



Debt Management Plan

FY 2025 PROPOSED BUDGET

City Council Budget Work Session
Presented by: Troy Elliott, Deputy Chief Financial Officer
August 27, 2024



Types of Debt Issued

General Obligation Bonds

- Backed by Property Taxes
- Voter Approved

Certificates of Obligation

- Backed by Property Taxes
- Not Voter Approved
- 45 Day Notice

Tax Notes

- Backed by Property Taxes
- Not Voter Approved
- Short Maturity

Revenue Bonds

- Backed by Specific Revenue
- Not Voter Approved

Bond Rating Scale

	Fitch	Moody's	S&P
Prime	AAA	Aaa	AAA
High Grade	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
Upper medium grade	A+	A1	A+
	A	A2	A
	A-	A3	A-
Lower medium grade	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-

Current City Bond Ratings

	Fitch	Moody's	S&P
Property Tax Debt	AA+ *	Aaa	AAA
PFC Lease Revenue Bonds – Convention Center Expansion	AA	Aa2	AA+
Airport Revenue Bonds	A+	A1	A
Airport - Passenger Facility Charge Bonds	A	A2	A-
Airport – Customer Facility Charge Revenue Bonds	BBB+	A3	BBB+
Stormwater Bonds	AA+	Aa2	AA+
Contract Revenue Bonds – Starbright (Toyota)	AA	Aa1	AA+
MFC Lease Revenue Bonds – City Tower	AA	Aa1	AA+

* Fitch maintains the City's Outlook as Positive which means that the City's current financial performance and other related rating criteria for Fitch is trending toward a potential future rating upgrade

Results of Bond Pricing – August 19-20, 2024

Successful transaction in a competitive market due to City's favorable ratings and name recognition in the market

- Over \$2 Billion in orders generated
- Due to strong investor demand, the City was able to negotiate lower interest rates on most of the bonds

Overall Interest Rate: 3.67%



Bond Ratings: "Aaa" Moody's / "AAA" S&P / "AA+" Fitch

Current Outstanding Debt – September 2024

	Outstanding Principal [\$ In Millions]	Effective Interest Rate	Average Life (Years)
G.O./C.O./Tax Notes ^{1,2}	\$2,779.0	2.52%	7.0
PFC Lease Revenue Bonds – Convention Center Expansion	542.6	3.75%	12.4
Airport – GARB	117.4	3.32%	7.9
Airport – PFC	76.6	2.40%	5.9
Airport – CFC	115.9	5.80%	13.1
Stormwater	29.8	3.30%	2.8
Contract Revenue Bonds – Starbright (Toyota)	12.0	4.48%	5.3
Municipal Facilities Corporation (MFC)			
MFC Contract Revenue Notes - Brooks	4.3	2.39%	5.7
MFC Fixed Rate Revenue Bonds – City Tower	59.5	2.49%	15.2
MFC Variable Rate Taxable Revenue Bonds – City Tower	29.4	4.72%	25.5
MFC Edwards Aquifer	30.0	3.95%	3.0
Total	\$3,796.5		

¹ Includes private placement debt
² Includes self-supporting debt in the amount of \$478.2 Million

Property Tax – Outstanding Debt

\$2.8 Billion

General Obligation Bonds
\$1,697.1 Million

Certificates of Obligation
\$739.3 Million

Tax Notes
\$340.3 Million

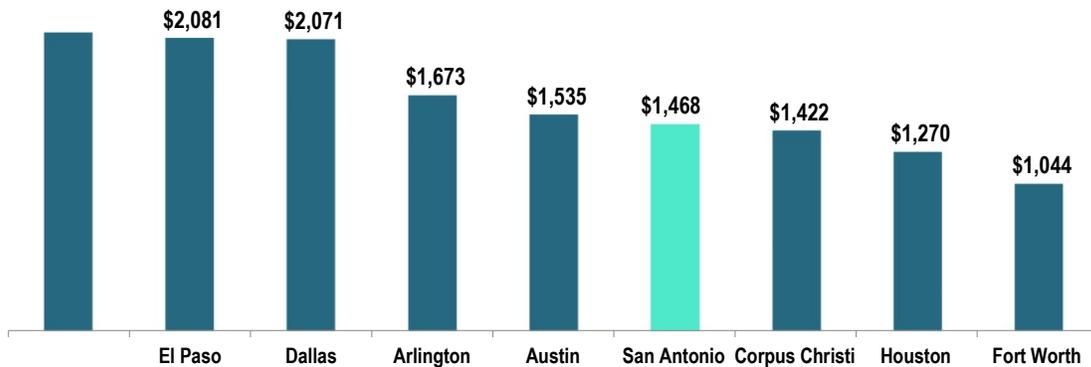
Public Property Finance Contractual Oblig
\$2.3 Million

Effective Interest Rate: 2.36%
Average Life: 7 years

Bond Ratings: “Aaa” Moody’s / “AAA” S&P / “AA+” Fitch

Ad Valorem Debt Per Capita in Texas

***San Antonio – One of the lowest**



SOURCE: Municipal Advisory Council of Texas as of September 30, 2023.

Debt Management Plan

Fundamental Components

- Short Average Life
- Moderately conservative projections
- Maintenance of debt service reserve
- Assumes no change in Debt Service Tax Rate
- Capacity analyses
- Sensitivity analyses

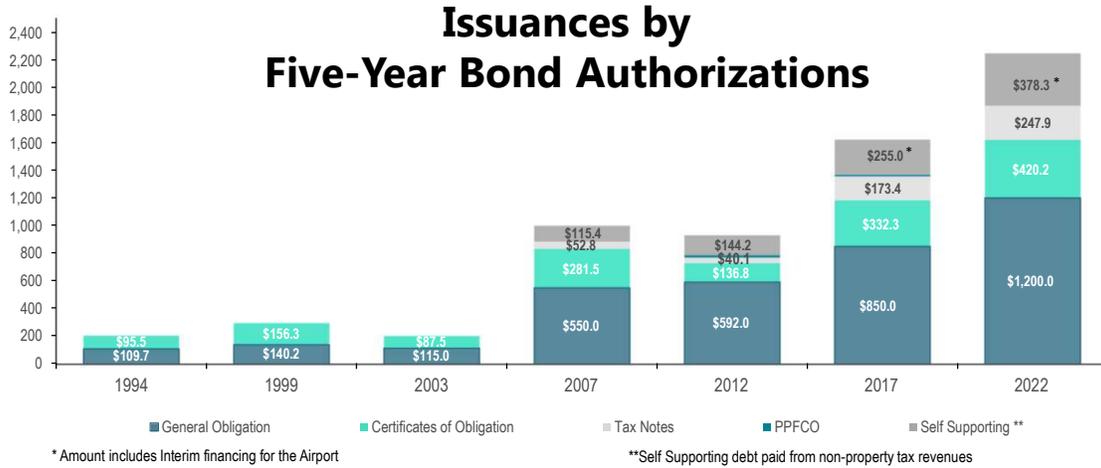
2025 Proposed Property Tax Rate*

M&O Tax Rate	\$0.33009
Debt Service Tax Rate	<u>\$0.21150</u>
Total Tax Rate	\$0.54159

* Based on Tax Year 2025 Certified Bexar Appraisal District Values as July 22, 2024

Debt Management Plan

Ad Valorem Actual and Projected Issuances – Summer 2024 – Plan



Airport – Outstanding Debt

\$309.9 Million*

- General Airport Revenue Bonds \$117.4 Million
- Passenger Facility Charge Bonds \$76.6 Million
- Customer Facility Charge Bonds \$115.9 Million
- Tax Notes – Interim Financing \$269 Million

FY 2025 – FY 2030	Amount [\$ In Millions]
Terminal Development Project	\$1,623.0
Airfield Safety Enhancements **	402.9
Other Capital Projects	391.7
Total	\$2,417.6

** The majority of airfield work will be done after TDP Date of Beneficial Occupancy in March 2028. The Airport is in ongoing discussions with the FAA regarding airfield scenarios that include a large range in estimated costs.

Effective Interest Rate: 2.40% - 5.80%
Average Life: 5.9 – 13.1 years

Future Airport CIP to be funded through
Approximately \$2 Billion in Bonds over the next
four years

* Does not include \$269 Million in Interim Financing Notes

Future Financings



Convention Center Potential Refunding & Cash Defeasance

- Cash defeasance for additional debt capacity
- Refunding Term Bonds for additional debt capacity

Airport Terminal Development Project FY 2025

- Multi year funding with first issuance anticipated in FY 2025
- Date of Beneficial Occupancy March 2028



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