


**CITY OF SAN ANTONIO
OFFICE OF THE CITY MANAGER**

TO: Erik Walsh, City Manager

FROM: Ben Gorzell, Chief Financial Officer 

COPY: Mayor and City Council

SUBJECT: Update on the Issuance of Municipal Facilities Corporation Contract Revenue Notes, Taxable Series 2019

DATE: October 16, 2019

The City is issuing \$6,065,000 "City of San Antonio, Texas Municipal facilities Corporation Contract Revenue Notes, Taxable Series 2019" (the "Notes") to pay costs related to financing projects at Brooks City Base. The Notes are scheduled for consideration on Thursday, October 17, 2019, as City Council agenda item 22A and 22B.

The Notes are being issued as fifteen-year taxable obligations. The City is utilizing the City of San Antonio, Texas Municipal Facilities Corporation (the "Corporation") to issue the debt and is entering into a Finance Agreement with the Corporation to pledge CPS revenues received by the City along with other lawfully available funds to the Corporation as security for the debt. While CPS revenues received by the City are pledged as security for the debt, the City intends to utilize funds from the Brooks City Base TIRZ to repay the debt.

On September 11, 2019, the City released a request for bid for a Placement Agent for the Notes and selected Hutchinson, Shockey, Erley & Co. to serve as Placement Agent for this transaction. On October 8, 2019, the Placement Agent received the following bids on behalf of the City.

Firm*	Call Feature	Rate
Frost Bank	N/A	2.39%
JP Morgan Chase	N/A	2.56%
JP Morgan Chase	7	2.75%
Regions Commercial Equipment Finance, LLC	8	2.85%
JP Morgan Chase	5	2.87%
BBVA	7	3.03%
Regions Commercial Equipment Finance, LLC	5	3.03%
BB&T	5	3.04%
Capital One Public Funding, LLC	Callable whole or part	3.25%
Broadway National Bank	Callable Anytime	3.43%

* BOKF, Bank of Texas submitted a bid; however they subsequently withdrew their bid.

The City selected Frost Bank for private placement of the Notes because they had the lowest overall interest cost. Closing and delivery of the Notes is planned for October 29, 2019.

The Notes are being issued to reimburse the Brooks Development Authority for the cost of redevelopment of two buildings, 2415 Sidney Brooks and 176 Kennedy Hill, with the objective to attract a large employer.

FTN Financial Municipal Advisors and Hilltop Securities served as Co-Financial Advisors. Norton Rose Fulbright US LLP served as Bond Counsel.