

**CITY OF EL PASO DOWNTOWN DEVELOPMENT CORPORATION
AGENDA ACTION ITEM**

AGENDA DATE: August 1, 2013

**CONTACT PERSON NAME AND PHONE NUMBER: William F. Studer, DCM 915-541-4215
Carmen Arrieta-Candelaria, CFO, (915) 541-4011**

SUBJECT:

APPROVE a resolution / ordinance / lease to do what? OR AUTHORIZE the Executive Director to do what? Be descriptive of what we want the Board to approve. Include \$ amount if applicable.

Discussion and action to approve a Resolution amending the May 28, 2013 Resolution (as amended on June 18, 2013) authorizing the issuance of "City of El Paso Downtown Development Corporation Special Revenue Bonds, Series 2013A (Downtown Ballpark Venue Project)" and "City of El Paso Downtown Development Corporation Special Revenue Bonds, Taxable Series 2013B (Downtown Ballpark Venue Project)" to account for certain changes in market conditions and resolve other matters incident and related thereto. [William F. Studer, Deputy City Manager (915) 541-4215; Carmen Arrieta-Candelaria, Chief Financial Officer (915) 541-4011]

BACKGROUND / DISCUSSION:

Discussion of the what, why, where, when, and how to enable the Board to have reasonably complete description of the contemplated action. This should include attachment of bid tabulation, or ordinance or resolution if appropriate. What are the benefits to the LGC of this action?

On May 28, 2013 (amended on June 18, 2013 (collectively, the "Original Resolution")) by the Board of Directors (the "Board") of the City of El Paso Downtown Development Corporation (the "Corporation"), the Board authorized the issuance of "City of El Paso Downtown Development Corporation Special Revenue Bonds, Series 2013A (Downtown Ballpark Venue Project)" (the "Series 2013A Bonds") and the "City of El Paso Downtown Development Corporation Special Revenue Bonds, Taxable Series 2013B (Downtown Ballpark Venue Project)" (the "Series 2013B Bonds") (collectively, the Series 2013A Bonds and the Series 2013B Bonds are referred to herein as the "Series 2013 Bonds"). This original Resolution delegated to a Pricing Officer the authority to determine and approve all final terms of the Series 2013 Bonds, subject to certain specified parameters. It has been determined that market conditions have significantly changed since the date of the Original Resolution and the Corporation staff is requesting that the Board approved the following changes in the parameters:

- The true interest rate (federal arbitrage yield) for the Series 2013A Bonds shall not exceed 6.25%;
- The true interest rate (federal arbitrage yield) for the series 2013B Bonds shall not exceed 7.0%.

The aggregate principal amount of the Series 2013 bonds shall not exceed the \$60.8 million as approved on June 18, 2013; the maximum maturity date shall not exceed December 31, 2045, for the Series 2013. This maturity date did not change from what was approved on June 18, 2013.

Additionally, staff is requesting an expansion to one or more initial purchasers by (i) negotiated sale, in accordance with a bond purchase agreement; (ii) by private placement, in accordance with an agreement to purchase or other agreement, or (iii) by competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 5 of the Resolution. This will allow greater flexibility to the Pricing Officers in the event it becomes necessary to effectuate a successful bond transaction.

The Corporation staff is also requesting approval of the Assistant Treasurer to the Corporation to allow for additional staff that would be available to effectuate the transactions. If approved, the City's Comptroller would be appointed as the Assistant Treasurer of the Corporation.

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PRIOR BOARD ACTION:

Has the Board previously considered this item or a closely related one?

Yes, the Board approved action of similar resolutions on May 28, 2013 and June 18, 2013.

AMOUNT AND SOURCE OF FUNDING:

How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?

n/a

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

Treasurer of the LGC: Carmen Arieta Candalaria

A RESOLUTION amending the resolution authorizing the issuance of "City of El Paso Downtown Development Corporation Special Revenue Bonds, Series 2013A (Downtown Ballpark Venue Project)" and "City of El Paso Downtown Development Corporation Special Revenue Bonds, Taxable Series 2013B (Downtown Ballpark Venue Project)" to account for certain changes in market conditions and resolve other matters incident and related thereto.

WHEREAS, pursuant to a resolution adopted on May 28, 2013 and amended on June 18, 2013 (collectively, the "Original Resolution") by the Board of Directors (the "Board") of the City of El Paso Downtown Development Corporation (the "Corporation"), the Board authorized the issuance of "City of El Paso Downtown Development Corporation Special Revenue Bonds, Series 2013A (Downtown Ballpark Venue Project)" (the "Series 2013A Bonds") and the "City of El Paso Downtown Development Corporation Special Revenue Bonds, Taxable Series 2013B (Downtown Ballpark Venue Project)" (the "Series 2013B Bonds") (collectively, the Series 2013A Bonds and the Series 2013B Bonds are referred to herein as the "Series 2013 Bonds");

WHEREAS, the Original Resolution delegated to a Pricing Officer (therein designated) the authority to determine and approve all final terms of the Series 2013 Bonds, subject to certain specified parameters;

WHEREAS, market conditions have significantly changed since the date of the Original Resolution and the Board hereby finds it is in the best interest of the Corporation to modify the previously specified parameters;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE CITY OF EL PASO DOWNTOWN DEVELOPMENT CORPORATION THAT:

SECTION 1: Pricing Parameters. The first paragraph of Section 5 of the Original Resolution is hereby deleted in its entirety and in its place the following is inserted:

SECTION 5: Delegation of Authority to Pricing Officer. As authorized by applicable law including the LGC Act, each of the Executive Director, Deputy Executive Director and the Treasurer of the Corporation (each a "Pricing Officer") is hereby authorized to act on behalf of the Corporation in selling and delivering the Series 2013 Bonds and carrying out the other procedures specified in this Resolution, including, but not limited to, determining the aggregate original principal amount of each series of Series 2013 Bonds, the date of each series of Series 2013 Bonds, the date of each Trust Agreement and the Lease Agreement, any additional or different designation or title by which each series of the Series 2013 Bonds shall be known, determining whether the Series 2013 Bonds shall be issued in one or more taxable or tax-exempt series or subseries of serial or capital appreciation bonds, the terms of any bond insurance applicable to each series of the Series 2013 Bonds, the price at which each series of the Series 2013 Bonds will be sold, the years in which each series of the Series 2013 Bonds will mature, the principal amount of each series of Series 2013 Bonds to mature in each of such years, the rate of interest to be borne by each such maturity, the interest payment dates, the record dates, the compounding dates, the price and

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terms upon and at which each series of the Series 2013 Bonds shall be subject to redemption prior to maturity at the option of the Corporation, as well as any mandatory sinking fund redemption or extraordinary optional redemption provisions, the designation of one or more funds for the payment of the Series 2013 Bonds, and all other matters relating to the issuance, sale and delivery of the Series 2013 Bonds, all of which shall be specified in one or more final executed Trust Agreements and one or more approval certificates executed by the Pricing Officer, provided that:

(a) the aggregate original principal amount of the Series 2013 Bonds shall not exceed \$60.8 million;

(b) the true interest rate (federal arbitrage yield) for the Series 2013A Bonds shall not exceed 6.25%;

(c) the true interest rate (federal arbitrage yield) for the series 2013B Bonds shall not exceed 7.0%; and

(d) the maximum maturity date for the Series 2013 Bonds shall not exceed December 31, 2045.

SECTION 2: Sale of Series 2013 Bonds. Section 8 of the Original Resolution is hereby deleted in its entirety and in its place the following is inserted:

SECTION 8: Sale of Series 2013 Bonds - Official Statement Approval.

The Series 2013 Bonds may be sold by the Corporation to one or more initial purchasers (herein referred to as the "Purchasers") by (i) negotiated sale, in accordance with a bond purchase agreement (the "Purchase Contract"), (ii) by private placement, in accordance with an agreement to purchase or other agreement, or (iii) by competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 5 of the Resolution. In the event the Series 2013 Bonds are sold by negotiated sale, the Pricing Officer shall designate and identify the Purchasers in the applicable Pricing Certificate(s) and the Pricing Officer is hereby authorized and directed to execute one or more Purchase Contracts. In addition, the Pricing Officer is hereby authorized and directed to execute one or more agreements to purchase in the event of a private placement, or the successful bid form(s) in the event of a competitive sale, as applicable, for and on behalf of the Corporation and as the act and deed of this Board.

The Chair and Vice Chair of the Board and the Executive Director, Deputy Executive Director, Secretary and/or Treasurer of the Corporation are further authorized to cause to be delivered for and on behalf of the Corporation copies of a Preliminary Official Statement and Official Statement prepared in connection with the offering of the Series 2013 Bonds by the Purchasers, in final form as may be required by the Purchasers, and such final Official Statement shall

be deemed to be approved by the Board and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 3: Execution of Trust Agreement. The Executive Director of the Corporation or the Pricing Officer is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver the Trust Agreement and the Secretary, Assistant Treasurer, Treasurer or any other officer of the Corporation is hereby authorized to attest to the Trust Agreement on behalf of the Corporation. Upon execution by the parties thereto and delivery thereof, the Trust Agreement shall be binding upon the Corporation in accordance with the terms and provisions thereof.

SECTION 4: Execution of Lease Agreement. Each of the Chair or Vice Chair of the Board or the Executive Director, Deputy Executive Director or Treasurer of the Corporation is hereby authorized and directed, for and on behalf of the Corporation, to execute and deliver the Lease Agreement and the Secretary, Assistant Treasurer or any other officer of the Corporation is hereby authorized to attest to the Lease Agreement on behalf of the Corporation. Upon execution by the parties thereto and delivery thereof, the Lease Agreement shall be binding upon the Corporation in accordance with the terms and provisions thereof.

SECTION 5: Assistant Treasurer. The City's Comptroller is hereby appointed as the Assistant Treasurer of the Corporation.

SECTION 6: Incorporation of Findings and Determinations. The findings and determinations of the Board contained in the preamble hereof are hereby incorporated by reference and made a part of this Resolution for all purposes as if the same were restated in full in this Section. Except as otherwise expressly modified by the terms hereof, all of the remaining terms of the Original Resolution remain in effect and are hereby ratified and affirmed. Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Original Resolution.

SECTION 7: Further Procedures. Each of the Chair, Vice Chair, Executive Director, Deputy Executive Director and Treasurer of the Corporation is, individually and collectively, authorized and directed to take all action necessary or reasonably required to effectuate the transactions described in this Resolution, and any other instruments authorized by this Resolution or required to effect the transaction contemplated hereby. In the event that any officer of the Corporation whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

In addition, prior to the initial delivery of the Series 2013 Bonds, any of the Chair, Vice Chair, Executive Director, Deputy Executive Director, Treasurer or bond counsel to the Corporation are each hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the documents authorized and approved by this Resolution: (i) in order to cure any ambiguity, formal defect, or omission in the Resolution or such other document; (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Series 2013 Bonds by the Attorney General; (iii) as requested by any of the national bond rating agencies to obtain a rating or ratings on the Series

2013 Bonds; or (iv) to accomplish the issuance and delivery of the Series 2013 Bonds and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Resolution, which determination shall be final.

SECTION 8: Severability. If any section, paragraph, clause, or provision of the Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

SECTION 9: Public Meeting. 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 Chapter 551, Texas Government Code, as amended.

SECTION 10: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

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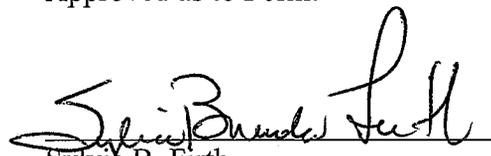
APPROVED AND ADOPTED this ____ day of _____, 2013.

Oscar Leeser
Chair, Board of Directors
City of El Paso
Downtown Development Corporation

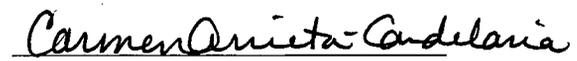
ATTEST:

Richarda Duffy Momsen
Secretary, City of El Paso
Downtown Development Corporation

Approved as to Form:


Sylvia B. Firth
City Attorney
City of El Paso, Texas

Approved as to Content:


Carmen Arrieta-Candelaria
Treasurer, City of El Paso
Downtown Development Corporation

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2013 JUL 29 PM 12:33



Memorandum

TO: Mayor and Council
(El Paso Downtown Development Board Members)

FROM: Carmen Arrieta-Candelaria
Chief Financial Officer (Treasurer of LGC)

DATE: August 1, 2013

RE: Ballpark Pricing Structure; Changing Market Conditions and
Request for an Amendment to the May 28, 2013 Resolution, as
amended

As you are aware, on May 28, 2013, the LGC approved certain pricing parameters related to the ballpark bond structure and delegated the pricing authority under those parameters to the Executive Director (City Manager) of the Corporation. On June 18, 2013, the Board expanded those parameters to the following:

- (a) the aggregate original principal amount of the Series 2013 Bonds shall not exceed **\$60.8** million;
- (b) the aggregate true interest cost for the Series 2013A Bonds shall not exceed **5.00%**;
- (c) the aggregate true interest cost for the series 2013B Bonds shall not exceed **5.75%**; and
- (d) the maximum maturity date for the Series 2013 Bonds shall not exceed **December 31, 2045**.

Since the June 18, 2013, approval, the Corporations' team of staff, financial advisors and underwriters has been trying to effectuate the bond transaction. However to date, the assigned underwriters have been unable to sell the Ballpark Bonds within the existing parameters. The primary reason for this is due to the market conditions that have changed significantly from the date of the Corporation's approval. The market has experienced an increase in the MMD, which is the primary driver of rates for this transaction. As you can see by the attached Exhibit 1, the 20-year MMD on 7/26/13 has moved from just above 2.5% to 3.980%.

As such, the most substantive change necessary to the parameters noted above (and the reason for this second amendment to the May 28, 2013 resolution) is to increase the interest rate parameters on the tax exempt bonds and taxable bonds by 1.25%. As

Mayor
Oscar Leoser

City Council

District 1
Ann Morgan Lilly

District 2
Larry Romero

District 3
Emma Acosta

District 4
Carl L. Robinson

District 5
Dr. Michiel R. Noe

District 6
Eddie Holguin Jr.

District 7
Lily Limón

District 8
Cortney C. Niland

City Manager
Joyce A. Wilson

recommended by the underwriters, the tax exempt ceiling would now be 6.25% and the taxable ceiling would now be 7%. If approved, the new parameters would be:

- (a) the aggregate original principal amount of the Series 2013 Bonds shall not exceed **\$60.8** million;
- (b) the true interest rate (federal arbitrage yield) for the Series 2013A Bonds shall not exceed **6.25%**;
- (c) the true interest rate (federal arbitrage yield) for the series 2013B Bonds shall not exceed **7.00%**
- (d) the maximum maturity date for the Series 2013 Bonds shall not exceed **December 31, 2045**.

The staff is also requesting additional flexibility to allow the Pricing Officer(s) to add underwriters to the syndicate or otherwise alter the method of sale to take into account market conditions as needed. Additionally, staff is requesting an expansion to one or more initial purchasers by (i) negotiated sale, in accordance with a bond purchase agreement; (ii) by private placement, in accordance with an agreement to purchase or other agreement, or (iii) by competitive bidding, in accordance with the successful bid submitted therefor, as determined by the Pricing Officer, in accordance with Section 5 of the Resolution. This will allow greater flexibility to the Pricing Officers in the event it becomes necessary to effectuate a successful bond transaction.

Finally, the Corporation staff is also requesting approval of an Assistant Treasurer to the Corporation to allow for additional staff that would be available to effectuate the transactions. If approved, the City's Comptroller would be appointed as the Assistant Treasurer of the Corporation. Dr. Mark Sutter is currently serving in this capacity for the City.

Members of the staff, financial advisors, and underwriters will be present on August 1, 2013, at the scheduled meeting in order to provide any pertinent information regarding this bond transaction.

c: Joyce Wilson, City Manager
William Studer, Deputy City Manager
Sylvia Firth, City Attorney
Paul Braden, Fulbright & Jaworski, LLP
Bertha Ontiveros, Assistant City Attorney
Dr. Mark Sutter, Comptroller

S E R V I C E S O L U T I O N S S U C C E S S



City of El Paso

El Paso Downtown Development Corporation

August 1, 2013

William F. Studer, Jr.
Deputy City Manager
City of El Paso

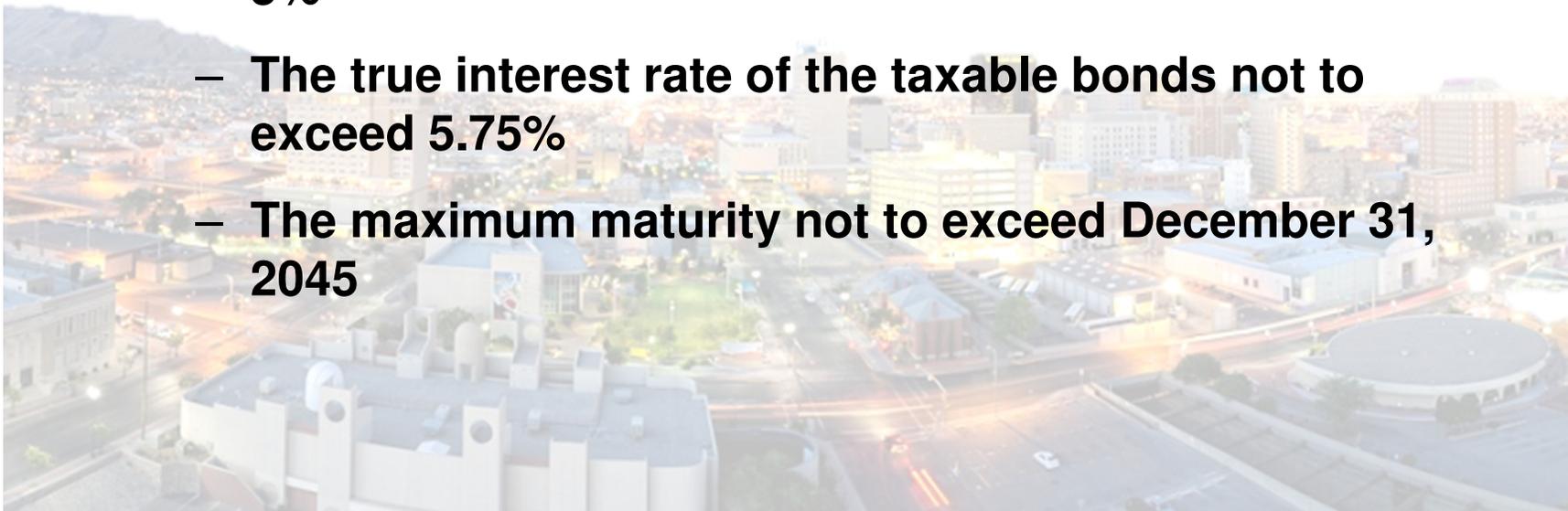




June 18, 2013

Actions of the El Paso Downtown Development Corporation authorized the issue of Special Revenue Bonds

- In principal amount not to exceed \$60.8 million
- True interest rate of tax-exempt bonds not to exceed 5%
- The true interest rate of the taxable bonds not to exceed 5.75%
- The maximum maturity not to exceed December 31, 2045

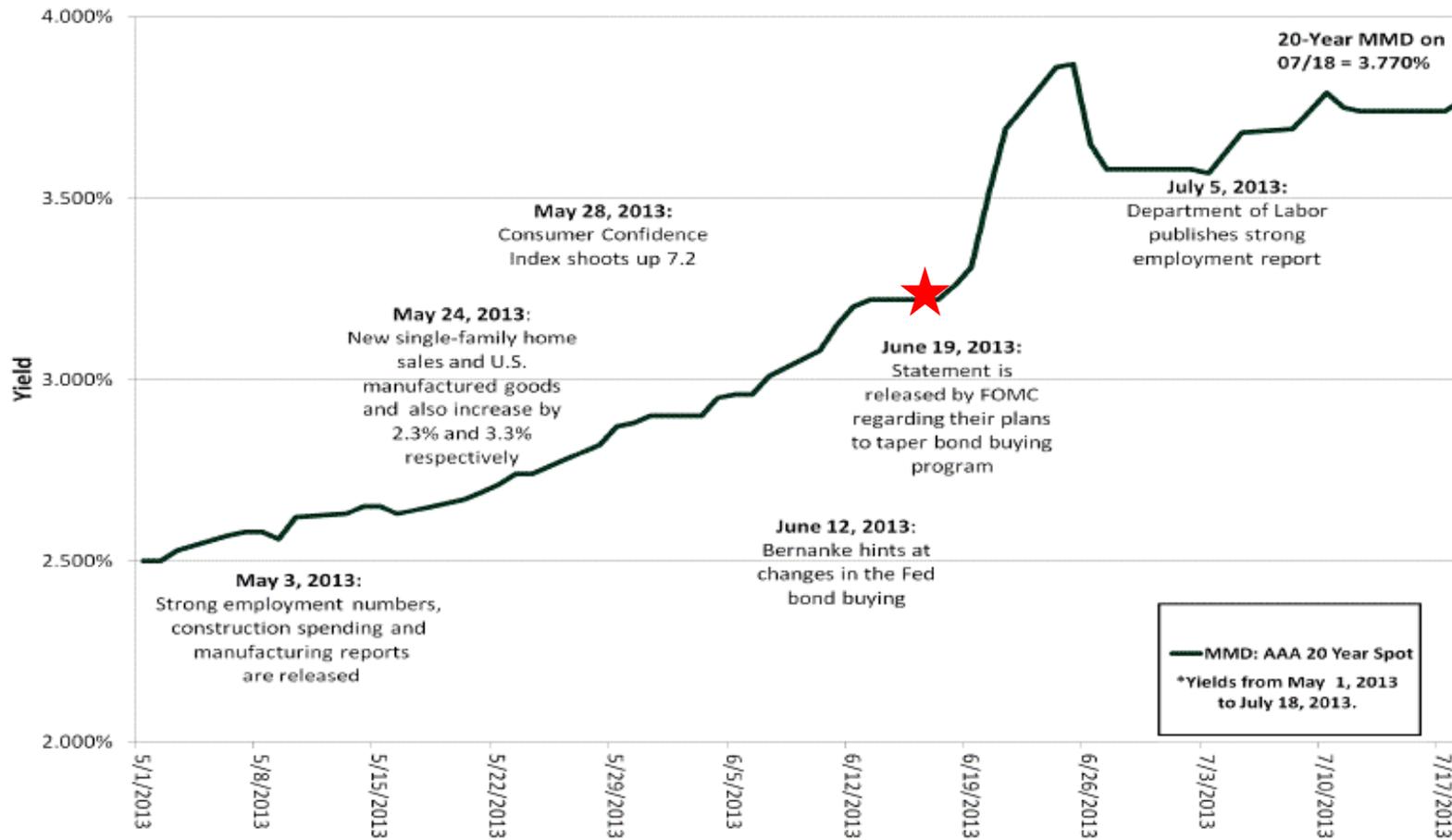




Recent Market Movement

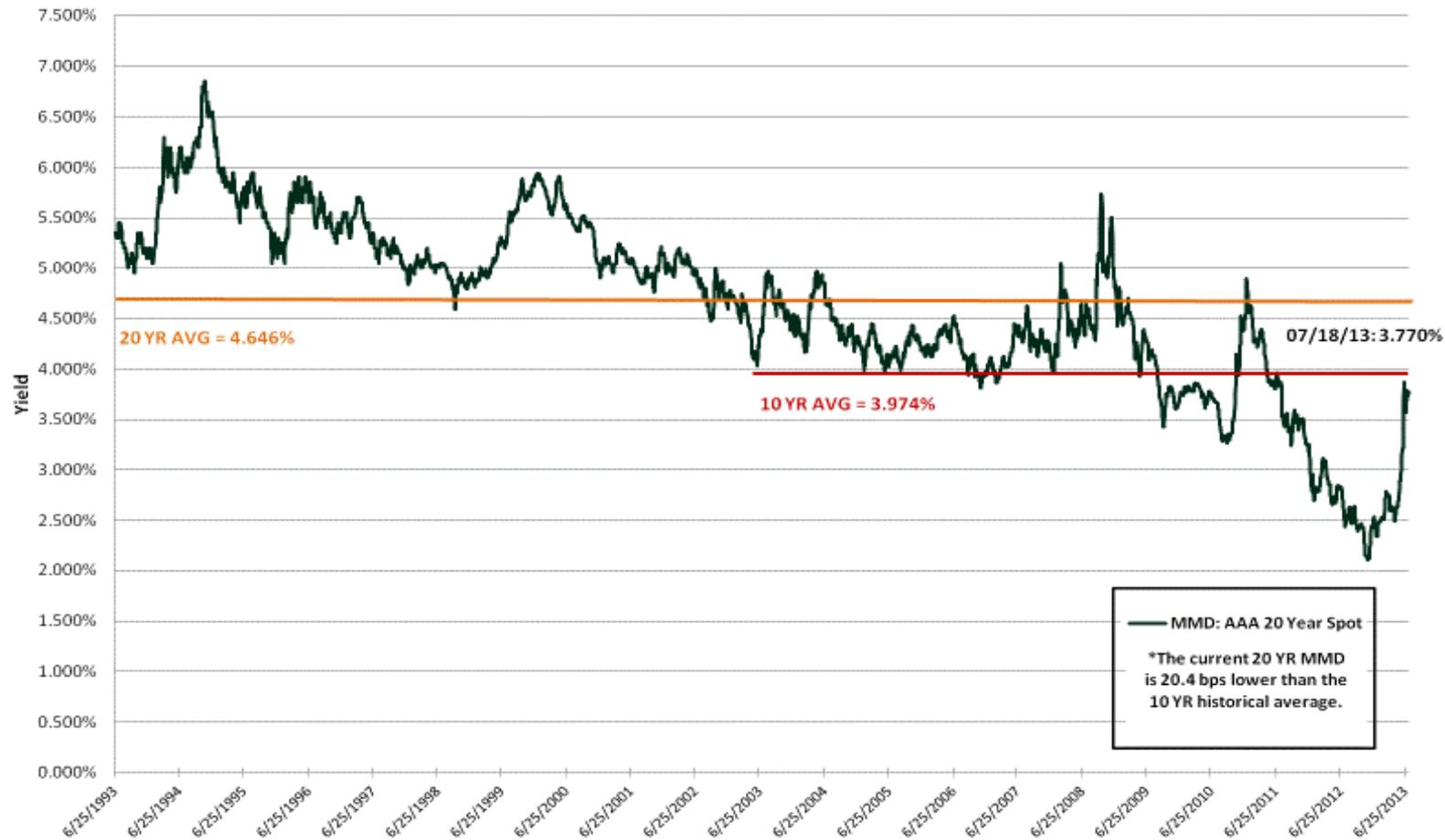
- Recently there have been mixed economic indicators

20-Year MMD Movement Since May 1, 2013





Historical 20 Year Tax-Exempt MMD*





August 1, 2013

Requested action of the El Paso Downtown Development Corporation

- **Amend the true interest rate of tax-exempt bonds not to exceed 6.25%**
- **Amend the true interest rate of taxable bonds to not exceed 7.00%**
- **Authorize the possible addition of underwriters from the list previously approved by City Council**
- **Authorize greater flexibility of method of sale (negotiated sale, competitive bid or private placement)**

*** Current market rates are at approximately 5.92% (tax exempt) and 6.61% (taxable) for 30 year bonds**



Questions or Comments?

