



City of San Antonio

Agenda Memorandum

File Number:16-5624

Agenda Item Number: 17.

Agenda Date: 11/3/2016

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approving Publication of Notice of Intention to Issue Certificates of Obligation.

SUMMARY:

This Ordinance authorizes and approves the publication of notice of intention to issue City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation in one or more series in a maximum aggregate principal amount not to exceed \$52,000,000; and provides for an effective date.

BACKGROUND INFORMATION:

The City is planning to issue Combination Tax and Revenue Certificates of Obligation ("Certificates") in one or more series in a maximum aggregate principal amount not to exceed \$52,000,000; to pay cost related to the acquisition of the Frost Bank Tower. The Certificates will be supported by ad valorem taxes.

State law requires that the Notice of Intention be published at least 30 days prior to the City's adoption of the ordinance authorizing the issuance of the Certificates. The total project amount to be funded is approximately \$52,000,000, while the Notice of Intent reflects a maximum aggregate principal amount of Certificates not to exceed \$52,000,000. The Certificates will be used for the purpose of providing funds for the payment of contractual obligations to be incurred for the following: (1) acquiring an existing building to be used to consolidate City Administration into a single facility, and (2) the payment of professional services (including closing cost) related to the acquisition and financing of the aforementioned project.

It is anticipated that sale of the Certificates will be presented for consideration to the City Council on December 8, 2016 with the closing to occur on or about December 20, 2016.

The closing on the acquisition of the Frost Tower is anticipated to occur on December 22, 2016. Once the acquisition is completed, the City will leaseback the Frost Tower to Frost Bank for approximately 30 months until the new tower is completed. The City will renovate the Frost Tower once it is vacated and the renovation will be financed through subsequent debt issuances.

ISSUE:

The aforementioned transaction is being executed for the acquisition of the Frost Bank Tower for the consolidation of City administrative offices into a single facility.

ALTERNATIVES:

The cost of the acquisition of the Frost Tower could be absorbed into the City's operating budget. However, this alternative is not budgeted and would negatively impact funding for other services and improvements.

FISCAL IMPACT:

Any costs pertaining to the proposed notice of intention will be paid for from the proceeds derived from the Certificates. Therefore, there is no impact on the City's operating budget.

RECOMMENDATION:

Staff recommends approval of this Ordinance and Resolution that authorizes and approves publication of notice of intention to issue City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation in one or more series in a maximum aggregate principal amount not to exceed \$52,000,000; and provides for an effective date.