



# City of San Antonio

## Agenda Memorandum

**File Number:**16-1152

---

**Agenda Item Number:** 16.

**Agenda Date:** 1/14/2016

**In Control:** City Council A Session

---

**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Ratifying the First Amendment and Second Extension of the Financial Advisor Services Contracts

### **SUMMARY:**

This ordinance ratifies the First Amendment and Second 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) month term, commencing January 1, 2016 and terminating February 29, 2016, under the same terms and conditions. Additionally, the City of San Antonio has the option to renew for one (1) additional one (1) month period, commencing March 1, 2016 and ending March 31, 2016. This option is at the City of San Antonio's sole discretion. The City of San Antonio is required to give written notice to the Financial Advisors to exercise this option.

### **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 providing 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.

On December 5, 2013, City Council approved Ordinance 2013-12-05-0866 authorizing the extension of Financial Advisor Services Contracts with Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc. to provide financial advisor services in connection with the City's financings for a term beginning January 1, 2014 and ending December 31, 2015.

A Request for Proposal (RFP) 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 on October 19, 2015. On October 19, 2015, the RFP was posted on the City's website and mailed to sixty-five (65) firms. On November 17, 2015, eight (8) proposals were received. Due to the number of firms submitting and the need for oral presentations and final evaluation by the selection committee, a final recommendation will not occur until after the December 31, 2015 original contract deadline.

The Finance Department is recommending ratification of an amendment to the Contracts to extend the existing Contracts for one (1) additional two (2) month term, commencing January 1, 2016 and terminating February 29, 2016, under the same terms and conditions, with the City having the option to renew for one (1) additional one (1) month period, commencing March 1, 2016 and ending March 31, 2016. The additional extension option is at the City's sole discretion, and requires the City to provide written notice.

The City does not plan to issue any financings during this renewal period, but this action will ensure continuity of services and will enable the City to have ongoing discussions with the Financial Advisors as necessary.

#### **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.

#### **ALTERNATIVES:**

The City could choose to not ratify the extension of the Financial Advisor Services Contracts; however, ensured continuity of services and the ability for the City staff to have ongoing discussions with the Financial Advisors would be lost.

#### **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 ratifying the amendment to extend the Financial Advisor Services Contracts with Coastal Securities, Inc. and Estrada Hinojosa & Company, Inc.