City of San Antonio

Agenda Memorandum

File Number:20-5130

Agenda Item Number: 21.

Agenda Date: 9/17/2020

In Control: City Council A Session

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 Investment Policy (the "Investment Policy") is to provide a framework for the prudent and efficient investment of City funds, with the objectives of satisfying cash flow requirements, preservation and safety of principal, liquidity and diversification, maximizing yield, and proactive portfolio management. The Investment Policy designates the following employees as Investment Officers for the City: 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 including 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 but there were no significant or material changes. The proposed changes to the Investment Policy were approved by the City's Investment Committee on August 31, 2020.

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, 2020 through September 30, 2022. This solicitation is in compliance with the Small Business Economic Development Advocacy (SBEDA) Program, which requires contracts to be reviewed by a Goal Setting Committee to establish a requirement and/or incentive unique to the particular contract in an effort to maximize the amount of small, minority, and women-owned business participation on the contract. The Goal Setting Committee applied the Small Business Enterprise Prime Contract Program with ten (10) evaluation preference points; however, none of the Respondents received these points.

On June 1, 2020, the Broker/Dealer Services RFQ was distributed to sixty-two (62) firms, advertised on May 31, 2020 in the San Antonio Express News, and posted on the City's website. On July 17, 2020, nineteen (19) firms responded. The proposals were scored by the Selection Committee based on several weighted factors, including experience, background and qualifications and proposed plan. Additional factors including the SBE Prime Contract Program, Local Preference Program, and the Veteran-Owned Small Business Preference Program were applicable and considered in the final scoring. 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, and small firms.

The Local Preference Program (LPP) was applied in the evaluation of responses received for this contract; however, none of the Respondents were local businesses.

The Veteran-Owned Small Business Program was applied in the evaluation of responses received for this contract and three firms that submitted proposals are veteran-owned small businesses and received the applicable points.

On August 31, 2020, 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, 2020 through September 30, 2022. 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 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 City's 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.