

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

**DEPARTMENT:** Financial and Administrative Services Portfolio  
**AGENDA DATE:** July 19, 2011  
**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 in an amount not to exceed \$37 million.

**BACKGROUND / DISCUSSION:**

In order to issue approximately \$37 million in certificates of obligation to fund ongoing capital projects, the City Council must approve and authorize publication of a notice of intention to issue these certificates of obligation. Attached is the *Plan for 2011 Debt Issuance* that outlines the steps necessary in order to issue the COs and also provides pertinent information regarding the upcoming issuance.

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 December 2008, February 2010 and March 2010 projects.

**AMOUNT AND SOURCE OF FUNDING:**

\$37,000,000 in COs to fund various projects from the December 2008, February 2010 and March 2010 authorizations. All of this debt will be tax-supported debt.

**BOARD / COMMISSION ACTION:**

N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**

Carmen Arrieta-Candelaria

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

CITY OF EL PASO

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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 \$37 million 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 accessibility, 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 area improvements 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, IT facility improvements, ADA improvements, roofing system rehabilitation and replacement, air circulation and lighting projects, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, and (f) the purchase of capital equipment, including motor vehicles, for the City fire department; 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 19<sup>th</sup> day of July, 2011.

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John F. Cook  
Mayor, City of El Paso, Texas

ATTEST:

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

**Approved as to Form:**



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

**Approved as to Content:**



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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 23rd day of August, 2011, 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 \$37 million 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 accessibility, 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 area improvements 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, IT facility improvements, ADA improvements, roofing system rehabilitation and replacement, and air circulation and lighting projects, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, and (f) the purchase of capital equipment, including motor vehicles, for the City fire department; 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.

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Richarda Duffy Momsen

City Clerk

City of El Paso, Texas

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# City of El Paso

## Plan for 2011 Debt Issuance

August/September 2011

Prepared by: Carmen Arrieta-Candelaria

Chief Financial Officer

July 12, 2011



# Plan for 2011 Debt Issuance

August/September 2011

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## Certificates of Obligation and Refunding Issuance

This document outlines the plan for issuing up to \$37,000,000 of debt in August/September of 2011, pertaining to the December 2008, February 2010 and March 2010 authorizations as granted by the City Council of the City of El Paso.

## City Staff and Others Assigned to Project

### *City Lead Staff Assigned*

William F. Studer, Deputy City Manager for Finance and Public Safety

Carmen Arrieta-Candelaria, Chief Financial Officer

### *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, Vice President

### *Underwriters Selected*

Lead: Morgan Stanley & Co.

Supporting: Southwest Securities

### *Bond 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

## Timeline of Events

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

**CITY OF EL PASO, TEXAS**

**\$35,665,000 Combination Tax and Revenue Certificates of Obligation, Series 2011  
\$7,000,000 General Obligation Refunding Bonds, Series 2011**

**Preliminary Schedule of Events**

Jun-11						
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-11						
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-11						
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			

Sep-11						
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	

<u>Complete By</u>	<u>Day</u>	<u>Event</u>
28-Jun-11	Tuesday	First Southwest Company submits information request to the City and begins working on official statement
12-Jul-11	Tuesday	First Southwest Company receives information requested from City
14-Jul-11	Thursday	First draft of the Official Statement distributed for comments
19-Jul-11	Tuesday	City Council approves resolution to authorize Notice of Intent to issue Certificate of Obligation, Series 2011 Provide comments on initial draft of POS
21-Jul-11	Thursday	1st Publication of Notice of Intent to Issue Certificates of Obligation, Series 2011
28-Jul-11	Thursday	2nd Publication of Notice of Intent to Issue Certificates of Obligation, Series 2011
8-Aug-11	Monday	Send POS to Rating Agencies
15-Aug-11	Monday	Rating Agency Conference Calls
23-Aug-11	Tuesday	City Council considers selling Certificate of Obligations & Refunding Bonds through a parameters resolution Receive ratings
30-Aug-11	Tuesday	Pricing date for the Certificate of Obligations & Refunding Bonds; Execution of sale agreements
6-Sep-11	Tuesday	Final official statement printed and mailed
29-Sep-11	Thursday	Closing. Certificates & Bonds are delivered to Underwriters and proceeds received by City

## Resolution –Notice of Intent:

On July 19, 2011, staff will recommend to City Council a resolution to approve and authorize publication of notice of intention to issue these certificates of obligation.

## Copy of Reimbursement Resolution

The Reimbursement Resolution pertaining to these projects to be reimbursed was executed by William F. Studer, Deputy City Manager, in April 2010, and is kept on file in the Financial Services Department.

## Refunding Opportunities

First Southwest proposes that the City refund \$5,830,000 of the 2001A Series of Certificates of Obligation series. This will net a PV benefit of 11.994%, which is above the City's refunding threshold of 2%, as per Section 7.2 of the City's Debt Management Policy.

## Tax Model

The Tax Model for this issuance has been reviewed by staff and staff has determined that the tax model will be in compliance with the tax limit of 27¢ given the current assumptions. The proposed tax model includes the proposal to issue the current debt under a 20-year term as opposed to the standard 25 year term. When compared to a 25-year term, the following would apply:

- Bond Size would be reduced by approximately \$1,875,000
- Total Interest Cost would be reduced from 4.35% to 4.05% due to a shorter bond life.
- Total debt payments would be reduced by \$7.5 million over the life of the bonds.
- Tax rate for 2012 would increase by \$0.005, for an approximate total of \$0.2331 (based on AV projections provided by the City of \$30,525,519,950 in 2012), however, this would be offset by the use of fund balance.
- The interest payment in 2012 would be considered a use of fund balance

## Size of Issuance:

*Proposed Issuance (not including the refunding):*

***\$37 million (\$33,260,000 plus Associated Issuance Costs)***

The 2011 Issuance is comprised of authorizations from December 2008, February 2010 and March 2010 authorizations. The following chart, **Chart 1**, is the timing of this issuance and remaining authorizations approved by Council as of June 30, 2011.

**Chart I: Proposed Scenarios of Remaining Debt Authorizations**

Proposed Scenario as of July 11,  
2011

Debt Scenario - All Existing Authorized Debt Plus Short-Term CIP	2011	2012	2013*	2014	2015	2016	2017	Total
December 2008 Authorization	10,834,876	8,963,305	7,000,000					26,798,181
February 2010 Authorization	20,000,000	20,000,000						40,000,000
Approved Transportation Funding - March 2010	4,350,000	2,649,633	12,767,586					19,767,219
Approved Transportation Funding in November 2, 2010		18,115,611	23,768,222	12,713,143	3,000,000	4,156,441	6,640,416	68,393,833
Short-Term CIP Approved on April 19, 2011		5,000,000	15,000,000	14,800,000	13,911,500	13,911,500		62,623,000
Subtotal - Tax Supported Debt	35,184,876	54,728,549	58,535,808	27,513,143	16,911,500	18,067,941	6,640,416	217,582,233
Sun Metro Only		12,000,000						12,000,000
<b>Total Issuance Needed</b>	<b>35,184,876</b>	<b>66,728,549</b>	<b>58,535,808</b>	<b>27,513,143</b>	<b>16,911,500</b>	<b>18,067,941</b>	<b>6,640,416</b>	<b>229,582,233</b>

Note: The Sun Metro authorization was granted by City Council in December 2008. This debt is considered *self-supporting debt* and does not impact the I&S tax rate for the City.

### List of Projects to be Funded

The following are projects to be funded: (a) constructing, resurfacing and improving various streets, roads, bridges, thoroughfares, sidewalks, pathways and related municipal facilities within the City, including lane markings, ADA accessibility, 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 area improvements 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, IT facility improvements, ADA improvements, roofing system rehabilitation and replacement, air circulation and lighting projects, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, and (f) the purchase of capital equipment, including motor vehicles, for the City fire department; and (ii) professional services rendered in connection with this issuance.

**Appendix A: Notice of Intent Resolution**

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

CITY OF EL PASO

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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;

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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 19<sup>th</sup> day of July, 2011.

\_\_\_\_\_  
John F. Cook  
Mayor, City of El Paso, Texas

ATTEST:

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

**Approved as to Form:**

**Approved as to Content:**

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

\_\_\_\_\_  
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 23rd day of August, 2011, 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 \$37 million 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 accessibility, 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 area improvements 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, IT facility improvements, ADA improvements, roofing system rehabilitation and replacement, and air circulation and lighting projects, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, and (f) the purchase of capital equipment, including motor vehicles, for the City fire department; 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