



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 46

**Agenda Date:** September 21, 2023

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**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 satisfying 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 including the City Manager, Deputy City Manager and 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. Although the Texas Legislature was in session this year; there were no changes to the Texas Public Funds Investment Act which would impact the Investment Policy. There were minor changes made throughout the City's Investment Policy to update various terms but there were no significant or material changes. The proposed changes to the City's Investment Policy will be considered by the City's Investment Committee on September 19, 2023.

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 three (3) year period beginning October 1, 2023, through September 30, 2026, with an option to extend for one (1) additional, two (2) year period under the same terms and conditions. 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 Small Business Office recommended a waiver for this project; therefore, this program was not applied to this solicitation.

On May 31, 2023, the Broker/Dealer Services RFQ was distributed to fifty-seven (57) firms, advertised on June 2nd and 9th, 2023 in the Hart Beat Newspaper, and posted on the City's website. On July 3, 2023, twenty-eight (28) proposals were received and deemed eligible to be reviewed. On August 31, 2023, the proposals were evaluated by an evaluation committee which included representatives from the Finance Department. The proposals were evaluated and scored based on the following criteria: Experience, Background and Qualifications; Proposed Plan, the Local Preference Program, and the Veteran-Owned Small Business Preference Program. 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, and firms.

In accordance with the Local Preference Program, one recommended respondent received 10 points for being headquartered within the incorporated San Antonio city limits.

In accordance with the Veteran-Owned Small Business Program, three recommended respondents received 5 points for being a certified veteran-owned small business.

On September 19, 2023, the firms listed in Exhibit I will be considered for approval by the

Investment Committee. These firms will engage in investment transactions with the City for a three (3) year period beginning October 1, 2023, through September 30, 2026, with an option to extend for one (1) additional, two (2) year period under the same terms and conditions. While it is anticipated that these firms will remain in effect for a three (3) year to five (5) 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.