

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Financial and Administrative Services

AGENDA DATE: March 10, 2009

CONTACT PERSON/PHONE: William F. Studer, Deputy City Manager, Financial and Administrative Services, 541-4011 and Carmen Arrieta-Candelaria, Chief Financial Officer, 541-4293

DISTRICT(S) AFFECTED: All

SUBJECT:

Discussion and action regarding a resolution approving and authorizing publication of notice of intention to issue certificates of obligation.

BACKGROUND / DISCUSSION:

The attached resolution authorizes publication of a notice in the newspaper of the City's intent to issue certificates of obligation at the City's April 14th City Council Meeting. The not-to-exceed par amount of the certificates' proposed to be issued at such April 14th meeting is \$79,500,000. The proceeds from such certificates will only be used for the projects described in the attached resolution. These projects were previously approved by the City Council in January 2006, August 2006 (Storm) and December 2008. Please see the attached spreadsheets that support the following breakdown:

January 2006 Authorization:	\$15,000,000
Storm 2006 Authorization:	35,000,000
December 2008 Authorization:	<u>29,500,000*</u>
Total Proposed:	<u>\$79,500,000</u>

We are currently evaluating various options with regard to these certificates of obligations including whether it would be advantageous to the City to issue a portion of these certificates as "Build America Bonds" ("BABs") under the new federal stimulus legislation. BABs are a taxable bond option whereby the federal government provides a tax credit to bond holders, or in certain instances, a direct cash payment to the governmental issuer (e.g., the City). City staff will continue to work with First Southwest, the City's financial advisor and Paul Braden, City Bond Counsel on these and other options. Representatives from First Southwest and Bond Counsel will be on hand at the meeting for discussion.

PRIOR COUNCIL ACTION:

Council has approved such resolutions in the past related to the issuance of certificates of obligation.

AMOUNT AND SOURCE OF FUNDING:

The proceeds from these COs will fund remaining bond projects; repayment of the bonds will be accounted for in the debt service fund as appropriate. Sources of funding are property taxes and Mass Transit fare box and sales tax revenues.

*\$12million of these bonds will be funded from Mass Transit revenues.

BOARD / COMMISSION ACTION:

N/A

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

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: _____
(Example: *Carmen Anita Candelaria*
if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA:

CITY MANAGER: _____

DATE: _____

Fulbright & Jaworski I.L.P.

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MEMORANDUM

TO: Joyce Wilson, City Manager
Carmen Arrieta-Candelaria, Chief Financial Officer
Richarda Duffy Momsen, City Clerk

FROM: Paul A. Braden

DATE: March 4, 2009

RE: Resolution Approving Notice of Intention to Issue Certificates of Obligation,
Series 2009A [Paul A. Braden, Bond Counsel (915) 351-6053]

SUBJECT/AGENDA ITEM

Discussion and action regarding a resolution approving and authorizing publication of notice of intention to issue certificates of obligation.

BACKGROUND/DISCUSSION – City Council Meeting, Tuesday, March 10, 2009

The attached resolution authorizes publication of a notice in the newspaper of the City's intent to issue certificates of obligation at the City's April 14th City Council Meeting. The not-to-exceed par amount of the certificates' proposed to be issued at such April 7th meeting is \$79,500,000. The proceeds from such certificates will only be used for the projects described in the attached resolution. These projects were previously approved by the City Council in January 2006, August 2006 (Storm) and December 2008.

We are evaluating whether it would be advantageous to the City to issue a portion of these certificates as "Build America Bonds" ("BABs") under the new federal stimulus legislation. BABs are a taxable bond option whereby the federal government provides a tax credit to bond holders, or in certain instances, a direct cash payment to the governmental issuer (e.g., the City). We will continue to work with your financial advisor and City staff in evaluating this option.

I will attend the City Council meeting to answer questions concerning this item. In the meantime, please do not hesitate to call me at 351-6053 if you need additional information. Thank you for your attention to this matter.

Enclosure

cc: Charles McNabb, City Attorney (*via electronic mail*)
William F. Studer, Jr., Deputy City Manager (*via electronic mail*)
Bertha A. Ontiveros, Assistant City Attorney (*via electronic mail*)
George Williford, First Southwest Company (*via electronic mail*)

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

CITY OF EL PASO

§

STATE OF TEXAS

§

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WHEREAS, the City Council of the City of El Paso, Texas, has determined that certificates of obligation should be issued under and pursuant to the provisions of V.T.C.A., Local Government Code, Subchapter C of Chapter 271, 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 \$79,500,000 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, thoroughfares, sidewalks, pathways and related municipal facilities within the City, including lane markings, ADA connectivity, traffic signals, loop detectors, lighting and landscaping related thereto and the acquisition of necessary rights-of-way and land in connection therewith, (b) design, construction and installation of flood control, storm water, drainage improvements, ponding areas and related municipal facilities within the City, including the acquisition of rights-of-way, real property and any related demolition necessary in connection therewith, (c) renovating, improving and equipping existing municipal facilities, including fiber optic connectivity, ADA improvements, roofing system rehabilitation and replacement, and lighting projects, (d) renovating, improving and expanding municipally owned international bridge facilities, (e) acquisition, construction and improvement of municipally owned public art projects, (f) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary land therefor, and (g) the purchase of capital equipment, including motor vehicles, for the following city departments: police, fire, transportation, street and public works, 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 V.T.C.A., 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.

[Remainder of page left blank intentionally.]

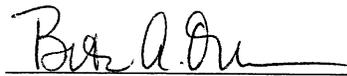
APPROVED AND ADOPTED this 10th day of March, 2009.

John F. Cook
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 9:00 o'clock A.M. on the 14th day of April, 2009, at its regular meeting place on the second floor of the Municipal Building, 2 Civic Center Plaza, 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 \$79,500,000 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, thoroughfares, sidewalks, pathways and related municipal facilities within the City, including lane markings, ADA connectivity, traffic signals, loop detectors, lighting and landscaping related thereto and the acquisition of necessary rights-of-way and land in connection therewith, (b) design, construction and installation of flood control, storm water, drainage improvements, ponding areas and related municipal facilities within the City, including the acquisition of rights-of-way, real property and any related demolition necessary in connection therewith, (c) renovating, improving and equipping existing municipal facilities, including fiber optic connectivity, ADA improvements, roofing system rehabilitation and replacement, and lighting projects, (d) renovating, improving and expanding municipally owned international bridge facilities, (e) acquisition, construction and improvement of municipally owned public art projects, (f) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary land therefor, and (g) the purchase of capital equipment, including motor vehicles, for the following city departments: police, fire, transportation, street and public works, and (ii) professional services rendered in connection therewith, and such certificates are 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 V.T.C.A., Local Government Code, Subchapter C of Chapter 271.

Richarda Duffy Momsen
City Clerk
City of El Paso, Texas

City of El Paso
 Remaining Authorization on 2006 CO Issuances
 As of February 13, 2009

	January 2006	August (Storm) 2006
Initial Amount	\$ 100,000,000	\$ 100,000,000
May 2007 Issuance	\$ 35,000,000	
January 2009	5,000,000	45,000,000
Subtotal	<u>\$ 60,000,000</u>	<u>\$ 55,000,000</u>
October 2009	\$ 15,000,000 (a)	
		\$ 35,000,000 (b)
Remaining Authorization	<u><u>\$ 45,000,000</u></u>	<u><u>\$ 20,000,000</u></u>

a) ADA connectivity with resurfacing projects; street lighting projects; Cebeda/I-10 Flood Control projects; Zaragosa POE expansion and feasibility study; street improvements; street/school flashers; mast arm replacements; matches for TXDOT projects; facility rehab projects; parks perimeter lighting project; Upper Valley expansion project; Saipan land acquisition for drainage/pond improvements.

b) Facilities improvements (fiber optic link project); capital equipment purchases, Westside drainage improvements, Northgate Diversion channel improvement; street resurfacing projects, street improvements, ponding area improvements, flood control conduit projects, drainage and sewer improvement projects.

**2009 DEBT ISSUANCE
Critical Priorities
Option B**

<i>Program</i>	<i>Project</i>	<i>Comment</i>	<i>Funding Need</i>
PROGRAMMED LONG TERM DEBT			
Pension Fund	Voter Approved Debt	Issuance by June 30, 2009	\$110,000,000
Hot Tax	City Council Authorization (CVB Cap)	Issuance Spring 2009	\$8,000,000
COB	Storm 2006 (2006-2007 City Council Approved Reprogramming)	Total \$165,000,000; 2009 Estimate of Need \$100,000,000 of Total; Issuance of \$50,000,000 in January & October 2009	\$100,000,000
Total			\$218,000,000
PROPOSED LONG TERM DEBT			
Sun Metro Need			
Sun Metro*	Downtown Transfer Site	Local Match & Project Shortfall	\$508,619
	Glory Road TT	Local Match & Project Shortfall	\$9,184,661
	Mission Valley TT	Local Match & Project Shortfall	\$603,802
	Westside TT	Local Match & Project Shortfall	\$1,428,929
	Oregon - Smart 101	Local Match & Project Shortfall	\$101,209
	Northgate TT	Local Match & Project Shortfall	\$5,781,736
	Administrative Building & LNG	Design Only	\$2,000,000
	ADA Curbcuts & Shelters	Total \$6,000,000; \$2,000,000 each year of 3-year period	\$2,000,000
Total			\$21,608,956
Other Need			
COB Shortfall	Storm 2006 Priority II Projects	Project Shortfalls	\$12,612,805
Transportation CIP	COEP Funding for Planning & Design	Montana BRT (Shortfall), \$1,216,000 ***; Dyer BRT, \$1,340,000 ***	\$2,556,000
TxDOT	Funding Commitments for Local Match, Planning, & Design per projected TxDOT letting schedule	Airway - \$907,500 Local Match & Design; Hawkins - \$1,028,500 Local Match & Design; BRT Alameda, Local Match, Planning & Design, \$3,484,000**/**; Other Projects Local Match \$2,000,000	\$7,420,000

**2009 DEBT ISSUANCE
Critical Priorities
Option B**

<i>Program</i>	<i>Project</i>	<i>Comment</i>	<i>Funding Need</i>
Comprehensive Mobility Plan	TxDOT Roadway Projects, Match & ROW Acquisition Costs; City Transit Total Project Costs	Loop 375 (Transmountain), ROW acquisition, \$50,000; Loop 375 (Joe Battle), ROW acquisition, \$100,000; Spur 276, ROW acquisition, \$880,000; BRT Mesa, Match \$1,000,000***; BRT Montana, Match \$400,000	\$2,430,000
2% Public Art	All Capital Projects	Per Municipal Code requirement	\$500,376
Total			\$25,519,181
All Needs Total			\$47,128,137
PROPOSED MASTER EQUIPMENT NOTES			
Sun Metro	Bus Acquisition	40 New Buses	\$16,000,000
General Fund	Fleet Replacement	TBD	\$10,000,000
Total			\$26,000,000

Total Authorization	\$ 73,128,137
To be Issued no later than October 2009	29,500,000
Remaining Authorization	\$ 43,628,137

** Sun Metro Projects include 2% Public Art Calculations*
*** 80% of funding amount (\$2,787,200) is TxDOT reimbursable upon phase completion*
**** Funding pays for: Alternatives Analysis, NEPA Review/Environmental, Preliminary Engineering, Construction Cost Estimate*