



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 34

Agenda Date: June 20, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approving Publication of a Notice of Intention to Issue Certificates of Obligation

SUMMARY:

This Ordinance authorizes and approves publication and posting of a Notice of Intention to issue City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation in a maximum aggregate principal amount not to exceed \$170,000,000; and provides for an effective date.

BACKGROUND INFORMATION:

The Notice of Intention to issue Combination Tax and Revenue Certificates of Obligation in one or more series (the “Certificates”) includes projects in the FY 2024 Adopted Capital Budget, adjustments made after budget approval, as well as additional capacity and flexibility to address capital projects as needed. This is a request to approve publication of a Notice of Intention to issue Certificates and does not obligate the City to proceed with any such issuance or to undertake the capital projects listed in Exhibit I (which action items will be presented to the City Council at a future date). The exhibit includes capital projects to be funded with “Self-Supporting Certificates of Obligation”. Self-Supporting Certificates of Obligation have a property tax pledge for bond holders allowing the City to lower the cost of borrowing, however, the City intends to use other

revenue sources to pay the debt service such as revenues from a tax increment reinvestment zone.

Texas law requires that the Notice of Intention to issue Certificates be published twice in a local newspaper of general circulation in the City, with the first date of publication being at least 46 days prior to the City's adoption of the ordinance authorizing the issuance of the Certificates and posted on the City's website continuously for at least 45 days prior to the City's adoption of the Ordinance authorizing the issuance of the Certificates. The total project amount to be funded is approximately \$151 million, while the Notice of Intention reflects a maximum aggregate principal amount of Certificates not to exceed \$170 million. The differential is attributable to market conditions and the issuance of the Certificates at a premium to fund costs of issuance. The final issuance amount will be determined at the time of the sale.

The Certificates will be used for the purpose of providing funds for the payment of contractual obligations to be incurred for making public improvements including but not limited to the following: streets, drainage, parks, public safety, information technology, municipal facilities, Alamodome, tax increment reinvestment zones funded projects and for other public purposes.

It is anticipated that parameter sale authorization for the sale of the Certificates will be presented to City Council for approval on August 8, 2024, and the Certificates will be sold the week of August 19, 2024, with closing and delivery anticipated to occur on September 17, 2024.

ISSUE:

The aforementioned transaction will fund capital projects that have been approved in the FY 2024 Adopted Capital Budget and as well as other items to be approved by City Council which are included in the proposed sale and are consistent with the Debt Management Plan. This is a request to approve publication of Notice of Intention to Issue Certificates and does not obligate the City to proceed with any such issuance or to undertake the capital projects listed in Exhibit I.

ALTERNATIVES:

The cost of the improvements to be financed could be absorbed into the City's operating budget. However, this alternative is not budgeted and would negatively impact funding for other services and improvements.

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 approving the publication of a Notice of Intention to issue Certificates for the capital projects listed in Exhibit I.