

FY 2021 DEBT MANAGEMENT PLAN

Finance Department
Budget Worksession
August 25, 2020



Presented by: Chief Financial Officer Ben Gorzell, Jr.



Types of Debt Issued

General Obligation Bonds

- Backed by Property Taxes
- Voter Approved

Certificates of Obligation

- Backed by Property Taxes
- Not Voter Approved
- 45 Day Notice

Tax Notes

- Backed by Property Taxes
- Not Voter Approved
- Short Maturity

Revenue Debt

- Backed by Specific Revenue
- Not Voter Approved

Bond Ratings

	Fitch	Moody's	S&P
Prime	AAA	Aaa	AAA
High Grade	AA+	Aa1	AA+
	AA	Aa2	AA
	AA-	Aa3	AA-
Upper medium grade	A+	A1	A+
	A	A2	A
	A-	A3	A-
Lower medium grade	BBB+	Baa1	BBB+
	BBB	Baa2	BBB
	BBB-	Baa3	BBB-

Current Bond Ratings

	Fitch	Moody's	S&P
Property Tax Debt	AA+	Aaa	AAA
PFC Lease Revenue Bonds - Convention Center Expansion	AA+	Aa2	AA+
Airport Revenue Bonds	A+	A1	A+
Airport - Passenger Facility Charge Bonds	A	A2	A
Airport - Customer Facility Charge Revenue Bonds	BBB+	A3	A
Stormwater	AA+	Aa2	AA+
Contract Revenue Bonds – Starbright (Toyota)	AA+	Aa1	AA+
MFC Lease Revenue Bonds - Public Safety Emergency Dispatch Center	AA+	Aa1	AA+

Current Outstanding Debt

	Outstanding Principal	Effective Interest Rate	Average Life (Years)
Property Tax Debt ^{1,2,3}	\$1,939.9M	2.19%	8.2
PFC Lease Revenue Bonds – Convention Center Expansion ⁴	541.7M	3.98%	15.6
Airport - GARB	158.8M	3.35%	9.5
Airport – PFC	107.3M	2.73%	7.8
Airport – CFC	122.3M	5.73%	16.4
Stormwater	48.7M	1.57%	4.9
Contract Revenue Bonds – Starbright (Toyota)	16.2M	4.26%	7.5
Municipal Facilities Corporation (MFC)			
MFC Lease Revenue Bonds - Fire and Police Dispatch Center (PSAP)	23.0M	5.07%	12.7
MFC Contract Revenue Notes – Brooks ²	5.8M	2.39%	7.9
Short-term Loan – Frost Tower ²	6.1M	1.95%	1.0
Total	\$2,969.8M		

¹ Includes general obligation bonds, certificates of obligation, tax notes and public property finance contractual obligations.

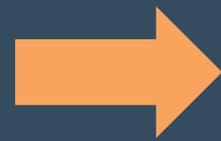
² Includes private placement debt.

³ Includes self-supporting debt in the amount of \$236.2 Million including \$36 Million in Interim Financing Notes for the Airport.

⁴ Includes Capital Appreciation Bonds with proceeds in the amount of \$30.0 Million and a maturity value of \$99.5 Million.

Property Tax – Debt Outstanding

**\$1.9
Billion**



**General Obligation Bonds
\$1,441 Million**



**Certificates of Obligation
\$427.5 Million**



**Tax Notes
\$60.6 Million**



**Public Property Finance Contractual
Obligations \$11.3 Million**

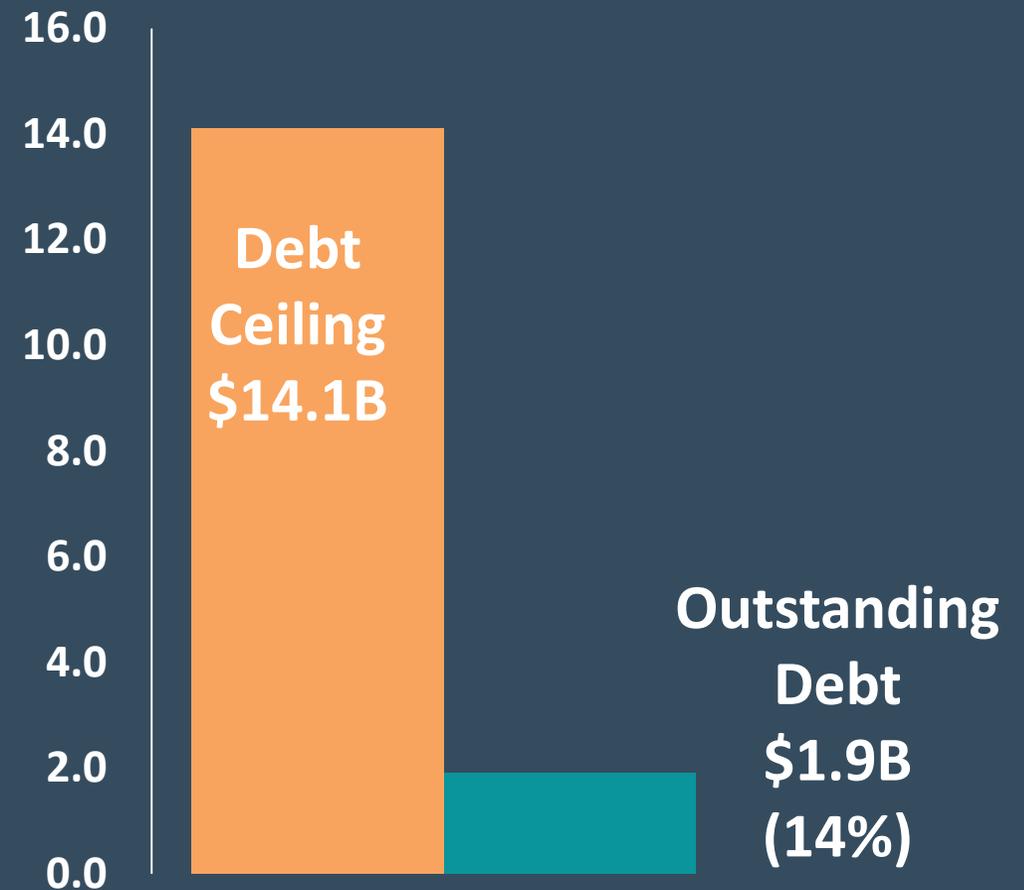
Effective Interest Rate: 2.19%

Average Life: 8.2 years

Actual Debt vs. Legal Capacity*

- State Law and the City Charter provide legal limits for Ad Valorem Debt
 - Should not exceed 10% of Total AV
 - Ceiling: \$14.1 Billion
 - Property Taxes levied for debt must not exceed \$1.50 per \$100 of AV
 - Current Debt Portion of Property Tax Rate is 21 cents for every \$100 of AV

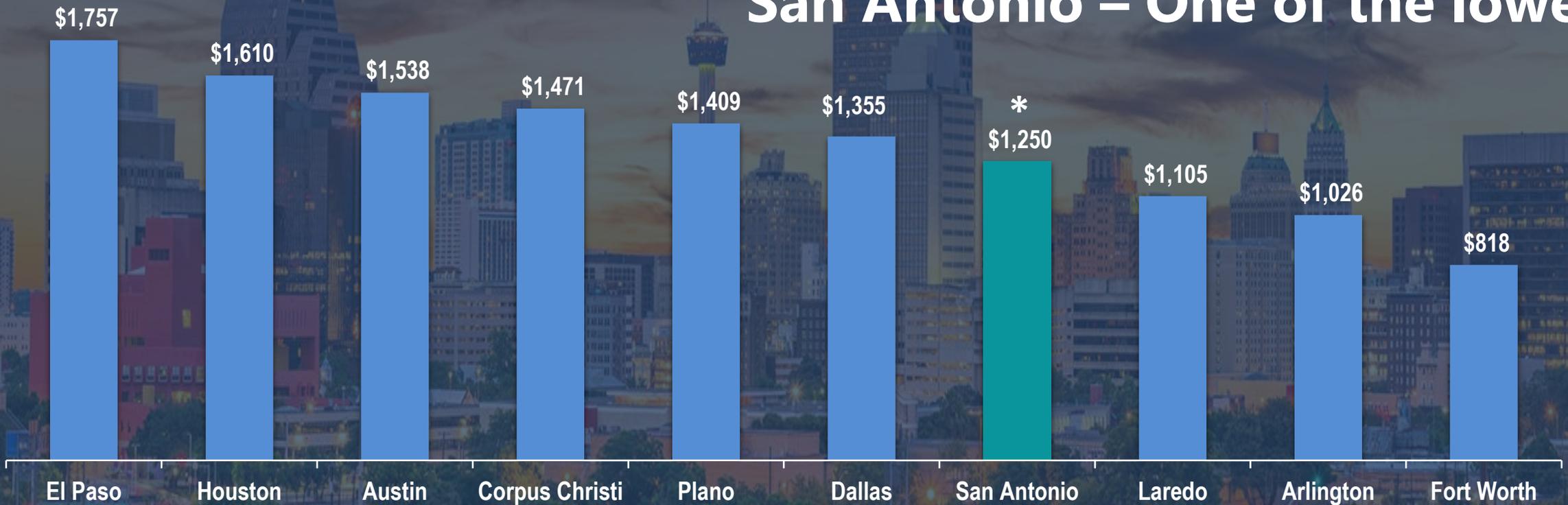
[In \$Billions]



* Excludes Self-Supporting Debt

Ad Valorem Debt per Capita

***San Antonio – One of the lowest**



SOURCE: Texas Comptroller. As of August 31, 2018

FY 2020 Refunding and Bond Sale

Sale of \$471.6 Million Refunding Bonds

- June 30, 2020
- Total interest cost savings of \$58.5 Million over 14 years
- Net present value savings of \$51.8 Million

Sale of \$245.1 Million * General Obligation Bonds, Certificates of Obligation, and Tax Notes

- August 25, 2020
- Provides funding for 2017 Bond Program and FY 2020 Capital Budget projects

* Represents funding requirements, and subject to change based on market conditions and costs of issuance

Debt Management Plan

Fundamental Components

- Short Average Life
- Moderately conservative projections
- Maintenance of debt service reserve
- Assumes no change in Debt Service Tax Rate
- Capacity analyses
- Sensitivity analyses
- 2022 and 2027 Bond Programs for planning and forecasting only and sized to available capacity

Debt Management Plan

FY 2020 Updates

Refunded \$11.5 Million in
General Fund
Capital Leases

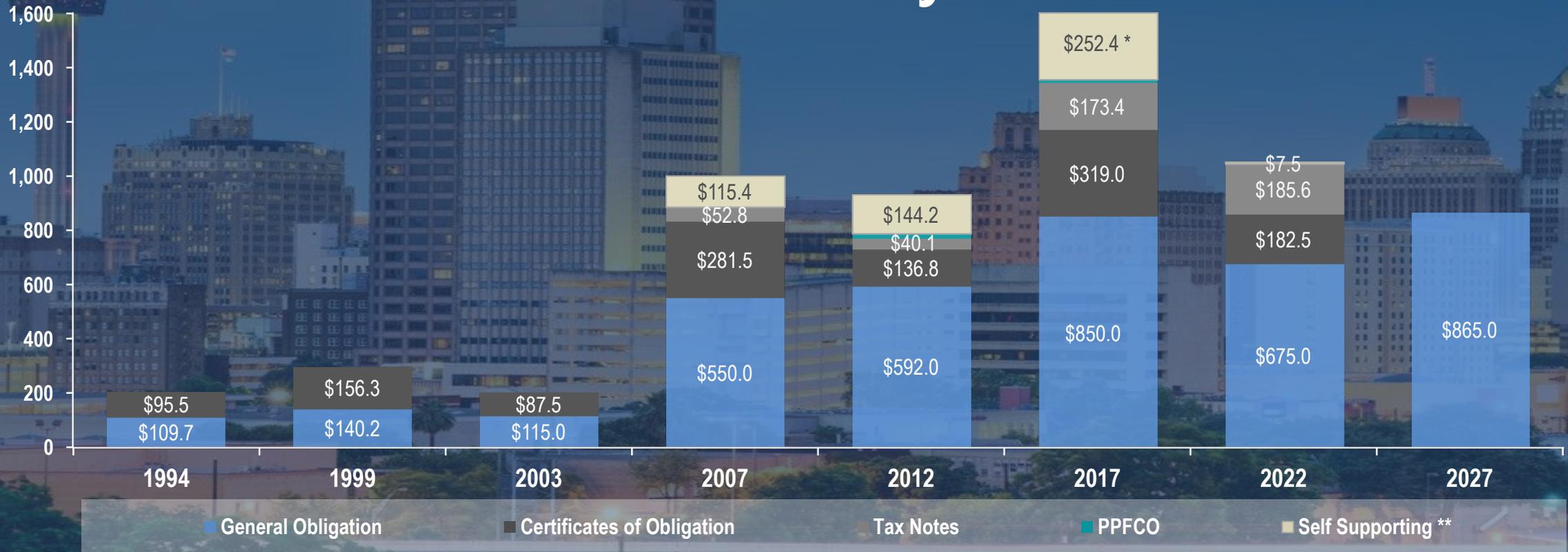
\$39.6 Million issued for
Convention Center and
Alamodome – HOT Fund self
supporting after FY 2023

\$2.7 Million in debt service
due from HPARC covered for
FY 2021 and 2022

\$12.3 Million in debt service
from the Alamodome covered
through FY 2023

Debt Management Plan

Ad Valorem Actual and Projected Issuances ¹



* Amount includes Interim financing for Airport

¹ Preliminary update

**Self Supporting debt paid from non-property tax revenues

FY 2021 Propose Debt Issuances

**\$116.5 Million
City Tower Financing
January/February 2021**

**\$156 Million
General Obligation Bonds
Summer 2021**

**\$114 Million
Certificates of Obligation & Tax Notes
Summer 2021**

**Refunding of \$23 Million
MFC Lease Revenue Bonds
(Fire & Police Dispatch – PSAP)
Summer 2021**

**Monitor
Refunding
Opportunities**

HOT Fund – Debt Outstanding

**\$541.7
Million**



**Public Facility Corporation
(PFC) Lease Revenue Bonds –
Convention Center Expansion***

* Callable September 15, 2022

Effective Interest Rate: 3.98%

Average Life: 15.6 years

HOT Fund – Debt Outstanding

Convention Center Hotel

- Bonds have a pledge of 7% Hotel specific HOT and Citywide 2% HOT
- Hotel operations pay for debt service; City pledged HOT if operations insufficient
- City projected to contribute \$3.1 Million in FY 2020 and \$10.1 Million in FY 2021 for debt service through July 2021

Other Debt

- \$39.6 Million issued for Convention Center and Alamodome – HOT Fund self supporting after FY 2023
- \$12.3 Million in debt service from the Alamodome covered through FY 2023 in property tax debt plan

Convention Center Bonds

- Ascending debt service of \$24 Million in FY 2021 to \$62.5 Million by FY 2042
- Evaluating refunding and/or restructuring opportunities

Airport Fund – Debt Outstanding

**\$388.4
Million***

-  **General Airport Revenue Bonds
\$158.8 Million**
-  **Passenger Facility Charge Bonds
\$107.3 Million**
-  **Customer Facility Charge Bonds
\$122.3 Million**

* Does not include \$36 Million in Interim Financing Notes

Effective Interest Rate: 2.73% to 5.73%*
Average Life: 7.8 to 16.4 years*

Airport Financings/Federal Assistance

\$178.5 Million Airport Refunding

- \$35.6 Million in total interest cost savings
- Net present value savings of \$32.4 Million
- Cash Funded PFC Debt Service Reserve Fund with \$5 Million

\$100 Million Interim Financing

- \$36 Million drawn to date
- Extension of draw date to August 1, 2021 and deferral of principal payments to August 1, 2024

\$50.6 Million CARES Act Funding

- Funding operations to offset revenue reduction
- Supports required debt service coverage and debt service payments

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