



City of San Antonio

Agenda Memorandum

File Number: 14-1335

Agenda Item Number: 39.

Agenda Date: 6/19/2014

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: All

SUBJECT:

Authorizing the issuance of up to \$1,400,000 Tax Notes, Series 2014 and up to \$20,500,000 Tax Notes, Series 2014A

SUMMARY:

- A. This Ordinance authorizes the issuance of up to \$1,400,000 “City of San Antonio, Texas Tax Notes, Series 2014” (the “2014 Notes”) and levies an annual ad valorem tax, within the limitations prescribed by law, for the payment of the 2014 Notes; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale, and delivery of the 2014 Notes; authorizes the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; and to execute certain documents relating to the sale thereof; and provides for an effective date.
- B. This Ordinance authorizes the issuance of up to \$20,500,000 “City of San Antonio, Texas Tax Notes, Series 2014A” (the “2014A Notes”) and levies an annual ad valorem tax, within the limitations prescribed by law, for the payment of the 2014A Notes; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale, and delivery of the 2014A Notes; authorizes the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; and to execute certain documents relating to the sale thereof; and provides for an effective date.

BACKGROUND INFORMATION:

The City is planning to issue up to “\$1,400,000 City of San Antonio, Texas Tax Notes, Series 2014” and up to “\$20,500,000 City of San Antonio, Texas Tax Notes, Series 2014A”. The 2014 Notes and 2014A Notes are planned to be privately placed with a financial institution(s).

The 2014 Notes are being issued to fund the reconstruction of street improvements in the Mission del Lago Subdivision approved in the Mission del Lago Tax Increment Reinvestment Zone settlement agreement, approved by City Council on May 1, 2014, and pay certain costs of issuance. The 2014 Notes are short term ad valorem tax supported debt; however, it is anticipated the debt service will be paid with revenues from the Mission del Lago Tax Increment Reinvestment Zone.

The 2014A Notes are being issued to fund projects from the FY 2014 Adopted Capital Budget to include: (1) public safety; (2) streets; (3) drainage; (4) parks; (5) municipal facilities; (6) libraries; and (7) and pay certain costs of issuance. The 2014A Notes are short term ad valorem tax supported debt; however, it is anticipated the debt service will be paid from capacity created from prior bond balances and savings.

On May 30, 2014, the City released a request for bid for a Placement Agent for the 2014 Notes and 2014A Notes and five bids were received on Tuesday, June 3, 2014. M.E. Allison & Co., Inc. submitted the low bid of \$4,000 for both transactions and will serve as the City's Placement Agent and receive the bids for the 2014 Notes and 2014A Notes on behalf of the City. It is anticipated that bids on the 2014 Notes and 2014A Notes will be received on June 17, 2014 and closing and delivery is planned for July 9, 2014. An update on the bids will be provided to City Council on June 19, 2014.

ISSUE:

The aforementioned issuance of the 2014 Notes is consistent with the settlement agreement for the Mission del Lago Tax Increment Reinvestment Zone approved by City Council on May 1, 2014.

The aforementioned issuance of the 2014A Notes will fund capital projects that have been approved in the FY 2014 Adopted Capital Budget 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. However, this alternative is not budgeted and would negatively impact funding for other services and improvements. The City could choose not to move forward with the proposed capital improvements included in the adopted capital budget thus not making these important improvements for the community.

FISCAL IMPACT:

Any costs pertaining to the proposed transaction will be paid for from the proceeds derived from the issuance and sale of the 2014 Notes and 2014A Notes. Therefore, there is no impact on the City's operating budget.

RECOMMENDATION:

Staff recommends approval of these ordinances authorizing the issuance of up to \$1,400,000 Tax Notes, Series 2014 and up to \$20,500,000 Tax Notes, Series 2014A.