

**CITY OF SAN ANTONIO
FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Mayor and City Council
FROM: Milo Nitschke, Director, Finance Department
SUBJECT: Approving Publication of the Notice of Intention to Issue Taxable Combination Tax and Revenue Certificates of Obligation
DATE: April 21, 2005

SUMMARY AND RECOMMENDATIONS

Consideration and approval of an ordinance authorizing and approving publication of notice of intention to issue City of San Antonio, Texas Taxable Combination Tax and Revenue Certificates of Obligation, Series 2005A in a maximum principal amount not to exceed \$22,500,000; authorizing the City's staff, co-financial advisors, and co-bond counsel to take all actions deemed necessary in connection with the sale of such obligations; and providing for an effective date.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

Since May 2003 the Mayor and Alamodome staff actively marketed the Alamodome to professional and national soccer teams as well as the Major League Soccer ("MLS") in the pursuit of possible World Cup Qualifying matches or team matches. Staff particularly focused on the possibility of Mexican Division I Soccer Teams playing in the Alamodome.

The Mayor and Alamodome staff made several trips to Mexico to meet with various team owners and were successful when the Alamodome secured a World Cup Qualifying Match between Mexico and Dominica in June of 2004. Teaming with Traffic Sports, Inc. and implementing a marketing plan that covered northern Mexico as well as the San Antonio/Austin area, the match successfully drew over 37,000 fans.

The success of the first-ever soccer match in the Alamodome drew the attention of MLS and its' associate, Soccer United Marketing (SUM). The Alamodome and SUM co-produced a November 2004 match between Mexico and Guatemala. This match fell on a Wednesday and drew 22,000 fans.

MLS and SUM, impressed with soccer's ability to draw such a large fan base in San Antonio, produced the Interliga Soccer Tournament in January 2005 with two matches, Club America vs. Jaguares and Toluca vs. Necaxa.

These soccer initiatives have placed San Antonio among a small group of major U.S. cities known for success in professional soccer.

In November 2004, the City of San Antonio began discussions with three (3) owner groups. Discussions ranged from team expansion, team relocation, building a soccer specific stadium and mixed-use development on the Alamodome site.

MLS had expressed serious interest to relocate or have an expansion team in San Antonio. Discussions between MLS and the City concentrated on the team playing full-time in the Alamodome, beginning in 2006.

Since December numerous discussions have been held with MLS in order to develop a Memorandum of Understanding setting forth a relationship between the City of San Antonio and a MLS soccer team either to relocate in San Antonio or an expansion team.

In addition to a soccer team utilizing the Alamodome for twenty games per year. The City Soccer Initiative includes providing additional youth soccer fields throughout the city, and as an additional part of this initiative the City will construct a Soccer Complex to be located at Brooks City Base which will provide for thirteen tournament quality soccer fields. Two of these fields will be utilized by MLS as practice fields. The quality of these fields will enable the City to host city youth soccer tournaments as well as regional soccer tournaments. This soccer initiative will be funded in part from bond proceeds authorized in the 2003 bond election and certificates of obligation. It is anticipated that these certificates of obligation will be placed with a financial institution with a two year maturity to be refinanced on or before the final maturity date. The certificates of obligation will be used to finance improvements to the Alamodome and construction of a portion of the Brooks City Base Soccer Complex as shown below.

Alamodome Improvements

TerraCover System	\$1,115,000
Drapery System	\$ 150,000
Suite Finish Out (14)	\$1,050,000
Office Space	<u>\$ 426,000</u>
Total	\$2,741,000

Sports Complex

Practice Facility	\$ 3,700,000
Soccer Complex	\$10,600,000
Street Infrastructure	<u>\$ 4,009,000</u>
Total	\$18,309,000

Estimated Transaction Costs	<u>\$ 175,000</u>
Grand Total	<u>\$21,225,000</u>

POLICY ANALYSIS

In accordance with City policy to maximize the utilization of City facilities, staff has negotiated a Memorandum of Understanding with Major League Soccer for the relocation or expansion of an MLS team to San Antonio to play its games in the Alamodome beginning in 2006.

Pending the negotiation and execution of a formal contractual agreement, MLS' commitment to locate an MLS team in San Antonio is conditioned upon the primary business terms outlined in the Memorandum of Understanding.

Construction of a Soccer Sports Complex is in accordance with City policy and City Soccer Initiative.

FISCAL IMPACT

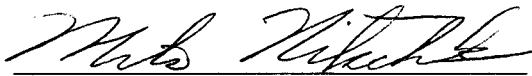
Any costs pertaining to the proposed certificate of obligation sale will be paid from the proceeds derived from the issuance and sale of such certificates. Therefore, there is no impact on the City's Operating Budget.

COORDINATION

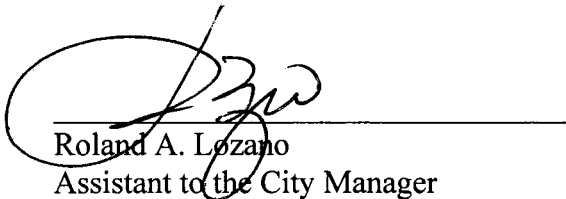
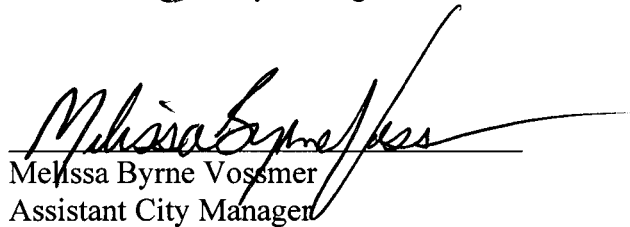
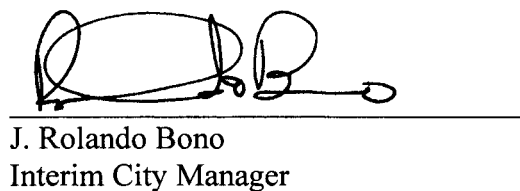
This action was coordinated with the City Manager's Office, City Attorney's Office, the Departments of Finance, the Alamodome, Co-Financial Advisors and Co-Bond Counsel.

SUPPLEMENTAL COMMENTS

The City's Ethics Ordinance does not require a disclosure statement for this ordinance.



Milo D. Nitschke
Director, Finance Department


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