

AN ORDINANCE 2008-10-02-0886

**APPROVING FINANCIAL UNDERWRITING SYNDICATES SELECTED FROM THE FINANCIAL UNDERWRITING POOL FOR FINANCING OF (1) TAXABLE GENERAL IMPROVEMENT REFUNDING BONDS; (2) GENERAL IMPROVEMENT BONDS AND CERTIFICATES OF OBLIGATION; AND (3) TAX NOTES, WHICH ARE SCHEDULED FOR SALE IN FALL, 2008.**

\* \* \* \*

**WHEREAS**, pursuant to Ordinance No. 2006-10-19-1201, the City Council has created a Financial Underwriting Pool consisting of sixteen (16) firms from which future underwriting syndicates may be selected ("Pool"), with the Pool to remain in effect until September 30, 2009; and

**WHEREAS**, during the City's Fiscal Year 2008, two of the firms in the Pool either ceased doing business in the municipal securities market, or sold its municipal securities group, thus reducing the Pool to fourteen (14) firms; and

**WHEREAS**, the City anticipates the sale in Fall, 2008 of (1) approximately \$17 Million in Taxable General Improvement Refunding Bonds; (2) approximately \$161 Million in General Improvement Bonds and Certificates of Obligation; and (3) approximately \$16 Million in Tax Notes; and

**WHEREAS**, it is necessary to select and designate from the Pool the firms which will comprise the syndicate to be utilized in connection with each of the transactions described above; and

**WHEREAS**, a selection committee comprised of representatives from the City's Department of Finance and the City's Co-Financial Advisors has recommended the syndicate set forth below for each of said specific transactions; and

**WHEREAS**, in light of the current volatility and uncertainty within the financial markets in general and the municipal securities market in particular, City staff is recommending that City Council give the Director of Finance, with the prior concurrence of the City Manager, the authority to (1) revise the assigned role of any firm(s) within a syndicate, and/or (2) completely remove any firm(s) from participation in a syndicate, at any time after the effective date of this Ordinance and up to and including the day of pricing, without further action by the City Council, based on the most current information available on the underwriting firm, and current market conditions; and

**WHEREAS**, the City Council finds and determines that the authorization requested by City staff as set forth above should be granted; NOW THEREFORE:

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:**

**SECTION 1.** The following Financial Underwriting Syndicates ("Syndicates") are hereby selected and approved to provide underwriting services in connection with the potential underwriting and sale of the bonds and obligations stated on the following page of this Ordinance, but only in the event the City, through the adoption of subsequent ordinance, proceeds with the respective financing transaction:

**Taxable General Improvement Refunding Bonds**  
**(Approximately \$17 Million)**

Senior Underwriter:	Piper Jaffray & Co.	
Co-Senior Underwriter:	Morgan Keegan & Company, Inc.	
Co-Managers:	Loop Capital Markets, LLC	MBE, AABE

**General Improvement Bonds & Certificates of Obligation**  
**(Approximately \$161 Million)**

Senior Underwriter:	Siebert Bradford Shank & Co., Inc	MBE, AABE, WBE
Co-Managers:	Citigroup Global Markets Inc. J.P. Morgan SAMCO Capital Markets, Inc. Southwestern Capital Markets	MBE, SBE, DBE

**Tax Notes**  
**(Approximately \$16 Million)**

Senior Underwriter:	Southwest Securities	
Co-Senior Underwriter:	M.E. Allison & Co., Inc.	SBE

It is anticipated that the specific financing transactions listed above will be sold in Fall, 2008; however, the City is under no obligation to proceed with any financing transaction if bond market conditions are not favorable, and as such, there is no property right vested in any of the firms listed above as a result of this Ordinance.

**SECTION 2.** In order to protect and further the City's interests in selling each of the issues included in this Ordinance at the price and on the terms and conditions most advantageous and favorable to the City, the Director of Finance, with the prior concurrence of the City Manager, is hereby authorized to (1) revise the assigned role of any firm(s) within a Syndicate, and/or (2) completely remove any firm(s) from participation in a Syndicate, at any time after the effective date of this Ordinance up to and including the day of pricing, based on the most current information available on the underwriting firm, and current market conditions, without further action by the City Council. Any such revision(s) or removal(s) will be made solely for the purpose of ensuring successful bond financings for the City.

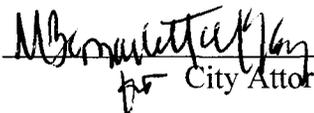
**SECTION 3.** Fees for underwriting services for the financing transactions are paid from the proceeds derived from the issuance and sale of such obligations, if the City elects to proceed with the transaction.

**SECTION 4.** This ordinance shall take effect immediately if passed by eight (8) affirmative votes; otherwise this ordinance shall take effect ten (10) days from the date of passage hereof.

**PASSED AND APPROVED** this 2<sup>nd</sup> day of October, 2008.

  
M A Y O R

ATTEST:   
City Clerk

APPROVED AS TO FORM:   
City Attorney



Request for  
**COUNCIL  
ACTION**

City of San Antonio



**Agenda Voting Results - 22**


<b>Name:</b>	22
<b>Date:</b>	10/02/2008
<b>Time:</b>	11:36:38 AM
<b>Vote Type:</b>	Motion to Approve
<b>Description:</b>	An Ordinance approving financial underwriting syndicates selected from the financial underwriting pool for financing of (1) Taxable General Improvement Refunding Bonds; (2) General Improvement Bonds and Certificates of Obligation; and (3) Tax Notes, which are scheduled for sale in FY 2009. [Pat DiGiovanni, Deputy City Manager; Ben Gorzell, Director, Finance]
<b>Result:</b>	Passed

Voter	Group	Not Present	Yea	Nay	Abstain	Motion	Second
Phil Hardberger	Mayor		x				
Mary Alice P. Cisneros	District 1		x				x
Sheila D. McNeil	District 2		x				
Jennifer V. Ramos	District 3		x				
Philip A. Cortez	District 4		x				
Lourdes Galvan	District 5		x				
Delicia Herrera	District 6		x				
Justin Rodriguez	District 7		x				
Diane G. Cibrian	District 8		x				
Louis E. Rowe	District 9		x				
John G. Clamp	District 10		x			x	

**Attachment I**

**Taxable General Improvement Refunding Bonds**  
**(Approximately \$17 Million)**

Senior Underwriter:	Piper Jaffray & Co.	
Co-Senior Underwriter:	Morgan Keegan & Company, Inc.	
Co-Managers:	Loop Capital Markets, LLC	MBE, AABE

**General Improvement Bonds & Certificates of Obligation**  
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Senior Underwriter:	Siebert Bradford Shank & Co., Inc	MBE, AABE, WBE
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**Tax Notes**  
**(Approximately \$16 Million)**

Senior Underwriter:	Southwest Securities	
Co-Senior Underwriter:	M.E. Allison & Co., Inc.	SBE



**CITY OF SAN ANTONIO**  
**Request for Council Action**

Agenda Item # 22  
Council Meeting Date: 10/2/2008  
RFCA Tracking No: R-3948

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Ben Gorzell

**COUNCIL DISTRICT(S) IMPACTED:**  
City Wide

**SUBJECT:**  
Approving Financial Underwriting Syndicates

**SUMMARY:**

This ordinance approves Financial Underwriting Syndicates selected from the City's previously approved Financial Underwriting Pool for financings of: (1) Taxable General Improvement Refunding Bonds, Series 2008; (2) General Improvement and Refunding Bonds, Series 2008 and Combination Tax and Revenue Certificates of Obligation, Series 2008; and (3) Tax Notes, Series 2008.

**BACKGROUND INFORMATION:**

Pursuant to a request for proposals process undertaken in 2006, a Financial Underwriter Pool (the "Pool") of sixteen (16) firms was approved by City Council on October 19, 2006. In Fiscal Year 2008, two of the firms in the Pool, Popular Securities and UBS Financial Services, decided to exit or sell their institutional municipal securities group. With the departure of these firms, the Pool consists of fourteen (14) firms as follows: five (5) national, four (4) regional, and five (5) SBEDA, and is anticipated to remain in place through September 30, 2009.

In anticipation of various Series 2008 financings, the Pool was e-mailed a Request for Supplemental Underwriting Information on September 9<sup>th</sup>. This was not a Request for Qualifications process and consisted of a one page document designed to obtain updated staffing and firm information.

On September 15<sup>th</sup>, all fourteen (14) firms in the Pool submitted their responses. On September 16<sup>th</sup>, staff of the Finance Department and the City's Co-Financial Advisors met to review and finalize recommendations for the Underwriting Syndicates for the three financial transactions described above. In the development of the proposed Underwriting Syndicates for each of the transactions, consideration was given to the firm's experience and qualifications, the firm's performance on other financing transactions, innovative ideas presented to the City and the City's Co-Financial Advisors over the past year, and sales and distribution capabilities applicable to the specific type of financed being considered. The Firm's role in the syndicate was also reviewed as Firms can potentially serve in the capacity of Senior Underwriter, Co-Senior Underwriter, or Co-Manager and some Firms have indicated a preference to be considered only as Co-Managers.

Additionally, consideration was given to current volatility in the bond market. Recent volatility in the sub-prime mortgage market has filtered into all sectors of the bond market. Concerns over liquidity and the ability to meet cash demands have forced many municipal buyers to the sidelines. Many highly rated named issuers have recently failed to successfully market issues. Due to this continued volatility, City staff is requesting the authority to maintain maximum latitude in changing the composition of the underwriting syndicates up to and including the day of pricing based on the most current market information available. Any change in underwriting firms within the syndicates will be made with the intent to ensure successful bond financings for the City.

**ISSUE:**

The selection of Underwriting Syndicates 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:**

An alternative combination of firms within the previously approved Pool could form the Underwriting Syndicates for the proposed transactions. However, based on the information provided in this briefing memo, staff recommends the approval of the Underwriting Syndicates included in Attachment I.

**FISCAL IMPACT:**

The aforementioned financings are consistent with 2008 Proposed Capital Budget and the Debt Management Plan. Fees for financial underwriting services pertaining to any proposed bond transactions will be 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 to select Financial Underwriting Syndicates for the following Series 2008 transactions: (1) Taxable General Improvement Refunding Bonds; (2) General Improvement and Refunding Bonds and Combination Tax and Revenue Certificates of Obligation; and (3) Tax Notes.

**ATTACHMENT(S):**

File Description	File Name
<a href="#">Attachment I</a>	Attachment I.pdf
<a href="#">2008 Underwriter-Discretionary Contracts Disclosure</a>	2008 Underwriter-Discretionary Contracts Disclosure.pdf
<a href="#">Voting Results</a>	
<a href="#">Ordinance/Supplemental Documents</a>	200810020886.pdf

**DEPARTMENT HEAD AUTHORIZATIONS:**

Ben Gorzell Director Finance

**APPROVED FOR COUNCIL CONSIDERATION:**

Pat DiGiovanni Deputy City Manager