



# City of San Antonio

## Agenda Memorandum

**File Number:**20-1954

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**Agenda Item Number:** 20.

**Agenda Date:** 2/20/2020

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** All

### **SUBJECT:**

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

### **SUMMARY:**

This ordinance authorizes and approves the ratification of the Second Amendment and Extension of the City of San Antonio Financial Advisor Services for a term to expire on March 31, 2021.

### **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 Financial Advisor Services Contracts (the "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 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.

On December 14, 2018, the City released a Request for Proposals (“RFP”) for Financial Advisor Services due to turnover of personnel in the firms that served as the City’s Co-Financial Advisors. On January 30, 2019, 8 proposals were received in response to the RFP.

On May 16, 2019, City Council approved ratifying the First Amendment and Extension of the Contracts with FTN Financial Municipal Advisors and Hilltop Securities, Inc., for a term to terminate on the first to occur of (a) the approval by the City Council of new Financial Advisor Services Contracts and the execution of those contracts by all parties to them, or (b) December 31, 2020. Subsequent to this action, FTN Financial Municipal Advisors changed its name to FHN Financial Municipal Advisors.

Due to the length of time that has expired from the issuance of the RFP and the City’s planned issuances and various other potential financing transactions which are anticipated to occur in 2020, the Finance Department has determined that it is in the best interest of the City to cancel the RFP and is recommending that the Contracts be extended for a term to expire on March 31, 2021. This extension is consistent with the original terms of the Contracts. Additionally, the revenue participation levels in the Contracts are recommended to change to a 50/50 percent split from a previous 60/40 percent split. This action will ensure continuity of services and enable the City to complete various financial transactions.

**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 issue a new Request for Proposals for Financial Advisor Services; however, in the interim, the City would not have access to financial advisory services which would greatly hinder the planning and preparation for the City’s upcoming financial transactions.

**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 second amendment and extension of the Financial Advisor Services Contracts with FHN Financial Municipal Advisors and Hilltop Securities, Inc.