City of San Antonio

Agenda Memorandum

File Number:21-4235

Agenda Item Number: 45.

Agenda Date: 6/17/2021

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Issuance, Sale, and Delivery of 2021 Obligations and Reimbursement Resolution.

SUMMARY:

A. This Ordinance authorizes the issuance of the City of San Antonio, Texas General Improvement Bonds, Series 2021, in an aggregate principal amount not to exceed $157,000,000, and authorizes other matters incident and related thereto.

B. This Ordinance authorizes the issuance of the City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2021, in an aggregate principal amount not to exceed $53,000,000, and authorizes other matters incident and related thereto.

C. This Ordinance authorizes the issuance of the City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A, in an aggregate principal amount not to exceed $24,000,000, and authorizes other matters incident and related thereto.

D. This Ordinance authorizes the issuance of the City of San Antonio, Texas Tax Notes, Series 2021, in an aggregate principal amount not to exceed $41,000,000, and authorizes other matters incident and related thereto.

E. This Resolution by the City Council of the City of San Antonio, Texas establishes the City's intent to reimburse itself for the prior lawful expenditure of funds from the proceeds of one or more series of tax exempt or taxable obligations to be issued by the City for authorized purposes and as further designated by series and federal tax treatment; authorizes other matters incident and related thereto; and provides

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for an effective date.

BACKGROUND INFORMATION:

The FY 2020 Adopted Capital Budget and FY 2020 Capital Budget Amendments include the proposed sale of new money bonds to fund projects totaling $156,010,000 (but not to exceed $157,000,000) in General Improvement Bonds, Series 2021 (the "2021 Bonds"); approximately $51.5 million (but not to exceed $53,000,000) in Combination Tax and Revenue Certificates of Obligation, Series 2021 ("the 2021 Certificates"); approximately $23 million (but not to exceed $24,000,000) in Combination Tax and Revenue Certificates of Obligation, Taxable Series 2021A ("the 2021A Taxable Certificates"); and approximately $39.8 million (but not to exceed $41,000,000) in Tax Notes, Series 2021 ("the 2021 Notes").

On May 6, 2017 the 2017 Bond Program was approved by the voters in the amount of $850,000,000. The issuance of the 2021 Bonds represents the final issuance of bonds for the 2017 Bond Program. The total project amount to be funded from the sale of the 2021 Bonds is detailed below:

Streets, Bridges, and Sidewalks	$92,794,427
Drainage and Flood Control	30,284,092
Parks, Recreation, and Open Space	25,431,870
Library and Cultural Facilities	4,181,807
Public Safety Facilities	3,317,804
Total 2021 Bonds	**$156,010,000**

The FY 2021 Adopted Capital Budget and FY 2021 Capital Budget Amendments include the proposed sale of the 2021 Certificates.

As a condition to the issuance of Certificates of obligation, State law requires that Notice of Intention to issue the Certificates be published twice in a newspaper of general circulation with the first date of publication at least 30 days prior to the date of approval of the Certificate authorizing ordinance. The Notice of Intention was approved by City Council on April 29th and reflected a maximum principal amount not to exceed $85,000,000. The total project amount to be funded is approximately $74.5 million. 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 2021 Certificates will be used for the purpose of providing funds for the following: streets, public safety, information technology, and for other public purposes. The projects to be funded with the Certificates of Obligation are listed in Exhibit I. Approximately $27,200,000 of the 2021 Certificates will be self-supporting and will provide funds for the following: Public Safety, Streets, Alamodome, Parks and Recreations, and Enterprise Land Management II.

The 2021 Notes will be used for the purpose of providing funds for street improvements, Municipal Facilities, and information technology improvements. The total project amount to be funded is approximately $39,800,000, while the maximum issuance amount included is $41,000,000. The differential is attributable to the potential issuance of the 2021 Notes 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 2021 Notes.

Approval of these ordinances will give parameter sale authorization for the 2021 Bonds, 2021 Certificates, and 2021 Notes (collectively the "2021 Obligations"). This authorization will give the City Manager and Chief Financial Officer the flexibility to establish the pricing terms of the 2021 Obligations and the authority to sign the applicable purchase contracts upon completion of the sale of such obligations.

It is anticipated that the 2021 Obligations will be sold in August 2021 by an underwriting syndicate. Closing and delivery of the 2021 Obligations is anticipated to occur on August 31, 2021.

Hilltop Securities Inc. and Estrada Hinojosa & Company, Inc. are serving as Co-Financial Advisors. McCall, Parkhurst & Horton L.L.P. serving as Bond Counsel.

Approval of the reimbursement resolution will enable the City to reimburse itself for project expenditures to be funded by the issuance of future obligations but expended prior to the sale and delivery of such obligations' proceeds. Such expenditures are related to projects funded by the future issuance of one or more series of tax exempt or taxable obligations to be issued by the City.

ISSUE:

The aforementioned transaction will fund capital projects that have or will have been approved in the FY 2021 Adopted Capital Budget and FY 2021 Capital Budget Amendments and are consistent with the Debt Management Plan. The selection of the financial underwriting syndicates is consistent with the City's policy and previous actions to employ underwriting syndicates to market and underwrite the City's debt obligations, as well as to assist in the design and structuring of such obligations.

ALTERNATIVES:

The City could choose not to move forward with the proposed capital improvements included in the adopted capital budget and not fund the projects.

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 these Ordinances that authorize the issuance, sale, and delivery of the 2021 Obligations and a Resolution that establishes the City's intention to reimburse itself for prior lawful expenditure of funds.