



City of San Antonio

Agenda Memorandum

File Number:19-4436

Agenda Item Number: 25.

Agenda Date: 6/20/2019

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 2019; Combination Tax and Revenue Certificates of Obligation, Series 2019; and Tax Notes, Series 2019.

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.

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 2019 which include the following: General Improvement and Refunding Bonds, Series 2019; Combination Tax and Revenue Certificates of Obligation, Series 2019; and Tax Notes, Series 2019.

The Proposed Financial Underwriter Syndicate is included in Exhibit I. In the development of the proposed syndicate 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.

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 2019.

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 2019.