

**CITY OF EL PASO, TEXAS
REQUEST FOR COUNCIL ACTION (RCA)**

DEPARTMENT: Financial and Administrative Services
AGENDA DATE: April 1, 2007
CONTACT PERSON/PHONE: William F. Studer, Deputy City Manager, Financial and Administrative Services, 541-4011 and Carmen Arrieta-Candelaria, Chief Financial Officer, 541-4293
DISTRICT(S) AFFECTED: All

SUBJECT:

Discussion and action on a resolution that the City Council approve the attached revised rankings of Tier I and Tier II underwriters from which the City Manager, or designee, may select to perform underwriter services for the City's Financial and Administrative Services Portfolio related to the authorization and issuance of future debt instruments or other securities.

BACKGROUND / DISCUSSION:

A Request for Qualifications (RFQ) was issued in February 2007 in order to solicit responses from firms that provide underwriting services. Based on this process, City Council approved three (3) firms as Tier I firms and seven (7) firms as Tier II firms. As a result of recent market activity and a lack of responsiveness from two of the firms selected, the Administrative and Financial Services Portfolio is recommending that two firms be removed from the list of approved underwriters, Bear Stearns and RBC Dain Rauscher. Also, the Portfolio is recommended that one Tier II firm, Merrill Lynch, be moved to a Tier I firm in order to have three lead underwriters to select from and rotate in the future. In addition, A.G. Edwards has merged with Wachovia Securities, and the new firm name will be known as Wachovia Securities. The remaining authorized firms will rotate within each category, after each issuance of debt instruments or other financings. This selection and rotation will depend on the number of firms necessary for a particular issuance that will vary depending on size of issuance and complexity of such. **Although the City anticipates using this list as the basis for selecting Underwriters for future debt issuances for general obligation, contractual obligations, revenue bonds and other such type debt, the City reserves the right to solicit underwriters for certain future debt instruments that, in the sole opinion of the City, require additional consideration or specialty such as pension obligation debt issuances.**

PRIOR COUNCIL ACTION:

April 17, 2007 approved the original underwriters list.

AMOUNT AND SOURCE OF FUNDING:

Funded through future bond issuances or other debt instruments issued.

BOARD / COMMISSION ACTION:

N/A

*****REQUIRED AUTHORIZATION*****

LEGAL: (if required) _____ **FINANCE:** (if required) _____

DEPARTMENT HEAD: Carmen Arrieta-Candelaria
(Example: if RCA is initiated by Purchasing, client department should sign also)
Information copy to appropriate Deputy City Manager

APPROVED FOR AGENDA: _____

CITY MANAGER: _____ **DATE:** _____

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RESOLUTION

WHEREAS, in February 2007, the City of El Paso (the "City") solicited proposals for professional underwriting services through the City's request for qualifications ("RFQ") No. 2007-120R; and

WHEREAS, on April 17, 2007, the City Council approved ten firms to perform underwriting services, which were categorized as either Tier I or Tier II and are listed in Exhibit 1, attached hereto (the "*Original Underwriting List*"); and

WHEREAS, the City desires to amend the Original Underwriting List for purposes of deleting one firm from Tier I, deleting one firm from Tier II, and reassigning one firm from Tier II to Tier I in order to continue to provide underwriting services for future City debt issuances or other financings; and

WHEREAS, the City also desires to amend the Original Underwriting List to reflect the merger of A.G. Edwards and Wachovia Securities and hereafter designate that the underwriting firm engaged to do business with the City is Wachovia Securities.

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:

THAT, the Original Underwriting List is modified as set forth in Exhibit 2 (the "*Amended Underwriting List*") which is attached hereto and incorporated herein by reference, and the City Manager, or her designee is authorized to select the appropriate underwriting syndicate to provide underwriting services for future City debt issuances or other financings the from the Amended Underwriting List. Said list shall remain in effect from the date this resolution is adopted through April 19, 2012.

THAT, the firms selected from the Amended Underwriting List shall rotate within each category, after each issuance of debt instruments or other financings as recommended by the City Manager, or designee. This selection and rotation will depend on the number of firms necessary for a particular issuance that will vary depending on size and complexity of each issuance.

THAT, although the City anticipates using this Amended Underwriting List as the basis for selecting underwriters for future debt issuances for general obligation,

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contractual obligations, revenue bonds and other such type debt, the City reserves the right to solicit underwriters for certain future debt instruments that, in the sole opinion of the City, require additional consideration or specialty such as pension obligation debt issuances.

ADOPTED this ____ day of _____, 2008.

CITY OF EL PASO

John Cook
Mayor

ATTEST:

Richarda Duffy Momsen
Municipal Clerk

APPROVED AS TO FORM:

APPROVED AS TO CONTENT:



Bertha A. Ontiveros
Assistant City Attorney



Carmen Arrieta-Candelaria
Financial Services

08 MAR 24 AM 11:20

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EXHIBIT 1
ORIGINAL UNDERWRITING LIST

Tier I Firms

(These firms will serve as lead underwriters.)

Bear, Stearns & Company, Inc.
Citigroup Global Markets, Inc.
Banc of America Securities LLC

Tier II Firms

(These firms will serve as co-underwriters.)

Merrill Lynch, Pierce, Fenner & Smith, Inc.
Morgan Stanley & Co., Inc.
AG Edwards & Sons, Inc.
JP Morgan Securities, Inc.
Southwest Securities, Inc.
Wells Fargo Brokerage Services, LLC
RBC Capital Markets

08 MAR 24 AM 11:20
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**EXHIBIT 2
AMENDED UNDERWRITING LIST**

Tier I Firms

(These firms will serve as lead underwriters.)

Citigroup Global Markets, Inc.
Banc of America Securities LLC
Merrill Lynch, Pierce, Fenner & Smith, Inc.

Tier II Firms

(These firms will serve as co-underwriters.)

Morgan Stanley & Co., Inc.
Wachovia Securities, N.A. (formerly A.G. Edwards)
JP Morgan Securities, Inc.
Southwest Securities, Inc.
Wells Fargo Brokerage Services, LLC

08 MAR 24 AM 11:20

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WACHOVIA SECURITIES

March 18, 2008

Carmen Arrieta-Candelaria
City of El Paso
Chief Financial Officer
2 Civic Center Plaza
7th Floor Financial Services Department
El Paso, TX 79901

Ms. Arrieta-Candelaria,

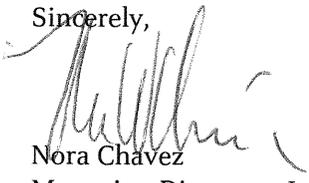
We appreciate the opportunity to work with the City of El Paso as co-manager on the recent \$56.455 million General Obligation Bonds, Series 2008. As you may know, A.G. Edwards and Wachovia Securities merged October 1, 2007, creating the second largest full-service brokerage firm and the fourth largest bank in the nation. Wachovia Securities ranks as the largest municipal bond distribution system in Texas. Our Texas Public Finance office, located in San Antonio, will continue to serve Texas public finance clients with the same personnel: Nora, W. Chavez, Manager, Mario R. Carrasco, Vice President, Lisa C. Vanderbeek, Vice President and Marisol Warneke, Analyst, in addition to our extensive network of experienced senior bankers throughout the Wachovia public finance department.

Wachovia's National Public Finance Department will be led by Amelia Bond, who was the head of the A.G. Edwards Public Finance department, and will continue to be headquartered in St. Louis.

With our enhanced distribution network created by the merger, both nationally and in Texas, our bond underwriting capabilities, capital, distribution and experience will only be stronger, providing broader markets and delivering strong bond sales to our the City.

The City of El Paso has been, and will continue to be a top priority as we move forward. The intention of this letter is to make our move from A.G. Edwards to Wachovia Securities as seamless as possible for the City of El Paso. If you have any questions regarding this submission, please do not hesitate to contact Nora Chavez or Mario Carrasco.

Sincerely,


Nora Chavez
Managing Director – Investment Banking


Mario Carrasco
Vice President – Investment Banking

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