



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 21

Agenda Date: August 4, 2022

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Issuance, Sale, and Delivery of 2022 Certificates

SUMMARY:

This Ordinance authorizes the issuance of the City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2022, in an aggregate principal amount not to exceed \$89,500,000, 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.

The FY 2022 Adopted Capital Budget and FY 2022 Capital Budget Amendments include the proposed sale of the 2022 Certificates.

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 16th reflected a maximum principal amount not to exceed \$100,000,000. The total project amount to be funded is approximately \$88,645,000. The differential is attributable to the potential issuance of the Certificates at a premium which will be dependent upon market conditions and determined at the time of the sale. A portion of the premium may be used to fund the costs of issuance for the Certificates.

The 2022 Certificates will be used for the purpose of providing funds for the following: street improvements, parks drainage, public safety, and municipal facilities to include improvements to Witte Museum, Alameda Theater, Guadalupe Theater, Market Square, and Hemisfair Park.

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

It is anticipated that the 2022 Certificates will be sold the week of August 8, 2022 concurrently with the 2022 Bonds 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 Certificates 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 have or will have been approved in the FY 2022 Adopted Capital Budget as well as other items to be approved by City Council 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 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 2022 Certificates.