



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 22

Agenda Date: June 16, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Issuance, Sale, and Delivery of City of San Antonio, Texas Public Facility Corporation Refunding and Improvement Lease Revenue Bonds, Series 2022, in one or two Series, (the "2022 PFC Bonds").

SUMMARY:

This Ordinance requests the City of San Antonio, Texas Public Facilities Corporation (the "Corporation") to issue up to \$620,000,000.00 in principal amount of Lease Revenue Refunding and Improvement Bonds, in one or two series, for the purpose of refunding all of the Corporation's outstanding Improvement and Refunding Lease Revenue Bonds, Series 2012 (Convention Center Refinancing and Expansion Project) and financing improvements to a portion of the City's Convention Center Facilities; approves the form and distribution of a preliminary official statement and a final official statement relating to the bonds; authorizes the approval and execution of a Lease Agreement and a Purchase Contract in Connection therewith; approves the form of a Bond Resolution to be adopted by the Corporation; consents to the execution and delivery by the Corporation of a Trust Agreement, the Lease Agreement, the Purchase Contract, and all other related documents and agreements, all in connection with the issuance by the Corporation of such lease revenue bonds; approves the Corporation to call the refunded bonds for redemption; approves and authorizing the execution by the City of all other documents and agreements related to the

issuance of such lease revenue bonds; authorizes other necessary actions relating thereto; and provides for an effective date.

BACKGROUND INFORMATION:

The City of San Antonio, Texas Public Facility Corporation Refunding Lease Revenue Bonds, Series 2022, in one or two Series, (the “2022 PFC Bonds”) are being issued in an amount up to \$620,000,000.00 to accomplish the refunding of the Series 2012 (Convention Center Refinancing and Expansion Project) (the “2012 PFC Bonds”) in the approximate amount of \$535,343,000.00 and finance certain capital improvements for a total amount of \$55,000,000.00 for the Convention Center Facilities.

This Ordinance authorizes the issuance of the 2022 PFC Bonds in an amount up to \$620,000,000.00. The differential is attributable to potential savings from the refunding and market conditions at the time of the sale. Parameter sale authorization for the sale of the 2022 PFC Bonds will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms on the 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 of such bonds.

The potential refunding of the currently outstanding 2012 PFC Bonds would be done for interest cost savings and is dependent upon financial market conditions. However, the City would not proceed with a refunding of these bonds unless financial market conditions are favorable to generating a prudent level of interest cost savings and in that instance, would only proceed with the issuance of new money bonds to provide funding for capital projects at the Convention Center. Additionally, if all outstanding 2012 PFC Bonds are refunded, the City would include in the 2022 PFC Bonds the Alamodome as an eligible facility. This would provide another future bond financing method for funding capital improvements at the Alamodome.

It is anticipated that the Bonds will be sold by an underwriting syndicate led by Piper Sandler & Co. as Senior Book Running Manager; Citigroup Global Markets, Inc. as Co-Senior-Manager; and SAMCO Capital Markets, Inc.; Drexel Hamilton, LLC; Samuel A. Ramirez & Co., Inc.; Morgan Stanley & Co., Inc.; Stifel, Nicolaus & Company Incorporated; and RBC Capital Markets as Co-Manager.

ISSUE:

The 2022 PFC Bonds are being issued to refund the 2012 PFC Bonds and finance certain capital improvements for the Convention Center Facilities. These improvements include escalator/elevator replacement; mechanical, electrical, plumbing upgrades; Lila Cockrell Theatre upgrades; encased space for the west building; and various other capital improvements.

ALTERNATIVES:

The City could choose not to refund the 2012 PFC Bonds and forego the interest cost savings of refunding the obligations at a lower rate and could choose not to move forward with the proposed capital improvements to the Convention Center Facilities.

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. Debt service for the 2022 PFC Bonds are expected to continue being paid from the Hotel Occupancy Tax Funds.

RECOMMENDATION:

Staff recommends approval of this Ordinance authorizing the issuance, sale, and delivery of the Bonds.