

**CITY OF SAN ANTONIO
FINANCE DEPARTMENT
CITY COUNCIL AGENDA MEMORANDUM**

CONSENT AGENDA
ITEM NO. 31

TO: Mayor and City Council

FROM: Milo D. Nitschke, Director, Finance Department

SUBJECT: City of San Antonio Co-Financial Advisor Contracts

DATE: December 9, 2004

SUMMARY AND RECOMMENDATION

This Ordinance amends Ordinance No. 99825 to clarify the relationship of Coastal Securities, L.P. and Estrada Hinojosa & Company, Inc., and to authorize execution of contracts with each, to provide co-financial advisor services in connection with the City's financings for a period to commence October 1, 2004 and terminate September 30, 2007, with an option to extend the contract for one (1) additional two-year period under the same terms and conditions; and providing for an immediate effective date upon passage by eight (8) votes.

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

A Request for Proposal (RFP) was developed inclusive of the various types of financings the City may undertake during the term of the Financial Advisor Contract. The RFP was advertised in the San Antonio Express News on July 11, 2004. On July 12, 2004, the RFP was posted on the City's website and mailed to twenty-six (26) firms. On August 13, 2004, three (3) proposals were received.

On September 30, 2004 City Council approved Ordinance #99825 for the firms of Coastal Securities and Estrada Hinojosa & Company, Inc. to perform Co-Financial Advisor Services. Coastal Securities is to perform 60% of the Co-Financial Advisor Services and receive 60% of the fees and Estrada Hinojosa & Company, Inc. is to perform 40% of the Co-Financial Advisor Services and receive 40% of the fees.

The September 30, 2004 Ordinance provided for Coastal Securities to serve as the Financial Advisor and Estrada Hinojosa & Company, Inc. to subcontract with Coastal Securities as a Co-Financial Advisor. This action would result with one contract between the City and Coastal Securities, and a separate contract between Coastal Securities and Estrada Hinojosa. The financial advisor proposals received on August 13, 2004 included a proposal submitted by

Coastal Securities and Estrada Hinojosa as a joint venture. The joint venture arrangement is preferred by both firms with one contract between the City and Coastal Securities, and one contract between the City and Estrada Hinojosa to serve as Co-Financial Advisors. This Ordinance will amend Ordinance #99825 to enable the City to enter into a separate Co-Financial Advisor Services Contract with Estrada Hinojosa & Company, Inc. rather than Estrada Hinojosa & Company, Inc. serving as a subcontractor to Coastal Securities. The scope of work and participation levels of both firms is the same as the September 30, 2004 Ordinance. All financial advisor work throughout the contract period will be performed by these two firms.

POLICY ANALYSIS

The selection of the co-financial advisors is consistent with the City's policy and previous actions to employ financial advisors to assist the City in the management of its debt program and the design and issuance of bonds, certificates and other financial instruments as may be required.

FINANCIAL IMPACT

Fees for Financial Advisor 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.

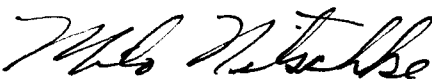
SUPPLEMENTAL COMMENTS

The required disclosures for the aforementioned firms are attached.

COORDINATION

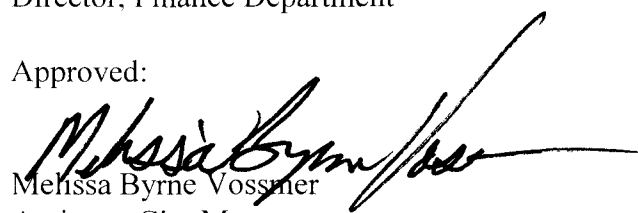
This action has been coordinated with the City Manager's Office, the department of Finance, Co-Financial Advisors and City Attorney's Office.

SIGNATURES

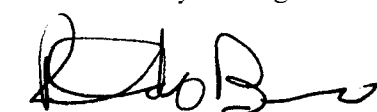


Milo D. Nitschke
Director, Finance Department

Approved:



Melissa Byrne Vossner
Assistant City Manager



J. Rolando Bono
Interim City Manager