


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

TO: Mayor and City Council

FROM: Sheryl Sculley, City Manager 

COPY: Executive Leadership Team

SUBJECT: Update on the Issuance, Sale and Delivery of \$47,000,000 City of San Antonio, Texas Variable Rate Certificates of Obligation, Series 2016

DATE: December 7, 2016

The purpose of this memo is to provide an update to the Mayor and City Council in connection with the issuance, sale and delivery of \$47,000,000 City of San Antonio, Texas Variable Rate Certificates of Obligation, Series 2016 (the "Certificates") which are being issued to purchase the Frost Bank Tower and pay professional services (including closing costs) related to the acquisition and financing.

On December 6, 2016, three bids for the Certificates were received which were to be privately placed with the firm submitting the lowest Total Interest Cost and complying with the terms and conditions listed in the Term Sheet.

Firm	True Interest Cost
Bank of America Merrill Lynch*	2.10%
Regions Bank	2.64%
Wells Fargo Bank*	1.86%

* Bids were determined to be non-responsive.

Regions Bank submitted the low bid for the Certificates with a proposed Total Interest Cost of 2.64% and terms and conditions consistent with the Term Sheet. The closing and delivery of the Certificates is planned for Monday, December 19, 2016.

The \$47,000,000 in Certificates are being issued as thirty-year variable rate obligations, initially in a three-year term (or "fixed") rate mode with a one-year call option. The Certificates have multi-modal conversion flexibility (including conversion to tax-exempt obligations) at the expiration of the initial three-year interest rate period.

The closing on the acquisition of the Frost Bank Tower is anticipated to occur on December 20, 2016 for a total cost of \$52,000,000 (including closing costs) related to the acquisition and financing. Funding is as follows:

Certificates	\$47,000,000
Prepaid Purchase Price Portion Held In Escrow	<u>5,000,000</u>
Total	\$52,000,000

Coastal Securities, Inc. and FirstSouthwest, a Division of Hilltop Securities, Inc. served as Co-Financial Advisors. Norton Rose Fulbright US LLP served as Bond Counsel.