



City of San Antonio

Agenda Memorandum

File Number:19-6869

Agenda Item Number: 32.

Agenda Date: 10/3/2019

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-wide

SUBJECT:

Approving a Financial Underwriter Syndicate

SUMMARY:

This Ordinance authorizes and approves a Financial Underwriter Syndicate selected from the Financial Underwriting Pool for financings of: Airport System Revenue Refunding Bonds, Series 2019 (AMT) and Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2019 (AMT).

BACKGROUND INFORMATION:

The City established a Financial Underwriting Pool ("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 Pool. Once a potential bond financing transaction is identified, an underwriting syndicate is selected from firms within the Pool. The roles of each firm in the syndicate are 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 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 for the Airport System Revenue Refunding Bonds, Series 2019 (AMT) and Passenger Facility Charge and Subordinate Lien Airport System Revenue Refunding Bonds, Series 2019 (AMT).

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 potential refunding transactions which are anticipated to produce interest cost savings.

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 a Financial Underwriter Syndicate selected from the Financial Underwriting Pool for Airport refunding transaction in Fiscal Year 2020.