



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: May 1, 2025

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Authorizing the issuance of up to \$200,000,000 Tax Notes, Taxable Series 2025

SUMMARY:

This Ordinance authorizes the issuance of up to \$200,000,000 “City of San Antonio, Texas Tax Notes, Taxable Series 2025” (the “2025 Taxable Notes”) and levies a continuing direct annual ad valorem tax for the payment of the Notes; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale, and delivery of the Notes; authorizes the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; complies with the provision of the Depository Trust Company’s letter of representations; enacts other provisions incident and related to the subject and purpose of this ordinance; and provides for an effective date.

BACKGROUND INFORMATION:

The City is issuing “\$200,000,000 City of San Antonio, Texas Tax Notes, Taxable Series 2025” (the “Notes”). The Notes are being issued to provide interim financing for the Airport capital improvements to fund the Terminal Development Program and costs of issuance associated with the Notes. These Notes are secured by ad valorem property taxes, however, the debt service

payments and associated issuance costs for the Notes will be paid from Airport revenues.

Since the Notes were to be sold through private placement, the transaction required the selection of a Placement Agent to receive the bids on behalf of the City. On March 28, 2025, the City released a request for bid for a Placement Agent for the Notes and selected FHN Financial Capital Markets to serve as Placement Agent for this transaction.

On April 7, 2025, FHN Financial Capital Markets released a request for bids for the Notes for a seven (7) year term with the option to call the Notes in December 2025 or May 2026. On April 17, 2025, FHN Financial Capital Markets received bids from seven (7) financial institutions including: Frost Bank, Capital One, Bank of America, PNC Bank, Webster Bank, J.P. Morgan, and Truist with rates ranging from 5.30% to 5.43%. The bids submitted also included various financing alternatives. City Staff and the City's Financial Advisors determined that the bid submitted by Frost Bank of 5.30% for a term of seven (7) years with a call option of May 2026 was the most advantageous to the City and most consistent with the City's objectives. It is anticipated that closing and delivery of the Notes will occur on May 22, 2025.

ISSUE:

This transaction is being issued to provide interim financing for Airport capital improvements and to pay related costs. The City anticipates refunding these Notes through the issuance of Airport refunding bonds secured and to be paid from airport-related revenues prior to the maturity date of the Notes.

ALTERNATIVES:

The capital improvements could be paid from the Airport's operating funds; however, this would negatively impact funding for other services and improvements.

FISCAL IMPACT:

Costs pertaining to the transaction will be paid for from the proceeds derived from Notes. The debt service on the Notes will be paid with Airport revenues.

RECOMMENDATION:

Staff recommends approval of this ordinance authorizing the issuance of \$200,000,000 in principal amount of City of San Antonio, Texas Tax Notes, Taxable Series 2025 to provide interim financing for Airport capital improvements.

