



# City of San Antonio

## Agenda Memorandum

**File Number:**15-3720

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**Agenda Item Number:** 65B.

**Agenda Date:** 6/18/2015

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Authorizing the execution of a Loan Agreement and Reimbursement Resolution

### **SUMMARY:**

A. This Ordinance authorizes the execution of a Loan Agreement by the City of San Antonio, Texas, pursuant to which the City will receive a loan in the amount of \$6,100,000 to pay certain costs related to the acquisition of the Frost Tower, and authorizing other matters incident and related thereto.

B. This Resolution establishes the official intention of the City of San Antonio, Texas to reimburse itself for the prior lawful expenditure of funds from the proceeds of one or more series of obligations to be issued by the City for authorized purposes, and authorizing other matters incident and related thereto.

### **BACKGROUND INFORMATION:**

The City is entering into a Loan Agreement with JPMorgan Chase Bank in the amount of \$6,100,000 to fund certain costs related to the acquisition of the Frost Tower including the Initial Purchase Price payment for the acquisition of the Frost Bank Tower included in the Comprehensive Development Agreement between the City, Weston Urban, LLC, and Frost Bank. The City will deposit \$5,510,000 as an Initial Purchase Price payment into an escrow account. At closing on the Frost Bank Tower, these funds will be applied to the purchase price of \$51 million. In the event that the City does not meet its obligation to purchase the Frost Bank Tower, \$510,000 representing 1% of the purchase price will be paid to Frost Bank; and Weston Urban will reimburse themselves for any actual costs incurred up to \$5 million.

Approval of the reimbursement resolution will enable the City to reimburse itself for project expenditures to be funded by the issuance of future obligations but expended prior to the sale and delivery of such obligations' proceeds.

#### **ISSUE:**

The Loan has a fixed rate of 1.63% and is secured with a pledge of CPS revenue. The Loan will mature on February 1, 2017, and will be callable on February 1, 2016. The total interest for the term on the Loan is \$159,088 with \$109,373 paid in 2016 and \$49,715 paid in 2017.

#### **ALTERNATIVES:**

The amount being financed with the Loan Agreement 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 Loan Agreement will be paid for from the proceeds derived from the Loan Agreement. Therefore, there is no impact on the City's operating budget.

#### **RECOMMENDATION:**

Staff recommends approval of this Ordinance and Resolution that authorizes the execution of a Loan Agreement in the amount of \$6,100,000 and a Resolution that establishes the City's intention to reimburse itself for prior lawful expenditure of funds.