



City of San Antonio

Agenda Memorandum

File Number:
{{item.tracking_number}}

Agenda Item Number: 3

Agenda Date: May 9, 2023

In Control: Audit and Accountability Committee

DEPARTMENT: Finance Department

DEPARTMENT HEAD: Troy Elliott

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Post-Solicitation High Profile item for Financial Underwriting Services

SUMMARY:

The Finance Department requested proposals from qualified firms to establish 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. The underwriters will be required to provide professional services and perform the duties of Senior Managing Underwriter and Co-Managing Underwriter as selected for certain transactions and other services as necessary.

BACKGROUND INFORMATION:

On November 18, 2022, a Request for Qualifications (“RFQ”) was released to establish a 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. There is no value associated with

the contract and the term is for three years with one, two-year option to renew.

On January 17, 2023, thirty-three (33) firms responded to the RFQ; however, two (2) firm were deemed nonresponsive for failure to meet the proposal requirements and one (1) firm was disqualified due to political contributions made during the prohibited black-out period. Thirty (30) firms were deemed responsive to move forward with the evaluation. A selection committee consisted of the following representatives: Ben Gorzell, Jr., CPA, Chief Financial Officer, City Manager's Office; Troy Elliott, CPA, Deputy Chief Financial Officer, Finance Department; Margaret U. Villegas, Assistant Director, Finance Department; Alejandro Tijerina, Financial Management Administrator, Finance Department; Michael Garnier, Assistant Director, Aviation Department; Anne Burger Entrekin, Senior Managing Director, Hilltop Securities Inc.; Paul Jack, Senior Managing Director, Estrada Hinojosa Investment Bankers. The committee met on April 27, 2023, along with the City's Co-Financial Advisors to evaluate and rank the submissions.

The firms were grouped into three (3) categories based on their net capital; (1) firms with net excess capital greater than \$500,000,000; (2) firms with net excess capital ranging from \$20,000,000 to \$500,000,000; and (3) firms with net excess capital less than \$20,000,000. The top scoring firms from each category were selected for the Pool. This evaluation methodology allowed for the selection of a well-diversified Pool comprised of large, medium, small, local, and SBEDA firms. It is the City's intent to select approximately twenty (20) firms to comprise the Pool. The City is not bound to utilize this exact number and may increase or decrease the number of firms in the Pool as needed.

The City's most recent Pool expired on September 30, 2022.

This item is scheduled for City Council consideration on June 1, 2023.

ISSUE:

For briefing purposes only.

FISCAL IMPACT:

For briefing purposes only.

ALTERNATIVES:

For briefing purposes only.

RECOMMENDATION:

Staff recommends approval for City Council consideration for the Finance Department for the establishment of a Financial Underwriting Pool comprised of firms to be utilized for the selection of underwriting syndicates for financial transactions effectuated by the City for an initial period of three (3) years with one (1), two (2) year option to renew.

