



City of San Antonio

Agenda Memorandum

File Number:21-3225

Agenda Item Number: 25A.

Agenda Date: 4/29/2021

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Financial Advisor Services Contract(s) for the City of San Antonio

SUMMARY:

A. This Ordinance authorizes the execution of a contract with Hilltop Securities, Inc. to provide Co-Financial Advisor Services in connection with various of the City's financings for a period to commence May 1, 2021 and terminate April 30, 2024, with an option to extend the contract for one additional two-year period under the same terms and conditions.

B. This Ordinance authorizes the execution of a contract with Estrada Hinojosa & Company, Inc. to provide Co-Financial Advisor Services in connection with various of the City's financings for a period to commence May 1, 2021 and terminate April 30, 2024, with an option to extend the contract for one additional two-year period under the same terms and conditions.

BACKGROUND INFORMATION:

The City utilizes Financial Advisor Services to assist in the management of its debt program and the design and issuance of bonds, certificates, tax notes, and other financial instruments. 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, attending meetings, and the provision of ongoing services after the successful delivery of a debt issuance.

A Request for Proposal (RFP) for Financial Advisor Services was developed inclusive of the various types of financings the City may undertake during the term of the Financial Advisor Contract. The RFP was advertised

in the San Antonio Express News, posted on the City's website, and mailed to seventy-four (74) firms. On Monday, December 14, 2020, seven (7) proposals were received; however, one (1) proposal was deemed non-responsive due to political contributions that were identified by the City Auditor's Office that were made during the prohibited period.

The City Auditor's Office identified political contributions made by one firm during the prohibited period as defined by City Code Article VII, Section 2-309 (f). The prohibited period began on the tenth business day after the City released the solicitation for Financial Advisory Services and concludes thirty calendar days after the contract has been awarded (black out period). The contributions were made on November 17, 2020 during the black out and based upon this finding, the proposal submitted by the firm was deemed non-responsive and was removed from consideration.

A Selection Committee comprised of representatives from the City Manager's Office, the Aviation Department, the Finance Department, and the San Antonio Water System evaluated and scored the proposals based on the following criteria: Experience, Background, and Qualifications; Proposed Plan; Price; the Small Business Economic Development Advocacy Program; the Local Preference Program; and the Veteran Preference Program.

The Selection Committee evaluated six (6) proposals and selected three (3) firms for interviews. The interviews were conducted on March 29 and 30, with final evaluations occurring on March 30, 2021. The firms and their scores are listed in Attachment I.

The Selection Committee selected and recommends Hilltop Securities, Inc. and Estrada Hinojosa & Company, Inc. to provide Co-Financial Advisor Services for the City with a contract participation rate of 50/50.

Recommended award is in accordance with the Local Preference Program; however, the recommended respondents are not local businesses.

Recommended award is in accordance with the Veteran-Owned Small Business (VOSB) Preference Program. The VOSB program was applied in the evaluation of responses received for this contract; however, the recommended respondents are not VOSB eligible firms.

A post-solicitation briefing to the Audit and Accountability Committee was held on April 20, 2021.

ISSUE:

The selection of Co-Financial Advisors for utilization on all debt financings and debt planning is consistent with the City's prior actions to secure Financial Advisory Services.

ALTERNATIVES:

The City could choose not to hire Co-Financial Advisors through this RFP process; however, the City would be limited in its future debt planning and its ability to issue debt for capital needs.

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.

In the event the City requests additional services not specifically provided for in the Contract, the City shall negotiate the fee prior to the engagement or performance of any such additional work.

RECOMMENDATION:

Staff recommends approval of this Ordinance that authorizes contracts to provide Co-Financial Advisor Services in connection with various of the City's financings for a period to commence May 1, 2021 and terminate April 30, 2024, with an option to extend the contract for one additional two-year period under the same terms and conditions.

This contract is procured via Request for Proposals and the Contract Disclosure Forms are attached.