



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 41

Agenda Date: August 8, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Issuance, Sale, and Delivery of 2024 Certificates.

SUMMARY:

This Ordinance authorizes the issuance of up to \$137,000,000 “City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2024”; provides for the payment of the Certificates by the levy of an Ad Valorem Tax upon all taxable property within the City and further securing the Certificates by a lien on and pledge of the pledged revenues; provides the terms and conditions of the Certificates and resolves other matters incident and relates to the issuance, payment, security, sale, and delivery of the Certificates, including the approval and distribution of an Official Statement; authorizes the execution of a Paying Agent/Registrar Agreement and a Purchase Contract; complies with the provisions of the Depository Trust Company’s Letter of Representations; delegates the authority to certain City Officials and staff to establish the terms of the sale of the Certificates and to execute certain documents relating to the sale thereof; and provides for an effective date.

BACKGROUND INFORMATION:

The FY 2024 Adopted Capital Budget and FY 2024 Capital Budget amendments include the proposed sale of approximately \$134,800,000 Combination Tax and Revenue Certificates of

Obligation, Series 2024 (“the 2024 Certificates”) in an amount not to exceed \$137,000,000.

State law requires the publication of the Notice of Intention to be issued 30 days prior to the sale of 2024 Certificates of Obligation. The Notice of Intention which was approved by City Council on June 20, 2024 reflected a maximum principal amount not to exceed \$170,000,000 of which \$137,000,000 was applicable to the issuance of tax-exempt certificates of obligation. The total project amount to be funded is approximately \$135,000,000 and under the Municipal Facilities category, it includes the addition of the acquisition of the Public Safety Answering Point building (911 Center) from the San Antonio Municipal Facilities Corporation (entity created by the City and for which the City Council is the Board of Directors). This transaction will result in the movement of debt service payments on this outstanding debt from the City’s General Fund to the City’s property tax supported debt program beginning in FY 2025.

The differential between the total amount to be funded for projects and the maximum issuance amount of \$137,000,000 for the tax-exempt certificates of obligation is attributable to changes in projects to be funded and the flexibility necessary to allow for market conditions at the time of sale. The issuance of the 2024 Certificates may include a premium which will be used to fund the costs of issuance for the 2024 Certificates.

The 2024 Certificates will be used for the purpose of providing funds for the following: street improvements; pedestrian crosswalk; street lighting; underground utilities; parks and recreation including the San Antonio Zoo and the Botanical Gardens; municipal facilities including Market Square; drainage improvements; public safety; and information technology. The Certificates issued for improvements in the Tax Increment Reinvestment Zones (TIRZ’s) are self-supporting and the associated debt service will be paid from TIRZ revenues. See Exhibit I.

Approval of this Ordinance will give parameter sale authorization for the 2024 Certificates. This authorization will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms on the 2024 Certificates and the authority to sign the applicable purchase contracts upon completion of the sale of the 2024 Certificates.

It is anticipated that the 2024 Certificates will be sold the week of August 19, 2024, by an underwriting syndicate led by Piper Sandler & Co. as Senior Book Running Manager; Raymond James & Associates, Inc. as Co-Senior Manager; and Academy Securities, Inc., Blaylock Van, LLC, Jefferies, LLC, Mesirow Financial, Inc., Mischler Financial Group, Inc., and Stifel, Nicolaus & Company, Inc. as Co-Managers. Closing and delivery of the 2024 Certificates is anticipated to occur on September 18, 2024.

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc., are serving as Co-Financial Advisors.

ISSUE:

The aforementioned transaction will fund capital projects that have or will have been approved in the FY 2024 Adopted Capital Budget as well as other items to be approved by City Council and are consistent with the Debt Management Plan.

ALTERNATIVES:

The cost of the improvements to be financed could be absorbed into the City's operating budget and/or the proposed capital projects could be deferred or not done. However, this alternative is not budgeted and would negatively impact funding for other services and improvements or result in approved capital projects not being constructed.

FISCAL IMPACT:

Any costs pertaining to the proposed transactions will be paid for from the proceeds derived from the issuance and sale of such obligations. Therefore, there is no impact on the City's Operating Budget.

RECOMMENDATION:

Staff recommends approval of this Ordinance that authorizes the issuance, sale, and delivery of the 2024 Certificates.