

TIME CERTAIN
ITEM NO. 4
1:30PM

**CITY OF SAN ANTONIO
INTERDEPARTMENTAL MEMORANDUM
FINANCE DEPARTMENT**

TO: Mayor and City Council

FROM: Milo Nitschke, Director, Finance Department

THROUGH: Terry M. Brechtel, City Manager

COPIES: Melissa Byrne Vossmer, Assistant City Manager; City Attorney's Office; City Clerk; File

SUBJECT: Authorizing the Issuance, Sale and Delivery of Approximately \$34,685,000 General Improvement Bonds, Series 2004; Approximately \$30,710,000 Combination Tax and Revenue Certificates of Obligation, Series 2004; and Approximately \$12,795,000 Taxable General Improvement Refunding Bonds, Series 2004

DATE: March 18, 2004

SUMMARY AND RECOMMENDATIONS

- A. This Ordinance authorizes and approves the issuance of approximately \$34,685,000 "City of San Antonio, Texas General Improvement Bonds, Series 2004"; levies a continuing direct annual ad valorem tax for the payment of the bonds; prescribes the form, terms, conditions, and resolves other matters incident and related to the issuance, sale and delivery of the bonds, including the approval and distribution of an official statement pertaining thereto; authorizes the execution of a paying agent/registrar agreement and a purchase contract; complies with the requirements imposed by the provisions of the Depository Trust Company's letter of representations; and provides for an effective date.
- B. This Ordinance authorizes and approves the issuance of approximately \$30,710,000 "City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2004"; provides for the payment of the certificates by a levy of an ad valorem tax upon all taxable property within the City and further secures the certificates by a lien on and pledge of the pledged revenues; provides the terms and conditions of the certificates and resolves other matters incident and relating to the issuance, payment, security, sale, and delivery of the certificates, including the approval and distribution of an official statement; authorizes the execution of a paying agent/registrar agreement and a purchase contract; complies with the provisions of the Depository Trust Company's letter of representations; and provides for an effective date.
- C. This Ordinance authorizes and approves the issuance of approximately \$12,795,000 "City of San Antonio, Texas Taxable General Improvement Refunding Bonds, Series 2004"; levies a continuing direct annual ad valorem tax for the payment of the bonds; prescribes

the form, terms, conditions, and resolves other matters incident and related to the issuance, sale and delivery of the bonds, including the approval and distribution of an official statement pertaining thereto; authorizes the execution of a paying agent/registrar agreement, escrow agreement and a purchase contract; complies with the requirements imposed by the letter of representations previously executed with the Depository Trust Company; and provides for an effective date.

Staff recommends approval of these Ordinances.

BACKGROUND INFORMATION

On February 19, 2004, City Council approved the form, content and distribution of a Preliminary Official Statement pertaining to the issuance, sale and delivery of approximately \$34,685,000 City of San Antonio, Texas General Improvement Bonds, Series 2004 (the "2004 Bonds"); approximately \$30,710,000 City of San Antonio, Texas Combination Tax and Revenue Certificates of Obligation, Series 2004 (the "2004 Certificates"); and approximately \$12,795,000 City of San Antonio, Texas Taxable General Improvement Refunding Bonds, Series 2004 (the "2004 Refunding Bonds").

The 2004 Bonds are being issued to provide funds (1) to finance the construction of general improvements to the City, including (a) streets and pedestrian improvements; (b) drainage improvements; (c) parks and recreation improvements; (d) library improvements; and (e) public health and safety improvements; and (2) to pay the costs of issuance. The sale of the 2004 Bonds represents the first installment of the 2003 Authorized Bond Program and the allocation of funds is detailed below.

Streets and Pedestrian Improvements	\$ 14,231,235
Drainage Improvements	6,727,477
Parks and Recreation Improvements	10,967,438
Library Improvements	353,850
Public Health and Safety	2,405,000
Total 2004 Bonds	<u>\$ 34,685,000</u>

The 2004 Certificates will be used for the purpose of providing funds for the payment of contractual obligations to be incurred for making permanent public improvements and for other public purposes, to-wit: (1) constructing public safety improvements, including constructing new fire stations and renovating and improving existing fire stations, (2) constructing street improvements, sidewalk improvements, bridge improvements, drainage improvements, and drainage incidental thereto, (3) constructing improvements and renovations to existing municipal facilities, including the Tower of the Americas, (4) acquiring, constructing and renovating park facilities, (5) constructing improvements for flood control, dams, landscaping and amenities along the San Antonio River, (6) purchasing materials, supplies, machinery, land, and rights-of-way for authorized needs and purposes relating to public safety, drainage, street and public works purposes, (7) paying the costs associated with the implementation of a new Enterprise Resource Management System, including development and installation costs relating thereto, and (8) the payment of professional services related to the construction and financing of the aforementioned projects.

The allocation of funds is detailed below:

Enterprise Resource Management System	\$ 13,500,000
Fire	540,000
Parks and Recreation	1,945,000
Tower of the Americas	400,000
Metropolitan Planning Organization	8,860,000
Streets	2,465,000
San Antonio River Improvements	<u>3,000,000</u>
Total 2004 Certificates	<u>\$ 30,710,000</u>

The 2004 Refunding Bonds are being issued to refund approximately \$12,505,000 in previously issued tax-exempt general obligation bonds and certificates of obligation whose proceeds have been utilized to fund construction and improvements to the City's parking facilities. The refunding analysis shows that refinancing approximately \$12,505,000 results in an estimated \$220,000 savings in fiscal years 2004 and 2005, provides more flexibility to enter long-term parking contracts with private businesses, results in an estimated gross loss of \$1,403,374 and a present value loss of \$742,816.

In connection with the issuance and sale of the bonds and certificates, presentations were made to the rating agencies on March 1 and 2, 2004. The ratings are anticipated to be received on March 11, 2004.

It is anticipated that the bonds and certificates will be sold the week of March 15, 2004 by an underwriting syndicate including First Southwest Company as Senior Book Running Manager; Ramirez & Company as Co-Senior Manager; and M.E. Allison, Southwestern Capital Markets and Southwest Securities as Co-Managers.

The final results of the pricing and sale will be detailed in a memorandum which will be provided on Thursday, March 18, 2004.

POLICY ANALYSIS

The aforementioned transaction is consistent with the Debt Management Plan.

FISCAL IMPACT


Any costs pertaining to the proposed bond transaction 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.

SUPPLEMENTAL COMMENTS

The disclosures required by the City's Ethics Ordinance for each of the underwriting firms are attached.

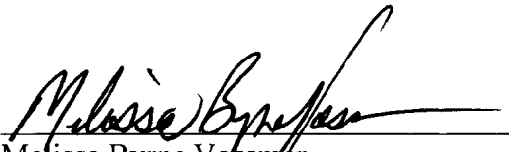
COORDINATION

This action was coordinated with the City Manager's Office, City Attorney's Office, the Departments of Finance, the Office of Management and Budget, the City's Underwriting Syndicate, Co-Financial Advisors and Co-Bond Counsel.

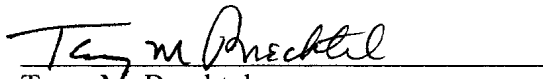


Milo D. Nitschke
Director, Finance Department

Approved:



Melissa Byrne Vossmer
Assistant City Manager



Terry M. Brechtel
City Manager

City of San Antonio

Discretionary Contracts Disclosure*

For use of this form, see City of San Antonio Ethics Code, Part D, Sections 1&2
Attach additional sheets if space provided is not sufficient.
State "Not Applicable" for questions that do not apply.

* This form is required to be supplemented in the event there is any change in the information under (1), (2), or (3) below, before the discretionary contract is the subject of council action, and no later than five (5) business days after any change about which information is required to be filed.

Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

None.

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

None.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

First Southwest Company is owned by First Southwest Holdings, Inc.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None.


Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any *current* or *former member* of City Council, any *candidate* for City Council, or to any *political action committee* that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None.		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: Senior Vice President Company: First Southwest Company	Date: 8/12/03

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: First Southwest Company

Anne Burger Entekim
Signature of Principal:

Anne Burger Entekim
Printed Name of Principal:

Senior Vice President
Title of Principal

City of San Antonio
Discretionary Contracts Disclosure*

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Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the City in the enforcement of provisions contained in the City Charter and the Code of Ethics, an individual or business entity seeking a discretionary contract from the City is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any **individual** who would be a party to the discretionary contract:

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Ramirez & Co., Inc.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Samuel A. Ramirez & Company

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

(3) the identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None

Political Contributions

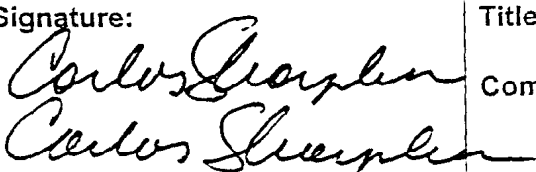
Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any current or former member of City Council, any candidate for City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an individual include, but are not limited to, contributions made by the individual's spouse, whether statutory or common-law. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, attorneys, or registered lobbyists of the entity.

To Whom Made: Councilman Art Hall	Amount: \$ 100.00	Date of Contribution: 02/27/03
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Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

None

Signature:  Carlos Ramirez	Title: Senior Vice President Company: Ramirez & Co., Inc.	Date: 08/12/03
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² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

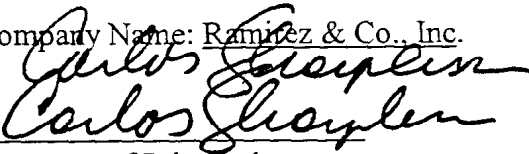
YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Ramirez & Co., Inc.


Signature of Principal:

CARLOS SHARPLESS

Printed Name of Principal:

SENIOR VICE PRESIDENT

Title of Principal

City of San Antonio
Discretionary Contracts Disclosure*

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Attach additional sheets if space provided is not sufficient
State "Not Applicable" for questions that do not apply*

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Disclosure of Parties, Owners, and Closely Related Persons

For the purpose of assisting the city in the enforcement of provisions contained in the City Charter and the code of ethics, an individual or business entity seeking a discretionary contract from the city is required to disclose in connection with a proposal for a discretionary contract:

(1) the identity of any individual who would be a party to the discretionary contract;

Not Applicable

(2) The identity of any **business entity**⁴ that would be a party to the discretionary contract:

And the name of:

(A) Any individual or business entity that would be a **subcontractor** on the discretionary contract;

Not Applicable

And the name of:

(B) Any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

Not Applicable

⁴ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) The identity of any lobbyist or public relations firm employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

Not Applicable

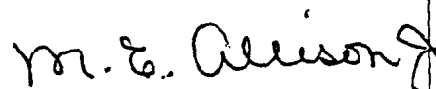
Political Contributions

Any individual or business entity seeking a discretionary contract from the city must disclose in connection with a proposal for a discretionary contract all political contributions totaling one hundred dollars (\$100) or more within the past twenty-four (24) months made directly or indirectly to any member of City Council, or to any political action committee that contributes to City Council elections, by any individual or business entity whose identity must be disclosed under (1), (2) or (3) above. Indirect contributions by an entity include, but are not limited to, contributions made through the officers, owners, or registered lobbyists of the entity.

To Whom Made:	Amount:	Date of Contribution:
None.		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question⁵ as to whether any city official would violate Section 1 of Part B by participating in official action relating to the discretionary contract.

Not Applicable		
Signature: 	Title: President and Chief Executive Officer Company: M. E. Allison & Co., Inc.	Date: August 12, 2003

⁵ For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

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Circle One

YES

NO

2. Have you or any member of your Firm been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm been involved in any litigation with or filed a claim against the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

YES

NO

If you have answered "YES" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: M. E. Allison & Co., Inc.

M. E. Allison Jr.
Signature of Principal

M. E. Allison, Jr.
Printed Name of Principal:

President and Chief Executive Officer
Title of Principal

City of San Antonio
Discretionary Contracts Disclosure*

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(1) the identity of any **individual** who would be a party to the discretionary contract:

Robert G. Rodriguez, President & CEO

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

Southwestern Capital Markets, Inc.

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

None.

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

None.

¹ A *business entity* means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

City of San Antonio

Discretionary Contracts Disclosure*

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- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

None.

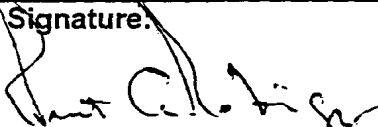
Political Contributions

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To Whom Made:	Amount:	Date of Contribution:
MSRB Rule G-37 prohibits any dealer from engaging in municipal securities business with an issuer within 2 years of any contribution to an official of such issuer except a maximum of \$250 is allowed for someone you may vote for.	\$250.00	Sometime before the election.
A contribution was made to Art A. Hall		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

Signature: 	Title: President & CEO Company: Southwestern Capital Markets, Inc.	Date: August 8, 2003
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1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

☒ NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

☒ NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

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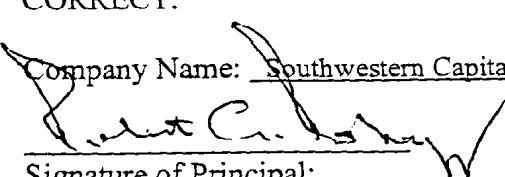
YES

☒ NO

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TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Southwestern Capital Markets, Inc.


Signature of Principal:

Robert G. Rodriguez
Printed Name of Principal:

President & CEO
Title of Principal

City of San Antonio

Discretionary Contracts Disclosure*

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(1) the identity of any **individual** who would be a party to the discretionary contract:

None - Only Southwest Securities employees will work on this transaction.

(2) the identity of any **business entity**¹ that would be a party to the discretionary contract:

- None -

and the name of:

(A) any individual or business entity that would be a **subcontractor** on the discretionary contract;

- None -

and the name of:

(B) any individual or business entity that is known to be a **partner**, or a **parent** or **subsidiary** business entity, of any individual or business entity who would be a party to the discretionary contract;

- None -

¹ A **business entity** means a sole proprietorship, partnership, firm, corporation, holding company, joint-stock company, receivership, trust, unincorporated association, or any other entity recognized by law.

- (3) the identity of any *lobbyist* or *public relations firm* employed for purposes relating to the discretionary contract being sought by any individual or business entity who would be a party to the discretionary contract.

- None -

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To Whom Made:	Amount:	Date of Contribution:
- None -		

Disclosures in Proposals

Any individual or business entity seeking a discretionary contract with the city shall disclose any known facts which, reasonably understood, raise a question² as to whether any city official or employee would violate Section 1 of Part B, Improper Economic Benefit, by participating in official action relating to the discretionary contract.

- None -

Signature:

Title:

Date:

Company:

Frank A. McKinley
Vice President
Archwest Services
8/12/03

² For purposes of this rule, facts are "reasonably understood" to "raise a question" about the appropriateness of official action if a disinterested person would conclude that the facts, if true, require recusal or require careful consideration of whether or not recusal is required.

LITIGATION DISCLOSURE

Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

1. Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Circle One

YES

NO

2. Have you or any member of your Firm or Team been terminated (for cause or otherwise) from any work being performed for the City of San Antonio or any other Federal, State or Local Government, or Private Entity?

Circle One

YES

NO

3. Have you or any member of your Firm or Team been involved in any claim or litigation with the City of San Antonio or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Circle One

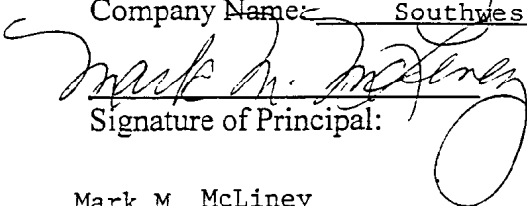
YES

NO

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

TO THE BEST OF MY KNOWLEDGE, THE ABOVE INFORMATION IS TRUE AND CORRECT.

Company Name: Southwest Securities


Signature of Principal:

Mark M. McLiney
Printed Name of Principal:

Senior Vice President
Title of Principal