



City of San Antonio

Agenda Memorandum

File Number: 17-3063

Agenda Item Number: 21.

Agenda Date: 5/18/2017

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approving Publication of Notice of Intention to Issue Certificates of Obligation

SUMMARY:

This Ordinance authorizes and approves publication of Notice of Intention to issue City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation in one or more series in a maximum aggregate principal amount not to exceed \$95,000,000; and provides for an effective date.

BACKGROUND INFORMATION:

The FY 2017 Adopted Capital Budget as well as other items to be approved by City Council are included in the proposed sale of approximately \$95,000,000 in Combination Tax and Revenue Certificates of Obligation in one or more series (the "Certificates"). This is a request to approve publication of Notice of Intention to Issue Certificates of Obligation and does not obligate the City to proceed with any such issuance or to undertake the capital projects listed in Exhibit I (which action items will be presented to the City Council at future dates).

State law requires that the Notice of Intention be published at least 30 days prior to the City's adoption of the ordinance authorizing the issuance of the Certificates. The total project amount to be funded is approximately \$95,000,000, while the Notice of Intention reflects a maximum aggregate principal amount of Certificates not to exceed \$95,000,000. The differential is attributable to the potential issuance of the Certificates at a premium which will be dependent upon market conditions and determined at the time of the sale. A portion of the premium may be used to fund the costs of issuance for the Certificates. The Certificates will be used for the purpose of providing funds for the payment of contractual obligations to be incurred for making public

improvements including but not limited to the following: municipal facilities, street, service center, public safety, parks and recreation, information technology, and for other public purposes.

It is anticipated that parameter sale authorization for the sale of the Certificates will be approved on June 29, 2017. It is anticipated that the Certificates will be sold the week of August 1, 2017, with closing and delivery anticipated to occur on August 31, 2017.

ISSUE:

The aforementioned transaction will fund capital projects that have been approved in the FY 2017 Adopted Capital Budget and as well as other items to be approved by City Council are included in the proposed sale, and are consistent with the Debt Management Plan. This is a request to approve publication of Notice of Intention to Issue Certificates of Obligation and does not obligate the City to proceed with any such issuance or to undertake the capital projects listed.

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.

FISCAL IMPACT:

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

RECOMMENDATION:

Staff recommends approval of this Ordinance that approves publication of the Notice of Intention to issue the Certificates.