



City of Saginaw

City of Saginaw

Meeting Date: 08/18/2015

Staff Contact: Dolph Johnson

Asst. City Manager

Agenda Item: 6
(CC-0815-08)

E-mail: djohnson@saginawtx.org

Phone: 817-230-0325

SUBJECT: Consideration and Action regarding Municipal Advisory Contract with SAMCO Capital Markets, Inc.

BACKGROUND/DISCUSSION:

On February 3, 2015 a temporary agreement with SAMCO Capital Markets, Inc. was approved by the City Council. This item is for consideration of a Municipal Advisory Contract with SAMCO Capital Markets, Inc. It has been reviewed by City Staff and the City Attorney. The contract covers financial services related to debt issuance.

FINANCIAL IMPACT:

There is no financial impact at this time. This item is for approval of the contract only.

RECOMMENDATION:

Staff recommends approval of the Municipal Advisory Contract with SAMCO Capital Markets, Inc.

Attachments

Memo with Proposed Contract from Dolph Johnson
Minutes of February 3, 2015 City Council Meeting

MEMORANDUM

DATE: July 24, 2015
TO: Nan Stanford, City Manager
FROM: Dolph Johnson, Assistant City Manager
RE: Municipal Advisory Contract with SAMCO

Attached is the final contract with SAMCO Capital Markets, Inc. to have Mark McLiney's Municipal Advisory team act as our financial advisors relating to debt issuance. The Council approved the temporary agreement with SAMCO on February 3rd to begin the transfer of our files from Southwest Securities to SAMCO. This agreement has been reviewed by the City Attorney. I recommend approval.

SAMCO CAPITAL MARKETS, INC.

8700 Crownhill Boulevard • Suite 601
San Antonio Texas, 78209

TELEPHONE 210-832-9760
877-349-1371

FACSIMILE 210-832-9794

MUNICIPAL ADVISORY CONTRACT

August 18, 2015

The Honorable Mayor and City Council
City of Saginaw
333 McLeroy Blvd.
Saginaw, Texas 76179

Ladies and Gentlemen:

1. We understand that the City, from time to time, will consider the issuance of debt obligations and that in connection with the authorization, issuance, sale and delivery of such obligations you desire the Mark McLiney Municipal Advisory team to perform professional services in the capacity of Municipal Advisors for the City.
2. We agree to provide all services related to the development and implementation of a debt management plan. These services include, but are not limited to, the structuring of a bond model, the formulation of a bond program, the analysis and completion of refunding programs, consultation regarding bond elections, consultation regarding bond ratings, consultation regarding the available types of financings, etc. The services include communicating and coordinating with other professionals involved in bond transactions and related services (e.g. bond counsel, rating agent, credit enhancement providers, verification agent, arbitrage rebate provider, etc.). The advice and assistance includes serving as a fiduciary to the Issuer and representing the Issuer's interest in the sale and distribution of any debt obligations.
3. We agree to direct and coordinate the entire program of financing herein contemplated. It is specifically understood and agreed, however, that this obligation on our part shall not cover payment of any expenses associated with the issuance of the obligations or the expenses of any litigation, if such would occur.
4. As consideration for the services rendered by us and as reimbursement for the expenses which we are to incur, it is understood and agreed that the City is to pay and we are to accept, a cash fee for such professional services in accordance with the fee schedule set forth as follows. Such fee shall become due and payable simultaneously with the delivery of the bonds to the purchaser. It is understood that a miscellaneous expense will be added to the fee to cover reimbursables. This amount shall be capped at \$5,000.

FEE SCHEDULE

The following schedule is an estimate of fees due for Municipal Advisory work. The actual fee will be more or less based upon work performed.

Base Fee – Any issue				\$5,000				
Plus \$12.50	per \$1,000 next	\$500,000	or	\$11,250	for	\$500,000	Bonds	
Plus \$8.00	per \$1,000 next	\$500,000	or	\$15,250	for	\$1,000,000	Bonds	
Plus \$5.50	per \$1,000 next	\$1,500,000	or	\$23,500	for	\$2,500,000	Bonds	
Plus \$3.50	per \$1,000 next	\$2,500,000	or	\$32,250	for	\$5,000,000	Bonds	
Plus \$2.00	per \$1,000 next	\$5,000,000	or	\$42,250	for	\$10,000,000	Bonds	
Plus \$1.00	per \$1,000 next	\$10,000,000	or					

Fees for Refunding Bonds, Revenue Bonds or Bonds issued to State or Federal Agencies shall be computed from the above schedule, plus 25%. For any issue of Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that our fee will be the fee schedule set out above plus 10%. For Bonds issued pursuant to a Bond Election our fee will include an additional \$5,000 to cover costs associated with the Bond Election.

SAMCO Capital Markets, Inc. will bill the Issuer at Closing for each issue of obligations a net amount which will include a fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the Issuer for the Bond Attorneys, preparation, printing and distribution of the Notice of Sale, Official Statement, Uniform Bid Form or Private Placement Memorandum, independent consultants, information meetings, if any, presentations to rating agencies and rating fees, if any, printing of Obligations, and all appropriate costs and expenses associated with the closing and delivery of the Obligations.

5. If appropriate, we will assist with the annual filing of all documents related to the Securities Exchange Commission Rule 15c2-12 (Continuing Disclosure). It is understood that we are not your agent for Continuing Disclosure because SAMCO Capital Markets, Inc. cannot be assured of being informed on a timely manner of all material events which require filing during the year. It is further understood that any fees due us for our work in this capacity will be determined on a case by case basis.
6. Due to the personal nature of municipal advisory consulting services, this Agreement is being entered into with the Mark McLiney Municipal Advisory Group of SAMCO Capital Markets. The Issuer expects that all files will be held in duplicate by the group and the company. At the full discretion of the Issuer, this Agreement can be automatically assigned to and transferred to the Mark McLiney Municipal Advisory Group.
7. This Agreement will commence on the date of acceptance and shall remain in effect until terminated or replaced with a subsequent agreement. This Agreement can be terminated at any time, with or without cause, with simple written notice.

Respectfully submitted,

SAMCO CAPITAL MARKETS, INC.

BY:

Mark M. McLiney

ACCEPTANCE

ACCEPTED and adopted by the City Council of the City of Saginaw on this the 18th day of August, 2015

Mayor

- (10) CC-0215-08
Consideration and Action regarding Termination of Financial Advisory Agreement with Southwest Securities, Inc. and Approval of Temporary Municipal Advisory Agreement with SAMCO Capital Markets, Inc.

Asst. City Manager Johnson explained that Southwest Securities, Inc., the City's current financial advisors, was recently purchased by Plains Capital Bank. He stated that Plains Capital Bank made some changes in the public finance division and the City's advisory team moved to another firm, SAMCO Capital Markets, Inc. He explained that Staff has considered this change and agrees it would be in the City's best interest to remain with the financial advisory team. He added they are familiar with the City Staff and the City's financial history. In order to make the change, he explained that the current agreement with Southwest Securities, Inc. must be terminated and a temporary agreement with SAMCO Capital Markets, Inc. must be approved.

Motion was made by Mayor Pro-Tem Flory with a second by Councilmember Barngrover to approve the termination of the Financial Advisory Agreement with Southwest Securities, Inc. and to approve the Temporary Municipal Advisory Agreement with SAMCO Capital Markets, Inc. Motion carried unanimously. 7-0-0

For: Mayor Brinkley, Mayor Pro-Tem Flory, Councilmembers Larson, Flippo, Tankersley, Barngrover, and Nethery

Against: None

Abstain: None

Absent: None