

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

DEPARTMENT: Financial Services Portfolio

AGENDA DATE: September 11, 2012

CONTACT PERSON NAME

AND PHONE NUMBER:

William F. Studer, Deputy City Manager, Development and Tourism, 541-4011 and
Carmen Arrieta-Candelaria, Chief Financial Officer, 541-4011

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 \$63 million.

BACKGROUND / DISCUSSION:

In order to issue approximately \$63 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 2012 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, November 2010, April 2011 and August 2012 projects.

AMOUNT AND SOURCE OF FUNDING:

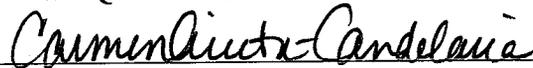
\$63 million in COs to fund various projects from the December 2008, February 2010, November 2010, April 2011 and August 2012 authorizations. \$12,000,000 of this debt will be supported by Sun Metro; remaining is tax-supported debt.

BOARD / COMMISSION ACTION:

N/A

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

DEPARTMENT HEAD:



(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

Information copy to appropriate Deputy City Manager

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 \$63,000,000 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, 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, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, acquisition, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, (f) acquisition, renovation, rehabilitation, improving and equipping municipal facilities for departmental administrative purposes, (h) design and construction of fire stations, (i) design, acquisition, construction, improvement and equipping of parks and recreational facilities, (j) rehabilitating, renovating, improving and equipping existing municipal facilities, including libraries, maintenance service centers, animal control and fire stations, and (k) demolition of dangerous structures, and (ii) the purchase of land, buildings and/or capital equipment, including motor vehicles, for the following City departments: police, fire, transportation, library, street and bridge, parks and recreation, public works, health and service center; and (iii) 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 11th day of September, 2012.

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

ATTEST:

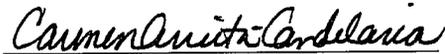
Richarda Duffy Momsen
City Clerk, City of El Paso, Texas

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 8:30 o'clock A.M. on the 16th day of October, 2012, 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 \$63,000,000 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, 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, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, acquisition, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, (f) acquisition, renovation, rehabilitation, improving and equipping municipal facilities for departmental administrative purposes, (h) design and construction of fire stations, (i) design, acquisition, construction, improvement and equipping of parks and recreational facilities, (j) rehabilitating, renovating, improving and equipping existing municipal facilities, including libraries, maintenance service centers, animal control and fire stations, and (k) demolition of dangerous structures, and (ii) the purchase of land, buildings and/or capital equipment, including motor vehicles, for the following City departments: police, fire, transportation, library, street and bridge, parks and recreation, public works, health and service center; and (iii) 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

Plan for 2012 Debt Issuance

September – October 2012

Prepared by: Carmen Arrieta-Candelaria
Chief Financial Officer
September 1, 2012



Plan for 2012 Debt Issuance

September/October 2012

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Certificates of Obligation and Refunding Issuance

This document outlines the plan for issuing up to \$63,000,000 of debt in the fall of 2012 pertaining to the December 2008, February 2010, November 2010, April 2011 and August 2012 authorizations as granted by the City Council of the City of El Paso. The Plan also proposes to refund \$23,245,000 of 2003 Certificates of Obligation.

City Staff and Others Assigned to Project

City Lead Staff Assigned

William F. Studer, Deputy City Manager for Development and Tourism
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 Capital Markets, LLC

Contact: Ron Morrison/Todd Holder/Paul Cassidy/Rhett Bredy

Supporting: Siebert Brendford Shank & Co, Inc.

Contact: Art Morales

Merrill Lynch, Pierce, Fenner & Smith

Contact: Curt Shelmire

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.

Resolution –Notice of Intent:

On September 11, 2012, staff will recommend to City Council a resolution to approve and authorize publication of notice of intention to issue these certificates of obligation. See Appendix A for Notice of Intent.

Copy of Reimbursement Resolution

The Reimbursement Resolution pertaining to these projects to be reimbursed was executed by William F. Studer, Deputy City Manager, in June 2011, and is kept on file in the Financial Services Department.

Refunding Opportunity

First Southwest proposes that the City refund \$23,245,000 of the 2003 Series of Certificates of Obligation series. This will net a PV benefit of 10.784%, or \$2,369.168, 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 25-year term.

Size of Issuance:

Proposed Issuance (not including the refunding):

\$63,000,000 which includes all associated bond issuance costs

The 2012 Issuance is comprised of authorizations from December 2008, February 2010, March 2010, April 2011 and August 2012 authorizations. The following chart, *Chart I*, is the timing of this issuance and remaining authorizations approved by Council as September 11, 2012.

Chart I: Proposed Scenarios of Remaining Debt Authorizations

Proposed Scenario as of August 28, 2012 with revisions to 2008 Program

Debt Scenario - All Existing Authorized Debt Plus Short-Term CIP	Subfund	Amount Previously Issued	2012	2013*	2014	2015	2016	2017	2018*	Total
December 2008 Authorization	471	45,164,832	5,000,000	10,963,305						61,128,137
February 2010 Authorization	451	20,000,000	20,000,000							40,000,000
Approved Transportation Funding - March 2010	452	4,350,000		15,417,219						19,767,219
Approved Transportation Funding In November 2, 2010	453		2,000,000	29,645,019	25,000,000	29,247,375				85,892,394
Short-Term CIP Approved on April 19, 2011	456		20,100,000	15,000,000	14,800,000	15,313,569				65,213,569
Long Term Street Infrastructure Plan				21,800,000	21,800,000	21,800,000	21,800,000	21,800,000	109,400,000	218,400,000
City Hall Related Purchases - August 7, 2012			2,431,520							2,431,520
Subtotal - Tax Supported Debt		69,514,832	49,531,520	92,825,543	61,600,000	66,360,944	21,800,000	21,800,000	109,400,000	492,832,839
Sun Metro Only			12,000,000							12,000,000
Total Issuance Needed		69,514,832	61,531,520	92,825,543	61,600,000	66,360,944	21,800,000	21,800,000	109,400,000	504,832,839
General		69,514,832	22,931,520	37,863,305	36,600,000	37,113,569	21,800,000	21,800,000	109,400,000	287,508,394
Transportation			2,000,000	45,052,238	25,000,000	29,247,375				101,309,613
Technology			24,600,000	9,900,000						34,500,000
Sun Metro (Self)			12,000,000							12,000,000

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: (i) construction projects as follows: (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, (d) acquisition, construction and improvement of municipally owned public art projects, (e) design, acquisition, construction and improvements to transportation and terminal facilities, including the acquisition of necessary rights of way and land therefor, (f) acquisition, renovation, rehabilitation, improving and equipping municipal facilities for departmental administrative purposes, (h) design and construction of fire stations, (i) design, acquisition, construction, improvement and equipping of parks and recreational facilities, (j) rehabilitating, renovating, improving and equipping existing municipal facilities, including libraries, maintenance service centers, animal control and fire stations, and (k) demolition of dangerous structures; and (ii) the purchase of land, buildings and/or capital equipment, including motor vehicles, for the following City departments: police, fire, transportation, library, street and bridge, parks and recreation, public works, health and service center; and (iii) professional services rendered in connection with this issuance.

Appendix A: Notice of Intent Resolution