

RESOLUTION NO. 2006R-05-18-0611

**AUTHORIZING NOTICE OF INTENTION TO ISSUE A  
NOTE TO SECURE A \$57,000,000 HUD 108 LOAN**

\* \* \* \* \*

**WHEREAS**, the City Council of the **CITY OF SAN ANTONIO, TEXAS** (the "City") has determined that it is necessary and desirable to obtain a loan in an amount up to \$57,000,000 from the **UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** ("HUD") under Section 108 of title I of the Housing and Community Development Act of 1974, as amended (the "HUD 108 Loan") in order to obtain funds to finance various capital improvements throughout the City, including street and drainage improvements and improvements to public health facilities, parks, libraries, and community recreation and cultural facilities (collectively the "HUD Projects"); and

**WHEREAS**, the City Council of the City intends to finance the HUD Projects with funds derived from the HUD 108 Loan, repayment of which shall be evidenced by a promissory note (the "Note") to be issued by the City pursuant to Section 373.005(d), Texas Local Government Code, as amended ("Section 373.005(d)"), and by a "Contract for Loan Guarantee Assistance" with the Secretary of HUD; and

**WHEREAS**, as required by Section 373.005(d), the City Council deems it necessary to give notice of intention to issue the Note in an amount not to exceed \$57,000,000 for the purpose of paying, in whole or in part, the HUD Projects, to pay all or a portion of the legal, fiscal, engineering and construction fees in connection with the HUD Projects, and to pay the costs of issuance related to the Note; and

**WHEREAS**, it is hereby officially found and determined that the meeting at which this Resolution was passed was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; **NOW THEREFORE:**

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1. APPROVAL OF NOTICE OF INTENTION.** Attached hereto is a form of the "Notice of Intention to Issue a Note to Secure a \$57,000,000 HUD 108 Loan," the form and substance of which is hereby adopted and approved.

**SECTION 2. AUTHORIZATION TO PUBLISH NOTICE OF INTENTION.** The City Clerk shall cause said notice to be published in substantially the form attached hereto in a newspaper of general circulation in the City, on the same day in each of two consecutive weeks, the date of the first publication thereof to be before the 14th day before the date tentatively set for the passage of the ordinance authorizing the issuance of the Note as shown in said notice. The Acting Finance Director and the City Clerk are each authorized to make changes to said Notice as necessary prior to its publication.

**SECTION 3. INCORPORATION OF RECITALS.** The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

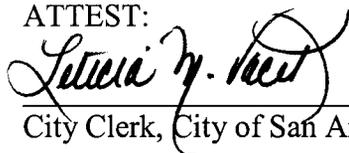
**SECTION 4. EFFECTIVE DATE.** This Resolution shall take effect immediately if approved by eight (8) or more affirmative votes; otherwise, this Resolution shall be effective on and after the tenth (10<sup>th</sup>) day from the date of passage hereof.

***PASSED AND APPROVED BY AN AFFIRMATIVE VOTE OF 9 MEMBERS OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS AT A REGULAR MEETING ON THIS 18<sup>TH</sup> DAY OF MAY, 2006.***

  
MAYOR

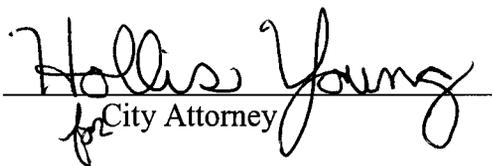
**PHIL HARDBERGER**

ATTEST:

  
\_\_\_\_\_  
City Clerk, City of San Antonio, Texas

(CITY SEAL)

APPROVED AS TO FORM:

By:   
for City Attorney

# Agenda Voting Results

**Name:** 37.

**Date:** 05/18/06

**Time:** 04:58:14 PM

**Vote Type:** Multiple selection

**Description:** A Resolution authorizing notice of intention to issue a note to secure \$57,000,000.00 HUD 108 Loan. (Presented by Andrew Cameron, Director, Housing and Community Development; Jelynne LeBlanc Burley, Deputy City Manager)

Voter	Group	Status	Yes	No	Abstain
ROGER O. FLORES	DISTRICT 1	Not present			
SHEILA D. MCNEIL	DISTRICT 2		x		
ROLAND GUTIERREZ	DISTRICT 3		x		
RICHARD PEREZ	DISTRICT 4		x		
PATTI RADLE	DISTRICT 5		x		
DELICIA HERRERA	DISTRICT 6		x		
ELENA K. GUAJARDO	DISTRICT 7		x		
ART A. HALL	DISTRICT 8		x		
KEVIN A. WOLFF	DISTRICT 9		x		
CHIP HAASS	DISTRICT_10	Not present			
MAYOR PHIL HARDBERGER	MAYOR		x		

Agenda item # 37  
ADD-ON

CITY OF SAN ANTONIO  
FINANCE DEPARTMENT  
CITY COUNCIL MEMORANDUM

**TO:** Sheryl Sculley, City Manager  
**FROM:** Ben Gorzell Jr., CPA, Acting Director of Finance  
**SUBJECT:** A Resolution Authorizing a Notice of Intention to Issue a Promissory Note to Secure a HUD 108 Loan  
**DATE:** May 18, 2006

**SUMMARY AND RECOMMENDATION**

A Resolution authorizing a notice of intention to issue a note to secure a \$57 million HUD 108 Loan and providing for an immediate effective date.

Approval of this Resolution is recommended.

**BACKGROUND INFORMATION**

On September 16, 2004, City Council authorized the submission of a \$57 million 108 loan application to the Department of Housing and Urban Development (HUD). Proceeds of the loan were planned to be utilized to fund various capital improvement projects including streets and drainage projects and improvements to public health facilities, parks, libraries, and community recreation and cultural facilities.

The repayment of annual debt service for the 108 Loan is to be made from Community Development Block Grant (CDBG) Funds received by the City on an annual basis. HUD reviewed the City's application and recommended it for approval with the condition that in the event CDBG funds were not available, the City would commit to the utilization of other lawful sources of revenues available to the City to meet the debt service requirements of the HUD 108 loan. The City's existing HUD 108 loans are secured by the property being improved with the loans. For the proposed capital improvement program, many of the projects involve street and infrastructure improvements making it impractical to pledge as security for the loan.

The City has been in discussions with HUD and the Office of the Texas Attorney General which must approve the City's note to secure the HUD 108 loan. Based on these discussions, a revised note to be issued by the City to secure the 108 loan has been developed. The proposed note provides that the City will utilize the following to repay the 108 loan: 1) CDBG Funds, 2) program income generated from the HUD 108 loan, and 3) gross revenues derived from the operation of the City's solid waste system. CDBG funds will be the first priority for repayment followed by CDBG program income. In the event these funds are insufficient for repayment of the 108 loan, the City has pledged gross revenues from its solid waste system as security for the loan. However, if CDBG funds are insufficient, the City is not required to utilize the solid waste revenues for repayment of the loan and may exercise other options such as refinancing the loan or appropriating funds from any lawful revenue sources to meet debt service requirements.

The proposed resolution authorizes the publication of a notice of intention to issue the note inclusive of the terms previously described, as required by Texas law. The notice will be published in the San Antonio Express News on the same day for two consecutive weeks with the first publication occurring 14 days before consideration for approval of the note by the City Council. Consideration of the note by the City is scheduled for June 8<sup>th</sup>.

**FISCAL IMPACT**

There is no financial impact related to the proposed resolution as it authorizes publication of a notice to issue a note.

**COORDINATION**

The proposed resolution has been coordinated with the Housing and Community Development Department, the City Attorney's Office, and the City's Bond Counsel for this transaction.

**SUPPLEMENTARY COMMENTS**

The disclosure requirements of the City's Ethics Ordinance are not applicable.



Ben Gorzell Jr., CPA  
Acting Director of Finance

Approved for Council Consideration:



Sheryl Sculley  
City Manager

**CITY OF SAN ANTONIO, TEXAS  
NOTICE OF INTENTION TO ISSUE  
A NOTE TO SECURE A \$57,000,000 HUD 108 LOAN**

The City Council of the City of San Antonio, Texas (the "City") does hereby give notice of intention to obtain a loan in an amount up to \$57,000,000 (the "HUD 108 Loan") from the United States Department of Housing and Urban Development ("HUD") under Section 108 of title I of the Housing and Community Development Act of 1974, as amended (the "HUD Act"), in order to obtain funds to finance various capital improvements throughout the City, including street and drainage improvements and improvements to public health facilities, parks, libraries, and community recreation and cultural facilities (collectively the "HUD Projects"), to pay all or a portion of the legal, fiscal, engineering and construction fees in connection with the HUD Projects, and to pay the costs of issuance related to the Note. The City intends to issue a promissory note in the maximum aggregate principal amount not to exceed \$57,000,000 (the "Note") and to enter into a Contract for Loan Guarantee Assistance with the Secretary of HUD for the purpose of securing repayment of the HUD 108 Loan and to finance the HUD Projects. The City proposes to provide for the payment of the Note from a lien on and pledge of (i) grant funds received by the City from the federal government (known generally as "Community Development Block Grant" funds) under Sections 106 or 108(q) of the HUD Act, (ii) program income directly generated from the use of the HUD 108 Loan, and (iii) gross revenues from the City's solid waste disposal system. The City Council proposes to authorize the issuance of the Note on Thursday, June 8, 2006, at 9:00 a.m. during a Regular Meeting at the City Council Chambers in the Municipal Plaza Building, 114 W. Commerce, San Antonio, Texas.

/s/ Leticia M. Vacek  
City Clerk, City of San Antonio, Texas