



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 16

**Agenda Date:** November 21, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Resolution for Issuance, Sale, and Delivery of City of San Antonio, Texas Public Facility Corporation Lease Revenue Refunding Bonds, (Convention Center Facilities Project)

**SUMMARY:**

This Resolution of the City of San Antonio, Texas Public Facilities Corporation authorizes the issuance, sale and delivery of up to \$275,000,000 in principal amount of City of San Antonio, Texas Public Facilities Corporation Lease Revenue Refunding Bonds, Series 2025 (Convention Center Facilities Project) (the "2025 PFC Bonds") for the purpose of refunding all the remaining or a portion of the Corporation's Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project); approves the form and distribution of a preliminary official statement and a final official statement relating to the Bonds; delegates authority to a pricing committee to select Series 2012 Bonds to be refunded and approve all final terms of the Bonds; approves the form and execution of an Amended and Restated Trust Agreement, an Amended and Restated Lease Agreement, and a Purchase Contract in connection therewith; and authorizes other necessary actions related thereto.

**BACKGROUND INFORMATION:**

The City of San Antonio, Texas Public Facilities Corporation Lease Revenue Refunding Bonds, Series 2025 (Convention Center Facilities Project) (the “2025 PFC Bonds”) are being issued in an amount up to \$275,000,000 to refund all or a portion of the Public Facility Corporation’s Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project) (the “2012 PFC Bonds”) and pay costs of issuance.

On June 14, 2012, City Council approved a Resolution authorizing the creation of the City of San Antonio, Texas Public Facilities Corporation (the “Corporation”) pursuant to Chapter 303 of the Local Government Code, to act on behalf of the City. The Corporation was created to effectuate the issuance of the 2012 PFC Bonds. The Board of Directors of the Corporation is comprised of the Mayor and City Council. The Corporation entered into a Lease Agreement with the City where the City is obligated to make “Lease Payments” to the Corporation, subject to annual appropriation by the City Council, equal to the debt service on the 2012 PFC Bonds. The City continues to be responsible for all maintenance and operations of the Convention Center without having to go through the Corporation for approvals, oversight, etc. and no mortgage was granted to secure the 2012 PFC Bonds.

On August 4, 2022, the City approved an Ordinance requesting the Corporation to issue Refunding Lease Revenue and Improvement Bonds, Series 2022 (the “2022 PFC Bonds”) in an amount of \$292,880,000 to refund the 2012 PFC Bonds in the amount of \$273,503,642 and finance certain capital improvements in the amount of \$30,000,000 for the Convention Center Facilities.

The City pledged any lawfully available revenues of the City to fund the annually appropriated Lease Payments to the Corporation which were used to pay debt service on the 2012 PFC Bonds and utilized Hotel Occupancy Tax (“HOT”) revenues to fund the annually appropriated Lease Payments to the Corporation. The proposed issuance of the PFC Bonds will follow this same funding mechanism which capitalizes on the City’s strong bond ratings allowing for a lower overall cost.

This Resolution authorizes the issuance of the 2025 PFC Bonds in an amount up to \$275,000,000. Parameter sale authorization for the sale of the 2025 PFC Bonds will give the City Manager and Chief Financial Officer the flexibility to determine the maturities and principal amounts of the 2012 PFC Bonds to be refunded and establish the pricing terms on the 2025 PFC Bonds (with approval from a pricing committee made up of certain members of the Board of Directors of the Corporation) and the authority to sign the applicable Purchase Contract upon completion of the sale the 2025 PFC Bonds. This Resolution also amends and replaces Resolution No. PFC 06-16-0001R approved on June 16, 2022 (the “Original Resolution”), relating to essentially the same subject; the primary differences being this Resolution (i) allows for refunding of all or any portion of the outstanding 2012 PFC Bonds instead of only refunding all outstanding 2012 PFC Bonds, and (ii) approves an amendment and restatement of the existing Lease Agreement and Trust Agreement instead of extinguishing those Agreements and replacing them with entirely new Agreements with very similar terms and provisions.

Once all outstanding 2012 PFC Bonds are fully paid or defeased, the Amended and Restated Lease Agreement and Trust Agreement will allow the Alamodome and the Lila Cockrell Theatre to be components of the “Convention Center Facilities” (which currently only include the Convention

Center) that are eligible for financing. This change will provide another bond financing method for funding capital improvements at the Alamodome and the Lila Cockrell Theatre.

**ISSUE:**

The potential refunding of the currently outstanding 2012 PFC Bonds in an amount up to \$275 million and the potential cash defeasance of a portion of the 2022 PFC Bonds in an amount up to \$75 million (which is being considered under a separate agenda item) is planned to create additional capacity for capital improvements at the Convention Center and Alamodome. These transactions will be completed if market conditions are favorable and the goals of the City can be accomplished.

**ALTERNATIVES:**

The City could choose to not effectuate the potential refunding and cash defeasance to create additional capacity for improvements and look to defer improvements until other funding sources were identified or not proceed with capital improvements.

**FISCAL IMPACT:**

Any costs pertaining to the proposed transaction will be paid for from the proceeds derived from the issuance and sale of the 2025 PFC Bonds. Debt service for the 2025 PFC Bonds and any unrefunded 2012 PFC Bonds is expected to continue being paid from the HOT funds.

**RECOMMENDATION:**

Staff recommends approval of this Resolution authorizing the issuance, sale, and delivery of the 2025 PFC Bonds.