



City of San Antonio

Agenda Memorandum

File Number:20-1000

Agenda Item Number: 18.

Agenda Date: 1/16/2020

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Amendment to the authorization for the issuance of \$47,000,000 Variable Rate Certificates of Obligation, Taxable Series 2016

SUMMARY:

This ordinance amends certain terms of the authorization for the issuance of \$47,000,000 “City of San Antonio, Texas Variable Rate Certificates of Obligation, Taxable Series 2016” and other matters.

BACKGROUND INFORMATION:

The City issued “\$47,000,000 City of San Antonio, Texas Variable Rate Certificates of Obligation, Taxable Series 2016” (the “Certificates”) through private placement with Regions Commercial Equipment Finance LLC (“Regions”). The Certificates were issued to fund the acquisition of the Frost Bank Tower building located at 100 West Houston Street, San Antonio, Texas. The Certificates provided for multi-modal conversion (including conversion to tax-exempt obligations) at the expiration of the initial interest rate period on January 31, 2020.

The Certificates have an interest rate of 2.64%. The initial interest rate period is set to expire on January 31, 2020 and requires a principal payment in the amount of \$1.2 million on February 1, 2020. The City is amending the agreement to extend the term rate period from January 31, 2020 to July 31, 2020 and the mandatory principal payment from February 1, 2020 to February 1, 2021. The Certificates were issued as temporary financing to provide for the acquisition of the former Frost Bank Tower. The intent was to refinance these Certificates with the permanent financing for the acquisition and renovation of the building. This permanent financing is anticipated to occur in the summer of 2020, and as such, this amendment provides a short extension

of the temporary financing to accommodate the current timeline.

ISSUE:

The aforementioned issuance of the Certificates was issued to fund the acquisition of the Frost Bank Tower building and the amendment would extend the term rate period from January 31, 2020 to July 31, 2020 and the mandatory principal payment from February 1, 2020 to February 1, 2021.

ALTERNATIVES:

The mandatory principal payment could be paid by the City Tower and Garage Fund that was established for this project. However, this alternative is not budgeted and would negatively impact capacity for future debt issuances related to the renovation of the building.

FISCAL IMPACT:

Any costs pertaining to the proposed amendment will be paid for from the City Tower and Garage Fund.

RECOMMENDATION:

Staff recommends approval of this amendment to the authorization for the issuance of \$47,000,000 Variable Rate Certificates of Obligation, Taxable Series 2016.