



City of San Antonio

Agenda Memorandum

File Number:19-7264

Agenda Item Number: 31B.

Agenda Date: 10/3/2019

In Control: City Council A Session

DEPARTMENT: Finance

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: City-Wide

SUBJECT:

Extending the Financial Underwriting Pool for the City of San Antonio

SUMMARY:

- A. This Ordinance authorizes and approves, on the same terms and conditions, the first renewal term for the Financial Underwriting Pool from which Financial Underwriting Syndicates will be selected and approved by City Council for various financings for the period commencing October 3, 2019 and ending September 30, 2020.
- B. This Ordinance approves the selection of Frost Bank and M.E Allison & Co., Inc. for addition to the Financial Underwriting Pool from which Financial Underwriting Syndicates will be selected and approved by City Council for various financings for the period commencing October 3, 2019 and ending September 30, 2020.

BACKGROUND INFORMATION:

On June 15, 2017 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 initial term of the Underwriting Pool was from June 15, 2017 to September 30, 2019.

In an effort to promote the development of local businesses, after two years, the City provided local firms the opportunity to present their qualifications to be part of the Pool.

A local firm is defined as a business headquartered for one year or more or having an established place of business for one year or more in the incorporated limits of the city and from which at least one hundred (100) of its employees or at least twenty (20) percent of its total number of full-time, part-time and contract employees are regularly-based and from which a substantial role in the business's performance of a commercially useful function or a substantial part of its operations is conducted by those employees. A local firm is also defined as a Small Business Economic Development Advocacy eligible firm located in the San Antonio Metropolitan Statistical Area.

The City issued a Request for Qualifications (RFQ) on March 25, 2019 seeking Local Financial Underwriting Services for the Finance Department. The RFQ was advertised in the San Antonio Express-News, TVSA channel, and an email notification was released to a list of potential Respondents identified by the Finance Department. Additionally, the RFQ was posted to the City's Bidding and Contracting Opportunities website.

Responses were due April 23, 2019 and a total of two (2) firms responded and were deemed eligible.

All proposals were reviewed by the evaluation committee comprised of representatives from the City Manager's Office and the Finance Department. On May 10, 2019, the evaluation committee met and discussed proposal responses. By consensus, recommendation was made to add M.E. Allison and Frost Bank to the Pool.

The Proposed Financial Underwriting Pool including the addition of the Local Firms is set forth in Exhibit I.

The Pool is anticipated to remain in place through September 30, 2020. Once a potential bond financing transaction is identified, an underwriting syndicate will be 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 underwriting syndicate for a bond issuance will subsequently be presented to City Council for consideration and approval in connection with such future financing transactions

ISSUE:

The selection of the Pool is consistent with the City's previous actions to utilize 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:

An alternative to the approval of these Ordinances is to release a new RFQ which would delay the various potential financing transactions anticipated to occur in FY 2020.

FISCAL IMPACT:

Fees for financial underwriting 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 these Ordinances. This solicitation is procured by the means of Request for Qualifications and the Contract Disclosure Forms are attached.