



City of San Antonio

Agenda Memorandum

File Number:20-3623

Agenda Item Number: 10.

Agenda Date: 6/25/2020

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approving authorization to Negotiate and Execute an Amendment to the Revolving Installment Delivery Note Purchase Agreement up to \$100 million with Bank of America, N.A.

SUMMARY:

This Ordinance authorizes the City Manager and the Chief Financial Officer of the City to Negotiate and Execute an Amendment to the Revolving Installment Delivery Note Purchase Agreement with Bank of America, N.A. (entered into in connection with the issuance of up to \$100,000,000 in principal amount of City of San Antonio, Texas Tax Notes, Taxable Series 2017), primarily for purposes of extending the date on which the City may issue "Construction Notes" thereunder and delaying the repayment of principal of outstanding notes.

BACKGROUND INFORMATION:

On September 17, 2017, City Council authorized the issuance of City of San Antonio, Texas Tax Notes, Taxable Series 2017, ("Tax Notes") in a principal amount up to \$100,000,000 to provide interim financing for the airport capital improvement program. Under the Revolving Installment Delivery Note Purchase Agreement (the "Agreement") with Bank of America, N.A., Tax Notes can be issued in installments up to twice per year, with a maximum maturity of August 1, 2024 with the option to prepay the Tax Notes at any time on and after August 1, 2020. The interest rate on the Tax Notes is determined five (5) business days prior to the delivery of each installment based on the pricing formula in the Agreement. The Tax Notes are secured by ad valorem taxes, but the debt service is to be paid with Airport revenues. On November 14, 2017, the City engaged in a private placement of \$36,000,000 City of San Antonio, Texas Taxable Tax Notes, Series 2017 representing the

first draw under the Agreement. The current amount outstanding under the Agreement is \$36,000,000.

This Amendment will extend the term of the Agreement to permit the City to continue to fund capital projects until the City finalizes the Airport Master Plan. The Tax Notes will be refunded with Airport Revenue Bonds once the Airport Master Plan and financing plan are developed and finalized.

ISSUE:

The aforementioned Amendment will continue to provide interim financing for the airport capital improvement program and pay related costs. The City anticipates refunding all outstanding tax notes through the issuance of refunding bonds secured with airport-related revenues prior to the maximum maturity date of the notes.

ALTERNATIVES:

The capital improvement program could be absorbed into the Airport's operating budget or funded with the Airport Capital Improvement Fund, however, this Amendment can provide the City with more financial flexibility on funding these capital improvements.

FISCAL IMPACT:

Any fees associated with the Amendment will be paid from the Airport's operating fund as well as the interest on the notes and other ongoing fees.

RECOMMENDATION:

Staff recommends this Ordinance authorizing the City Manager and the Chief Financial Officer of the City to negotiate and execute an Amendment to the Revolving Installment Delivery Note Purchase Agreement with Bank of America, N.A.