

# Memorandum



DATE March 21, 2008

TO Members of the Finance, Audit & Accountability Committee  
Chair Mitchell Rasansky, Vice Chair Jerry Allen, Mayor Pro Tem Dr. Elba Garcia,  
Vonciel Jones Hill, Angela Hunt, Ron Natinsky and David Neumann

SUBJECT Convention Center Underwriter Recommendations

The attached Convention Center Underwriter Recommendations material is scheduled to be briefed at your March 24, 2008 Committee meeting.

Should you require additional information, please let me know.



David Cook  
Chief Financial Officer

## Attachment

Cc: Honorable Mayor and Members of the City Council  
Mary K. Suhm, City Manager  
Tom Perkins, Jr., City Attorney  
Deborah Watkins, City Secretary  
Craig Kinton, City Auditor  
Judge Jay Robinson  
Ryan S. Evans, First Assistant City Manager  
David O. Brown, Interim Assistant City Manager  
Ramon Miguez, P.E., Assistant City Manager  
Jill A Jordan, P.E., Assistant City Manager  
A.C. Gonzalez, Assistant City Manager  
Jeanne Chipperfield, Interim Director, Office of Financial Services  
Chandra Marshall-Henson, Assistant to the City Manager  
Ade Williams, Director of Business Development and Procurement Services  
Michael Frosch, Assistant Director, Business Development and Procurement Services

# ***Convention Center Underwriter Recommendations***

Briefing to the Finance,  
Audit and Accountability  
Committee

March 24, 2008



# Purpose of Briefing

- To inform the Finance, Audit and Accountability Committee about the recent procurement process to recommend the appointment of a six member underwriting syndicate for the potential Convention Center Hotel debt issuances

# Background

- The City is seeking qualified firms to provide underwriting services for the potential financing of a convention center hotel
- Ideally the syndicate will include two national firms, two regional firms, and two M/WBE firms

# Procurement Activities

- A Request for Proposal was advertised, in the Dallas Morning News, for Hotel Underwriting Services on November 22 & 29, 2007
- Seven underwriters attended the pre-proposal conference on December 13, 2007
- Eighteen proposals were received on December 19, 2007

# Procurement Activities (cont'd)

- The proposals were reviewed and evaluated by a seven member committee consisting of:
  - Chief Financial Officer
  - Assistant Director – Water Utilities
  - Assistant Director – Convention & Events Services
  - Interim Director – Budget Office
  - Interim Assistant Director – Budget Office
  - City's Financial Advisors (2)
- The proposals were evaluated using the following criteria:
  - Experience – 55%
  - Marketing & Distribution – 25%
  - Local & Texas Experience – 10%
  - Innovative Financing Ideas – 10%
- Presentations were received on March 3, 2008 from the top three national firms

# National Firms

<b>Weight: (percentage)</b>	<b>55%</b>	<b>25%</b>	<b>10%</b>	<b>10%</b>	<b>100%</b>
<b>Proposer</b>	<b>Experience</b>	<b>Marketing &amp; Distribution</b>	<b>Local &amp; Texas Experience</b>	<b>Innovative Financing Ideas</b>	<b>Total</b>
<b>Citigroup</b>	<b>51.71</b>	<b>24.57</b>	<b>8.71</b>	<b>8.86</b>	<b>93.85</b>
<b>UBS</b>	<b>49.71</b>	<b>22.86</b>	<b>8.14</b>	<b>8.71</b>	<b>89.42</b>
Lehman Brothers	50.50	21.58	5.02	6.67	83.77
Piper Jaffray	48.14	19.71	6.29	8.00	82.14
JP Morgan	45.63	20.33	7.47	8.67	82.10
Merrill Lynch	43.32	19.50	7.48	4.50	74.80
Bear Stearns	35.67	17.67	7.28	5.33	65.95
Goldman Sachs	31.83	19.33	6.20	5.00	62.36

# Regional Firms

<b>Weight: (percentage)</b>	<b>55%</b>	<b>25%</b>	<b>10%</b>	<b>10%</b>	<b>100%</b>
<b>Proposer</b>	<b>Experience</b>	<b>Marketing &amp; Distribution</b>	<b>Local &amp; Texas Experience</b>	<b>Innovative Financing Ideas</b>	<b>Total</b>
<b>RBC Capital</b>	<b>28.76</b>	<b>15.00</b>	<b>9.17</b>	<b>3.33</b>	<b>56.26</b>
<b>Southwest Securities</b>	<b>25.73</b>	<b>13.50</b>	<b>8.85</b>	<b>3.00</b>	<b>51.08</b>
<b>Raymond James</b>	<b>15.42</b>	<b>12.33</b>	<b>4.35</b>	<b>5.67</b>	<b>37.77</b>

# M/WBE Firms

<b>Weight: (percentage)</b>	<b>55%</b>	<b>25%</b>	<b>10%</b>	<b>10%</b>	<b>100%</b>
<b>Proposer</b>	<b>Experience</b>	<b>Marketing &amp; Distribution</b>	<b>Local &amp; Texas Experience</b>	<b>Innovative Financing Ideas</b>	<b>Total</b>
<b>Siebert Brandford</b>	<b>33.32</b>	<b>17.83</b>	<b>6.88</b>	<b>4.17</b>	<b>62.20</b>
<b>Jackson</b>	<b>27.75</b>	<b>16.17</b>	<b>5.50</b>	<b>3.50</b>	<b>52.92</b>
MR Beal	24.23	13.83	4.50	3.33	45.89
Loop	20.58	13.67	6.85	3.67	44.77
Popular Securities	22.30	12.00	3.78	3.50	41.58
Rice Financial	17.25	12.33	4.52	6.17	40.27
Ramirez & Co.	19.08	12.83	3.85	2.83	38.59

# Recommended Syndicate

- Citigroup Global Markets, Inc.
  - Bookrunning Manager – 30% bond allocation
  - Co-Senior Manager
- UBS Securities, LLC
  - Co-Senior Manager – 20% bond allocation
- Siebert Brandford Shank & Co. LLC
  - Co-Senior Manager – 20% bond allocation
- Jackson Securities, LLC
  - Co-Manager – 10% bond allocation
- RBC Capital Markets
  - Co-Manager – 10% bond allocation
- Southwest Securities, Inc.
  - Co-Manager – 10% bond allocation

# Good Faith Effort

- Two M/WBE firms will receive a combined allocation of 30% of the bonds
- One of the M/WBE firms will serve as co-senior manager

## Next Steps

- Secure Finance, Audit and Accountability recommendation for the action item placed on the March 26, 2008 Council agenda