



City of San Antonio

Agenda Memorandum

File Number:19-4439

Agenda Item Number: 52.

Agenda Date: 6/13/2019

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approval of an Amendment to the Indenture for IDA Bonds Issued for Tindall Corporation.

SUMMARY:

This Resolution will approve an amendment to the Indenture of Trust (between the Authority and U.S. Bank National Association., as Trustee) which authorized the issuance in 2015 by the Authority for the Tindall Corporation, a South Carolina Corporation, of \$7,300,000 in principal amount of "Tax-Exempt Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015A," and \$1,300,000 in principal amount of "Taxable Revenue Refunding Bonds (Tindall Corporation Refunding Project), Series 2015B." The primary purpose of the amendment is to modify certain interest rate formulas to reflect the change in the maximum federal corporate income tax rate that became effective in 2018.

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 originally was partially financed through the issuance of bonds by 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 2008 bonds were loaned to Tindall Corporation under a Loan Agreement with the Authority for the financing of the project. Both Series of Bonds were refinanced in 2015 by the issuance of refunding bonds in the principal amounts of \$7,300,000 (Tax-Exempt Series 2015A) and \$1,300,000 (Taxable Series 2015B), which were purchased by U.S. Bank National Association in a private placement. The Series 2015A Bonds have a final maturity of January 1, 2029. The Series 2015B Bonds matured on January 1, 2019 and are no longer outstanding.

Tindall Corporation and U.S. Bank National Association, as the holder of the Series 2015A Bonds, have requested the Authority approve an amendment to the Indenture which authorized the issuance of the Series 2015A Bonds primarily to reflect the change in the maximum federal corporate tax rate that became effective in 2018.

ISSUE:

Because the Authority is a party to the Indenture which authorized the Series 2015A Bonds, it is necessary for the Board of Directors of the Authority to consider the approval of the Resolution in order to approve the amendment being requested by the Tindall Corporation and U.S. Bank National Association.

ALTERNATIVES:

If the Authority does not adopt the Resolution approving the requested amendment to the Indenture for the Series 2015A Bonds, the Tindall Corporation will need to incur the expense of seeking a refinancing of such Bonds through another source.

FISCAL IMPACT:

The Resolution does not obligate the City or the Authority to pay the Series 2015A Bonds and does not obligate or create any expectations of, or liabilities for, the City or the Authority. Tindall Corporation is solely responsible for paying all debt service and other costs associated with the Series 2015A Bonds through the Loan Agreement with the Authority. Tindall Corporation will pay the City an administrative fee of \$2,500 to the City upon the delivery of the amendment to the Indenture executed by all parties thereto. Revenue generated by the ordinance will be deposited in to the General Fund in accordance with the FY 2019 Adopted Budget.

RECOMMENDATION:

Staff recommends that the Board of Directors of the Authority approve this Resolution which will approve an amendment to the Indenture requested by Tindall Corporation and the holder of the Authority's Series 2015A Bonds to reflect the recent change in the maximum federal corporate income tax rate.