

FINANCE

FY 2015 PROPOSED BUDGET WORK SESSION DEBT MANAGEMENT PLAN

Presented by Ben Gorzell, Jr.
Chief Financial Officer

Types of Debt Issued

- General Obligation Bonds
 - Voter Authorized, Major Infrastructure Improvements
 - Tax Supported Ad Valorem
- Certificates of Obligation
 - Non Voter Authorized, Special Capital Projects
 - Tax Supported Ad Valorem
- Tax Notes
 - Short-term, Non Voter Authorized, Special Capital Projects
 - Tax Supported Ad Valorem
- Revenue Debt
 - Non Voter Authorized
 - Secured by Revenue from Non Ad Valorem Tax Collections

Outstanding Debt at September 30, 2014

	Outstanding Principal	Effective Interest Rate	Average Life (Years)
G.O./C.O./Tax Notes (Ad Valorem Debt)	\$1,477.3 M	3.51%	9.06
Ad valorem taxes not to exceed 10% of total assessed valuation			
PPFCO	17.5 M	0.54%	1.00
Airport	194.2 M	4.55%	10.24
Airport – Passenger Facility Charge	148.7 M	4.80%	11.29
Stormwater	71.2 M	2.50%	8.47
Contract Revenue Bonds – Starbright (Toyota)	20.9 M	3.90%	11.42
Lease Revenue Bonds:			
One Stop	6.1 M	3.06%	3.58
Police and Fire Emergency Dispatch Center	26.8 M	4.91%	16.54
Convention Center Expansion	550.4 M	3.98%	20.84
Taxable Revenue Notes	28.1 M	2.20%	2.22
Total	\$2,541.2 M		

Tax-Supported Debt for Texas Cities*

	City	Tax-Supported Debt Outstanding	Population	Per Capita Debt
1	Houston	\$ 3,383,060,000	2,195,914	\$ 1,541
2	Corpus Christi	450,060,000	316,381	1,423
3	Austin	1,255,049,994	885,400	1,417
4	Dallas	1,691,244,734	1,257,676	1,345
5	El Paso	892,660,000	674,433	1,324
6	Laredo	318,330,000	248,142	1,283
7	Arlington	479,123,437	379,577	1,262
8	Plano	340,125,000	274,409	1,239
9	San Antonio	1,406,185,000	1,409,019	998
10	Fort Worth	760,725,000	792,727	960

* Information obtained from the State Comptroller's Tell the Truth Texas website.

Bond Ratings

	Fitch	Moody's	S&P
G.O./C.O./Tax Notes ¹	"AAA"	"Aaa"	"AAA"
Airport	"A+"	"A1"	"A+"
Airport – Passenger Facility Charge	"A"	"A2"	"A-"
Stormwater	"AA"	"Aa2"	"AA+"
Contract Revenue Bonds – Starbright (Toyota)	"AA+"	"Aa1"	"AA+"
Lease Revenue Bonds:			
One Stop	"AA+"	"Aa1"	"AA+"
Police and Fire Emergency Dispatch Center	"AA+"	"Aa1"	"AA+"
Convention Center Expansion	"AA"	"Aa2"	"AA+"

- Ratings affirmed in July 2014.
- San Antonio is the only city with a population of more than 1 million to receive a "AAA" general obligation rating from all three major rating agencies.

¹ The current bond rating outlook is stable for Fitch and S&P and negative for Moody's.

“AAA” Bond Rating Reports

- Fitch
 - “Favorably views the city’s recently enhanced reserve policies and its two-year budget strategy, which has expanded its planning horizon”
- Moody’s
 - “Aaa rating reflects... multiyear budgeting practices and conservative budget assumptions, strengthened financial policies, and financial flexibility”
 - “Strong financial results guided by an experienced management team”
 - “Operating pressures associated with nearly 70% of expenditures for first responder indicative of a large population and demand for services”
- S&P
 - “Very strong management conditions with strong financial practices”
 - “Strong budgetary performance, with reserves at more than 15% of operational expenditures”

Value of a “AAA”

Projected Financial Impact of Rating Levels on **\$1 Billion of Debt**

Cost of Potential Rating Downgrade (\$ in Millions)	Gross Cost	Present Value Cost
Downgrade from AAA to AA+ <i>(Drop of 1 level)</i>	\$6.4 to 12.9	\$4.6 to 9.2
Downgrade from AAA to AA <i>(Drop of 2 levels)</i>	\$19.3 to 25.7	\$13.8 to 18.4
Downgrade from AAA to AA- <i>(Drop of 3 levels)</i>	\$38.4 to 44.8	\$27.6 to 32.2

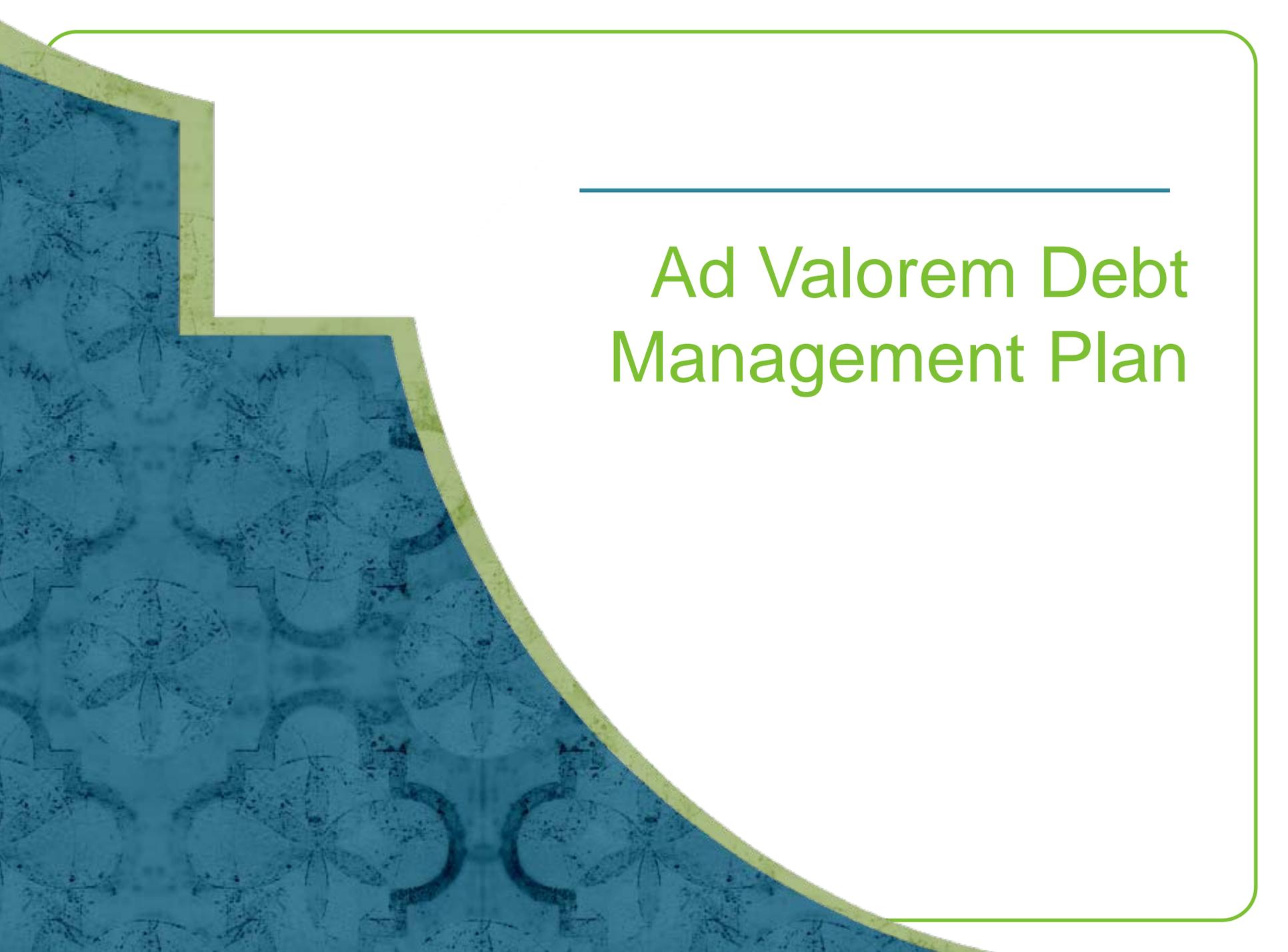
FY 2014 New Issuances and Refunding

Par Amount	Issuance	Purpose	Term	TIC
\$ 17,500,000	Public Property Finance Contractual Obligations, Series 2013	Funded equipment and vehicles for various City departments	2.5 Yr.	0.54%
20,900,000	Revenue Notes, Taxable Series 2013A	Funded facilities for the Pre-K 4 SA Early Childhood Education Program	1.5 Yr.	2.32%
1,400,000	Tax Notes, Series 2014	Funded street improvements in the Mission del Lago TIRZ	7 Yr.	1.80%
17,740,000	Tax Notes, Series 2014A	Funded street improvements	1.5 Yr.	0.30%
159,980,000	General Improvement Bonds, Series 2014	Funded the third installment of the 2012 Bond Program	20 Yr.	3.08%
67,295,000	General Improvement Refunding Bonds, Series 2014	Refunded \$72,575,000 of certain outstanding bonds and certificates of obligation; produced total savings of \$7,362,201 with net present value savings of \$6,703,703 or 9.24% of the refunded obligations	20 Yr.	1.68%
5,970,000	Tax Notes, Series 2014B	Funded street improvements and land acquisition for Convention Center Expansion	7 Yr.	1.26%
\$ 290,785,000	Total			

Recent Bond Refunding Results

Since April 2012, the City has completed 6 refunding transactions for interest cost savings resulting in total gross savings of \$47.3 million and net present value savings of \$39.3 million

- \$33,410,000 General Improvement Refunding Bonds, Series 2012
- \$70,135,000 Airport System Revenue Refunding Bonds, Series 2012 (AMT)
- \$25,790,000 Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2012 (AMT)
- \$70,685,000 Municipal Drainage Utility System Revenue Refunding Bonds, Series 2013
- \$20,890,000 Starbright Industrial Development Corporation Contract Revenue Refunding Bonds, Taxable Series 2013
- \$67,295,000 General Improvement Refunding Bonds, Series 2014



Ad Valorem Debt Management Plan

Ad Valorem Debt Management Plan

	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Net Taxable Assessed Value Growth Rate	6.9%	5.0%	4.0%	3.5%	3.0%
Debt Service Tax Rate	\$0.2115	\$0.2115	\$0.2115	\$0.2115	\$0.2115
Tax Collections	98%	98%	98%	98%	98%
Interest Rate	6.0%	6.0%	6.5%	6.5%	6.5%

Debt Service Fund Balance Drawdown

- Projected Fund Balance of \$41.5M as of September 30, 2014
- Projected Fund Balance of \$40.6M as of September 30, 2015
- Planned drawdown from FY 2014 through FY 2028 to a target balance of between \$25M - \$30M

Debt Management Plan as of Sept. 30, 2014

	Total Authorization	Issued	Unissued
2007 GO Bond Program	\$550M	\$550M	--
2007-2011 CO	\$328M	\$328M	--
2007-2011 Tax Notes	\$122M	\$122M	--
2012 GO Bond Program *	\$596M	\$378M	\$214M
2012-2016 CO	\$145M	\$37M	\$108M
2012-2016 Tax Notes	\$55M	\$43M	\$12M
2017 Planned GO Bond Program	\$640M	--	--
2022 Planned GO Bond Program	\$625M	--	--
2017-2026 CO	\$370M	--	\$370M
2017-2026 Tax Notes	\$50M	--	\$50M

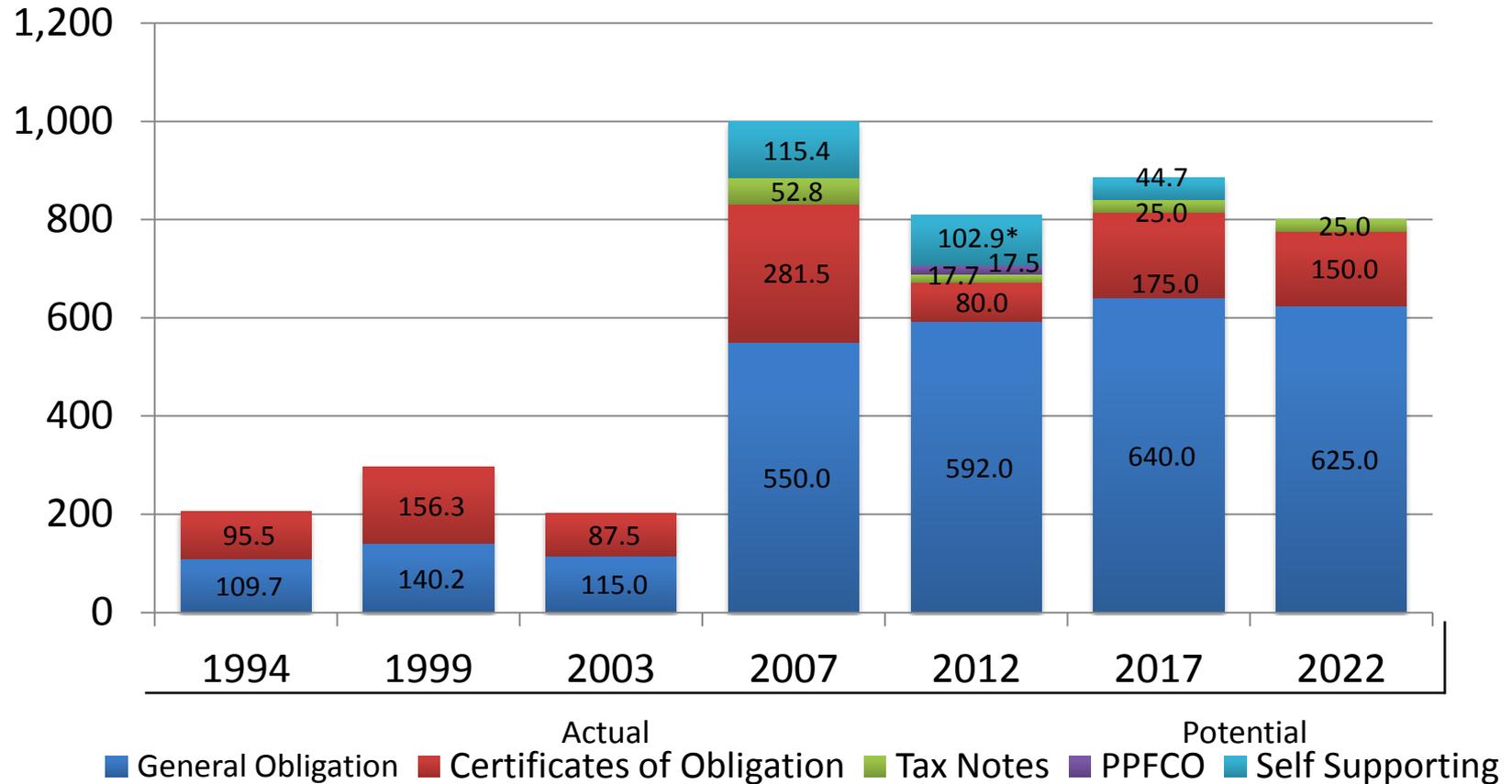
* Bond authorization reduced by \$4,000,000 due to savings.

Debt Management Plan Added Capacity

- Tax Notes for added street improvements
 - \$5.0 million in FY 2015
 - \$5.0 million in each year from FY 2016-2026
- \$23.79 million added in FY 2015 in Certificates of Obligation for the following projects
 - Harry Wurzbach at Austin Hwy
 - De Zavala
 - Witte Museum
 - Fire Stations
 - Information Technology
 - Deferred Maintenance
 - Street Lights

Ad Valorem Debt Management Plan

Actual & Potential Issuances
(Dollars in Millions)



* Includes \$19.1M in Private Placement Tax Notes.

Future Proposed Bond Issuances

Fall 2014

- \$53,655,000* General Improvement Refunding Bonds
 - Potential present value savings of \$6.6M (Preliminary estimate, subject to market conditions)

Spring 2015

- \$163,634,000* Consolidated Rental Car Facility Financing

Summer 2015

- \$160,145,000* General Improvement Bonds
- \$33,415,000* Certificates of Obligation
- \$6,500,000* Tax Notes

* Subject to change.

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