



SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT

Agenda Item Summary

Meeting Date: July 21, 2021

Agenda Section: Discussion and possible action

Agenda Item Title: Deposit interest cost subsidy (tax subsidy) for Build America Bonds, Series 2010 & Qualified School Construction Bonds, Series 2010 from M&O Tax Fund to I&S Tax Fund to assist with debt service payments

From: Dr. Marc Puig, Superintendent

Additional Presenters if Applicable: Tony Kingman, CFO

Description: The fiscal strategy is to begin diverting the interest cost subsidy of approximately \$970,000 per year to the I&S tax fund (majority of school districts deposit subsidy payments to the I&S tax fund).

Historical Data: Interest cost subsidy for the Build America Bonds (“BABs”), Series 2010 and Qualified School Construction Bonds (“QSCBs”), Series 2010.

- *These two bond issues receive approximately \$970,000 annually to assist with debt service payments.*
- *Since originally issued, the District has been depositing the interest cost subsidy in the M&O tax fund instead of the I&S Tax Fund.*

Recommendation: To approve the Deposit interest cost subsidy (tax subsidy) for Build America Bonds, Series 2010 & Qualified School Construction Bonds, Series 2010 from M&O Tax Fund to I&S Tax Fund to assist with debt service payments as presented

Funding Budget Code and Amount: 599 (debt service fund) / approximately \$970,000 received annually

CONSIDERATION AND APPROVAL OF A RESOLUTION AUTHORIZING THE TRANSFER OF CERTAIN FEDERAL TAX SUBSIDIES RELATED TO THE "SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING BONDS, TAXABLE SERIES 2010 (DIRECT SUBSIDY – BUILD AMERICA BONDS)" AND THE "SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT UNLIMITED TAX SCHOOL BUILDING QUALIFIED SCHOOL CONSTRUCTION BONDS, TAXABLE SERIES 2010 (DIRECT-PAY SUBSIDY BONDS)" TO THE INTEREST AND SINKING FUND AND OTHER MATTERS RELATED THERETO

WHEREAS, on July 21, 2010 the Board of Trustees (the "Board") of the South San Antonio Independent School District (the "District") adopted orders authorizing the "South San Antonio Independent School District Unlimited Tax School Building Bonds, Taxable Series 2010 (Direct Subsidy – Build America Bonds)" and the "South San Antonio Independent School District Unlimited Tax School Building Qualified School Construction Bonds, Taxable Series 2010 (Direct – Pay Subsidy Bonds)" (collectively, the "Orders") and approved respective Paying Agent/Registrar Agreements (the "Agreements") with The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent") for such Bonds;

WHEREAS, the Board, on February 9, 2016, previously amended the Agreements to provide for the payment of the federal subsidies or "Tax Credits" (as defined in the Agreements) to the District and not to the Paying Agent for use by the District upon approval by the Board; and

WHEREAS, the Board desires to have such Tax Credits to be used for debt service payments in order to minimize the impact on the District's interest and sinking fund tax rate.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SOUTH SAN ANTONIO INDEPENDENT SCHOOL DISTRICT THAT:

Section 1: The Superintendent, Chief Financial Officer, or Budget Officer are hereby authorized to send a directive in the form attached hereto as Exhibit A to the Paying Agent, requiring that the Tax Credits be deposited in the respective interest and sinking funds for the Bonds; and

Section 2: The following individuals are authorized to execute the incumbency certificate attached hereto as Exhibit B as required by the Paying Agent: Dr. Marc Puig, Mr. Tony Kingman, Mr. Scott Stephens, and Ms. Clarita Trevino.

PASSED AND ADOPTED this 21st day of July, 2021.

SOUTH SAN ANTONIO INDEPENDENT
SCHOOL DISTRICT

/s/ Ernesto Arrellano, Jr.
President, Board of Trustees

ATTEST:

/s/ Shirley Ibarra
Secretary, Board of Trustees

(DISTRICT SEAL)

EXHIBIT A

[District Letterhead]

July ____, 2021

Rob Rodriguez
The Bank of New York Mellon Trust Company, NA.
919 Congress Avenue
Austin, Texas 78701

Re: Transfer of Federal Tax Credits to Interest and Sinking Fund

Mr. Rodriguez:

As the Paying Agent/Registrar for the South San Antonio Independent School District Unlimited Tax School Building Bonds, Taxable Series 2010 (Direct Subsidy-Build America Bonds) (the "BABs") and Unlimited Tax School Building Qualified School Construction Bonds, Taxable Series 2021 (Direct-Pay Subsidy Bonds) (the "QSCBs") you are hereby directed to transfer the respective federal tax credits for the BABs and the QSCBs to the respective interest and sinking funds as follows:

BAB Direct Subsidy Interest and Sinking Fund account number _____ in the amount of \$ _____,

QSCB Direct Subsidy Interest and Sinking Fund account number _____ in the amount of \$ _____.

Thank you in advance for your time.

Tony Kingman
South San Antonio ISD
Chief Financial Officer
1450 Gillette Blvd.
San Antonio, Texas 78224

EXHIBIT B

INCUMBENCY CERTIFICATE/ AUTHORIZED CALLBACKS

The undersigned, _____ being the _____
(name of person) *(title)*

of _____ (the "Company")

does hereby certify that (1) the individuals listed below are qualified and acting officers of the Company,(2) the signature appearing opposite the name of each such officer is a true specimen of the genuine signature of such officer, and (3) such individuals have the authority to provide written direction/ confirmation and receive callbacks at the phone number(s) noted below and execute documents to be delivered [to, or upon the request of The Bank of New York Mellon and/or The Bank of New York Mellon Trust Company, N.A. (collectively, "BNY Mellon")] for:

<u>Name</u>	<u>Title</u>	<u>Signature</u>	<u>Phone Number for Callback</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this certificate as of _____.

Dr. Marc Puig, Superintendent

(name of person/title - Note that this may not be one of the officers listed above)