



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** {{item.number}}

**Agenda Date:** October 19, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Issuance, Sale, and Delivery of 2023 Taxable Notes

**SUMMARY:**

This Ordinance by the City Council of the City of San Antonio, Texas authorizes the issuance of up to \$275,000,000 “City of San Antonio, Texas Tax Notes Taxable Series 2023”; levies a continuing direct annual Ad Valorem Tax for the payment of the Taxable Notes; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale, and delivery of the Taxable Notes, including the approval and distribution of an Official Statement pertaining thereto; 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 Taxable Notes and to execute certain documents relating to the sale thereof; enacts other provisions incident and related to the subject and purpose of this Ordinance; and provides for an effective date.

**BACKGROUND INFORMATION:**

The proposed sale of approximately \$268,000,000 Tax Notes, Series 2023 (“the 2023 Taxable Notes”) in an amount not to exceed \$275,000,000 will be used for the purpose of providing funds

to serve as interim financing for the Airport capital improvements. 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 Taxable Notes will be secured by ad valorem taxes but will be self-supporting with the debt service paid with Airport revenues. The City anticipates refunding the 2023 Tax Notes through the issuance of Airport bonds secured with airport-related revenues prior to the maturity date of the notes. Debt service on these Tax Notes will continue to be paid by the Airport Fund until refunded by Airport Revenue Bonds.

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

It is anticipated that the 2023 Taxable Notes 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 transaction 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 Taxable Notes.