



City of San Antonio

Agenda Memorandum

File Number: 15-3716

Agenda Item Number: 68A.

Agenda Date: 6/18/2015

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Issuance, Sale, and Delivery of the Customer Facility Charge Revenue Bonds, Taxable Series 2015 (Consolidated Rental Car Facilities Project), and Airport System Revenue Improvement Bonds, Series 2015 (AMT)

SUMMARY:

- A. This Resolution approving the form, content, and distribution of (i) the Preliminary Official Statement pertaining to the issuance, sale and delivery of up to \$130,000,000 in principal amount of City of San Antonio, Texas Customer Facility Charge Revenue Bonds, Taxable Series 2015 (Consolidated Rental Car Special Facilities Project), and (ii) the Preliminary Official Statement Pertaining to the issuance of up to \$45,000,000 in principal amount of City of San Antonio, Texas Airport System Revenue Improvement Bonds, Series 2015 (AMT); complies with the requirements contained in Securities and Exchange Commission rule 15c2-12; and authorizes the City's staff, Co-Financial Advisors and Bond Counsel to take all actions deemed necessary in connection with the sale of such bonds.
- B. This Ordinance authorizes the issuance, sale and delivery of up to \$130,000,000 in principal amount of City of San Antonio, Texas Customer Facility Charge Revenue Bonds, Taxable Series 2015 (Consolidated Rental Car Special Facilities Project), for the primary purpose of financing the construction of a new Consolidated Rental Car Facility at the San Antonio International Airport; delegates authority to certain City Officials to approve all final terms of such bonds; approves and authorizes an Indenture of Trust, a purchase contract, and all other documents, agreements, instruments and procedures related thereto; approves an increase in the Customer Facility Charge imposed on rental car transactions at and within the vicinity of the San Antonio International Airport (which is the primary security for such bonds); authorizes the Aviation Director to adjust the Customer Facility Charge as

deemed necessary to comply with the rate covenant related to such bonds; repeals Ordinance No. 2012-03-08-0173 approved on March 8, 2012 (which established the current Customer Facility Charge); and provides for an immediate effective date.

- C. This fifteenth supplemental Ordinance to the Master Ordinance relates to the issuance of Obligations secured with gross revenues of the City's Airport System for the purpose of authorizing the issuance, sale, and delivery of up to \$45,000,000 in principal amount of City of San Antonio, Texas Airport System Revenue Improvement Bonds, Series 2015 (AMT) for the primary purpose of financing the construction of a public parking garage at the San Antonio International Airport; delegates authority to certain City Officials to approve all final terms of the Series 2015 Bonds; approves and authorizes a purchase contract, a Paying Agent/Registrar agreement, and all other documents, agreements, instruments and procedures related thereto; and provides for an immediate effective date.

BACKGROUND INFORMATION:

In 2011, the San Antonio International Airport Master Plan included a recommendation that a Consolidated Rental Car Facility be built at the San Antonio International Airport. The Consolidated Rental Car Facility will provide visitors to San Antonio that are procuring a rental car a single location to pick up and return the rental car within walking distance of the terminal.

In March 2012, City Council authorized the collection of a Customer Facility Charge (“CFC”) at a rate of \$4.50 per contract day on rental car transactions at the San Antonio International Airport. The CFC was to be used to fund the design, construction and debt service for the Consolidated Rental Car Facility (the “Project”).

In April 2013, City Council authorized a reimbursement resolution of an amount not to exceed \$60,000,000 in connection with the Project

The construction of a new Consolidated Rental Car Facility at the San Antonio International Airport is being funded with the issuance of up to \$130,000,000 in principal amount of City of San Antonio, Texas Customer Facility Charge Revenue Bonds, Taxable Series 2015 (Consolidated Rental Car Special Facilities Project) (“2015 CONRAC Bonds”) and up to \$45,000,000 in principal amount of City of San Antonio, Texas Airport System Revenue Improvement Bonds, Series 2015 (AMT) (“2015 GARB Bonds”) that are being issued to finance the construction of a public parking garage associated with the Project.

The CFC rate will increase from \$4.50 to \$5.00 beginning in July 1, 2015 and is also projected to increase to \$5.50 on September 1, 2018 to pay the debt service on the 2015 CONRAC Bonds and 2015 GARB Bonds and to pay other costs associated with the Project. The Aviation Director will be provided with the authority to adjust the CFC rate as deemed necessary to comply with the rate covenant. Additionally, the Master GARB Ordinance is being amended for the issuance of the 2015 GARB Bonds.

It is anticipated that the 2015 CONRAC Bonds and 2015 GARB Bonds will be sold the week of July 13, 2015 by an underwriting syndicate led by Wells Fargo Bank, National Association as Senior Book Running Manager; Citigroup Global Markets, Inc. as Co-Senior Manager; and First Southwest Company, J.P. Morgan Securities, LLC, Rice Securities, LLC, and Samuel A. Ramirez & Co., Inc., as Co-Managers. Closing and delivery is anticipated to occur on July 29, 2015.

Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc. are serving as Co-Financial Advisors. McCall, Parkhurst & Horton L.L.P. is serving as Co-Bond Counsel.

ISSUE:

The aforementioned transactions will finance the Project and the CFC rate will pay for the financing. The FY 2015 Adopted Capital Budget included the proposed Consolidated Rental Car Special Facilities Project. On June 3, 2015, the Mayor and City Council were briefed in B-Session on the project and proposed financing plan.

ALTERNATIVES:

The cost of the Project could be absorbed into the Airport'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 Project, thus not making these important improvements at the Airport.

FISCAL IMPACT:

Any costs pertaining to the proposed transaction will be paid for from the proceeds derived from the issuance and sale of the 2015 CONRAC Bonds and 2015 GARB Bonds. Therefore, there is no impact on the City's Operating Budget.

RECOMMENDATION:

Staff recommends approval of the Resolution and Ordinances that authorize the issuance, sale, and delivery of the 2015 CONRAC Bonds and 2015 GARB Bonds; approve an increase in the CFC rate from \$4.50 to \$5.00 and authorize the Aviation Director to adjust the CFC rate as deemed necessary to comply with the rate covenant related to the bonds; and amend the Master GARB Ordinance.