



# City of San Antonio

## Legislation Details (With Text)

**File #:** 19-3678

**Type:** Miscellaneous Item

**In control:** City Council A Session

**On agenda:** 5/16/2019

**Title:** Ordinance ratifying the First Amendment and Extension of the Financial Advisor Services contracts with FTN Financial Municipal Advisors and Hilltop Securities, Inc. for a term to expire no later than December 31, 2019. [Ben Gorzell, Chief Financial Officer; Troy Elliott, Deputy Chief Financial Officer]

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Draft Ordinance, 2. Ordinance 2019-05-16-0403

Date	Ver.	Action By	Action	Result
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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** All

**SUBJECT:**

Approving the Ratification of the First Amendment and Extension of the City of San Antonio Financial Advisor Services Contracts.

**SUMMARY:**

This ordinance authorizes and approves the ratification of the First Amendment and Extension of the City of San Antonio Financial Advisor Services for a term that will terminate on the first to occur of (a) the approval by the San Antonio City Council of new City of San Antonio Financial Advisor Services Contracts and the execution of those contracts by all parties to them, or (b) December 31, 2019.

**BACKGROUND INFORMATION:**

The City contracts with qualified firms to provide Financial Advisor Services to assist the City in the management of its various debt programs and the design and issuance of bonds, certificates of obligation, tax notes, and other financial instruments, as may be required. Financial Advisor Services include, but are not

limited to, quantitative analysis, evaluation and presentation of financing options, provision of timely credit market information, preparation of offering documents, advice and assistance with the issuance, sale and delivery of debt instruments, as well as, attending meetings and on-going services after the successful delivery of a debt issuance.

On March 31, 2016, City Council approved Ordinance 2016-04-14-0289 and Ordinance 2016-04-14-0290 authorizing Financial Advisor Services Contracts with Coastal Securities, Inc. and Hilltop Securities, Inc., respectively, to provide financial advisor services in connection with the City's financings for a term beginning April 25, 2016 and ending March 31, 2019, with the option to extend for one (1) additional two (2) year term. On March 30, 2017, City Council approved Ordinance 2017-03-30-0188 consenting to the assignment by Coastal Securities, Inc. of all its interest in the Financial Advisor Services Contract to FTN Financial Municipal Advisors in connection with a merger and acquisition between the two parties.

Due to recent turnover of personnel in the firms that serve as the City's current Co-Financial Advisors, the City released a Request for Proposals (RFP) for Financial Advisory Services on December 14, 2018 and proposals were received in response to the RFP on January 30, 2019. Because of several high profile projects including property tax cap bills proposed in the current Texas Legislature's Regular Session, the City's upcoming summer issuances, as well as various other potential financing transactions which are anticipated to occur in 2019, the Finance Department is recommending that the existing Financial Advisor Services Contracts be extended for a term that will terminate on the first to occur of (a) the approval by the San Antonio City Council of new City of San Antonio Financial Advisor Services Contracts and the execution of those contracts by all parties to them, or (b) December 31, 2019, under the same terms and conditions. This action will ensure continuity and enable the City to complete various transactions. An addendum to the current RFP has been issued which notified the firms that have submitted proposals of the new timeline for consideration and the City's intention to evaluate the proposals received. Staff anticipates providing a recommendation to City Council in late summer or fall of this year.

#### **ISSUE:**

The extensions of the Financial Advisor Services Contracts are consistent with the City's policy and previous actions to employ Financial Advisors to assist the City in the management of its debt program and the design and issuance of bonds, certificates of obligation, tax notes, and other financial instruments, as may be required.

#### **ALTERNATIVES:**

The City could have no financial advisor services firms under contract; however, the lack of financial advisor services could cause a financial impact to the City.

#### **FISCAL IMPACT:**

Fees for financial advisor services pertaining to the issuance of debt obligations are paid from the proceeds derived from the issuance of such obligations. Therefore, there is no impact on the City's Operating Budget.

#### **RECOMMENDATION:**

Staff recommends approval of this ordinance approving the ratification of the first amendment and extension of the Financial Advisor Services Contracts with FTN Financial Municipal Advisors and Hilltop Securities, Inc.