issuance of certificates of obligation be authorized through a two-step City Council process. In order to issue approximately \$44,000,000 in certificates of obligation to fund capital projects, the City must approve and authorize publication of a *Notice of Intention* to issue these certificates of obligation.

PRIOR COUNCIL ACTION:

City Council authorized projects on August 9 and July 26, 2016 and discussed additional projects on various dates.

AMOUNT AND SOURCE OF FUNDING:

\$44,000,000 in Certificates of Obligation to fund various projects are paid for primarily through ad valorem taxes and a limited pledge of the net revenues of the City's water and sewer system revenue.

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

DEPARTMENT HEAD:



A RESOLUTION approving and authorizing publication of notice of intention to
issue certificates of obligation.

THE STATE OF TEXAS

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§

CITY OF EL PASO

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WHEREAS, the City Council of the City of El Paso, Texas (the "City"), has determined that certificates of obligation should be issued under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended, for the purpose of paying contractual obligations to be incurred for the construction of public works as specified below; and

WHEREAS, prior to the issuance of such certificates, the City Council is required to publish notice of its intention to issue the same in a newspaper of general circulation in the City, said notice stating (i) the time and place the City Council tentatively proposes to pass the ordinance authorizing the issuance of the certificates, (ii) the maximum amount proposed to be issued, (iii) the purposes for which the certificates are to be issued and (iv) the manner in which the City Council proposes to pay the certificates;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO, TEXAS:

SECTION 1: The City Clerk is hereby authorized and directed to cause notice to be published of the City Council's intention to issue certificates of obligation, in one or more series, in a principal amount not to exceed \$44,000,000 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: (a) constructing, resurfacing and improving various streets, roads, bridges, overpasses, thoroughfares, sidewalks, pathways and related municipal facilities within the City including lane markings, street drainage, street lights, ADA accessibility, traffic signals, signal system synchronization, loop detectors, transit tunnel reconstruction, lighting, signage, streetscaping and landscaping related thereto and the acquisition of any necessary rights-of-way and/or land in connection therewith; (b) designing, constructing and equipping a municipal police parking garage facility and the acquisition of any necessary rights-of-way and/or land in connection therewith; (c) constructing, improving, and equipping municipal park, recreational and library facilities, including pools, aquatic centers, spray parks and public restrooms, and the acquisition of any necessary rights-of-way and/or land in connection therewith; and (d) acquisition, construction and improvement of municipally owned public art projects; and (ii) professional services rendered in connection therewith, such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City's water and sewer system revenue. The notice hereby approved and authorized to be published shall read substantially in the form and content of **Exhibit A** hereto attached and incorporated herein by reference as a part of this resolution for all purposes.

SECTION 2: The City Clerk shall cause the aforesaid notice to be published in a newspaper of general circulation in the City, once a week for two consecutive weeks, the date of

the first publication to be at least thirty-one (31) days prior to the date stated therein for the passage of the ordinance authorizing the issuance of the certificates of obligation.

SECTION 3: It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 4: This Resolution shall be in force and effect from and after its passage on the date shown below.

[The remainder of this page intentionally left blank.]

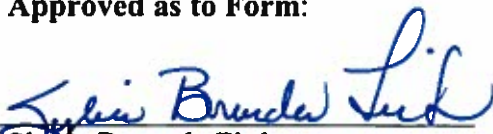
APPROVED AND ADOPTED this 7th day of March, 2017.

Oscar Leeser
Mayor, City of El Paso, Texas

ATTEST:

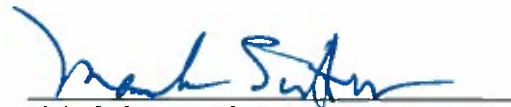
Richarda Duffy Momsen
City Clerk, City of El Paso, Texas

Approved as to Form:



Sylvia Borunda Firth
City Attorney
City of El Paso, Texas

Approved as to Content:



Mark Sutter, Ph.D.
Chief Financial Officer
City of El Paso, Texas

(CITY SEAL)

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CITY OF EL PASO, TEXAS, CERTIFICATES OF OBLIGATION

TAKE NOTICE that the City Council of the City of El Paso, Texas, shall convene at 8:00 o'clock A.M. on the 18th day of April, 2017, at its regular meeting place on the first floor of City Hall, 300 N. Campbell, El Paso, Texas, and, during such meeting, the City Council will consider the passage of one or more ordinances authorizing the issuance of certificates of obligation in one or more series in a principal amount not to exceed \$44,000,000 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: (a) constructing, resurfacing and improving various streets, roads, bridges, overpasses, thoroughfares, sidewalks, pathways and related municipal facilities within the City including lane markings, street drainage, street lights, ADA accessibility, traffic signals, signal system synchronization, loop detectors, transit tunnel reconstruction, lighting, signage, streetscaping and landscaping related thereto and the acquisition of any necessary rights-of-way and/or land in connection therewith; (b) designing, constructing and equipping a municipal police parking garage facility and the acquisition of any necessary rights-of-way and/or land in connection therewith; (c) constructing, improving, and equipping municipal park, recreational, library and aquatic facilities, including pools, aquatic centers, spray parks and public restrooms, and the acquisition of any necessary rights-of-way and/or land in connection therewith; and (d) acquisition, construction and improvement of municipally owned public art projects; and (ii) professional services rendered in connection therewith, such certificates to be payable from ad valorem taxes and a limited pledge of the net revenues of the City's water and sewer system revenue. The certificates are to be issued, and this notice is given, under and pursuant to the provisions of Texas Local Government Code, Subchapter C of Chapter 271, as amended.

Richarda Duffy Momsen
City Clerk
City of El Paso, Texas



City of El Paso

Debt Issuance Process Begins with Notice of Intent for Certificates of Obligation

March 7, 2017

City Council Agenda

Mark Sutter, Ph.D., CFO



Certificate of Obligation Authorization Process

- Council passes Resolution to publish Notice of Intention to issue certificates of obligation (CO)
 - Resolution proposed March 7, 2017
 - Publication of notices to be completed as appropriate
- Council considers parameter Ordinance authorizing issuance of certificates of obligation
 - April 18, 2017
- Bonds rated, structured, marketed
 - Sale consummated, proceeds delivered May 2017



Financing Team:

City of El Paso

Tommy Gonzalez – City Manager

Mark Sutter, Ph.D. – Chief Financial Officer

Pat Degman, CGFM – Comptroller

Charles Lino, CPA – Financial Accounting & Reporting

Sylvia Firth – City Attorney

FirstSouthwest

George Williford – Managing Director

Maria Fernanda Urbina – Director

Norton Rose Fulbright

Paul Braden – Bond Counsel

Selected Underwriters

TBD



Size of Issuance (\$ Millions)

Item	Amount
MPO Match (\$5.5), 10 Intersections Signalized (\$2.7), San Jacinto Plaza Restrooms (\$0.7) (Council 8/9/16)	\$ 8.9
Westside Pool (Council 7/26/16)	1.7
Aquatic Centers (Council 3/7/17)	10.2
Eastside Pool	5.0
Spray Parks (\$0.3), 2 Intersections (\$0.5)	.8
Police Parking Garage	2.5
Sun City Lights (Paseo de Los Luces)	4.0
Project true up QOL/Streets & Landscaping	5.3
Public Art and Issue Cost	<u>1.2</u>
Total // Rounded Issuance Size 1 penny	\$39.6 // \$44.0



Issuance Information - April

- Project Detail
- Existing Authorizations status
 - Amounts remaining
 - Projected outlays
- Tax Impacts
 - Current issuance for reimbursement
 - Modeled for future issuances of authorized projects
- Parameters for Issuance
 - Market conditions, City's credit
 - Interest rates, par amounts, maturities, etc.



Action Requested

Staff recommends approval to publish the Notification of Intention to issue certificates of obligation for certain City improvements in an amount not to exceed \$44.0 million.

ADVERTISE – the April 18th meeting to issue funding for 2017



Questions?



Parameters Resolution

- Parameter authorization will enable sale of certificates of obligation at optimum timing and structure within 3 month period
- Council delegates final pricing authority to Pricing Officer(s)
- Council will establish sale parameters in Ordinance
 - Maximum Interest Rate – %
 - Aggregate Principal Amount of Issue - \$ (*adjusted for bond issuance costs, premium*)
 - Final Maturity Date – 20xx
 - Expiration of Delegated Authority – Months
- Pricing Officer can only approve sale if Council parameters are met. (Pricing Officers will be City Manager, CFO and City Comptroller)