City of San Antonio

Legislation Details (With Text)

File #:	21-3228
Type:	Misc - Financial Services
In control:	City Council A Session
On agenda:	4/29/2021
Title:	Ordinance authorizing the issuance of up to $16,100,000 “City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021”, providing for the payment of the certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing the certificates by a lien on and pledge of the pledged revenues; providing the terms and conditions of the certificates and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of the certificates; authorizing the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; complying with the provisions of the Depository Trust Company’s letter of representations; and providing an effective date.
Sponsors:	
Indexes:	
Code sections:	
Attachments:	1. Draft Ordinance A, 2. Exhibit-I, 3. Draft Ordinance C, 4. Draft Ordinance B, 5. Ordinance 2021-04-29-0293

Date	Ver.	Action By	Action	Result
4/29/2021	1	City Council A Session		

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Issuance of Certificates of Obligation, execution of Loan Funding Agreement, and Amendment No. 9 to the Lease with Operating Standards Agreement with the Witte Museum

SUMMARY:

These ordinances authorize the following items related to the Witte Museum located in Brackenridge Park in Council District 2.

A. This Ordinance authorizes the issuance of up to $16,100,000 “City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021”, provides for the payment of the certificates by the levy of an ad valorem tax upon all taxable property within the City and further securing the certificates by a lien on and pledge of the pledged revenues; provides the terms and conditions of the certificates and resolves other matters incident and relating to the issuance, payment, security, sale, and delivery of the

powered by Legistar™

certificates; authorizes the execution of a Paying Agent/Registrar Agreement and a Purchase and Investment Letter; complies with the provisions of the Depository Trust Company's letter of representations; and provides an effective date.

B. This Ordinance authorizes a Loan Funding Agreement to provide funding for the Witte to pay off its existing loan with Frost Bank plus any deferred interest by providing consideration to the Witte for its return to the City previously transferred real property and outlining terms for the repayment by the Witte of the City issued debt and other related matters.

C. This Ordinance authorizes Amendment No. 9 to the Lease with Operating Standards Agreement with the Witte for its return to the City of previously transferred real property including the Mays Family Center, the Feik Family Pavilion, the Admissions Building, and the parking lots associated to those buildings.

BACKGROUND INFORMATION:

The Witte Museum ("the Witte") is a non-profit organization whose mission is to promote lifelong learning through innovative exhibitions, programs and collections in natural history, science and South Texas heritage. The museum, which first opened in 1923, has grown to welcome an average of 600,000 visitors per year, including 250,000 school age children.

On September 8, 1997, the City of San Antonio ("the City") and the Witte entered into a Lease with Operating Standards Agreement ("the Lease") for use and operation of the Witte Museum as a vital educational and recreational asset for the benefit of the citizens of San Antonio.

On December 15, 2016, Amendment No. 6 transferred ownership interest of the Mays Family Center, the Feik Pavilion, and the Admissions Building, excluding the parking lot, which were funded by the Witte thus allowing the Witte to secure financing to cover increased construction costs. On April 16, 2020, Amendment No. 8 transferred ownership interest of the parking lot adjacent to the Mays Family Center, the Feik Pavilion, and the Admissions Building to allow for the Witte to refinance an existing construction loan.

In October 2020, the Witte requested assistance from the City with their existing $15.7 million construction loan ("the Loan") with Frost Bank because their operations as well as their ability to fundraise was dramatically impacted by COVID-19. The land and most of the buildings at the Witte were used as collateral for the Loan in which operating and fundraising revenues were the projected sources of repayment.

The City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021 (the "Certificates") are being issued to provide funding for the Witte to pay off its existing Loan with Frost Bank by providing consideration to the Witte for its return to the City of previously transferred real property. Under the Loan Funding Agreement, the Witte will be required to pay for all costs of financing (including semi-annual debt service) for the City issued debt and will also require that the debt be repaid in full before the Witte moves forward with any major future expansion except for permitted improvements approved by the City. Amendment No. 9 to the Lease will return the previously transferred real property including the Mays Family Center, the Feik Family Pavilion, the Admissions Building, and the parking lots associated with those buildings to the City. The Lease amendment also includes the requirement for the City to have two seats on The Witte Board of Directors designated by the Mayor of which one position will be *ex officio* filled by the City Manager or designee. Additionally, the Witte will continue to identify opportunities to assist other local art agencies in line with its current practices. The Witte and the City recognize the public benefit of the renovation, expansion, and construction of the Witte.

powered by Legistar™

On February 4, 2021, City Council approved the Notice of Intention to issue the Certificates. Texas law requires that the Notice of Intention to issue Certificates of Obligation be published twice in a local newspaper of general circulation in the City, with the first date of publication being at least 46 days prior to the City's adoption of the ordinance authorizing the issuance of the Certificates of Obligation and posted on the City's website continuously for at least 45 days prior to the City's adoption of the Ordinance authorizing the issuance of the Certificates of Obligation.

In order for the City to sell the Certificates through private placement, the City is required to select a Placement Agent to receive bids on behalf of the City. On February 24, 2021, the City released a request for bid for a Placement Agent for the Certificates and selected Huntington Securities, Inc. to serve as Placement Agent for this transaction.

On April 14, 2021, the Placement Agent received the bids included in Exhibit I on behalf of the City, and the City selected the firm providing the lowest overall interest cost and terms consistent with the City's objectives for the private placement of the Certificates. The lowest overall cost was submitted by The American National Bank of Texas with a rate of 2.01% and an anytime call provision which provides important flexibility allowing the Witte to achieve its goal of paying off the City debt issuance early. Closing and delivery of the Certificates is planned for May 12, 2021. FHN Financial Municipal Advisors and Hilltop Securities served as Co-Financial Advisors and McCall, Parkhurst & Horton L.L.P. served as Bond Counsel.

ISSUE:

These ordinances authorize the issuance of Certificates to support the City-owned Witte Museum and authorize the execution of a Loan Funding Agreement and Amendment No. 9 to the Lease with the Witte to effectuate this financing transaction. This action is consistent with the adopted SA Parks System Plan by leveraging community partnerships to expand opportunities in the community.

ALTERNATIVES:

City Council could elect not to approve this action requiring the Witte to seek other refinancing options and retain ownership interest in the Witte real property including the Mays Family Center, the Feik Family Pavilion, the Admissions Building, and the parking lots associated with those buildings.

FISCAL IMPACT:

Any costs pertaining to the proposed financing transaction will be paid for from the proceeds from the issuance and sale of the Certificates and the debt service will be paid from by the Witte. Therefore, there is no impact on the City's operating budget.

RECOMMENDATION:

Staff recommends approval of these Ordinances which authorize the issuance of Certificates to support the City -owned Witte Museum, authorize the execution of a Loan Funding Agreement, and Amendment No. 9 to the Lease with the Witte to effectuate this financing transaction.

powered by Legistar™