

Memorandum



CITY OF DALLAS

DATE February 5, 2010

TO Members of the Budget, Finance & Audit Committee:
Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Angela Hunt, Delia Jasso, Ron Natinsky, David Neumann

SUBJECT Bond Underwriter and Commercial Paper Dealer Selection
Process

The February 8, 2010 Budget, Finance & Audit meeting agenda includes a briefing on the City's selection process for bond underwriters and commercial paper dealer. Attached is a copy of the briefing.

Please let me know if you need additional information.

A handwritten signature in cursive script that reads "Glenn Crupper".

for David Cook
Chief Financial Officer

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Craig Kinton, City Auditor

CITY OF DALLAS

BOND UNDERWRITER AND COMMERCIAL PAPER DEALER SELECTION PROCESS

BUDGET, FINANCE & AUDIT
COMMITTEE

February 8, 2010



BOND UNDERWRITER SELECTION PROCESS

UNDERWRITER SELECTION PROCESS

- UNDERWRITING – “The process of purchasing all or any part of a new issue of municipal securities from the issuer and offering such securities for sale to investors.”
- SYNDICATE – “A group of underwriters formed to purchase a new issue of municipal securities from the issuer and offer it for resale to the general public.”

Municipal Securities Rulemaking Board

UNDERWRITER SELECTION PROCESS

- The City maintains a pool of securities firms for negotiated sales divided into two syndicates, called Team A and Team B, originally selected in 1999
 - The teams alternate financings
 - The firms within each team alternate roles as Lead Senior Manager, Co-Senior Manager, or Co-Manager
- Teams were modified in 2002 and 2008 due to industry consolidations

UNDERWRITER SELECTION PROCESS

- Underwriting Syndicates Approved by City Council on May 12, 1999

Team A

Apex Prior Securities, Inc.

Banc of America Securities, LLC

Citigroup

Merrill Lynch & Co.

Morgan Keegan & Co., Inc.

Ramirez & Co.

UBS PaineWebber Inc.

Team B

Goldman Sachs & Co.

JPMorgan/Banc One

Lehman Brothers

Morgan Stanley

RBC Dain Rauscher

Siebert Brandford Shank & Co.

SWS Securities

Walton Johnson & Co.

UNDERWRITER SELECTION PROCESS

■ Underwriting Syndicates As Modified

Team A

Bank of America Merrill Lynch

Citigroup

JPMorgan

Morgan Keegan & Co., Inc.

Ramirez & Co.

Rice Financial Products*

Team B

Barclays Capital

Goldman Sachs & Co.

Morgan Stanley

RBC Capital Markets

Siebert Brandford Shank & Co.

SWS Securities

Walton Johnson & Co.

*Formerly Apex Pryor Securities, Inc.

UNDERWRITER SELECTION PROCESS

- Both teams have completed a full cycle of negotiated financings in which all eligible team members have served as Lead Senior or Co-Senior Manager
- A Request for a Statement of Qualifications has been prepared to select new teams composed of national, regional, and MWBE firms
 - Syndicate structure has been modified to allow regional firms to serve as Lead Senior Manager or Co-Senior Manager in rotation with national and MWBE firms

UNDERWRITER SELECTION PROCESS

- Selection Criteria
 - 30% Experience
 - Experience of the firm and its representatives
 - 30% Capacity
 - Capital
 - Municipal securities sales force
 - Public finance professional and support staff
 - 20% Commitment to Dallas and/or Texas
 - Location of offices and public finance personnel
 - 20% Other Qualifications

UNDERWRITER SELECTION PROCESS

- February 8 Brief Budget Finance & Audit Committee on the bond underwriter and commercial paper dealer selection process
- February 11 Request for Statement of Qualifications Released
- March 3 Responses Due
- April 12 Budget, Finance & Audit Committee Briefing
- April 14 City Council Action

COMMERCIAL PAPER DEALER SELECTION PROCESS

- Qualifications for commercial paper dealer are included in the Request for Statement of Qualifications
- Dealer selection will coincide with City Council approval establishing a general obligation commercial paper program, expected in August/September