



City of San Antonio

Agenda Memorandum

File Number:

Agenda Item Number: 37

Agenda Date: August 8, 2024

In Control: City Council A Session

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Approving Financial Underwriter Syndicates

SUMMARY:

This ordinance approves a Financial Underwriter Syndicate selected from the City's Financial Underwriting Pool for financing of the City of San Antonio Public Facility Corporation Lease Revenue Refunding Bonds (Convention Center Facilities Project).

BACKGROUND INFORMATION:

On June 15, 2023, City Council approved the City's Financial Underwriting Pool ("Pool") comprised of nineteen 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.

In anticipation of a refunding transaction related to the Convention Center in the amount of

approximately \$256,300,000, the Finance Department and the City's Co-Financial Advisors met to review and finalize recommendations for the selection of a Financial Underwriter Syndicate for the City of San Antonio Public Facility Corporation Lease Revenue Refunding Bonds (Convention Center Facilities Project), Series 2024.

The proposed Financial Underwriter Syndicate is included in Exhibit I. In the development of the proposed syndicate for this transaction, 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. Capitalization and the firm's willingness to commit capital in recent transactions.
4. Expertise and experience in specific types of transactions.
5. Sales and distribution capabilities.

To protect the City's interests in issuing these bonds, the Chief Financial Officer and/or the Deputy Chief Financial Officer, with the prior concurrence of the City Manager, will be allowed to revise the assigned role of any firm(s) within the syndicate included in Exhibit I. The 87th Texas Legislature passed Senate Bill 19, which prohibits contracts with companies that discriminate against the firearms or ammunition industry and Senate Bill 13 which prohibits contracts with companies that boycott energy companies. The Attorney General's Office recently released a list of companies and affiliates that are members of a Net Zero Alliance that may boycott energy companies in violation of Senate Bill 13. Any firm found to be in violation of Senate Bill 19 or Senate Bill 13 would be unable to provide underwriting services to the City. Therefore, the City needs flexibility in the assignment of roles of firms within the syndicates due to the future uncertainty presented by the passage of Senate Bills 13 and 19.

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 proposed Financial Underwriter Syndicate; however, the City would like to be prepared with a syndicate in place in case of positive market movements which could impact the potential aforementioned transaction.

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 for the City of San Antonio Public Facility Corporation Lease Revenue Refunding Bonds (Convention Center Facilities Project), Series 2024.