

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

TO: Sheryl Sculley, City Manager

FROM: Ben Gorzell Jr., CPA, Acting Director of Finance

SUBJECT: Authorizing the Issuance, Sale and Delivery of Approximately \$37,600,000 "City of San Antonio, Texas Tax Notes, Series 2006"

DATE: June 15, 2006

SUMMARY AND RECOMMENDATIONS

An Ordinance authorizing the issuance of approximately \$37,600,000 "City of San Antonio, Texas Tax Notes, Series 2006", levying an annual ad valorem tax, within the limitations prescribed by law for the payment of the Notes; prescribing the form, terms, conditions, and resolving matters incident and related to the issuance, sale and delivery of the Notes; authorizing the execution of a Paying Agent/Registrar Agreement and Purchase and Investment Letter; complying with the requirements of the Letter of Representations with the Depository Trust Company; and providing for an effective date.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

The City is planning to issue approximately \$37,600,000 "City of San Antonio, Texas Tax Notes, Series 2006" (the "Series 2006 Notes") which are to be privately placed with a financial institution or institutions. The Series 2006 Notes are short term debt obligations payable from ad valorem taxes which are being used as an interim funding mechanism in anticipation of the next scheduled issuance of General Obligation Bonds and Certificates of Obligation which is planned for November 2006. The proceeds of the Series 2006 Notes will be used for the projects included in the Capital Budget to be funded in fiscal year 2006 that have cash flow needs through November 2006.

The uses of the Series 2006 Notes are as follows: (1) constructing public safety improvements, including construction of new fire stations and renovating and improving existing fire stations and the Services Facility; (2) constructing drainage improvements, sidewalk improvements, bridge improvements, street improvements and drainage incidental thereto; (3) constructing improvements and renovations to existing municipal facilities or other public facilities, including the Plaza de Armas Building, Records Storage Facility, and Pearsall Landfill; (4) acquiring, constructing, renovating and improving the City's library system; (5) acquiring, constructing, and renovating park facilities, including Brackenridge Park, LaVillita Assembly Hall Complex, and the Normoyle Community Center; (6) acquiring land for park facilities (including Phase I of the Voelker property purchase); (7) constructing utility system and other infrastructure improvements

at Kelly USA; (8) constructing and equipping certain downtown public restroom facilities; (9) constructing public health and safety improvements, including acquisition, design and construction of Emergency Operations Center, Animal Care Facility and Medical Center Area Senior Multi-Services and Health Center; and (10) paying certain cost of issuance.

It is anticipated that these Series 2006 Tax Notes will be refunded in November 2006 in conjunction with the City's planned issuance of General Obligation Bonds. Additionally, in the event the Voelker property is not purchased, the amount of the issuance planned in November 2006 will be reduced by the amount of proceeds from the Tax Notes planned to be utilized to purchase the Voelker property. The proceeds planned for the Voelker property purchase received from the Tax Notes will then be utilized for the other purposes listed above.

The bids on the Series 2006 Notes will be received by June 14, 2006 and the closing and delivery is planned for July 11, 2006. The final results of the bids will be detailed in a memorandum which will be provided on Thursday, June 15, 2006.

POLICY ANALYSIS

The aforementioned transaction is consistent with the Debt Management Plan.

FISCAL IMPACT

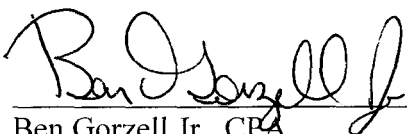
Any costs pertaining to the proposed transaction will be paid from the proceeds derived from the issuance and sale of such obligations. Therefore, there is no impact on the City's Operating Budget.

COORDINATION

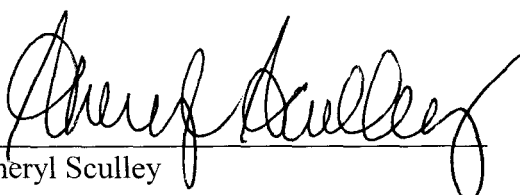
This action was coordinated with the City Manager's Office, City Attorney's Office, the Departments of Public Works, Parks, Asset Management, City Clerk, the Office of Management and Budget, and the City's Co-Financial Advisors and Co-Bond Counsel.

SUPPLEMENTAL COMMENTS

This action is consistent with State and Federal Law and with previous actions taken by the City.


Ben Gorzell Jr., CPA
Acting Director of Finance

Approved for Council Consideration:


Sheryl Sculley