

**CITY OF EL PASO, TEXAS
DEPARTMENT HEAD'S SUMMARY (DHS)**

DEPARTMENT: Financial and Administrative Services Portfolio

AGENDA DATE: June 17, 2014

CONTACT PERSON/PHONE: Carmen Arrieta-Candelaria, Chief Financial Officer, 541-4011

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 \$73,000,000.

BACKGROUND / DISCUSSION:

In order to issue approximately \$73.0 million in certificates of obligation to fund and reimburse itself for ongoing capital projects, the City must approve and authorize publication of a *Notice of Intention* to issue these certificates of obligation.

State law requires that the issuance of certificates of obligation be authorized through a two-step City Council process. At the first City Council meeting, Council is asked to approve a notice of intention (NOI) to issue the debt. That notice sets forth the purposes for which the CO's will be issued, the maximum not-to-exceed par amount of the CO's and the date and time of the public meeting at which the ordinance authorizing the issuance of the CO's will be considered. The NOI must be published once a week for two consecutive weeks in the newspaper, with the date of the first publication to be 30 days before the date tentatively set for the passage of the CO ordinance. The NOI resolution to be considered at the June 17th City Council meeting will authorize such publication. The proposed public hearing and adoption of the CO ordinance (the second step) will be scheduled for Tuesday, July 22nd, at City Council's regular weekly meeting. At such July 22nd City Council meeting, actual parameters for the sale of the CO's will be established.

The size of this issuance is based on the amount of projects that the City needs to reimburse itself for as well as to issue the remaining authorization from September 2012. The City is planning to request the issuance for COs from the following authorizations:

Authorization	Amount	Projects to be reimbursed and funded
March 2010	\$3,936,351	Carolina Bridge Widening; Country Club Road Construction; CBD Phase IV Street & Drainage; Oregon Street Reconstruction; CS-Paseo Del Norte Drive; San Jacinto Plaza; Zaragoza POE Winn; Fiber Interconnectivity and video surveillance projects; Mesa RTS Sidewalk improvements; Mesa RTS Match; Wayfinding Downtown project; Myrtle Street Improvements; Safe Routes to School; Bicycle Paths-Citywide.
November 2010	\$18,663,786	Public Art Projects; Sun Metro Operation and Maintenance Facility; Mesa RTS; Dyer RTS; Montana RTS; Mulligan (Luther) Building and UPTT Improvements

Authorization	Amount	Projects to be reimbursed and funded
April 2011	\$15,949,314	City-wide facility improvements; Montwood Street Reconstruction; Fire Station #37 and #5 improvements; public art projects; city-wide IT-related infrastructure and equipment; city-wide park improvements; city-wide street and drainage improvements; Mulligan (Luther) Building renovation; park improvements.
June 2012	\$20,710,844	Street improvements to include synchronization of Signal System; resurfacing and microsurfacing of streets, reconstruction of streets; unpaved right of way/alleys, street median and parkway landscaping; pedestrians, sidewalk and parkway improvements; NTMP projects; public art projects.
September 2012	\$7,807,404	City Hall acquisition costs, renovations and capital equipment; City Hall-related street improvements; public art. (Note: This issuance will exhaust this 2012 authorization)
January 2014	\$5,355,000	Land for landfill for Environmental Services

Total Project Costs \$72,422,699* (Total Size Rounded to \$73,000,000)

**Includes bond issuance costs*

Attached is the Draft ***Plan for 2014 Debt Issuance*** (the final will come back on July 22 when the issuance is considered by Council) that outlines the steps necessary in order to issue the COs and also provides pertinent information regarding the upcoming issuance. The impact on the tax rate for 2015 for this issuance will be taken into consideration in the 2015 budget. Members of City staff as well as Paul Braden, the City's Bond Counsel, will be on hand to answer questions.

PRIOR COUNCIL ACTION:

City Council authorized the March 2010, November 2010, April 2011, June 2012 and September 2012 projects. The issuance for Environmental Services for \$5,355,000 was authorized in January 2014.

AMOUNT AND SOURCE OF FUNDING:

\$73.0 million in COs to fund various projects from the March 2010, November 2010, April 2011, June 2012, September 2012 and January 2014 authorizations. Approximately \$12,690,447 of this debt will be supported by Sun Metro; \$5,355,000 will be funded by ESD with the remaining to be tax-supported debt.

BOARD / COMMISSION ACTION:

N/A

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

DEPARTMENT HEAD:

Carmen Arrieta-Andelaria

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

THE STATE OF TEXAS

§

§

CITY OF EL PASO

§

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 \$73,000,000 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: (a) design, acquisition, construction and improvements to City transportation and terminal facilities, including maintenance and operational facilities, bus shelters, streetcar project, rapid transit terminals and the acquisition of necessary rights of way and land therefor; (b) constructing, resurfacing and improving various streets, roads, bridges, overpasses, thoroughfares, tunnels, 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 and landscaping related thereto and the acquisition of necessary rights-of-way and land in connection therewith; (c) renovating, improving and equipping City Hall and other City administrative facilities; (d) acquisition, construction and improvement of municipally owned public art projects; (e) construction, renovation, rehabilitation, improving and equipping of City buildings and facilities for information technology, maintenance, engineering, internal audit, fire, environmental services and other City departments, including improvements to fiber optic connectivity, roofing system rehabilitation and replacement HVAC; and the acquisition of necessary rights-of-way and land in connection therewith; (f) improvement and equipping of City parks, recreational and library facilities; and (g) the purchase and installation of computer software and hardware for various City departments and operations; 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. 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 17th day of June, 2014.

Oscar Leeser
Mayor, City of El Paso, Texas

ATTEST:

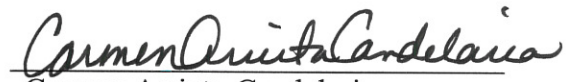
Richarda Duffy Momsen
City Clerk, City of El Paso, Texas

Approved as to Form:



Bertha A. Ontiveros
Assistant City Attorney
City of El Paso, Texas

Approved as to Content:



Carmen Arrieta-Candelaria
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 the City Council of the City of El Paso, Texas, shall convene at 8:00 o'clock A.M. on the 22nd day of July, 2014, at its regular meeting place on the first floor of the Municipal Building, 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 \$73,000,000 for the purpose of paying contractual obligations to be incurred for (i) the construction of public works, to wit: (a) design, acquisition, construction and improvements to City transportation and terminal facilities, including maintenance and operational facilities, bus shelters, streetcar project, rapid transit terminals and the acquisition of necessary rights of way and land therefor; (b) constructing, resurfacing and improving various streets, roads, bridges, overpasses, thoroughfares, tunnels, 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 and landscaping related thereto and the acquisition of necessary rights-of-way and land in connection therewith; (c) renovating, improving and equipping City Hall and other City administrative facilities; (d) acquisition, construction and improvement of municipally owned public art projects; (e) construction, renovation, rehabilitation, improving and equipping of City buildings and facilities for information technology, maintenance, engineering, internal audit, fire, environmental services and other City departments, including improvements to fiber optic connectivity, roofing system rehabilitation and replacement HVAC; and the acquisition of necessary rights-of-way and land in connection therewith; (f) improvement and equipping of City parks, recreational and library facilities; and (g) the purchase and installation of computer software and hardware for various City departments and operations; 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. 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

Plan for 2014 Debt Issuance

June 17, 2014

Prepared by: Carmen Arrieta-Candelaria
Chief Financial Officer
June 17, 2014



Plan for 2014 Debt Issuance

June 17, 2014

Table of Contents:

City Staff and Others Assigned to Project

Timeline of Events

Resolution – Notice of Intent

Copy of Reimbursement Resolution

Refunding Opportunity

Tax Model

Size of Issuance

List of Projects to be Funded

Appendix A: List of Projects to be reimbursed and detail of specific
authorizations

Certificates of Obligation Issuance

This document outlines the plan for issuing up to \$73,000,000 of debt in August 2014 pertaining to the March 2010, November 2010, April 2011, June 2012, September 2012 and January 2014 authorizations as granted by the City Council of the City of El Paso.

City Staff and Others Assigned to Project

City Lead Staff Assigned

Carmen Arrieta-Candelaria, Chief Financial Officer
Dr. Mark Sutter, Comptroller

Financial Advisors

First Southwest
221 North Kansas Street, Suite 1200
El Paso, Texas 79901

POC: George Williford, Managing Director
J.C. "Corky" Hall, Executive Director
Maria Fernanda Urbina, Senior Vice President

Underwriters Selected

Lead: RBC

Contact: Ron Morrison; Rhett Bredy

Supporting: Raymond James

Contact: Thomas K. Oppenheim

Legal Team

Outside Counsel:
Paul A. Braden, Partner
FULBRIGHT & Jaworski L.L.P.
2200 Ross Avenue, Suite 2800
Dallas, Texas 75201-2784
T: 214 855 8189 * F: 214 855 8200
El Paso: 915 351 6053

Assistant City Attorney Bertha Ontiveros

Paying Agent:

Wells Fargo

Timeline of Events

The following *Timeline of Events* is the final proposed by First Southwest and approved by City Staff.

RECEIVED POST
5/27/2014
9:54 AM

CITY OF EL PASO, TEXAS
Combination Tax and Revenue Certificates of Obligation, Series 2014

Preliminary Schedule of Events (August Closing)

May-14						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Jun-14						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

Jul-14						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

Aug-14						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Complete By	Day	Event
3-Jun-14	Tuesday	First draft of the Official Statement distributed for comments
6-Jun-14	Friday	Provide comments on initial draft of POS
17-Jun-14	Tuesday	City Council approves resolution to authorize Notice of Intent to issue Combination Tax & Revenue Certificates of Obligation, Series 2014
19-Jun-14	Thursday	1st Publication of Notice of Intent to Issue Certificates of Obligation, Series 2014
26-Jun-14	Thursday	2nd Publication of Notice of Intent to Issue Certificates of Obligation, Series 2014
27-Jun-14	Friday	Send POS to Rating Agencies
7-Jul-14	Monday	Rating Agency Meetings
14-Jul-14	Monday	Receive ratings
16-Jul-14	Wednesday	Post Certificates of Obligation Series 2014 Preliminary Official Statement
22-Jul-14	Tuesday	City Council considers selling Certificate of Obligations through a parameters resolution
23-Jul-14	Wednesday	Pricing date for the Certificate of Obligations: Execution of Sale Agreements
29-Jul-14	Tuesday	Final official statement for the Certificate of Obligations printed and mailed
19-Aug-14	Tuesday	Closing. Certificates are delivered to Underwriters and proceeds received by City

Resolution –Notice of Intent:

On June 17, 2014, City Council will consider approving and authorizing a resolution to publish a notice of intention to issue these certificates of obligation. Notice of intent will be published in accordance with the resolution approved. If, at the time of the posting of this item on the agenda for July 22nd, no petition protesting the issuance of the COs has been presented or filed with the City Clerk or any member of Council or any other official of the City, the City Council may consider the parameters ordinance regarding these COs.

Copy of Reimbursement Resolution

The two Reimbursement Resolutions pertaining to these projects to be reimbursed were executed by Joyce Wilson, City Manager, in February 2014 and William F. Studer, Deputy City Manager, in August 2013, and are kept on file in the Office of the Chief Financial Officer.

Refunding Opportunity

Any refunding opportunities will be considered by July 22, 2014, and will be presented at the July 22nd City Council meeting.

Tax Model

The Tax Model for this issuance has been reviewed by staff and staff will work towards the tax limit of 30¢ given the current assumptions. The proposed tax model includes the proposal to issue the current debt under a 25-year term. Attached is the estimated impact on the tax model:

City of El Paso, Texas
Tax Rate Impact of Current Debt and Proposed Long-Term Debt Issuance
As of June 16, 2014

FYE	As of June 16, 2014	
	Authorized but not issued ¹	
2014		0.2326
2015		0.2505
2016		0.2508
2017		0.2585
2018		0.2691
2019		0.2771
2020		0.2856
2021		0.2931
2022		0.2968
2023		0.2986
2024		0.2913
2025		0.2840
2026		0.2749
2027		0.2716
2028		0.2708
2029		0.2655
2030		0.2620
2031		0.2570
2032		0.2437
2033		0.2061

¹This column includes authorizations for projected that will be funded through the issuance of contractual obligations.

= Maximum Debt Rate

Size of Issuance:

Proposed Issuance is as follows:

\$73,000,000 which includes all associated bond issuance costs

The 2014 Issuance is comprised of authorizations from March 2010, November 2010, April 2011, June 2012, September 2012 and January 2014 authorizations as follows:

Dates of Authorizations	Project Cost
March 2010	\$3,936,351
November 2010*	18,663,786
April 2011	15,949,314
June 2012	20,710,844
September 2012	7,807,404
January 2014**	5,355,000
Total	\$72,422,699
Rounded Issuance Size	\$73,000,000

*Includes \$12,690,447 in self-supporting debt from Sun Metro

**This issuance is to be funded 100% from Environmental Services Department.

The following chart, **Chart I**, in years 2015 and beyond, reflect the timing of the *remaining* authorizations approved by Council as of May 1, 2014.

Chart I: Proposed Scenarios of Remaining Debt Authorizations

Updated on May 1, 2014

Proposed Scenario as of May 1, 2014

Debt Scenario - All Existing Authorized Debt Plus Short Term CIP	Amount Previously Issued	2014	2015	2016	2017	2018	2019	2020+	Total
Approved Transportation Funding - March 2010	4,350,000	3,936,351	4,577,439	2,788,448	1,171,744	2,943,238			19,767,219
Approved Transportation Funding in November 2, 2010	19,888,507	5,973,339	15,095,017	22,663,877	7,602,212	-	5,285,160		76,508,111
Short-Term CIP Approved on April 19, 2011	27,100,000	15,949,314	13,984,255	5,950,000	2,230,000				65,213,569
2012-2019 Street Infrastructure Plan (June 2012)	7,280,000	20,710,844	31,705,156	24,544,000	24,544,000	24,544,000	25,064,000	60,008,000	218,400,000
City Hall Related Purchases (September 2012)	21,431,520	7,807,404							29,238,924
2012 QOL Projects (Authorized November 2012)	14,000,000	-	34,405,950	34,957,425	46,268,488	31,238,013	31,238,013	281,142,112	473,250,000
Subtotal - Tax Supported Debt		54,377,252	99,767,816	90,903,750	81,816,444	58,725,251	61,587,173	341,150,112	882,377,823
Environmental Services Funded		5,355,000							5,355,000
Sun Metro Funded		12,690,447	1,693,802						14,384,249
Total Issuance Needed	19,888,507	72,422,699	101,461,618	90,903,750	81,816,444	58,725,251	61,587,173	341,150,112	896,762,072

Note: The Sun Metro authorization was granted by City Council in the November 10 authorization. This debt is considered *self-supporting debt* and does not impact the I&S tax rate for the City. Likewise, the \$5,355,000 also does not impact the City as this is self-supported debt from Environmental Services fund.

List of Projects to be Funded

See Appendix A for List of Projects to be reimbursed and detail of specific authorizations. For the \$5,355,000 capital project, there is only one project that was approved by City Council on January 28, 2014, for acquisition of land for landfill expansion. This authorization is not included in this Appendix.

Appendix A: List of Projects to be reimbursed and detail of specific authorizations

March 2010 Authorization and Projects to be Funded

RECOMMENDED FUNDING										
Project	Local Match	Revised	Amount Issued to Date	Amount Spent at 4/30/14	CV 2014 Revised	CV 2015	CV 2016	CV 2017	CV 2018	Total
Carolina Bridge Widening	\$1,899,633	\$1,899,633	\$1,530	\$44,750	43,220	\$905,832	\$949,052	\$0	\$0	1,899,633
Country Club Road Construction	\$12,000,000	\$2,402,140	\$133,912	\$223,353	988,582	\$1,279,646	\$0	\$0	\$0	2,402,140
Yarbrough Overpass Shortfall	\$850,000	\$850,000	\$850,000	\$839,000	-	\$0	\$0	\$0	\$0	850,000
Airway Blvd Construction	\$750,000	\$0	\$0	\$0	-	\$0	\$0	\$0	\$0	-
TxDOT Matches	\$3,500,000	\$1,524,974	\$482,699	\$321,155	-	\$0	\$28,801	\$1,013,474	\$0	1,524,974
CBD Phase IV St & Drainage		\$376,600	\$118,939	\$125,159	6,220	\$251,441				376,600
Oregon Street Reconstruction		\$540,203	\$306,018	\$306,017	234,185					540,203
Loop 375-Zaragosa		\$274,950	\$274,950	\$274,950						274,950
Loop 375 - Dyer		\$75,331	\$75,331	\$75,331						75,331
CS - Paseo Del Norte Dr.		\$290,000	\$0	\$120,000	120,000	\$0	\$170,000			290,000
State Spur 1966		\$140,030	\$140,030	\$140,030						140,030
San Jacinto		\$2,000,000	\$739,251	\$605,122	750,000	\$510,749				2,000,000
Zaragoza POE Winn		\$548,836	\$0	\$9,760	9,760	\$539,076	\$0			548,836
Fiber Intercon - 659 Zaragoza		\$338,515	\$9,792	\$137,706	137,706	\$121,103	\$69,914			338,515
Alameda RTS Sidewalk Improvements		\$1,391,520	\$0			\$695,760	\$695,760			1,391,520
Mesa RTS Sidewalk Improvement		\$321,800	\$640	\$36,285	114,960	\$206,200				321,800
Montana Sidewalk Improvements		\$2,943,238						\$0	\$2,943,238	2,943,238
Mesa RTS Match		\$400,000	\$27,837	\$27,837	372,163					400,000
Luther Building Rehab		\$750,000	\$750,000	\$750,000						750,000
Wayfinding Downtown		\$905,873	\$0		905,873					905,873
Myrtle Street Improvements		\$94,127	\$2,790	\$4,950	2,160		\$89,177			94,127
Safe Routes to School		\$500,000	\$30,111	\$89,889	59,778		\$410,111			500,000
Fiber Interconnect		\$150,000	\$9,914	\$16,124	6,210		\$133,876			150,000
Bicycle Paths - Citywide		\$102,911		\$102,911	102,911		\$0			102,911
IT Capital Acquisitions				\$627	-					-
Video Surveillance & Ct St. Phs 1 & 2		\$178,952		\$31,344	31,344		\$147,608			178,952
Sub Total	\$18,999,633	\$18,999,633	\$3,953,744	\$4,282,298	3,885,072	\$4,509,807	\$2,694,299	\$1,013,474	\$2,943,238	18,999,633
2% for Arts	\$379,993	\$379,993	\$379,992	\$126,099	-	\$0	\$0	\$0	\$0	379,992
2% Bond Issuance Costs	\$387,593	\$387,593	\$16,264	\$16,264	51,279	\$67,632	\$94,149	\$158,270	\$0	387,594
Total	\$19,767,218	\$19,767,219	\$4,350,000	\$4,424,662	3,936,351	\$4,577,439	\$2,788,448	\$1,171,744	\$2,943,238	19,767,219