



AGENDA MEMORANDUM

Action Item for the City Council Meeting of August 27, 2019

DATE: August 27, 2019

TO: Peter Zaroni, City Manager

FROM: Alma Casas, Interim Director of Financial Services
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Investment Advisor Services

CAPTION:

Motion authorizing a two-year service agreement with Patterson Capital Management, L.P., dba Patterson & Associates, for investment advisor services in an amount not to exceed \$60,000.00, with two additional two-year renewal options with escalation cost for a potential total amount not to exceed \$184,000.00, effective upon issuance of a notice to proceed, with funding available in the General Fund.

SUMMARY:

This motion authorizes a contract with Patterson Capital Management, L.P., dba Patterson & Associates to provide investment consulting services for an amount not to exceed \$60,000.00. These services are necessary to assist City Investment Officers, in the Finance Department, with investment decisions.

BACKGROUND AND FINDINGS:

At the February 14, 2018 City of Corpus Christi Investment Committee meeting, the Investment Committee recommended that City staff hire an investment consultant. The Investment Committee is made up of the City Manager, three Assistant City Managers, City Attorney, Director of Finance and the Director of Management and Budget. Patterson & Associates was hired as an investment consultant.

During the past year, Patterson & Associates has provided training to City Investment Officers as required by the Public Funds Investment Act, increased interest earnings on

investments, and assisted in the revision of the City of Corpus Christi Investment Policy and Investment Strategies as well as six City associated investment policies and investment strategies. The City of Corpus Christi's Investment Policy and Investment Strategies was certified by the Government Treasurers' Organization of Texas earlier this year for the first time.

The City does not have the resources to view current market activity, so, in the past, our brokers were the only ones providing the City with investment options. Patterson & Associates has access to the Bloomberg financial system that provides them with access to market availability and yield for investments. Because of the knowledge they have about the market activity, they are able to negotiate for the best price of a security. Patterson & Associates provides investment options available to the City's Investment Officers. The City's Investment Officers will determine if they want to act on the investment and then contact the City approved brokers to transact the purchase of the security. Additionally, Patterson & Associates will assist with the depository contract solicitation and review, assist in the development of treasury policies and procedures, and present cash handling training.

Patterson & Associates is a HUB certified, SEC registered investment advisory firm that provides independent and objective and portfolio management advice for public entities since 1994. Linda Patterson is president of Patterson & Associates and was previously the City Treasurer of Fort Worth and Deputy State Treasurer for Texas. She draws on her knowledge from these experiences in public finance and her experience working with clients on investment portfolios, policies, and depository contracts.

Before the current investment advisor Contract with Patterson & Associates expired, the Contracts and Procurement Department conducted a competitive Request for Proposal (RFP) process and received four proposals. All four proposals were screened for the minimum requirements on a pass/fail basis, and all four firms passed. The technical proposals were scored based on the published evaluation criteria, and after review of the technical scores, the three firms who ranked the highest were then interviewed and scored by the evaluation committee. The evaluation committee was comprised of staff from Finance, Budget and Street Operations. After review of the total technical and interview scores, the sealed pricing was opened for the three firms. One proposer submitted a disqualifying pricing sheet; therefore, was deemed non-responsible. Of the two remaining proposers, the proposer with the lowest price received 35 points, the other responsible proposer received a proportional share of the points based on the proration of their price to the lowest price provided. Patterson & Associates ranked the highest based on their overall score of 97 out of 100. The Contracts and Procurement Department recommends award to Patterson & Associates.

ALTERNATIVES:

City's Brokers can provide investment options; however, this would not meet the Finance Department's goal of achieving the best investment for the City. Patterson & Associates has access to the Bloomberg financial system that provides them with access to market availability and yield for investments. Because of the knowledge they have about the market activity, they are able to negotiate for the best price of a security.

FISCAL IMPACT:

The financial impact for the Finance Department is an amount not to exceed \$60,000.00 for the initial two-year service agreement, with options to extend for up to two additional two-year periods for an amount not to exceed 60,000.00 for the first option term and \$64,000.00 for the second option term.

Funding Detail:

Department:	Finance and Business Analysis
Fund:	1020 – General Fund
Organization/Activity:	10830 – Cash Management
Mission Element:	184 – Treasury for Debt & Cash Management
Project # (CIP Only) :	N/A
Account:	530000 – Professional Services

RECOMMENDATION:

Staff recommends approval of this motion authorizing a two-year service agreement with Patterson Capital Management, L.P., dba Patterson & Associates for investment advisor services as presented.

LIST OF SUPPORTING DOCUMENTS:

Evaluation Matrix
Service Agreement