



City of San Antonio

Agenda Memorandum

File Number: 13-1075

Agenda Item Number: 37.

Agenda Date: 12/5/2013

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: All

SUBJECT:

Approving the extension of the Financial Advisor Services Contracts

SUMMARY:

This ordinance approves the extension of the City of San Antonio Financial Advisor Services Contracts with Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc. for Financial Advisor or Co-Financial Advisor Services in connection with the City's financings, for a two (2) year term commencing January 1, 2014 and terminating December 31, 2015, under the same terms and conditions.

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 December 16, 2010, City Council approved Ordinance 2010-12-16-1099 and Ordinance 2010-12-16-1100 authorizing Financial Advisor Services Contracts with Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc., respectively, to provide financial advisor services in connection with the City's financings for a

term beginning December 20, 2010 and ending December 31, 2013, with the option to extend for one (1) additional two (2) year term. Additionally, Coastal Securities, Inc. would have a fee participation level of 60% and serve as the lead Co-Financial Advisor and Estrada Hinojosa & Company, Inc. would have a fee participation level of 40% and serve as the Co-Financial Advisor.

The Finance Department is recommending that the existing Financial Advisor Services Contracts be renewed making them effective for one (1) additional two (2) year term commencing January 1, 2014 and terminating December 31, 2015, under the same terms and conditions. The City's Co-Financial Advisors have been working with City staff on various potential financing transactions which are anticipated to occur in 2014. This action will ensure continuity and enable the City to complete these various potential transactions during the next two years.

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 choose to release a new Request for Proposal for Financial Advisor Services. However, releasing a new Request for Proposal for Financial Advisor Services could delay the various potential financing transactions anticipated to occur in early 2014.

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 extension of the Financial Advisor Services Contracts with Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc.