



City of South Padre Island, Texas

Request for Proposals of Investment Advisory Services

PART I GENERAL INFORMATION

PURPOSE:

The City of South Padre Island, Texas is seeking proposals from investment advisors who are registered with the Securities and Exchange Commission and the Texas State Securities Board to provide non-discretionary portfolio management services for the City's approximately \$60,000,000 investment portfolio. The initial contract period will begin January 1, 2023, and end December 31, 2023. At the City's option, the contract may be renewed for three (3) additional one year periods.

This Request for Proposals (RFP) is designed to present interested firms with the description of the City's current investment policy, the services we require, and a format for responding to our request.

BACKGROUND:

Texas Government Code, Chapter 2256 – "Public Funds Investment Act" and the City's Investment Policy govern the investment of the City's funds. The City's primary investment objectives in order of importance are **safety, liquidity, public trust, and yield.**

We are, therefore, seeking advisors who demonstrate extensive experience, especially with fixed-income securities, to provide certain services related to the investment of City funds, including the execution of securities purchases/sales for the City's operating and bond funds, investment advice, investment reporting, and annual review of the City's investment policy.

The City Manager and Chief Financial Officer oversee the investment process. The City Council reviews investment reports and recommendations regarding policy and procedures. The City Manager and Chief Financial Officer are the designated investment officers. The advisor will receive instructions regarding securities purchases/sales from authorized City staff.

CITY PROFILE:

The City of South Padre Island is a unique, friendly seaside resort community that values its residents and tourists, preserves and protects the natural environment, and provides for quality sustainable growth and development that is highly diverse and responsive to changing economic conditions. The City is located on a 34-mile long sub-tropical Island, in Cameron County, on the Gulf Coast of Texas, 25 miles north of the Mexican Border. The island is a half-mile wide at its widest point and only the island's southernmost 5 miles are developed. The City was incorporated in 1973 and is linked to the Texas mainland by Texas' longest bridge. The 2.5-mile-long, four-lane divided, toll-free Queen Isabella Causeway was completed in 1974. The City operates as a home rule law municipality pursuant to the laws of the State of Texas.



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Tourism is the principal industry in the City, with an estimated 5.1 million visitors coming to the island annually. Water resources have been the dominant factor in the development of the City. The Gulf provides approximately 23 miles of beach front in Cameron County, approximately 5 miles of which is situated in the City. As noted, the island has become popular for vacationers and retirees. The Gulf also provides a means for shipping cargo, for fishing interests (both commercial and sporting) and for boating. The body of water between Padre Island and the mainland is the Laguna Madre, providing bay front property for development. The inter-coastal waterway located in the Laguna Madre is maintained by the US Army Corps of Engineers as a water route for shipping.

DEFINITIONS:

The following definitions shall be used for identified terms throughout the specification and proposal document;

- Agreement – a mutually binding legal document obligating the Contractor to furnish the goods, equipment or services, and obligating the City to pay for it.
- City – identifies the City of South Padre Island, Cameron County, Texas.
- Contractor – a person or business enterprise providing goods, equipment, labor and/or services to the City as fulfillment of obligations arising from a contract or purchase order.
- Deliverables – the goods, products, materials, and/or services to be provided to the City by vendor if awarded agreement.
- Goods - represent materials, supplies, commodities and equipment.
- Proposal – complete, properly signed response to a Solicitation that if accepted, would bind the Proposer to perform the resulting agreement.
- Proposer - identified throughout this specification shall describe persons and entities that consider themselves qualified to provide the goods, equipment or services.
- Services – work performed to meet a demand. The furnishing of labor, time, or effort by the vendor and their ability to comply with promised delivery dates, specifications, and technical assistance specified.
- Subcontractor - any person or business enterprise providing goods, equipment, labor, and/or services to a Contractor if such goods, equipment, labor, and/or services are procured or used in fulfillment of the Contractor's obligations arising from a contract with the City.
- Vendor (sometimes referred to as Contractor) – a person or business enterprise providing goods, equipment, labor and/or services to the City as fulfillment of obligations arising from an agreement or purchase order.



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CONFLICT OF INTEREST:

CHAPTER 176 OF THE TEXAS LOCAL GOVERNMENT CODE

Effective January 1, 2006, Chapter 176 of the Texas Local Government Code requires that any vendor or person considering doing business with a local government entity disclose in the Questionnaire Form CIQ, the vendor or person's affiliation or business relationship that might cause a conflict of interest with a local government entity. By law, this questionnaire must be filed with the City Secretary of the City of South Padre Island no later than the seventh (7th) business day after the date the person becomes aware of facts that require the statement be filed. See Section 176.006, Local Government Code.

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ATTN: Angelique Nicole Soto, City Secretary
4601 Padre Blvd.
South Padre Island, Texas 78597

A person commits an offense if the person violates an offense under this section and is a Class C misdemeanor. For more information or to obtain Questionnaire CIQ go to the Texas Ethics Commission website at <https://www.ethics.state.tx.us/forms/conflict/>.

IF YOU HAVE ANY QUESTIONS ABOUT COMPLIANCE, PLEASE CONSULT YOUR OWN LEGAL COUNSEL. COMPLIANCE IS THE INDIVIDUAL RESPONSIBILITY OF EACH PERSON OR AGENT OF A PERSON WHO IS SUBJECT TO THE FILING REQUIREMENT. AN OFFENSE UNDER CHAPTER 176 IS A CLASS "C" MISDEMEANOR.

HOUSE BILL (HB) 1295 (CERTIFICATE OF INTERESTED PARTIES – FORM 1295):

Please be advised in 2015 the Texas Legislature adopted House Bill 1295 (H.B. 1295). For contracts entered into on or after January 1, 2016, Texas Government Code Chapter §2252.908 (H.B. 1295) provides that a Texas governmental entity or state agency may not enter into a contract that either (1) requires an action or vote by the governing body of the entity or agency or (2) has a value of at least \$1 million, unless the business entity submits a disclosure of interested parties to the governmental entity or state agency at the time the business entity submits the signed contract to the governmental entity or state agency.

The Texas Ethics Commission (Commission) has adopted a certificate of interested parties form (Form 1295) and adopted rules requiring the business entity to file Form 1295 electronically with the Commission. Information from the Commission regarding the requirements, including rules and filing information, are available on the Commission's website at <https://www.ethics.state.tx.us/filinginfo/1295/>.



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As a business entity under this law, it is your firm's responsibility to comply with all disclosure laws including Chapter 2252. The City of South Padre Island, as the governmental entity, must ensure compliance of the same.

Note: You will be required to register and create an account. Once registered, you will receive an email containing a password setup link. Click on the link to set your password. After you have established an account, you will use your email address, password, and user type (Business Entity) to log in to the filing application to enter the required information on Form 1295. Print a copy of the completed form which includes a unique certification of filing number assigned by the application.

An authorized agent of the business entity must sign the form affirming under the penalty of perjury that the completed form is true and correct. The completed, printed, and signed Form 1295 bearing the unique certification of filing number must be submitted at the time the signed contract is submitted to the City of South Padre Island. Failure to comply may result in contract revocation and award to the next compliant contractor/vendor.



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CLARIFICATION:

For clarification of specifications, proposers may contact

William Randall Smith, City Manager
City of South Padre Island
Telephone: 956-761-8108
rsmith@myspi.org

OR

Rodrigo Gimenez, Chief Financial Officer
City of South Padre Island
Telephone: 956-761-8130
rgimenez@myspi.org

The individuals listed above may be contacted by telephone or visited for clarification of the specifications only. No authority is intended or implied that specifications may be amended or alterations accepted prior to proposal opening without written approval of the City of South Padre Island through the City Manager's office.



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PART II PROPOSAL INSTRUCTIONS

PROPOSAL SCHEDULE: It is the City's intent to comply with the following timeline;

- Request for Proposals released October 25, 2022
- Deadline for Questions November 18, 2022
- City Response to Submitted Questions November 25, 2022
- Sealed responses to the RFP due by **3:00 p.m. November 29, 2022**

NOTE: These dates represent a tentative schedule of events. The City reserves the right to modify these dates at any time, with appropriate notice to known Proposers.

All questions regarding the RFP shall be submitted in writing (either e-mail, fax, or regular mail) by **5:00 p.m. on November 18, 2022** to the above named City Contacts.

All questions submitted and the City's response will be provided to known interested firms by **5:00 p.m. on November 25, 2022**.

PROPOSAL DUE DATE: Sealed Proposals are due no later than **3:00 p.m. on November 29, 2022**, to the City of South Padre Island.

**City of South Padre Island, Texas
ATTN: Angelique Nicole Soto, City Secretary
4601 Padre Blvd.
South Padre Island, Texas 78597**

Proposals received after this time and date will not be considered.

Sealed Proposals shall be clearly marked "**DO NOT OPEN – Investment Advisor Services**".

Facsimile or electronically transmitted Proposals are **not acceptable**.

Each Proposal shall contain two (2) bound originals, one (1) copy, and one (1) flash drive.

Results of the submitted Proposals will be available after the City Council selects the successful advisor.



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PART III

PROPOSAL FORMAT:

It is intended that this RFP describe the requirements and Proposal format in sufficient detail to secure comparable Proposals. Interested and qualified firms shall:

- Submit two (2) bound originals, one (1) copy of materials, and one (1) flash drive that demonstrates the Proposer's ability to meet City requirements as specified in this Request for Proposals.
- *Responding firms shall submit Proposals in the following format and sequence:*

Organization:

- Describe the organization, date founded, ownership of your firm, as well as any subsidiaries and affiliates relevant to the City.
- Describe the experience of the firm in serving as cash management advisor for municipalities and other public entities, including average investment yields.
- Describe any censure, arbitration, or litigation involving institutional business your firm conducts with governmental investors at this time or within the past ten years.

Personnel:

- Identify the key personnel of your staff committed to the public sector and their credentials.
- Provide biographical information on investment professionals who will be directly involved in providing services to the City. Describe their relationship to your firm, their responsibilities, their investment experience, specifically, in public sector cash management, and their years of service.
- Describe efforts your firm makes to keep portfolio managers informed of developments relevant to government investment managers.

Investment Management Approach:

- Describe your firm's approach to fulfilling the requirements of the City's Investment Policy.
- Describe the primary strategies utilized to add value to the portfolio.
- Describe your procedures for portfolio review, investment management, and client contact.
- Describe how your firm maintains compliance with Texas Government Code, Chapter 2256 (Public Funds Investment Act).

Reporting:



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- Describe and submit samples of the records, investment reports, and market commentary that would be provided and their frequency. Include methods and formulas (including software) used to calculate yield and performance.
- Describe the process the firm would go through to assist in identifying appropriate industry benchmarks.

Fees:

- Provide Base rate for quarterly investment portfolio reporting.
- Provide Hourly rate for investment advisory services, including:
 - Recommendations for investment policy and strategy;
 - Consultation and execution of security purchases.
- The City reserves the right to clarify and/or negotiate fees prior to contract approval.

Other Considerations:

- Describe the firm's experience in developing Texas PFIA-compliant investment policies.
- Describe the firm's approach to managing relationships with the broker/dealer community.
- Describe any assistance the firm would provide in reviewing custodial and safekeeping agreements.
- Describe the training and education services provided to City staff.
- Describe the nature and frequency of meetings the firm would recommend to keep City staff informed.

Other Information:

- Provide a copy of the firm's ADV on file with the SEC or the State Securities Board of Texas.
- Provide proof of registration with the State Securities Board of Texas and/or the Securities and Exchange Commission.
- Provide a list of at least three (3) Texas public client references, including contact persons and telephone numbers.

Standard Agreement:

- Provide a standard Services Agreement as would customarily be executed between your firm and clients reflecting the goods and services specified in this Request for Proposals. The Agreement shall include a cancellation clause allowing either party to cancel upon 30 days written notice.
- Agreement Term shall reflect an initial contract period to begin January 1, 2023, and end December 31, 2023 with an option for three (3) one-year renewals.



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- A Responder may withdraw their Proposal by submitting a written request for its withdrawal by the signature of an authorized individual to the Purchasing Agent any time prior to the submission deadline. The prospective Responder may thereafter offer a new Proposal prior to the deadline. Modifications offered in any manner will not be considered if submitted after the deadline.

CLARIFICATION OF PROPOSAL:

The City, in its sole discretion, expressly reserves the right to request and/or require any additional information from the Proposer(s) that it may deem relevant with respect to this RFP. The contents of the Proposal and any clarification or counter Proposal thereto submitted by the successful vendor shall become part of the contractual obligation and incorporated by reference into the ensuing contract.

BEST VALUE EVALUATION:

All proposals received shall be evaluated based on the best value for the City. Best value shall be determined by considering all or part of the criteria listed below, as well as any relevant criteria specifically listed in the solicitation.

- Proposal price;
- Reputation of the Proposer and of Proposer's goods and services;
- The quality of the Proposer's goods or services;
- The extent to which the goods or services meet the City's needs;
- Proposer's past relationship with the City. All vendors shall be evaluated on their past performance and prior dealings with the City to include, but not limited to, failure to meet specifications, poor quality, poor workmanship, and late delivery.

EVALUATION PROCESS:

- A committee comprised of City Staff and others as appropriate will review the Proposals and may develop a short list of firms.
- Interviews and/or demonstrations may be conducted with any responding firms/teams to discuss their qualifications, resources, and availability to provide the services requested.
- The City will not provide compensation or defray any cost incurred by any firm related to the Proposal or this request.
- The City reserves the right to request additional information or to meet with representatives from proposing organizations to discuss points in the proposal after submission, any and all of which may be used in forming a recommendation.
- The City reserves the right to negotiate with any and all persons or firms. The City also reserves



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the right to reject any or all Proposals, or to accept any Proposal deemed most advantageous, or to waive any irregularities or informalities in the Proposal received, and to revise the process and/or schedule as circumstances require.

AGREEMENT:

The term of this Agreement shall be for a twelve (12) month period of time from the date of award. Prices shall be firm for the duration of the Agreement. This Agreement may be renewed for three (3) additional periods of time not to exceed twelve months for each renewal provided both parties agree.

CANCELLATION:

Either party reserves the right to cancel the Agreement without penalty by providing 30 days prior written notice to the other party. Termination under this paragraph shall not relieve the Contractor of any obligation or liability that has occurred prior to cancellation.

NOTE: This Agreement is subject to cancellation, without penalty, at any time the City deems the vendor to be non-compliant with contractual obligations.



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PART IV SCOPE OF WORK

SCOPE: These specifications cover only the general requirements as to the provision of nondiscretionary portfolio management services for the City's approximately \$60,000,000 investment portfolio.

MINIMUM SERVICE REQUIREMENTS: The Investment Advisor shall;

- Be a registered Investment Advisor as defined and regulated by the Securities and Exchange Commission or the Texas State Securities Board;
- Be either completely independent of any financial institution or securities brokerage firm; or fully and continuously disclose any relationships with such financial institution or securities brokerage firm, and further disclose any commissions, bonuses, or soft-dollar payments resulting from the firm's relationship with the City;
- Take no possession of City funds or investment securities, nor have access to or control over such funds or securities;
- Comply with Texas State law and the ordinances and policies of the City;
- Review and recommend changes to the City's Investment Policy;
- Assist in developing and implementing investment strategies that will enhance portfolio performance under current and anticipated changes in market conditions within the parameters of established investment policies and cash flow needs. Make presentations to the City Council, as needed, to support recommendations relating to investment strategy;
- Provide non-discretionary management of the City's investment portfolio by acting solely in an advisory and administrative capacity within the guidelines of the City's Investment Policy and at the direction of authorized City staff;
- Provide timely assessments of the fixed income market;
- Execute securities purchases/sales upon verbal instructions from authorized City staff. After a trade is executed, the advisor must confirm to the City by fax or email all details of the trade. The City is responsible for instructing the Bank to either accept or deliver securities transacted;
- Assist the City in developing and maintaining an authorized broker/dealer list and creating a competitive environment for each trade;
- Provide monthly and quarterly portfolio reports in a format acceptable to the City and compliant with State law;
- Assist with cash flow modeling to enhance investment strategies;



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- Provide market analysis and commentary, including economic trends, to assist the City with investment strategies;
- Attend periodic meetings as requested;
- The above list is not meant to constitute an exhaustive list of duties. The contract negotiated with the firm may include other services. Proposers are also invited to describe other services or functions that they would recommend to the City's Investment Program.

CITY OF SOUTH PADRE ISLAND INVESTMENT POLICY:

Attachment A, to these specifications is a current presentation of the City of South Padre Island Investment Policy.

RECENT INVESTMENT REPORT:

Attachment B to these specifications are a presentation of the recent City of South Padre Island Investment Report.

ALTERNATE/OPTIONAL PROPOSALS:

Proposers are encouraged to submit alternate or optional proposals reflecting the ability of the firm to meet or exceed City requirements listed herein. Alternate approaches will be considered in selection. All proposals which delineate from specified City requirements shall be clearly noted as such in response.



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PART V INVOICING AND PAYMENT

INVOICING: Contractor shall submit one original and one copy of each invoice on a quarterly basis to the address stated below.

**City of South Padre Island, Texas
ATTN: Accounts Payable
4601 Padre Blvd.
South Padre Island, Texas 78597**

PROMPT PAYMENT POLICY: Payments shall be made within thirty days after the City receives the supplies, materials, equipment, or the day on which the performance of services was completed or the day on which the City receives a correct invoice for the supplies, materials, equipment or services, whichever is later.

The Contractor may charge a late fee (fee shall not be greater than that which is permitted by Texas law) for payments not made in accordance with this prompt payment policy; however, this policy does not apply to payments made by the City in the event:

- ✓ There is a bona fide dispute between the City and Contractor concerning the supplies, materials, services or equipment delivered or the services performed that causes the payment to be late; or
- ✓ The terms of a federal agreement, grant, regulation, or statute prevent the City from making a timely payment with Federal Funds; or
- ✓ There is a bona fide dispute between the Contractor and a subcontractor or between a subcontractor and its suppliers concerning supplies, material, or equipment delivered or the services performed which caused the payment to be late; or
- ✓ The invoice is not mailed to the City in strict accordance with instructions, if any, on the purchase order or agreement or other such contractual agreement.