



# City of San Antonio

## Agenda Memorandum

**File Number:**18-3283

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**Agenda Item Number:** 18.

**Agenda Date:** 5/17/2018

**In Control:** City Council A Session

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**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 \$180,000,000 to provide funding for projects in the City's Adopted Capital Budget and costs of issuance; and provides for an effective date.

### **BACKGROUND INFORMATION:**

The FY 2018 Adopted Capital Budget as well as other items to be approved by City Council are included in the proposed sale of approximately \$180,000,000 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). Additionally, Exhibit I includes projected amounts that are subject to change.

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. Exhibit I includes the total project amount to be funded of \$160,744,800, while the Notice of Intention reflects a maximum aggregate principal amount of Certificates to be issued not to exceed \$180,000,000. 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, streets, service centers, drainage, public safety, parks and recreation, information technology, and for other public purposes.

Of the \$160,744,800 total project amount to be funded, Exhibit I also includes a listing of \$62,432,792 that are categorized as self supporting projects. Debt Service for self supporting projects is paid from other revenue sources not property tax revenue. These projects are funded with Certificates but do not impact the future debt capacity of the City.

It is anticipated that parameter sale authorization for the sale of the Certificates will be approved on June 21, 2018. It is anticipated that the Certificates will be sold the week of July 30, 2018, with closing and delivery anticipated to occur on August 30, 2018.

### **ISSUE:**

The aforementioned transaction will fund capital projects that have been approved in the FY 2018 Adopted Capital Budget as well as other items to be approved by City Council which 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.