

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

**DEPARTMENT:** Financial and Administrative Services Portfolio  
**AGENDA DATE:** September 28, 2010  
**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 \$77 million.

**BACKGROUND / DISCUSSION:**

In order to issue approximately \$77 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 Fall 2010 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 January 2006, Storm 2006 and December 2008 projects.

**AMOUNT AND SOURCE OF FUNDING:**

\$77,000,000 in COs to fund various projects from the January 2006, Storm 2006 and December 2008 authorizations. Sun Metro will fund approximately \$7 million of the 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

§

STATE OF TEXAS

§

§

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 \$77 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 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 land therefor, (f) the purchase of capital equipment, including motor vehicles, for the following city departments: police, fire, transportation, street and public works, and (g) improving and equipping existing City park and recreational facilities, 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 28th day of September, 2010.

---

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 2<sup>nd</sup> day of November, 2010, 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 \$77 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 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 land therefor, (f) the purchase of capital equipment, including motor vehicles, for the following City departments: police, fire, transportation, street and public works, and (g) improving and equipping existing City park and recreational facilities,, 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

## Plan for Fall 2010 Debt Issuance

October 2010

Prepared by: Carmen Arrieta-Candelaria  
Chief Financial Officer  
September 19, 2010



# Plan for Fall 2010 Debt Issuance

October 2010

## Table of Contents:

City Staff and Others Assigned to Project

Timeline of Events

Resolution – Notice of Intent

Parameters Resolution

Copy of Reimbursement Resolution

Refunding Opportunities

Tax Model

Size of Issuance

List of Projects to be Funded

Appendix A: Notice of Intent Resolution

## Certificates of Obligation and Refunding Issuance

This document outlines the plan for issuing up to \$77,000,000 of debt in the Fall of 2010, pertaining to the January 2006, Storm (August) 2006 and December 2008 authorizations as granted by the City of El Paso City Council.

## City Staff and Others Assigned to Project

### *City 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: Southwest Securities  
Supporting: Citigroup Global  
Morgan Stanley & Co.

### *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

### \$78,080,000 Combination Tax and Revenue Certificates of Obligation, Series 2010 \$7,400,000 General Obligation Refunding Bonds, Series 2010

#### Preliminary Schedule of Events

Sep-10						
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		

Oct-10						
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						

Nov-10						
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				

Complete By	Day	Event
14-Sep-10	Tuesday	First Southwest Company submits information request to the City and begins working on official statement
28-Sep-10	Tuesday	City Council approves resolution to authorize Notice of Intent to issue Certificates of Obligation, Series 2010  First Southwest Company receives information requested from City
30-Sep-10	Thursday	First draft of the Official Statement distributed for comments  1st Publication of Notice of Intent to Issue Certificates of Obligation, Series 2010
5-Oct-10	Tuesday	Provide comments on initial draft of POS
7-Oct-10	Thursday	2nd Publication of Notice of Intent to Issue Certificates of Obligation, Series 2010
12-Oct-10	Tuesday	Send POS to Rating Agencies
19-Oct-10	Tuesday	Rating Agency Conference Calls
25-Oct-10	Monday	Preliminary official statement electronically posted
26-Oct-10	Tuesday	Receive ratings
2-Nov-10	Tuesday	City Council considers selling Certificate of Obligations & Refunding Bonds through a parameters resolution
3-Nov-10	Wednesday	Pricing date for the Certificate of Obligations & Refunding Bonds; Execution of sale agreements
9-Nov-10	Tuesday	Final official statement printed and mailed
22-Nov-10	Monday	Closing. Certificates & Bonds are delivered to Underwriters and proceeds received by City

## **Resolution –Notice of Intent:**

On September 28, 2010, staff will recommend that Council approve a resolution to approve and authorize publication of notice of intention to issue these certificates of obligation. Attached in Appendix A is the draft of this resolution.

## **Parameters Resolution:**

In order to maximize flexibility and options for the City in these issues, staff is recommending that City Council approve a parameters resolution on the 2<sup>nd</sup> of November at a regularly scheduled Council meeting.

## **Copy of Reimbursement Resolution**

The Reimbursement Resolution pertaining to these projects to be reimbursed was executed by William F. Studer, Deputy City Manager, on April 22, 2010, and is kept on file in the Financial Services Department.

## **Refunding Opportunities**

First Southwest proposes that the City refund \$6,810,000 of the 2001A Series of Certificates of Obligation series. This will net a PV benefit of 11.597%, 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 25¢ given the current assumptions.

## Size of Issuance:

**Proposed Issuance: \$77 million (\$75,633,289 plus Associated Issuance Costs)**

The 2010 Issuance is comprised of authorizations from January 2006, Storm (August) 2006, and December 2008 authorization Following is this issuance and remaining authorizations approved by Council as of August 31, 2010.

<i>Debt Scenario - All Existing Authorized Debt</i>	<i>October 2010</i>	<i>2011</i>	<i>2012</i>	<i>2013+</i>	<i>Total</i>
January 2006 Authorization	44,829,380				44,829,380
Storm 2006 Authorization	23,801,959				23,801,959
December 2008 Authorization		11,834,876	14,963,305		26,798,181
February 2010 Authorization		20,000,000	20,000,000		40,000,000
Approved Transportation Funding - March 2010		6,233,475	7,811,543	5,722,200	19,767,218
Subtotal - Tax Supported Debt	68,631,339	38,068,351	42,774,848	5,722,200	155,196,738
Sun Metro Only	7,001,950	12,000,000			19,001,950
<b>Total Issuance Needed</b>	<b>75,633,289</b>	<b>50,068,351</b>	<b>42,774,848</b>	<b>5,722,200</b>	<b>174,198,688</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 is the list of projects to be funded:

### ***January 2006 Funding:***

- Citywide Street Lighting
- Citywide Street Resurfacing and Landscaping Projects
- Citywide Park Improvements
- ADA Citywide Improvements
- Citywide Capital Equipment Purchases
- City Facility Upgrades and Rehabilitation
- Citywide Traffic Light Upgrades and Installations
- Yarbrough Bridge Reconstruction
- Acquisition of property for drainage improvements
- 2% Public Art Projects

### ***Storm 2006 Funding:***

- Citywide Improvements to Fiber Optic Connectivity and other IT equipment and facility improvements
- Citywide Drainage Design and Improvements
- Citywide Street Resurfacing Projects
- Citywide ponding area improvements
- Citywide flood control conduit projects

### ***Sun Metro Funding (These projects will be 100% funded by Sun Metro annual revenues):***

1) Glory Road Transit Terminal	\$1,244,661
2) Westside Transit Terminal	\$ 469,692
3) Northgate Transit Terminal	\$5,287,597
Total	\$7,001,950

## Appendix A: Notice of Intent Resolution