



City of San Antonio

Agenda Memorandum

File Number: 15-5166

Agenda Item Number: 22.

Agenda Date: 10/15/2015

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of Refinancing of Certain IDA Bonds for Tindall Corporation

SUMMARY:

Consideration of the following in connection with the Refinancing of Certain Industrial Development Authority Bonds for the Tindall Corporation, a South Carolina Corporation:

Item to be considered by the Board of Directors of the City of San Antonio, Texas Industrial Development Authority:

This Resolution approves the issuance of \$7,300,000 "Tax-Exempt Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015A", and \$1,300,000 "Taxable Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015B" by the City of San Antonio Industrial Development Authority for the Tindall Corporation, a South Carolina Corporation, and approves other matters related thereto.

Item to be considered by the City Council of San Antonio:

This Resolution authorizes the issuance of \$7,300,000 "City of San Antonio Industrial Development Authority Tax-Exempt Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015A", and \$1,300,000 "City of San Antonio Industrial Development Authority Taxable Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015B" to refund certain outstanding bonds issued in 2008 to finance a manufacturing facility located in the City of San Antonio for the Tindall Corporation (a South Carolina Corporation); authorizes the execution of a Loan Agreement and an Indenture of Trust; authorizes the redemption of such outstanding bonds; and approves other matters in connection therewith.

BACKGROUND INFORMATION:

The Tindall Corporation designs, manufactures and erects precast, prestressed concrete products and building systems. Headquartered in Spartanburg, South Carolina, Tindall has manufacturing facilities in Virginia, South Carolina, Georgia, Mississippi and San Antonio, Texas. The San Antonio facility is located at 2222 West Malone in City Council District 5 and was completed in two phases. The first phase consisted of approximately 58,600 square feet of manufacturing and related office facilities and was completed in January 2009. The second phase consisted of approximately 58,600 square feet of manufacturing and related office facilities and was completed in December 2012.

The facility was partially financed through the issuance of bonds by the City of San Antonio Industrial Development Authority (the "Authority") which is a nonprofit industrial development corporation of the State of Texas created by the City. The bonds issued were \$10,000,000 "City of San Antonio Industrial Development Authority Tax-Exempt Adjustable Mode Industrial Development Revenue Bonds (Tindall Corporation Project), Series 2008A" and \$4,000,000 "City of San Antonio Industrial Development Authority Taxable Adjustable Mode Industrial Development Revenue Bonds (Tindall Corporation Project), Series 2015B". The proceeds of the bonds were loaned to Tindall Corporation under a Loan Agreement with the Authority for the financing of the project.

Tindall Corporation has requested that City Council approve the issuance of \$7,300,000 "Tax-Exempt Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015A", and \$1,300,000 "Taxable Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015B", (together the "Refunding Bonds") by the Authority to refinance the existing bonds. It is anticipated that Wells Fargo Bank, National Association will purchase the Refunding Bonds on the date of closing and initial delivery and hold them on a direct purchase basis eliminating the need for a letter of credit and a remarketing agent which will lower the borrowing costs for Tindall Corporation.

ISSUE:

City Council must consider the approval of a Resolution authorizing the issuance of the Refunding Bonds to support the actions taken by the Authority.

ALTERNATIVES:

If the City does not adopt a Resolution authorizing the issuance of the Refunding Bonds, Tindall Corporation will not realize the cost savings related to the proposed refunding transaction.

FISCAL IMPACT:

The Resolution does not obligate the City to pay the debt or the bonds, and does not obligate or create any expectations of, or liabilities for, the City. Tindall Corporation is solely responsible for paying all debt service and other costs associated with the Refunding Bonds through the Loan Agreement with the Authority. Tindall Corporation will pay the City an application fee of \$2,500 and will pay \$20,000 to the Authority in processing and closing fees upon the issuance of the Refunding Bonds.

RECOMMENDATION:

Staff recommends that City Council approve this Resolution which approves the issuance of the Refunding Bonds issued by the Authority for cost savings for the benefit of Tindall Corporation.