

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

CITY CLERK DEPT.
APR 12 AM 10:26

DEPARTMENT: Financial and Administrative Services
AGENDA DATE: April 17, 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 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. Twenty (20) firms responded to the RFQ. Representatives from the Financial and Administrative Services Portfolio and representatives from the City's Financial Advisors, First Southwest, evaluated these responses. Based on this process, the City selected three (3) firms as Tier I firms and seven (7) firms as Tier II firms. The selected 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 RFQ 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:

N/A

AMOUNT AND SOURCE OF FUNDING:

Funded through future bond issuances or other debt instruments issued. Attached are the prior issuance costs of the last three issuances. See Attachment I.

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:** _____

RESOLUTION

WHEREAS, in February 2007, the City of El Paso (the “*City*”) solicited proposals from various underwriting firms through the City’s request for qualifications (“*RFQ*”) process; and

WHEREAS, twenty (20) firms responded to the RFQ, which have been categorized within Tier 1 and Tier 2 and are listed in **Exhibit 1** which is attached hereto and incorporated herein by reference (the “*Underwriting List*”); and

WHEREAS, the City desires to approve the Underwriting List for purposes of selecting a firm(s) to provide underwriting services for future City debt issuances or other financings.

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

THAT, the Underwriting List is hereby authorized from which the City Manager, or her designee, may select the appropriate underwriting syndicate to provide underwriting services for future City debt issuances or other financings. Said list shall remain in effect from April 18, 2007 through April 19, 2012.

THAT, the firms selected from the 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 RFQ 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.

[Signature page to follow]

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RESOLUTION

Signature page

ADOPTED this ____ day of _____, 2007.

CITY OF EL PASO

John Cook
Mayor

ATTEST:

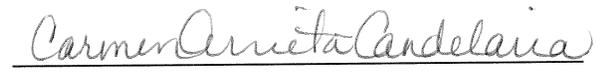
Richarda Duffy Momsen
Municipal Clerk

APPROVED AS TO FORM:



Jorge Villegas
Assistant City Attorney

APPROVED AS TO CONTENT:



Carmen Arrieta-Candelaria
Financial Services

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EXHIBIT 1

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

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City of El Paso
 Evaluation of Underwriters in Ranking Order
 April 6, 2007

Firms:	Average
Bear, Stearns & Co.	97.00
Citigroup	96.00
Banc of America	94.67
Merrill Lynch	89.67
Morgan Stanley	88.33
AG Edwards	83.67
JP Morgan	81.00
Southwest Securities	76.67
Wells Fargo Brokerage	73.67
RBC	73.33
Lehman Brothers	69.33
Morgan Keegan	69.33
UBS Securities	68.00
Estrada Hinojosa	53.00
Cabrera Capital	51.00
Coastal Securities	50.67
Siebert Branford	49.67
Samuel Ramirez	47.50 *
Apex Pryor	45.67
Fidelity Capital Markets	29.33

Tier I - Lead Underwriters

Tier II - Co-Underwriters

Not Considered

*First Southwest was unable to rank Samuel Ramirez due to a conflict of interest. Average of two scores only.

Scorers:

William Studer, Deputy City Manager
 Carmen Arrieta-Candelaria, Chief Financial
 Steven Adams, First Southwest
 Hector Zavaleta, First Southwest

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City of El Paso
 Evaluation of Underwriters in Alpha Order
 April 6, 2007

Firms:	Average
AG Edwards	83.67
Apex Pryor	45.67
Banc of America	94.67
Bear, Stearns & Co.	97.00
Cabrera Capital	51.00
Citigroup	96.00
Coastal Securities	50.67
Estrada Hinojosa	53.00
Fidelity Capital Markets	29.33
JP Morgan	81.00
Lehman Brothers	69.33
Merrill Lynch	89.67
Morgan Keegan	69.33
Morgan Stanley	88.33
RBC	73.33
Samuel Ramirez	47.50 *
Siebert Branford	49.67
Southwest Securities	76.67
UBS Securities	68.00
Wells Fargo Brokerage	73.67

Tier I - Lead Underwriters

Tier II - Co-Underwriters

Not Considered

*First Southwest was unable to rank Samuel Ramirez due to a conflict of interest. Average of two scores only.

Scorers:

William Studer, Deputy City Manager
 Carmen Arrieta-Candelaria, Chief Financial
 Steven Adams, First Southwest
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Attachment I

Amount of Issuance:	Series	Cost of Underwriters:
\$96,190,000	GO REF Series 2007	\$642,532.41
\$56,350,000	GO Bond, Series 2006	\$365,250.00
\$17,315,000	COs , Series 2005	\$113,601.90

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