

DEVELOPMENT FINANCING PROGRAMS

DESCRIPTION

The City of San Antonio has created non-profit corporations for financing certain types of development through bonds or loans. Bond financing may permit borrowers to finance an entire project, including equipment. The feasibility of a prospective bond financing will be largely determined by the financial strength of the borrower and the credit worthiness of a transaction.

The Industrial Development Authority (IDA) can issue taxable and tax-exempt bonds up to \$10M to acquire land and construct industrial or manufacturing facilities with development costs under \$20M. Industrial Development Revenue Bonds may be subject to an annual state allocation. The City of San Antonio Health Facilities Corporation (HFDC) can issue tax-exempt bonds for non-profit organizations towards the development of health care facilities. The City of San Antonio Education Facilities Corporation (EFC) may issue tax-exempt bonds for capital improvements at non-profit institutions of higher education, as well as non-public or state-authorized charter schools providing primary and/or secondary education services. Taxable bonds can also be issued without cap and few restrictions.

In conjunction with legal counsel specializing in such transactions, staff will work with a prospective borrower and their underwriters, advisors, and legal counsel to structure a feasible bond issue.

Borrowers must pay two fees to these conduit bond corporations: (1) an application fee of \$2,500 to Economic Development Department (2) an issuance fee of \$20,000 at closing to the Corporation.

ELIGIBILITY

- ❖ Submit Application and \$2,500 application fee
- ❖ Capacity is evaluated
- ❖ Company must have either a credit rating, or letter of credit from a U.S. Bank
- ❖ Bank serves as Trustee
- ❖ Tax-exempt benefits are through the City's Board of Directors
- ❖ Term runs from 30 to 40 years (or life of equipment, if tied to equipment)
- ❖ Other fees involved are \$500 for bond review, \$600 volume cap allocation, etc.
- ❖ City assists company in preparing paperwork and discusses fees involved

FOR MORE INFORMATION:

Call (210) 207-8080 or visit www.SanAntonio.gov/EDD

