



City of San Antonio

Agenda Memorandum

File Number:16-3049

Agenda Item Number: 14.

Agenda Date: 5/12/2016

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approving the Financial Underwriter Syndicate

SUMMARY:

This Ordinance authorizes and approves the Financial Underwriter Syndicate selected from the Financial Underwriting Pool for financings of: General Improvement and Refunding Bonds, Series 2016, Combination Tax and Revenue Certificates of Obligation, Series 2016, and Tax Notes, Series 2016.

BACKGROUND INFORMATION:

The City established a Financial Underwriting Pool ("Underwriting Pool") comprised of firms to be utilized for the selection of underwriting syndicates for financial transactions effectuated by the City over the term of the Underwriting Pool. Once a potential bond financing transaction is identified, an underwriting syndicate is selected from firms within the Underwriting Pool. Their roles will be determined based on performance and innovative ideas presented to the City and to the City's Co-Financial Advisors in addition to other considerations including capital position and sales and distribution capabilities. Firms included in the Underwriting Pool can potentially serve in the capacity of Senior, Co-Senior, or Co-Managing Underwriter.

On May 19, 2011, City Council approved Ordinance 2011-05-19-0411 approving the selection of a Financial Underwriting Pool from which Financial Underwriter Syndicates would be selected and approved by City Council for various financings for a term beginning May 20, 2011 and ending September 30, 2014, with the City's option to renew under the same terms and conditions for two (2) additional one (1) year periods.

On May 29, 2014, City Council approved Ordinance 2014-05-29-0382 approving the first renewal term for the Financial Underwriting Pool from which Financial Underwriter Syndicate would be selected and approved by City Council for various financings for a term beginning October 1, 2014 and ending September 30, 2015.

On June 4, 2015, City Council approved Ordinance 2015-06-04-0493 approving the second renewal term for the Financial Underwriting Pool from which Financial Underwriter Syndicate would be selected and approved by City Council for various financings for a term beginning October 1, 2015 and ending September 30, 2016.

On May 3, 2016, staff of the Finance Department and the City's Co-Financial Advisors met to review and finalize recommendations for the Financial Underwriter Syndicate for financings planned for Fiscal Year 2016, including the following: General Improvement and Refunding Bonds, Series 2016, Combination Tax and Revenue Certificates of Obligation, Series 2016, and Tax Notes, Series 2016.

See Exhibit I for the Proposed Financial Underwriter Syndicates. In the development of the proposed syndicates for these transactions, consideration was given to the following:

1. Background and expertise of firm, lead banker, and lead underwriter.
2. Performance on past City financing transactions.
3. Customer service and innovative ideas presented to the City and the City's Co-Financial Advisors.
4. Capitalization and the firm's willingness to commit capital in recent transactions.
5. Expertise and experience in specific types of transactions.
6. Sales and distribution capabilities.
7. The firm's role in the syndicate.

ISSUE:

The selection of the Proposed Financial Underwriter Syndicate is consistent with the City's previous actions to employ underwriting syndicates to market and underwrite the City's debt obligations as well as to assist in the design and structuring of such obligations.

ALTERNATIVES:

The City could choose to delay the selection of the Financial Underwriter Syndicate; however, that decision would delay the various potential financing transactions which are anticipated to occur in Fiscal Year 2016. Additionally, the City would forego savings related to the proposed bond refinancings if this item is not approved.

FISCAL IMPACT:

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

RECOMMENDATION:

Staff recommends approval of this ordinance approving the Financial Underwriter Syndicate selected from the

Financial Underwriting Pool for financings planned for Fiscal Year 2016.