

Reply to Common Council File No. 021467

From DOA-Budget and Management Division

January 30, 2003

Ref: 03010 (20)

Common Council File No. 021467 contains a communication from the Comptroller's Office transmitting a report relative to efforts by the Comptroller's Office and Public Debt Commission in the area of minority and women owned underwriting participation in City Borrowings.

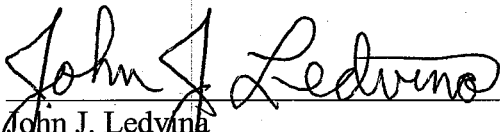
The letter details the legal precedent that precludes the city from requiring that prospective bidders include minority-owned firms in their bidding groups. In addition, state law requires that general obligation debt sales are competitively bid with the exception of refunding bonds and bonds purchased by the City itself. Private sales may also be utilized for non-general obligation bond sales.

Within this framework, the Public Debt Commission and Comptroller's Office continue to promote minority underwriting participation while minimizing the City's cost of financing. Determining participation in competitive bids is difficult due to the current documentation practices of internet based bidding. The City has successfully utilized minority underwriters in the four recent negotiated debt sales.

The City strongly encourages all bidders to include minority owned firms in their underwriting groups. The City's financial advisor believes that this has occurred in recent competitive sales. It cites the wide distribution of sales materials and the bidding approach as promoting minority participation.

The City intends to require winning bidders to document the composition of their underwriting team and the level of participation of each team member. It will also encourage non-winning bidders to provide this information. Other ways to encourage women and minority firm participation in the City's debt issues are being explored.

RECOMMENDATION: PLACE FILE 021467 ON FILE.



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