

## AGENDA



Thursday, May 17, 2007

**Purchasing Office  
RECOMMENDATION FOR COUNCIL ACTION****Item No. 20**

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**Subject:** Authorize negotiation and execution of contracts with 18 underwriting firms, including 6 minority owned firms, to provide professional underwriting and negotiated refunding transaction services, each contract for a term of three-years with two 12-month extension options. (Services related to municipal bond sales.)

**Amount and Source of Funding:** Payment for underwriters will be made from the proceeds of each bond sale.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**For More Information:** John Stephens, Chief Financial Officer 974-2076

**Purchasing Language:** Best 18 qualification statements of 28 responses received.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-9B of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

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Selection of these 18 underwriting firms will provide two teams, consisting of nine underwriting firms each. This will allow the City to respond quickly to changes in market and economic conditions. These underwriting firms succeed the teams that were selected in October 2003. Each team will include four national firms, two regional firms, and three minority/women-owned firms. For each transaction, one team member per firm shall serve as the senior manager. This senior manager position will rotate among the firms on each team. The national firms will manage transactions of \$100 million or more, and regional and minority/women-owned firms will manage transactions of less than \$100 million. Underwriting policies and procedures have been established to insure that there is an adequate allocation of bonds to all team members.

Qualification statements were received from 28 firms, including 11 national firms, eight regional firms, and seven minority/women owned firms, as indicated in their responses. The qualification statements were evaluated by a selection committee with representatives from Austin Energy, the Austin Water Utility, Financial Services, and the City's Financial Advisor. The evaluation incorporated quantitative analysis and evaluation criteria including categories for experience, qualified personnel, innovative business solutions, financial condition, City of Austin bond experience, and references. The evaluation panel's recommendation represents the best-qualified firms according to the evaluation criteria and the best combination of team members to distribute the City's bonds to buyers.

The 18 recommended vendors are listed below by team assignment in Team A or Team B.

**TEAM A**

Banc of America Securities LLC (Nat'l)  
Goldman Sachs & Co (Nat'l)  
JPMorgan (Nat'l)  
UBS Securities LLC (Nat'l)



First Southwest Company (Reg'l)  
RBC Capital Markets (Reg'l)  
Popular Securities, Inc. (Minority-Owned)  
Ramirez & Co., Inc. LLC (Minority-Owned)  
Siebert Brandford Shank & Co. (Minority-Owned)

#### TEAM B

Citigroup Global Markets (Nat'l)  
Lehman Brothers (Nat'l)  
Merrill Lynch , Pierce, Fenner & Smith Inc (Nat'l)  
Morgan Stanley (Nat'l)  
Morgan Keegan & Company, Inc. (Reg'l)  
Southwest Securities (Reg'l)  
Apex-Pryor Securities (Minority-Owned)  
Cabrera Capital Markets, Inc. (Minority-Owned)  
Estrada Hinojosa & Company, Inc. (Minority-Owned)

RFQ No. RML0002

#### PRICE ANALYSIS

- a. Adequate competition.
- b. Thirty-nine notices were sent, including one WBE. Twenty-eight qualification statements were received with no response from the WBE. Five of the six recommended minority-owned firms are not certified with the city. Estrada Hinojosa & Company is certified with the city, but not certified for the scope of services solicited.

#### APPROVAL JUSTIFICATION

- a. Best qualification statements.
- b. The Purchasing Office concurs with the Treasury Office of the Finance and Administrative Services Department's recommended award.
- c. Advertised in the Austin American Statesman and on the Internet.