



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 19

**Agenda Date:** August 4, 2022

**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 the 2022 Tax Exempt Bonds

**SUMMARY:**

This Ordinance authorizes the issuance of the City of San Antonio, Texas General Improvement Bonds, Series 2022, in one or more series and in an aggregate principal amount not to exceed \$64,750,000, and authorizes other matters incident and related thereto.

**BACKGROUND INFORMATION:**

The FY 2022 Adopted Capital Budget and FY 2022 Capital Budget Amendments include the proposed sale of new money bonds to fund projects totaling \$163,870,913 in an amount not to exceed of \$64,750,000 General Improvement Bonds, Series 2022 (the “2022 Tax Exempt Bonds”) and in an amount not to exceed of \$100,600,000 General Improvement Bonds, Taxable Series 2022 (the “2022 Taxable Bonds” and collectively with the 2022 Tax Exempt Bonds the “2022 Bonds”); approximately \$88,645,000 Combination Tax and Revenue Certificates of Obligation, Series 2022 (“the 2022 Certificates”) in an amount not to exceed \$89,500,000; and approximately \$49,100,934 Tax Notes, Series 2022 (“the 2022 Notes”) in an amount not to exceed \$53,500,000.

On May 7, 2022, the 2022 Bond Program was approved by the voters in the amount of \$1,200,000,000. The issuance of the 2022 Bonds represents the first issuance of bonds for the 2022 Bond Program. The total project amount to be funded from the sale of the 2022 Bonds is detailed below:

Streets, Bridges, and Sidewalks	\$30,653,047
Drainage and Flood Control	9,483,626
Parks & Recreation	17,088,508
Library and Cultural Facilities	2,018,451
Public Safety Facilities	4,757,281
Affordable Housing*	99,870,000
Total 2022 Bonds	\$163,870,913

\*Funding for Affordable Housing will be issued as General Improvement Bonds, Taxable Series 2022

Approval of this Ordinance will give parameter sale authorization for the 2022 Tax Exempt Bonds. This authorization will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms on the 2022 Tax Exempt Bonds and the authority to sign the applicable purchase contracts upon completion of the sale of such the 2022 Tax Exempt Bonds.

It is anticipated that the 2022 Tax Exempt Bonds will be sold the week of August 8, 2022 concurrently with the 2022 Taxable Bonds, 2022 Certificates and 2022 Tax Notes, by an underwriting syndicate led by Siebert Williams Shank & Co., LLC as Senior Book Running Manager; Frost Bank as Co-Senior Manager; and Jefferies LLC, Loop Capital Markets, LLC, M. E. Allison & Company, Mesirow Financial, Inc., and Raymond James & Associates, Inc. as Co-Managers. Closing and delivery of the 2022 Tax Exempt Bonds is anticipated to occur on August 25, 2022.

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc., are serving as Co-Financial Advisors. McCall, Parkhurst & Horton L.L.P. and Kassahn & Ortiz, P.C. are serving as Co-Bond Counsel.

## **ISSUE:**

The aforementioned transaction will fund capital projects that will be approved in the FY 2023 Adopted Capital Budget and are consistent with the Debt Management Plan. The selection of the financial underwriting syndicates is consistent with the City's policy and previous actions to employ underwriting syndicates to market and underwrite the City's debt obligations, as well as to assist in the design and structuring of such obligations.

## **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 2022 Tax Exempt Bonds.