



# City of San Antonio

## Agenda Memorandum

**File Number:**17-2361

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**Agenda Item Number:** 23.

**Agenda Date:** 3/30/2017

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-Wide

### **SUBJECT:**

Assignment of Financial Advisor Services Contract

### **SUMMARY:**

This Ordinance consents to the assignment by Coastal Securities, Inc. of its interest in the City of San Antonio Financial Advisor Services Contract to FTN Financial, a division of First Tennessee Bank National Association.

### **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, and 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.

On March 31, 2016, City Council authorized the execution of contracts with Coastal Securities, Inc. and FirstSouthwest, a Division of Hilltop Securities, Inc. to provide Co-Financial Advisor Services in connection with various of the City's financings for a period to commence April 1, 2016 and terminate March 31, 2019, with an option to extend the contracts for one additional two-year period under the same terms and conditions.

On March 14, 2017, the City was notified that Coastal Securities, Inc. was entering into an Asset Purchasing Agreement with FTN Financial, a division of First Tennessee Bank National Association, whereby substantially

all the assets of Coastal Securities, Inc. will be purchased by FTN Financial, a division of First Tennessee Bank National Association. The transaction is effective April 1, 2017.

First Tennessee Bank National Association (FTB) is a national bank subsidiary of First Horizon National Corporation. FTN Financial Capital Markets is a division of First Tennessee Bank National Association, a bank dealer registered as a municipal and government securities dealer, a member of the MSRB and regulated by the Office of the Comptroller of the Currency. The former representatives of Coastal Securities, Inc. will conduct most of their business through FTN Financial Capital Markets.

The City's primary representative on the Co-Financial Advisor Services contract, Jorge Rodriguez, will remain in place upon effectuation of the assignment. The assignment provides the opportunity for additional resources to be made available to the City as FTN Financial, a division of First Tennessee Bank National Association has a large national presence. The City's Co-Financial Advisor contract with FirstSouthwest, a Division of Hilltop Securities, Inc., will not be impacted.

#### **ISSUE:**

The approval of the consent to the assignment by Coastal Securities, Inc. to FTN Financial, a division of First Tennessee Bank National Association allows the City to maintain comprehensive financial advisory services and is also consistent with the City's policy and previous actions to employ these services.

#### **ALTERNATIVES:**

If this Ordinance is not approved, the City will not have the comprehensive financial advisor services necessary for the City's financing transactions.

#### **FISCAL IMPACT:**

All terms and conditions of the Financial Advisor Services Contract including fees will remain the same after the assignment. 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 that consents to the assignment by Coastal Securities, Inc. of its interest in the City of San Antonio Financial Advisor Services Contract to FTN Financial, a division of First Tennessee Bank National Association.