



# City of San Antonio

## Agenda Memorandum

**File Number:** 16-4556

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**Agenda Item Number:** 12.

**Agenda Date:** 9/8/2016

**In Control:** City Council A Session

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**DEPARTMENT:** Finance

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** City-wide

### **SUBJECT:**

Investment Policy Annual Review

### **SUMMARY:**

This Ordinance approves an Investment Policy and Strategy for the City of San Antonio, Texas, in accordance with the requirements of the Texas Public Funds Investment Act (the “Act”), as amended, for City Council to annually review and approve the City’s Investment Policy; designates certain employees as Investment Officers for the City of San Antonio; and provides an effective date.

### **BACKGROUND INFORMATION:**

The purpose of the City of San Antonio, Texas (“the City”) Investment Policy (the “Investment Policy”) is to provide a framework for the prudent and efficient investment of City funds, with the objectives of satisfy cash flow requirements, preservation and safety of principal, liquidity and diversification, maximize yield, and proactive portfolio management. The Investment Policy designates the following employees as Investment Officers for the City of San Antonio: Chief Financial Officer, Deputy Chief Financial Officer, Assistant Director of Finance - Financial Services, and the following individuals from the Financial Management Division: Financial Management Administrator, Financial Manager, Banking Officer, and Investment Officers. The Investment Policy also designates the composition of the City’s Investment Committee. The Investment Committee is comprised of two representatives from the City Council, three representatives from the City Manager’s Office, the Chief Financial Officer, Deputy Chief Financial Officer, Director of the Office of Management and Budget, Assistant Director of Finance - Financial Services, and the following individuals from the Financial Management Division: Financial Management Administrator, Financial Manager, Banking

Officer, and Investment Officers.

The Act requires an annual review of the Investment Policy by City Council. The Texas Legislature was not in session this year, therefore, there were no changes to the Texas Public Funds Investment Act which would impact the Investment Policy. Minor changes were made throughout the Investment Policy to update various terms and funds but there were no significant or material changes made to the Investment Policy. The proposed changes to the Investment Policy were reviewed by the Investment Committee on August 16, 2016.

In accordance with the Act and the Investment Policy, the City prepared a Request for Qualifications to Provide Broker/Dealer Services to the City of San Antonio (“Broker/Dealer RFQ”) for a two (2) year period beginning October 1, 2016 through September 30, 2018. Prior to releasing the Broker/Dealer RFQ, staff met with the City’s Goal Setting Committee (the “Committee”) on June 13, 2016 to discuss the Small Business Economic Development Advocacy Program (“SBEDA”) goals for the solicitation. The Committee’s recommendation was to allocate 20 points in the evaluation criteria for Small Business Enterprise and Minority/Women Business Enterprise firms. In addition, 10 points were allocated for the Local Preference Program and 5 points for the Veteran-Owned Small Business Preference Program.

On June 20, 2016, the Broker/Dealer Services RFQ was distributed to fifty-six (56) firms and was advertised on June 18, 2016 in the San Antonio Express News and posted on the City’s website. On July 20, 2016, thirty (30) firms responded. The written proposals were scored according to the criteria incorporated in the Broker/Dealer RFQ, which included experience, background and qualifications, proposed Broker/Dealer services, and SBEDA goals that were recommended by the Committee. The proposals were scored within three (3) categories based on capital structure: (1) firms with capital greater than \$500,000,000; (2) firms with capital greater than \$20,000,000 but less than \$500,000,000; and (3) firms with capital less than \$20,000,000. This evaluation methodology allowed for the selection of a well diversified list of Broker/Dealer firms comprised of large, medium, small, local, and SBEDA firms.

On August 16, 2016, the firms listed in Exhibit I were approved by the Investment Committee to engage in investment transactions with the City for a two (2) year period beginning October 1, 2016 through September 30, 2018. While it is anticipated that these firms will remain in effect for a two (2) year period, the Investment Committee is required to annually review, revise, and adopt the list of qualified, eligible Broker/Dealers and banks with whom the City does business.

**ISSUE:**

The annual review of the Investment Policy and the designation of certain City employees as Investment Officers for the City of San Antonio is consistent with the Act’s requirements. In addition, the Investment Policy complies with all other requirements of the Act and provides the framework utilized by City staff to manage the Investment Portfolio, invest in a money market mutual fund, a local government investment pool, a repurchase agreement, and to execute investment transactions with Broker/Dealers.

**ALTERNATIVES:**

Taking no action to approve this Ordinance would cause the City to fail to comply with the requirements of the Act to annually review the Investment Policy and to review, revise, and adopt the list of qualified, eligible Broker/Dealers.

**FISCAL IMPACT:**

This Ordinance has no direct financial impact; however, approval of this Investment Policy provides the mechanism for the prudent, stable, and efficient administration of the City's investment activities.

**RECOMMENDATION:**

Staff recommends approval of this Ordinance approving the Investment Policy for the City of San Antonio, in accordance with the requirements of the Texas Public Funds Investment Act as amended.