$135,915,000\*

City of San Antonio, Texas

Electric and Gas Systems Variable Rate Junior Lien

Revenue Refunding Bonds, Series 2018

MOODY'S: Aa2 S&P: AA- FITCH: AA+

DATED:12/01/2018 FIRST COUPON:02/01/2019 INTEREST ACCRUES:12/20/2018 DUE: 02/01

 MANDATORY

MATURITY TENDER DATE AMOUNT\* COUPON PRICE

02/01/2048 12/01/2022 135,915M 2.75% 2.57

 (Approx. $ Price 100.670)

The Stepped Rate will be: 8.00%

CALL FEATURES: No optional call

By Lot Sinking Fund Schedule

2048 Term Tender

02/01/2043 18,525M

02/01/2044 20,010M

02/01/2045 21,610M

02/01/2046 23,340M

02/01/2047 25,205M

02/01/2048 27,225M

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This structure is often referred to as a "soft" put: i.e. there is no Letter of Credit or Standby Purchase Agreement attached to the bonds. The Issuer of the bonds is solely responsible for the take out of the bonds on the Mandatory Put date.

If the Issuer is unable to do this on the put date, the bonds will then go to a "Stepped Rate". In this case, we will use [ 8.00 }% as the "Stepped Rate".

Investors will then receive this rate until the Issuer is able to take the bonds out with cash, a new issuance of similar bonds or a fixed rate issue.

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\*APPROXIMATE SUBJECT TO CHANGE

This issue is book entry only. This issue is clearing through DTC.

HilltopSecurities

Blaylock Van, LLC

Mesirow Financial Inc.

By: HilltopSecurities Dallas, TX