

AGENDA ITEM NO. **27**

**CITY OF SAN ANTONIO  
INTERDEPARTMENTAL MEMORANDUM  
ECONOMIC DEVELOPMENT DEPARTMENT**

**TO:** Mayor and City Council

**FROM:** Ramiro A. Cavazos, Director, Economic Development Department

**THROUGH:** Terry M. Brechtel, City Manager

**COPIES:** J. Rolando Bono; Milo Nitschke; Andrew Martin; Trey Jacobson; Veronica Zertuche; Orlando Rodriguez; Ed Davis; File

**SUBJECT:** Brooks Development Authority (BDA) Borrowing Authority

**DATE:** September 9, 2004

**SUMMARY AND RECOMMENDATIONS:**

This resolution establishes the initial borrowing authority of the Brooks Development Authority ("BDA") at \$30 million and defines the specific debt instruments that the BDA can utilize in borrowing funds to promote economic development and the creation of new jobs at Brooks City-Base. This resolution complies with Chapter 379B, Texas Government Code that requires City Council to establish the maximum amount of money that the BDA can borrow or issue in bonds.

Staff recommends approval of this resolution.

**BACKGROUND INFORMATION:**

On September 27, 2001, City Council established the BDA as a political subdivision of the State. State law requires the City Council to establish the maximum amount of money that the BDA can borrow or issue in bonds. To borrow funds, however, the BDA must meet the underwriting standards applied by lenders to any borrower and receive the approval of the BDA Board of Directors. To borrow from State agencies, obtain a HUD Section 108 loan or to issue bonds, the BDA must also receive the approval of the City Council based on the merits of each specific project.

The BDA is responsible for meeting its financial obligations from operational revenue and, therefore, requires the flexibility to plan and create a sound financial structure to accomplish its development plans for Brooks City-Base. Therefore, the BDA has requested that City Council establish their initial borrowing authority at \$30 million and authorize the utilization of the following debt instruments: private bank loans for construction or facility improvements; loans from the City and State agencies; bond sales; institutional loans; HUD Section 108 loans; and a revolving bank loan line of credit.

There are currently 3,900 jobs at Brooks City-Base with the Air Force as the major tenant occupying 95% of marketable lease space. The Air Force provides 3,659 of these jobs, with the remainder provided mostly by contractors supporting Air Force operations. Without new construction from

development projects, there is no lease space available for attracting new commercial tenants and adding jobs. However, the BDA is currently negotiating two development projects (DPT Laboratories and the UIW School of Pharmacy) that will require the BDA to obtain financing of approximately \$20 million for the new facilities. The additional \$10 million in borrowing authority will provide the BDA the flexibility to pursue additional economic development projects over the next several months.

**POLICY ANALYSIS:**

According to Chapter 379B, Texas Local Government Code, the City, as the governmental agency that established BDA, must set the maximum amount BDA can borrow or issue in bonds by resolution. Through this action, City Council will provide BDA the ability and flexibility to secure the financial resources necessary to continue the successful redevelopment efforts at Brooks City-Base. In addition, this project supports the Strategic Plan for Enhanced Economic Development.

**FISCAL IMPACT:**

There is no direct fiscal impact to the City associated with this resolution, since the BDA is solely liable for its own financial obligations as a political subdivision of the State.

**COORDINATION:**

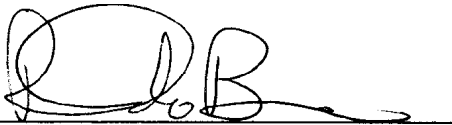
The Economic Development Department staff has coordinated this resolution with the City Attorney's Office, the Finance Department, and the BDA.

**SUPPLEMENTARY COMMENTS:**

None



Ramiro A. Cavazos, Director  
Economic Development Department



J. Rolando Bono  
Deputy City Manager

Approved:



Terry M. Brechtel  
City Manager