City of San Antonio

Legislation Details (With Text)

File #:	19-7459
Type:	Procedural
In control:	City Council A Session
On agenda:	10/17/2019
Title:	Approving the following Ordinances relating to debt matters of the City of San Antonio, Texas: [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer, Finance]
Sponsors:	
Indexes:	
Code sections:	
Attachments:	1. Draft Ordinance A, 2. Draft Ordinance B, 3. Draft Ordinance C

Date	Ver.	Action By	Action	Result

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Issuance, Sale, and Delivery of 2019 Airport Refunding Bonds

SUMMARY:

A. This Ordinance authorizes the issuance of City of San Antonio, Texas Airport System Revenue Refunding Bonds, Series 2019A (AMT), and City of San Antonio, Texas Airport System Revenue Refunding Bonds, Taxable Series 2019B, in an aggregate principal amount not to exceed $110 million, delegating authority to approve all final terms of such Bonds, and approves and authorizes other matters incident and related thereto.

B. This Ordinance authorizes the issuance of the City of San Antonio, Texas Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2019A (AMT), and City of San Antonio, Texas Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Taxable Series 2019B, in an aggregate principal amount not to exceed $115 million, delegating authority to approve all final terms of such Bonds, and approves and authorizes other matters incident and related thereto.

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C. This Ordinance approves the form, content, and distribution of the Preliminary Official Statement pertaining to the issuance, sale and delivery of up to $110 million in principal amount of City of San Antonio, Texas Airport System Revenue Refunding Bonds in one or more series, and up to $115 million in principal amount of City of San Antonio, Texas Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds in one or more series; complying with the requirements contained in United States Securities and Exchange Commission Rule 15c2-12; authorizing the taking of all actions deemed necessary in connection with the sale of such Bonds; and authorizes a public hearing.

BACKGROUND INFORMATION:

The Airport System Revenue Refunding Bonds, Series 2019A (AMT) and Airport System Revenue Refunding Bonds, Taxable Series 2019B ("the 2019 Airport Refunding Bonds"). The City is planning to refund approximately $93.8 million of various outstanding Airport System Revenue Bonds, which can be refunded on either a taxable, tax exempt (AMT), or a combination there of. The determination of the structure of the 2019 Airport Refunding Bonds will be determined prior to the sale. If the 2019 Airport Refunding Bonds are issued on a taxable basis, the projected total gross savings is approximately $17 million with annual gross savings of approximately $1 million. Alternatively, if the 2019 Airport Refunding Bonds are issued as a combination of tax exempt (AMT) and taxable debt the projected total gross savings is approximately $19.5 million with annual gross savings of approximately $1.3 million.

The Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2019A (AMT) and Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Taxable Series 2019B ("the 2019 PFC Refunding Bonds"). The City is planning to refund approximately $101.7 million of various outstanding Passenger Facility Charge Bonds which can be refunded on either a taxable, tax exempt (AMT), or a combination there of. The determination of the structure of the 2019 Airport Refunding Bonds will be determined prior to the sale. If the 2019 PFC Refunding Bonds are issued on a taxable debt the projected total gross savings is approximately $15.2 million with annual gross savings of approximately $1 million. Alternatively, if the 2019 PFC Refunding Bonds are issued as a combination of tax exempt (AMT) and taxable debt the projected total gross savings is approximately $18.4 million with annual gross savings of approximately $1.3 million.

Parameter sale authorization for the sale of the 2019 Airport Refunding Bonds and 2019 PFC Refunding Bonds will give the Chief Financial Officer the flexibility to establish the pricing terms on the obligations and the authority to sign the applicable Bond Purchase Agreements upon completion of the sale of such obligations.

It is anticipated that the 2019 Airport Refunding Bonds and 2019 PFC Refunding Bonds will be sold the week of November 19, 2019 by a syndicate led by Jefferies LLC, as Senior Book Running Manager; Samuel A. Ramirez & Co., Inc. as Co-Senior Manager; and Frost National Bank, M. E. Allison & Co., Inc. and Raymond James & Associates, Inc. as Co-Managers. Delivery and closing is anticipated to occur on December 5, 2019.

FTN Financial Municipal Advisors, and Hilltop Securities Inc. are serving as Co-Financial Advisors. McCall Parkhurst & Horton and LM Tatum, PLLC are serving as Co-Bond Counsel.

ISSUE:

The aforementioned transaction is consistent with the City's objective to routinely review the possibility of refunding certain of its outstanding debt to effectuate interest cost savings.

ALTERNATIVES:

The City could choose not to refund the proposed issuances and forego the interest cost savings of refunding the obligations at a lower interest rate.

FISCAL IMPACT:

Any costs pertaining to the proposed transactions will be paid for from the proceeds derived from the issuance and sale of such 2019 Airport Bonds. Therefore, there is no impact on the City's Operating Budget.

RECOMMENDATION:

Staff recommends approval of these Ordinances that authorize the issuance, sale, and delivery of the 2019 Airport Bonds.

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