



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: {{item.number}}

Agenda Date: October 19, 2023

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Issuance, Sale, and Delivery of 2023 Certificates.

SUMMARY:

This Ordinance authorizes the issuance of up to \$60,000,000 “City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2023”); 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 2023 Adopted Capital Budget and FY 2023 Capital Budget amendments include the proposed sale of approximately \$50,700,000 Combination Tax and Revenue Certificates of

Obligation, Series 2023 (“the 2023 Certificates”) in an amount not to exceed \$60,000,000.

State law requires the publication of the Notice of Intention to be issued 30 days prior to the sale of Certificates of Obligation. The Notice of Intent which was approved by City Council on June 8th reflected a maximum principal amount not to exceed \$60,000,000. The total project amount to be funded is approximately \$50,700,000. The differential between the amount to be funded and the maximum issuance amount is attributable to flexibility necessary to allow for market conditions at the time of sale and to fund the costs of issuance.

The 2023 Certificates will be used for the purpose of providing funds for the following: public safety, street improvements, parks and recreation, and Information Technology (see Exhibit I).

Approval of this Ordinance will give parameter sale authorization for the 2023 Certificates. This authorization will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms on the 2023 Certificates and the authority to sign the applicable purchase contracts upon completion of the sale of the 2023 Certificates.

It is anticipated that the 2023 Certificates will be sold the week of August 21, 2023, by an underwriting syndicate led by Ramirez & Co., Inc. as Senior Book Running Manager; RBC Capital Markets, LLC as Co-Senior Manager; and Loop Capital Markets, Mischler Financial Group, Inc., Raymond James & Associates, Inc., Stern Brothers & Co., SWBC Investment Services, LLC as Co-Managers. Closing and delivery of the 2023 Obligations is anticipated to occur on September 13, 2023.

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 2023 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 2023 Certificates.