



# CITY OF BAYTOWN

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## NOTICE OF MEETING

**BAYTOWN FINANCE COMMITTEE**

**TUESDAY, DECEMBER 7, 2021**

**4:30 P.M.**

**GOOSE CREEK CONFERENCE ROOM, CITY HALL  
2401 MARKET STREET, BAYTOWN, TEXAS 77520**

## AGENDA

### CALL TO ORDER AND ANNOUNCEMENT OF QUORUM

**1. MINUTES**

- a.** Consider the approval of minutes of the Finance Committee Meeting held October 14, 2021.

**2. DISCUSSIONS**

- a.** Consider approving revised Investment Policy.
- b.** Consider an RFP for Investment Advisory Services.

**3. ADJOURN**

**THE CITY OF BAYTOWN IS COMMITTED TO COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT. REASONABLE ACCOMMODATIONS AND EQUAL ACCESS TO COMMUNICATIONS WILL BE PROVIDED UPON REQUEST. FOR ASSISTANCE PLEASE CALL 281-420-6522, FAX 281-420-6586, OR CONTACT 281-420-6522 VIA RELAY TEXAS AT 711 OR 1-800-735-2988 FOR TTY SERVICES. FOR MORE INFORMATION CONCERNING RELAY TEXAS, PLEASE VISIT: [HTTP://RELAYTEXAS.COM](http://RELAYTEXAS.COM).**

**Approved for posting:**

**/S/Victor Brownlees, Finance Director**

**Posted this 2nd day of December, 2021, at 5:00 P.M.**

**Posted by:**

**/S/Raquel Martinez Deputy, City Clerk  
(SEAL)**



**BAYTOWN FINANCE COMMITTEE**

**1. a.**

**Meeting Date:** 12/07/2021

Consider the approval of minutes of the Finance Committee Meeting held October 14, 2021

**Prepared for:** Victor Brownlees, Finance

**Prepared by:** Elizabeth Donato, Finance

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**Information**

**ITEM**

Consider the approval of minutes of the Finance Committee Meeting held October 14, 2021.

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**Attachments**

Minutes 10.14.21

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# CITY OF BAYTOWN



## Finance Committee Meeting Minutes Goose Creek Conference Room Thursday, October 14, 2021

The Finance Committee of the City of Baytown, Texas, met on Thursday, October 14, 2021 at 4:30 p.m. in the Goose Creek Conference Room at the City of Baytown with the following in attendance:

Heather Betancourth  
Charles Johnson  
Jacob Powell

Council Member  
Council Member  
Council Member

Rick Davis  
Nick Woolery  
Victor Brownlees  
Karen Horner  
Liz Donato

City Manager  
Assistant City Manager  
Director of Finance  
City Attorney  
Administrative Assistant

### **Call to Order.**

Council Member Betancourth called the meeting to order at 4:33 p.m. with a quorum present.

### **Consider the approval of minutes of the Finance Committee Meeting held September 16, 2021.**

Council Member Powell moved to adopt the minutes as submitted. This was seconded by Council Member Betancourth. The votes follows:

Ayes:

Council Member Heather Betancourth  
Council Member Jacob Powell

Nays: None

The motion carried.

### **Consider approving a Debt Policy for the City of Baytown concerning the financing of capital investment in the City's infrastructure.**

The policy was amendment, and three updates were added to the policy.

### **Consider an amendment to the City of Baytown Investment Policy and Strategy Statement for the addition of an investment officer.**

Victor Brownlees discussed the purpose of this was to name an additional trained qualified investment officer, so it won't just be himself. Council Member Johnson move to consider amendment to Investment Policy and Strategy for the addition of an investment officer. This was seconded by Council Member Powell.

Ayes:

Council Member Charles Johnson  
Council Member Jacob Powell

Nays: None

The motion carried.

**Consider making a recommendation to the City Council for a nominee to the Board of Directors of the Harris County Appraisal District.**

Mike Sullivan was recommended as a nominee to the Board of Directors of the Harris County Appraisal District. Council Johnson requested for council to meet with Mike Sullivan to let him know their needs and wants. Council Member Johnson moved to recommend Mike Sullivan as nominee. This was seconded by Council Member Powell. The votes follows:

Ayes: Council Member Charles Johnson  
Council Member Jacob Powell

Nays: None

The motion carried.

**Consider making a recommendation to the City Council for a nominee to the Board of Directors of the Chambers County Appraisal District.**

Chet Theiss was recommended as a nominee to the Board of Directors of the Chambers County Appraisal District. Council Member Johnson moved to recommend Chet Theiss as nominee. This was seconded by Council Member Powell. The votes follows:

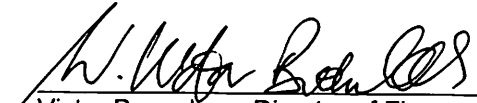
Ayes: Council Member Charles Johnson  
Council Member Jacob Powell

Nays: None

The motion carried

**Adjourn**

Meeting adjourned at 5:08 p.m.

  
Victor Brownlee, Director of Finance



**BAYTOWN FINANCE COMMITTEE**

**2. a.**

**Meeting Date:** 12/07/2021

Consider approving revised Investment Policy

**Prepared for:** Victor Brownlees, Finance

**Prepared by:** Elizabeth Donato, Finance

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**Information**

**ITEM**

Consider approving revised Investment Policy.

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**Attachments**

**Investment Policy**

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***CITY OF BAYTOWN, TEXAS***  
***INVESTMENT POLICY***



Revised 06/25/20

# City of Baytown Investment Policy

## Table of Contents

I.	Policy	1
II.	Scope	1
III.	General Objectives	
	A. Safety	1
	B. Liquidity	2
	C. Yield	2
IV.	Standards of Care	
	A. Prudence	2
	B. Ethics and Conflicts of Interest	3
	C. Delegation of Authority	3
	D. Training	3
V.	Safekeeping and Custody	
	A. Authorized Financial Dealers and Institutions	4
	B. Internal Controls	4
	C. Delivery vs. Payment	5
VI.	Suitable and Authorized Investments	
	A. Eligible Investments	5-12
	B. Collateralization	12
VII.	Investment Parameters	
	A. Diversification	12
	B. Maximum Maturities	12
VIII.	Investment Strategies	13
IX.	Reporting	
	A. Methods	13
	B. Performance Standards	13
	C. Marking to Market	13
EXHIBITS		
	B - Statement of Ethics and Conflicts of Interest	14
	C – Approved Broker/Dealers, Financial Institutions and Investment Pools	15
	D – Certification by Business Organization	16
	E – Investment Strategy	17-20

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# City of Baytown

## Investment Policy

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### **I. Policy**

It is the policy of the City of Baytown (the “City”) to administer and invest its funds in a manner that will preserve principal and maintain liquidity while meeting the daily cash flow requirements of the City. The City will conform to all federal, state and local statutes, rules, and regulations governing investment of the City’s funds.

The City’s policy is to hold investments to maturity; however, securities may be sold in order to minimize the potential loss of principal on a security whose credit quality has declined; to swap into another security which would improve the quality, yield or target duration of the portfolio; or to meet unanticipated liquidity needs of the portfolio.

Not less than annually, City Council shall adopt a written instrument by resolution stating that it has reviewed the Investment Policy and investment strategies and that the written instrument so adopted shall record any changes made to the Investment Policy or Investment Strategies.

### **II. Scope**

This investment policy applies to all the investment activities of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include all financial assets of all funds managed by the City, including but not limited to tax revenues, charges for services, bond proceeds, interest income, and loans and funds received by the City where the City performs a custodial function.

### **III. General Objectives**

The primary objectives, in priority order, of the City’s investment activities shall be safety, liquidity, and yield:

- A. **Safety** – Safety of the principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk.
  - i. **Credit Risk** – The City will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
    - Limiting investments to the safest types of securities;



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- Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business; and
  - Diversifying the investment portfolio so that potential losses on individual securities will be minimized
- ii. **Interest Rate Risk** – The City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
  - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools
- B. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands cannot be anticipated, the portfolio shall consist largely of securities with active secondary or resale markets. A portion of the portfolio also may be placed in money market mutual funds or local government investment pools that offer same-day liquidity for short-term funds.
- C. **Yield** – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
- A security with declining credit may be sold early to minimize loss of principal;
  - To swap into another security which would improve the quality, yield or target duration of the portfolio; and
  - Liquidity needs of the portfolio require that the security be sold.

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#### IV. Standards of Care

- A. **Prudence** - The standard of care to be used by investment officers shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

- B. **Ethics and Conflicts of Interest** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officers shall disclose to the City and the Texas Ethics Commission any material financial interests in financial institutions that conduct business with the City. They shall further file a disclosure statement with the Texas Ethics Commission and the City that includes any large personal financial/investment positions that could be related to the performance of the investment portfolio. See Exhibit B.
- C. **Delegation of Authority** –Responsibility for the operation of the investment program is hereby delegated to the Director of Finance, who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. The Director of Finance may delegate day-to-day activities to a responsible individual(s) who has received the appropriate training required by state statute. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Finance. The Director of Finance shall be responsible for all transactions undertaken and shall establish a system of controls to regulate activities of subordinate officers.

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- D. **Training** – Investment Officers shall attend at least one investment training session totaling not less than 10 hours within 12 months after taking office or assuming investment duties, and shall attend investment training not less than once annually, beginning on the first day of the City of Baytown’s fiscal year and consisting of one (1) consecutive fiscal year after that date and receive not less than 8 hours of instruction relating to investment responsibilities. The City of Baytown shall provide the training through courses and seminars offered by professional organizations and associations in order to ensure the quality and capability of the City of Baytown’s investment personnel making investment decisions in compliance with Public Funds Investment Act (PFIA). Professional organizations and associations that may provide investment training include the Government Treasurer’s Organization of Texas, the University of North Texas, the Government Finance Officers Association of Texas, the Association for Financial Professionals, or the Texas Municipal League.

V. **Financial Institutions, Broker/Dealers, Investment Advisors, Safekeeping and Custody**

- A. **Authorized Financial Dealers and Institutions** – Investment Officers will maintain a list of financial institutions and securities broker/dealers authorized to provide investment services (Exhibit C). These may include "primary" dealers or regional dealers. No public deposit shall be made except in a qualified public depository as established by state law.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply Investment Officers with the following, as appropriate:

- Audited financial statements
  - Proof of Financial Industry Regulatory Authority (FINRA) certification
  - Proof of state registration
  - Completed broker/dealer questionnaire
  - Written acknowledgement by a qualified representative of the firm that the broker/dealer has a) received and reviewed the City’s Investment Policy.
  - Qualified Business Organizations which include local government investment pools and discretionary investment advisors are required to review policy and certify in writing that they have implemented reasonable procedures and controls in an effort to preclude investment transactions that are not authorized by the City’s Investment Policy, except to the extent that this authorization is dependent on an analysis of the makeup of the City’s entire portfolio or requires an interpretation of subjective investment standards.
- (EXHIBIT D)

The governing body and/or the Finance Committee shall at least annually review and/or revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

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The City may retain the services of an investment advisory firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to assist in the review of the investment policy, cash flow requirements, the formulation of investment strategies, the execution of security purchases, sales and deliveries, as well as attend quarterly investment meetings, provide monthly and quarterly reporting and market updates. The investment advisor will also be responsible for performing broker/dealer financial due diligence on the City's behalf and provide a list of its authorized broker/dealers on an annual basis. The City, however, retains ultimate responsibility as fiduciary of its assets. The investment advisory contract may not be for a term longer than two years and its renewal or extension must be approved by the City Council by ordinance or resolution as required by the Tex. Gov't. Code Sec. 2256.003(b).

- B. **Internal Controls** – The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Avoidance of physical delivery securities
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development of a wire transfer agreement with the lead bank and third-party custodian

- C. **Delivery vs. Payment** – All trades where applicable will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds. Securities and collateral will be held in the City's name by a third-party custodian as evidenced by safekeeping receipts.

## VI. Investments

- A. **Eligible Investments** – Assets of the City may be invested in the instruments described below. All of these investments are authorized by Chapter 2256 of the Texas Government Code (Public Funds Investment Act, or the Act).

An investment that requires a minimum rating under this Section 2256.021

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does not qualify as an authorized investment during the period the investment does not have the minimum rating. The City shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

In order to monitor rating changes in investments acquired with public funds, Investment Officers shall, on at least a monthly basis, verify the ratings of investments currently held by the City with either the authorized broker/dealer from which the investment was purchased, or a broker/dealer currently authorized to engage in investment transactions with the City. As a condition of engaging in investment transactions with the City, brokers/dealers shall, when requested by the City's Investment Officer(s), provide said Investment Officer(s) with written verification of the ratings of investments currently owned by the City. If the City has engaged an Investment Advisor, the advisor shall be responsible for verifying credit ratings.

The City shall take all prudent measures consistent with this Investment Policy to liquidate an investment that does not have the minimum rating.

1. Obligations of, or Guaranteed by Governmental Entities

(a) Except as provided by Subsection (b), the following are authorized investments under this subchapter:

(i) obligations, including letters of credit, of the United States or its agencies and instrumentalities;

(ii) direct obligations of this state or its agencies and instrumentalities;

(iii) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States;

(iv) other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed by the full faith and credit of this state or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States;

(v) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent.

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(b) The following are not authorized investments under this section:

- (i) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
- (ii) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
- (iii) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
- (iv) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Certificates of Deposit and Share Certificates

A certificate of deposit is an authorized investment under this subchapter if the certificate is issued by a state or national bank domiciled in this state, a savings bank domiciled in this state, or a state or federal credit union domiciled in this state and is:

- (i) guaranteed or insured by the Federal Deposit Insurance Corporation or its successor or the National Credit Union Share Insurance Fund or its successor;
- (ii) secured by obligations that are described by Section 1(a), including mortgage backed securities directly issued by a federal agency or instrumentality that have a market value of not less than the principal amount of the certificates, but excluding those mortgage backed securities of the nature described by Section 1(b); or
- (iii) secured in any other manner and amount provided by law under Texas Government Code Chapter 2257 (The Public Funds Collateral Act).

3. Repurchase Agreements

(a) A fully collateralized repurchase agreement is an authorized investment under this subchapter if the repurchase agreement:

- (i) has a defined termination date;
- (ii) is secured by a combination of cash and obligations described by Section 1(a)(i); and
- (iii) requires the securities being purchased by the City or cash held

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by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City; and

(iv) is placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in this state.

(b) In this section, "repurchase agreement" means a simultaneous agreement to buy, hold for a specified time, and sell back at a future date obligations described by Section 1(a)(i), at a market value at the time the funds are disbursed of not less than the principal amount of the funds disbursed. The term includes a direct security repurchase agreement and a reverse security repurchase agreement.

(c) Notwithstanding any other law, the term of any reverse security repurchase agreement may not exceed 90 days after the date the reverse security repurchase agreement is delivered.

(d) Money received by an entity under the terms of a reverse security repurchase agreement shall be used to acquire additional authorized investments, but the term of the authorized investments acquired must mature not later than the expiration date stated in the reverse security repurchase agreement.

#### 4. Banker's Acceptances

A banker's acceptance is an authorized investment under this policy if the banker's acceptance:

(i) has a stated maturity of 180 days or fewer from the date of its issuance;

(ii) will be, in accordance with its terms, liquidated in full at maturity;

(iii) is eligible for collateral for borrowing from a Federal Reserve Bank; and

(iv) is accepted by a bank organized and existing under the laws of the United States or any state, if the short-term obligations of the bank, or of a bank holding company of which the bank is the largest subsidiary, are rated not less than A-1 or P-1 or an equivalent rating by at least one nationally recognized credit rating agency.

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5. Commercial Paper

Commercial paper is an authorized investment under this policy if the commercial paper:

- (i) has a stated maturity of 270 days or fewer from the date of its issuance; and
- (ii) is rated not less than A-1 or P-1 or an equivalent rating by at least:
  - (A) two nationally recognized credit rating agencies; or
  - (B) one nationally recognized credit rating agency and is fully secured by an irrevocable letter of credit issued by a bank organized and existing under the laws of the United States or any state.

6. Mutual Funds

(a) A no-load money market mutual fund is an authorized investment under this policy if the mutual fund:

- (i) is registered with and regulated by the Securities and Exchange Commission;
- (ii) provides the investing entity with a prospectus and other information required by the Securities Exchange Act of 1934 (15 U.S.C. Section 78a et seq.) or the Investment Company Act of 1940 (15 U.S.C. Section 80a-1 et seq.);
- (iii) has a dollar-weighted average stated maturity of 60 days or fewer; and
- (iv) includes in its investment objectives the maintenance of a stable net asset value of \$1 for each share.

(b) In addition to a no-load money market mutual fund permitted as an authorized investment in Subsection (a), a no-load mutual fund is an authorized investment under this subchapter if the mutual fund:

- (i) is registered with the Securities and Exchange Commission;
- (ii) has a weighted average maturity of less than two years;



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(iii) is invested exclusively in obligations approved by this subchapter;

(iv) is continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent; and

(v) conforms to the requirements set forth in Sections 5(b) and (c) relating to the eligibility of investment pools to receive and invest funds of investing entities.

(c) The City is not authorized by this section to:

(i) invest in the aggregate more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, in mutual funds described in Subsection (b);

(ii) invest any portion of bond proceeds, reserves and funds held for debt service, in mutual funds described in Subsection (b); or

(iii) invest its funds or funds under its control, including bond proceeds and reserves and other funds held for debt service, in any one mutual fund described in Subsection (a) or (b) in an amount that exceeds 10 percent of the total assets of the mutual fund.

## 7. Guaranteed Investment Contracts

(a) A collateralized guaranteed investment contract is an authorized investment for bond proceeds under this policy if the guaranteed investment contract:

(i) has a defined termination date;

(ii) is secured by direct and unsubordinated obligations described by Section 2256.009(a)(1) of the Act, excluding those obligations described by Section 2256.009(b) of the Act, in an amount at least equal to the amount of bond proceeds invested under the contract; and

(iii) is pledged to the City and deposited with the City or with a third party selected and approved by the City.

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(b) Bond proceeds, other than bond proceeds representing reserves and funds maintained for debt service purposes, may not be invested under this policy in a guaranteed investment contract with a term of longer than five years from the date of issuance of the bonds.

(c) To be eligible as an authorized investment:

- (i) the City Council must specifically authorize guaranteed investment contracts as an eligible investment in the order, ordinance, or resolution authorizing the issuance of bonds;
- (ii) the City must receive bids from at least three separate providers with no material financial interest in the bonds from which proceeds were received;
- (iii) the City must purchase the highest yielding guaranteed investment contract for which a qualifying bid is received;
- (iv) the price of the guaranteed investment contract must take into account the reasonably expected drawdown schedule for the bond proceeds to be invested; and
- (v) the provider must certify the administrative costs reasonably expected to be paid to third parties in connection with the guaranteed investment contract.

## 8. Investment Pools

The City may invest its funds and funds under its control through an eligible investment pool if the City Council by rule, order, ordinance, or resolution, as appropriate, authorizes investment in the particular pool. An investment pool shall invest the funds it receives from entities in authorized investments permitted by this subchapter. An investment pool may invest its funds in money market mutual funds to the extent permitted by and consistent with Texas Government Code, Chapter 2256.016 and the investment policies and objectives adopted by the investment pool.

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- B. **Collateralization** – Collateralization will be required on three types of investments: certificates of deposit, repurchase (including reverse repurchase) agreements, and guaranteed investment contracts (GICs). In order to anticipate market changes and provide a level of security for all funds, the Collateralization level will be one hundred two percent (102%) of the market value, including principal and accrued interest. Pledged collateral shall consist of eligible U.S. Treasury securities, eligible securities issued by U.S. Government Sponsored Enterprises, or Federal Home Loan Bank Letters of Credit (LOC), or a combination thereof, and shall be marked to market on at least a monthly basis. An FHLB LOC is not a marketable security and therefore isn't subject to price change. As a result, the FHLB LOC required amount shall be 100% of outstanding balance plus accrued interest.

Likewise, all time and demand deposits with collected balances in excess of FDIC or NCUA insurance levels shall be collateralized to a minimum of 102% of principal and accrued interest. The depository shall be responsible for maintaining collateralization margins based on the market value of securities pledged to the City. Collateral will be held in the City's name by an independent third party with whom the City has a current custodial agreement approved by the Council and executed under the terms of FIRREA (Financial Institutions Reform, Recovery, and Enforcement Act) as amended. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained. The right of collateral substitution is granted, subsequent to the review and approval of an authorized City of Baytown Investment Officer.

- C. **Existing Investments** – Any investment currently held that is no longer an authorized investment under the Public Funds Investment Act (PFIA) or this policy but was an authorized investment at the time of purchase, is not required to be liquidated.

## **VII. Investment Parameters**

- A. **Diversification** – The investments shall be diversified by security type and institution. With the exception of U.S. Treasury securities and authorized pools, the City will diversify the entire portfolio to comply with the investment strategy; however, in no case shall any single investment transaction be more than 10 percent (10%) of the entire portfolio.
- B. **Maximum Maturities** – To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five (5) years from the date of purchase.

## **VIII. Investment Strategies**

The City maintains separate portfolios for individual funds or groups of funds

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that are managed according to the terms of this Policy and the corresponding investment strategies listed in Exhibit E. The investment strategy for portfolios established after the annual Investment Policy review and adoption will be managed in accordance with the terms of this Policy and applicable agreements until the next annual review when a specific strategy will be adopted.

The City maintains a pooled fund group that is an aggregation of the majority of City funds including tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, and grants. This portfolio is maintained to meet anticipated daily cash needs for City operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 2 years. The objectives of this portfolio are to ensure safety of principal; ensure adequate investment liquidity; limit market and credit risk through diversification; and attain the best feasible yield in accordance with the objectives and restrictions set forth in this Policy

## **IX. Reporting**

2. **Methods** – Investment officers shall jointly prepare an investment report at least quarterly, including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the last quarter. This management summary will be prepared in a manner consistent with the requirements of Section 2256.023 (Internal Management Reports) of the PFIA, and that will allow the City to ascertain whether investment activities during the reporting period have conformed to the investment policy. The report should be provided to the Finance Committee and the City Council.

An independent auditor shall formally review the quarterly reports prepared under this section at least annually, and that auditor shall report the results of the review to City Council.

3. **Performance Standards** – The investment portfolio shall be managed in accordance with the objectives specified in this policy (safety, liquidity, and yield). The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. The basis used by investment officers to determine whether market yields are being achieved shall be the three (3) month U.S. Treasury Bill.
4. **Marking to Market** – The market value of the portfolio shall be calculated at least monthly and a statement of the market value of the portfolio shall be issued at least quarterly. The market value of each investment shall be obtained from a source including, but not limited to the City's investment advisor, the Wall Street Journal, the City's safekeeping agent, a reputable brokerage firm not having sold the security being priced or security pricing service.

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**EXHIBIT C**

**City of Baytown**

**EXHIBIT B**

**City of Baytown  
Statement of Ethics and Conflicts of Interest**

Investment officers for the City of Baytown shall refrain from personal business relationships with business organizations that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Such conflicts would only apply to personal business relationships with business organizations that have been approved by City Council to conduct investment transactions with the City of Baytown.

An investment officer is considered to have a personal business relationship with a business organization if:

- (1) The investment officer owns 10 percent or more of the voting stock or shares of the business organization or owns \$5,000 or more of the fair market value of the business.
- (2) Funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year.
- (3) The investment officer has acquired from the business organization during the previous year investments with a book value of \$2,500 or more for the personal account of the investment officer.

I do hereby certify that I do not have a personal business relationship with any business organization approved to conduct investment transactions with the City of Baytown, nor am I related within the second degree by affinity or consanguinity, as determined under Chapter 573 of the Texas Government Code, to an individual seeking to sell an investment to the City of Baytown as of the date of this statement.

City of Baytown  
Investment Officers

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W. Victor Brownlees, Director of Finance

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Date

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**EXHIBIT C**

**City of Baytown**

Approved Broker/Dealers, Financial Institutions and Investment Pools

**Broker/Dealers**

Cantor Fitzgerald & Co.

Wells Fargo Brokerage Services, LLC

Hilltop Securities, Inc.

Duncan-Williams, Inc.

Multi-Bank Securities, Inc.

Vining Sparks IBG, L.P.

FTN Financial

Raymond James & Associates, Inc.

RBC Capital Markets, LLC

**Public Depository**

JP Morgan Chase, NA (Primary)

**Investment Pools**

TexPool

TexSTAR

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**EXHIBIT D**

**City of Baytown  
Certification by Business Organization**

(date)

City of Baytown, Texas  
(Attn: Designated Investment officer)  
P O Box 424  
Baytown, TX 77522-0424

Dear Mr./s. (investment

officer):

This certification is executed on behalf of the City of Baytown, Texas (the Investor) and \_\_\_\_\_, (the Business Organization) pursuant to the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the Act) in connection with investment transactions conducted between the Investor and Business Organization.

The undersigned Qualified Representative of the Business Organization hereby certifies on behalf of the Business Organization that:

1. The undersigned is a Qualified Representative of the Business Organization offering to enter an investment transaction with the Investor (Note: as such terms are used in the Public Funds Investment Act, chapter 2256, Texas Local Government Code) and;
2. The Qualified Representative of the Business Organization has received and reviewed the Investment Policy furnished by the Investor and agrees, on behalf of the Business Organization, to comply with its requirements under the investment policy and;
3. The Qualified Representative of the Business Organization has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the Business Organization and the Investor that are not authorized by the Investor's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the investor's entire portfolio or requires an interpretation of the subjective investment standards.

**Qualified Representative of the Business Organization**

Signed By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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## **EXHIBIT E**

### **INVESTMENT STRATEGY**

It is the policy of the City of Baytown, Texas (the "City") that, giving due regard to the safety and risk of investments, all funds shall be invested at all times in conformance with State and Federal statutes, applicable trust agreements or related bond document requirements, the City's adopted Investment Policy and this Investment Strategy. The City's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with the Investment Policy.

In accordance with the Public Funds Investment Act, City investment strategies establish maximum maturities and maximum dollar-weighted average maturity limits for each portfolio and address the priorities for those funds (in order of priority):

- Suitability of the investment to the financial requirements of the City and the particular Fund Type;
- Preservation and safety of principal;
- Liquidity;
- Marketability of the investment if the need arises to liquidate the investment prior to maturity;
- Diversification of the investment portfolio; and
- Yield.

Effective investment strategy development coordinates the primary objectives of the City's Investment Policy and cash management procedures with investment security risk/return analysis to enhance interest earnings and reduce investment risk. The City intends to generally utilize a buy and hold strategy but will evaluate more active strategies, such as swaps or outright sales of securities, for incremental income when appropriate. The structure of the portfolio(s) will be primarily dependent upon the continuing cash flow requirements of the funds represented. The portfolio(s) will reflect both the short and long term needs of the funds. A limited liquidity buffer will be maintained to cover any unanticipated cash needs, where appropriate.

With a more active position, maturity selections may be extended to gain incremental income or adjust portfolios to economic and market conditions. It is recognized that more active management may increase the overall weighted average maturity of the portfolios due to additional volatility.

The City's Investment Officer(s) shall monitor and evaluate the ongoing economic environment and incorporate market information from reliable sources as well as current and anticipated City financial conditions when prudently implementing these strategies. Anticipated changes in the City's investment strategy shall be reported to the Finance Committee as part of the quarterly investment reporting.

The City expects, but is not required by law, to consolidate and commingle funds from similar type funds or all funds in an attempt to maximize investment earnings. Investment income by fund will be recognized and allocated on a monthly basis based on respective fund balances for the period in accordance with generally accepted accounting principles.



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## **FUND TYPE IDENTIFICATION**

Each major fund type has varying cash flow requirements and liquidity needs. Therefore, specific strategies shall be implemented considering the fund type's unique requirements. City funds shall be analyzed and invested according to the following major fund types:

a. **Operating Funds**

Operating funds have ongoing cash needs in support of ongoing operations and required transfers. Funds include: General Fund

b. **Capital Improvement Funds**

Capital Improvement funds have cash needs dependent upon anticipated construction, acquisition and payment schedules. Funds include: Construction Fund, Capital Improvement Fund

c. **Debt Service Funds**

Debt Service funds are structured to provide for debt service payments for the City's bonds. The expenditures are strictly scheduled and occur normally in six month intervals. Funds include: Bond Interest Accounts and Bond Principal Accounts.

d. **Liquidity Buffer Accounts**

Liquidity funds are to assure the City's liquidity for anticipated and unanticipated needs within one month. A liquidity buffer is needed in all but debt service funds which have well-defined and unalterable liabilities.

## **INVESTMENT STRATEGY BY TYPE**

In order to minimize market risks or principal loss due to interest rate fluctuations, investment maturities and portfolio structures will be limited by the anticipated cash flow requirements of the various fund types. The general investment strategies are established by fund type. The use of liquidity buffers in fund types is to provide for unanticipated liabilities.

a. **Operating Funds**

The short term (one to six months) needs of the operating funds will generally be addressed through a ladder portfolio and the longer term (six to twelve months) needs of the operating funds will be structured in a more loosely structured ladder. Core funds, not intended for use within one year may be extended to two years.

Operating Funds are designed to meet ongoing demands. The portfolio(s) will utilize high credit quality securities with no perceived credit risk to meet those demands and assure liquidity if needed. Securities with active and efficient secondary markets are necessary in the event of an unanticipated cash requirement. Investment maturities shall be ladder based on the anticipated operating needs of the City. Market cycle risk will be reduced by diversifying the appropriate maturity structure. Operating Funds require the greatest short-term liquidity of any of the fund types, investment pools and money market mutual funds can provide daily liquidity.

Price volatility of the overall portfolio(s) will be minimized by requiring a maximum dollar-weighted average days to maturity (WAM) for the Operating portfolio(s) of 180 days and restricting the maximum allowable maturity to two years.

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Attaining a competitive market yield is a desired objective. The yields on the three-month and one-year Treasury Bills shall be the minimum yield objective and benchmarks for these funds in accordance with their anticipated WAM restrictions.

**b. Capital Improvement Funds**

Capital Improvement Funds are designed to meet anticipated needs for construction and certain fixed liabilities, are primarily funded by bond proceeds and should have reasonably predictable draw down schedules.

Investment maturities will generally follow the anticipated cash flow requirements. Investment pools and money market mutual funds shall provide readily available funds generally equal to one month's anticipated cash flow needs. The portfolio(s) must be based upon the anticipated schedules but also provide for changing schedules and cash needs and to minimize the effect of market fluctuations. As such they require a laddered portfolio based on known needs and a liquidity buffer to provide for unanticipated needs.

Securities with active and efficient secondary markets of high-credit quality with no perceived default risk are to be used.

A single flex repurchase agreement may be utilized, and structured to satisfy expenditure requests. The flex may be used effectively to manage against falling interest rates and protect against negative arbitrage.

US tax and arbitrage regulations require competitive market rates. The portfolio(s) will be structured in such a way as to avoid negative arbitrage on bond proceeds and will comply with all arbitrage provisions. For Capital Improvement Funds that have an arbitrage yield, achieving a positive spread to the applicable arbitrage yield is the desired objective.

If the arbitrage yield is not applicable, then current market conditions will determine the portfolio structure and strategy.

At no time shall the investment maturities of a fund exceed the anticipated expenditure schedule. The maximum maturity limits shall reflect the then-current expenditure plan for the proceeds.

**c. Debt Service Funds**

Debt Service funds are structured to provide for debt service payments for the City's bonds. The expenditures are strictly scheduled and occur normally in six month intervals. The portfolio(s) will utilize high credit quality securities with no perceived credit risk to meet those demands and assure liquidity if needed.

The maximum maturity for the investments in these portfolios will be one year and every known debt service date shall be fully funded before extensions are made. The maximum dollar weighted average maturity will be six months to fulfill these obligations.

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**d.      Liquidity Buffer Accounts**

A liquidity buffer, dependent in size upon then-current economic conditions and City cash flow needs, shall be maintained in Operating and Capital Improvement Funds to meet immediate cash needs of at least one month and provide for reasonable, unanticipated liabilities. The maximum maturity of these liquid invested funds should be one day. These funds may be invested in money market mutual funds, local government pools, or in a depository overnight sweep.



**BAYTOWN FINANCE COMMITTEE**

**2. b.**

**Meeting Date:** 12/07/2021

Consider an RFP for Investment Advisory Services

**Prepared for:** Victor Brownlees, Finance

**Prepared by:** Elizabeth Donato, Finance

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**Information**

**ITEM**

Consider an RFP for Investment Advisory Services.

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**Attachments**

**Investment Advisory Services**

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# CITY OF BAYTOWN

FINANCE DEPARTMENT  
PURCHASING DIVISION

2401 Market Street • P.O. Box 424  
Baytown, Texas 77522-0424  
(281) 420-6524 • (281) 781-2477 Fax

## GENERAL INFORMATION

Proposal RFP 22-1112  
Investment Advisory Services

.....

Proposals are due by  
Wednesday, ????? 2:00 pm  
NO LATE PROPOSALS WILL BE ACCEPTED

.....

For additional information concerning this proposal, please contact:

Carla Hommel, CTCD, CTCM  
Contract Coordinator  
[carla.hommel@baytown.org](mailto:carla.hommel@baytown.org)  
281-420-6524

Proposer must submit their proposal utilizing QuestCDN online bidding/proposal site only. No telephonic, facsimile, written, emailed or any other type of submission will be accepted for this proposal. Documents for obtaining a valid bidder/proposer ID Code and directions for placing your bid/proposal can be found at [www.baytown.org](http://www.baytown.org). Under Public Information, select Bids & Vendor Information,

It is the policy of the City to involve small businesses and qualified minority/women owned businesses to the greatest extent possible in the procurement of goods, equipment, services and construction projects.

Proposals must be received by (date), utilizing QuestCDN. No proposal will be accepted after that date and time.

Proposals will be publically opened and read aloud at the City of Baytown City Hall located at 2401 Market Street, Baytown, TX 77520 on (date),

Proposals are to be submitted in accordance with the included specifications and the General Conditions included. Each proposer is required to attach all requested documents and price requested items; failure to do so may be used as a basis for rejection of a proposal. The City reserves the right to reject any or all proposals, to waive formalities, or to proceed otherwise when in the best interest of the City.

The successful proposer may be required to execute a written contract.

The City will have the right and option to extend the term of the contract for additional one (1) year periods upon the same terms and conditions. The City will also have the right and option to terminate the contract upon thirty (30) days written notice.

Question and Answer Period: The deadline for submitting questions is October 8, 2020 at 4 pm. All questions must be submitted in email format to [purchasing@baytown.org](mailto:purchasing@baytown.org). The Purchasing Division will issue a response by addendum to answer all questions by October 9, 2020 at 4 pm.

## ***TABLE OF CONTENTS***

Estimated Timeline -----	4
General Conditions of Proposal -----	5
Terms and Conditions-----	13
Introduction-Scope of Work -----	17
General Proposal Terms-----	18
Specific Terms and Conditions -----	20
General Information -----	21

## ESTIMATED TIMELINE

(timeline may be subject to changes)

The City will make every effort to adhere to the following schedule but meeting dates are tentative and subject to change:

Request for Proposal Issued

Non-Mandatory Pre-Proposal Conference

Deadline for Questions/Request for Additional Information

Responses to related questions posted to website

### **Due Date for Proposal**

Applicant demonstration, if requested

Contract Awarded

New Investment Advisory Service Agreement Period Begins

April 1, 2022



## **GENERAL CONDITIONS OF PROPOSAL**

1. These instructions apply to all proposals and become part of the terms and conditions of any proposal submitted and any agreement entered into subsequent thereto, unless exception is taken in writing by proposer when submitting proposal.

### **PROPOSAL/BIDDING**

2. Proposers must submit their bid utilizing the QuestCDN online bidding website only. Documents for obtaining a valid bidder ID Code and directions for placing your bid can be found at [www.baytown.org](http://www.baytown.org). Under the Public Information Tab, select Bids & Vendor Information. No paper, facsimile, email or other type of proposal will be accepted for this project.

3. Price(s) quoted must be held firm for a minimum of one hundred-twenty (120) days from the date of proposal closing. In the case of estimated requirement contract proposal, the prices must remain firm for the period as specified in the proposal. "Discount from List" proposals are not acceptable unless specifically requested in the proposal.

4. With this response, the proposer shall provide all requested documentation, including addendum acknowledgement. Failure to provide this information may result in rejection of proposal. Proposer must show title and authority to bind their company in a contract.

5. Proposals cannot be altered or amended after submission deadline. The signer of the proposal, guaranteeing authenticity, must initial any interlineations alteration, or erasure made before opening time. No proposal may be withdrawn after opening without first submitting a written reason to the Purchasing Department and obtaining approval.

6. Proposal presentation: No written, oral, telegraphic, e-mailed, or facsimile proposals will be considered at this time. Proposer must submit their proposal utilizing QuestCDN online proposal/bidding.

7. All correspondence in regards to this proposal must contain the proposal number.

8. Addenda: All interpretations, corrections or changes to this Request for Proposal and specifications will be made by addenda. Sole issuing authority of addenda shall be vested in the City of Baytown Purchasing Division. All addenda will be attached in the QuestCDN online proposal/bidding site. All plan holders will receive an email from QuestCDN that the addenda have been added to the proposal documents. **IF YOU HAVE ALREADY SUBMITTED YOUR PROPOSAL, QUESTCDN WILL AUTOMATICALLY UN-SUBMIT YOUR PROPOSAL. IT IS THE RESPONSIBILITY OF THE PROPOSER TO RE-SUBMIT THEIR PROPOSAL.** It is the responsibility of the proposer to include addenda changes to their proposal. The City reserves the right to revise or amend the specifications prior to the date set for proposal opening. If a proposer demonstrates just reason for a change, the City must have at least five (5) working days' notice prior to proposal opening.

9. Late proposals: The QuestCDN online proposal/bidding site does not allow proposals to be uploaded after the closing date and time of the proposal.

10. Proposal Opening: All submitted proposals will be read aloud at the City's scheduled proposal opening date and time for that project. However, the reading of a proposal at proposal opening should not be construed as a comment on the responsiveness of such proposal or as any indication that the City accepts such proposal as responsive.

The City will decide as to the responsiveness of proposals submitted based upon compliance with all applicable laws, City of Baytown Purchasing guidelines, and proposal documents, including but not limited to the proposal specifications and/or contract documents. The City will notify the successful proposer upon approval of award of the contract and according to state law; all proposals received will be available for inspection at that time, unless otherwise provided by law. All requests made will be in the form of a Public Information Request, submitted to the City of Baytown, City Clerk's Office.

11. Proposal award: The City will conduct a comprehensive, fair, and impartial evaluation of all proposals received in response to this Request for Proposal. Each proposal shall be analyzed to determine the overall best value to the City in compliance with Texas Local Government Code, Section § 252.043. In order to determine acceptable successful proposer offering the best value for the City, the following criteria will be considered:

**30 points** Qualifications and experience of the firm and key personnel to be assigned to work with the City, particularly as it relates to municipalities in the State of Texas

**30 points** Technical ability of the firm to respond to the scope of work and perform the needed services described herein

**20 points** References substantiating the firm's experience and success in providing investment advisory services to similar governmental entities

**10 points** Fees (describe the proposed compensation for services)

**10 points** Thoroughness of the response as it relates to the Scope of Work and requested information, including the signed Certification Form

The proposals will be reviewed and evaluated by City staff which may include the Director of Finance, Assistant Director of Finance, Controller, and the City Attorney.

As part of the evaluation process, the City may invite any one or all firms to make an oral presentation to City staff to answer questions about the firm and the proposal. This presentation would be handled prior to the final staff recommendation.

The contract will be awarded to the proposer who provides the goods or services specified herein at the best value for the City in compliance with Texas local Government Code, Section § 252.043 based upon the above referenced criteria.

12. Change orders: No oral statement of any person shall modify or otherwise change, or affect terms, conditions or specifications stated in the resulting contract. All change orders to the contract will be made in writing by the City.

### **PERFORMANCE**

13. This is to describe the minimum standards for responsible proposers. A prospective proposer must demonstrate proposer's responsibility. A prospective proposer must meet the following requirement:

- a) Have adequate financial resources or the ability to obtain such resources
- b) Be able to comply with the proposed delivery schedule
- c) Have a satisfactory record of performance
- d) Have a satisfactory record of integrity and ethics
- e) Be qualified and eligible, as determined by the City, to receive an award

The City may request representation and other information sufficient to determine proposer's ability to meet these minimum standards listed above.

14. The successful proposer shall not sell, assign, transfer or convey this contract in whole or in part, without the prior written consent of the City.

15. The proposer agrees to indemnify and hold harmless from any claim involving patent right infringement or copyrights on goods supplied.

### **PURCHASE ORDERS AND PAYMENT**

16. A purchase order shall be generated by the City Purchasing Division to the successive proposer. The purchase order shall be provided to the successful proposer either by the Purchasing Department or the department requesting the goods/services. The purchase order number must appear on all itemized invoices and packing slips. The City will not be held responsible for any work orders/orders placed and/or performed without a valid current purchase order number. Payment will be made for all services rendered and accepted for which a valid invoice has been received.

17. Proposal security/bond requirements: If required, proposal security shall be submitted with proposals. Any proposal submitted that requires a proposal bond shall be considered non-responsive and not considered for award if not included. Not all proposals will require a payment bond or performance bond. When viewing the proposal

documents on QuestCDN, you will be notified of any requirements for bonds prior to placing a proposal.

18. The City is a municipal corporation operated and funded on an October 1st to September 30th fiscal year. The City reserves the right to terminate, without liability to the City, any contract for which funding is not available.

19. Taxes: The City is exempt from Federal Manufacturer's Excise and State sales tax. Tax must not be included in proposal pricing. Tax exemption certificates will be executed by the City and furnished upon request by the Purchasing Department.

20. Payment Terms: Payment terms are Net 30 unless otherwise specified by the City in this document. Prompt payment discounts may be used by the City in determining the lowest responsible proposer.

21. Invoices: Invoices must be submitted by the successful proposer to:

City of Baytown  
Finance Division  
PO Box 424  
Baytown, TX 77522

## **CONTRACT**

22. Contract Period/Renewal Options: In the case of an annual contract proposal, the contract shall be for a predetermined period as specified in the Request for Proposals. If a clause for option to renew for additional period(s) is (are) included, renewal(s) will be based solely upon the written agreement between both the City and the contractor. Either party dissenting will terminate the contract in accordance with its initial specified term.

23. Cooperative Purchasing: As permitted under the Texas Local Government Code, Chapter 791025, other government entities may wish to also participate under the same terms and conditions contained in this contract (Interlocal Agreement). Each entity wishing to Interlocal must have prior authorization from the City and vendor. If such participation is authorized, all purchase orders will be issued directly from and shipped directly to the entity requesting the supplies/services. The City shall not be held responsible for any orders placed, deliveries made or payment for supplies/services ordered by these entities. Each entity reserves the right to determine their participation in this contract.

24.

**THE RESPONDENT AGREES TO AND SHALL INDEMNIFY AND HOLD HARMLESS AND DEFEND THE CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES (HEREINAFTER REFERRED TO AS THE "CITY") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, CAUSES OF ACTION, SUITS AND LIABILITY OF EVERY KIND, INCLUDING ALL EXPENSES OF**

**LITIGATION, COURT COSTS, AND ATTORNEY'S FEES, FOR INJURY TO OR DEATH OF ANY PERSON, FOR DAMAGE TO ANY PROPERTY, OR FOR ANY BREACH OF CONTRACT, ARISING OUT OF OR IN CONNECTION WITH THE SERVICES PERFORMED BY THE RESPONDENT CAUSED, IN WHOLE OR IN PART, BY THE CONCURRENT NEGLIGENCE OF THE CITY AND THE RESPONDENT AND/OR CAUSED BY THE SOLE OR JOINT NEGLIGENCE OF THE RESPONDENT. IT IS THE EXPRESS INTENTION OF THE PARTIES HERETO, BOTH THE RESPONDENT AND THE CITY, THAT THE INDEMNITY PROVIDED FOR IN THIS PARAGRAPH IS INDEMNITY BY THE RESPONDENT TO INDEMNIFY AND PROTECT THE CITY FROM THE CONSEQUENCES OF THE CITY'S OWN NEGLIGENCE, WHERE THAT NEGLIGENCE IS A CONCURRING CAUSE WITH THAT OF THE RESPONDENT OF THE INJURY, DEATH OR DAMAGE AND FROM THE CONSEQUENCES OF THE RESPONDENT'S OWN NEGLIGENCE, WHERE THAT NEGLIGENCE IS THE SOLE OR CONCURRING CAUSE OF THE INJURY, DEATH, OR DAMAGE. SUCH INDEMNITY SHALL NOT APPLY, HOWEVER, TO LIABILITY ARISING FROM THE INJURY, DEATH, OR DAMAGE OF PERSONS THAT IS CAUSED BY OR RESULTS FROM (I) THE SOLE NEGLIGENCE OF THE CITY OR (II) THE CONCURRENT NEGLIGENCE OF THE CITY IF THE RESPONDENT IS NOT JOINTLY NEGLIGENCE. IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST THE CITY FROM WHICH THE CITY IS INDEMNIFIED, THE RESPONDENT FURTHER AGREES AND COVENANTS TO DEFEND THE ACTION OR PROCEEDING BY LEGAL COUNSEL ACCEPTABLE TO THE CITY.**

25. Termination for default: The City reserves the right to enforce the performance of this contract in any manner prescribed by law or deemed to be in the best interest of the City in the event of breach or default of this contract. The City reserves the right to terminate this contract with cause within ten (10) days in the event the successful proposer fails to (1) meet delivery schedules or (2) otherwise perform in accordance with these specifications. Breach of contract or default authorizes the City to, among other things, award to another proposer, purchase elsewhere and charge the full increase in cost and handling to the defaulting successful proposer.

26. Acceptability: All articles described in the proposal shall be subject to inspection by a City officer or employee designated for that purpose. If found inferior to the quality called for, or not equal in value to the specifications, deficient in workmanship or

otherwise, this fact shall be certified by the Purchasing Department or assigned designee who shall have the right to reject the whole or any part of the same. Work deemed to be contrary to specifications must be replaced by the proposer and at its expense. All disputes concerning quality of supplies used in the performance of this proposal will be determined by the Purchasing Department.

27. Remedies: The successful proposer and the City agree that each party has all rights, duties, and remedies available as stated in the Uniform Commercial Code and any other available remedy, whether in law or equity.

28. Venue: Proposer shall comply with all Federal and State laws and City Ordinances and Codes applicable to the Proposer's operation under this contract. These Specifications and the contract resulting here from shall be fully governed by the laws of the State of Texas, and shall be fully performable in Harris County, Texas, where venue for any proceeding arising hereunder will lie.

29. Silence of Specifications: The apparent silence of these specifications as to detail or to the apparent omission from it of detailed description concerning any point shall be regarded as meaning that only the best commercial practices are to prevail. All interpretations of the specifications shall be made on the basis of statement.

30. Force Majeure: If, by reason of Force Majeure, either party hereto shall be rendered unable to wholly or in part to carry out its obligations under this contract, then such party shall give notice and full particulars of such Force Majeure in writing to the other party within a reasonable time after occurrence of the event or cause relied upon, and the obligation of the party giving such notice, so far as it is affected by such Force Majeure, shall be suspended during the continuance of the inability with all reasonable dispatch. The term Force Majeure as employed herein, shall mean acts of God, strikes, lockouts, or other industrial disturbances, act of public enemy, order of any kind of government of the United States or the State of Texas or any civil or military authority, insurrections, riots, epidemics, landslides, lightning, earthquake, fires, hurricanes, storms, floods, washouts, droughts, arrests, restraint of government and people, civil disturbances, explosions, breakage or accidents to machinery, pipelines, or canals, or other causes not reasonable within the control of the party claiming such inability. It is understood and agreed that the settlement of strikes and lockouts shall be entirely within the discretion of the party having the difficulty, and that the above requirement that any Force Majeure shall be remedied with all reasonable dispatch shall not require the settlement of strikes and lockouts by acceding to the demands of the opposing party or parties when such settlement is unfavorable in the judgment of the party having the difficulty.

31. Consistent and continued tie proposing/bidding could cause rejection of proposals by the City and/or investigation for Anti-Trust violations.

32. If a proposal contains proprietary information, the proposer must declare such information as proprietary if proposer does not want information to become public. Any proprietary information must be clearly identified in the proposal by using the Exceptions to Specifications.

33. Preservation of Contracting Information

The requirements of Subchapter J, Chapter 252, Government Code, may apply to this contract and the contractor or vendor agrees that the contract can be terminated if the contractor or vendor knowingly or intentionally fails to comply with a requirement of that subchapter. For the period of the term, and in accordance with records retention requirements governed by Chapters 201 and 205 of the Texas Local Government Code and Texas Administrative Code Title 13, Chapter 7, and any other applicable statute, ordinance, or policy, Contractor shall preserve all contracting information, as defined by Section 552.003 of the Texas Government Code, related to this contract. Upon receiving a written request from the City, Contractor shall promptly provide any contracting information related to this contract that is in the custody or possession of Contractor. Upon the expiration or termination of this contract, Contractor shall either a) provide, at no cost to the City, all contracting information related to this contract that is in the custody or possession of Contractor or b) preserve the contracting information related to this contract as provided by the records retention requirements applicable to the City.

34. The following documents will be completed and returned:

- Affidavit of Ownership - Affidavit Disclosing Substantial Interest in a Business Entity or Real Property, as defined in Local Government Code 171.002
- Form CIQ - A vendor must file a Form CIQ (Conflicts of Interest Questionnaire) if the vendor has an employment or other business relationship with a local government officer
- Form 2271 -(1) "Boycott Israel" has the meaning assigned by Section 808.001.(2) "Company" has the meaning assigned by Section 808.001, except that the term does not include a sole proprietorship.(3) "Governmental entity" has the meaning assigned by Section 2251.001.
- Proposers Certification
- Certification Form
- Completed proposal with all required documents

35. **INSURANCE REQUIREMENTS:**

The insurance coverage herein shall, at a minimum, meet the following requirements:

- a. Commercial General Liability
  - General Aggregate: \$1,000,000
  - Per Occurrence: \$500,000
  - Coverage shall be broad form CGL
  - No coverage shall be deleted from standard policy without notification of individual exclusions being attached for review and acceptance
  - Waiver of Subrogation required.
- b. Business Automobile Policy
  - Combined Single Limits: \$1,000,000
  - Coverage for "Any Auto"
  - Waiver of Subrogation required.

- c. Professional Liability, if applicable
  - Limit: \$1,000,000
  - Claims-made form is acceptable
  - Coverage will be in force for two (2) years after construction of the project is completed.
- d. Workers' Compensation
  - Statutory Limits
  - Employer's Liability \$1,000,000
  - Waiver of Subrogation required.

Prior to any work being performed on the site, the Respondent shall file with the City valid certificates of insurance and endorsements acceptable to the City. Such certificates shall contain a provision that coverage afforded under the policies will not be canceled, suspended, voided, or reduced until at least thirty (30) days' prior written notice has been given to the City via certified mail, return receipt requested.

The Respondent shall also file with the City valid certificates of insurance covering all sub consultants.

The following are general requirements applicable to all policies:

- All liability policies shall have an AM Best Rating of A-: VII or better.
- Insurance carriers licensed and admitted to do business in State of Texas will be accepted.
- The City, its officers, agents and employees are to be added as Additional Insureds to all liability policies, with the exception of the Errors and Omissions Policy required herein.
- Upon request of and without cost to City of Baytown, certified copies of all insurance policies and/or certificates of insurance shall be furnished to City of Baytown's representative. Certificates of insurance showing evidence of insurance coverage shall be provided to City of Baytown's representative prior to any work being performed at the site.

Upon request of and without cost to City of Baytown, loss runs (claims listing) of any and/or all insurance coverage shall be furnished to City of Baytown's representative.



## TERMS AND CONDITIONS

1. Bidders will supply their bids in electronic format, utilizing QuestCDN online bidding up until the close of bidding. No oral, telegraphic, telephonic, e-mailed, paper or facsimile bids will be considered. At that time the bids will be publicly opened and proposer's names will be read aloud when opening a Request for Proposal. The City will identify the proposers, but pricing will be kept confidential during contract negotiations. When bids are opened for an Invitation to Bid, bidder's information and pricing will be read aloud. Upon contract award, bidding documents shall be available for public inspection under the Open Records Act.
2. Late bids will not be accepted or considered under any circumstances.
3. Bids CANNOT be altered or amended after opening time. No bid may be withdrawn after opening without approval, and based on a written acceptable reason.
4. The City of Baytown reserves the right to revise or amend the specifications prior to date set for opening bids. Such revisions or amendments, if any, will be announced by amendments or addendum to these specifications. Copies of such amendments or addendum so issued will be furnished in the QuestCDN online bidding site. If bidder demonstrates just reason for a change, the City of Baytown must have at **least** five working days' notice prior to bid opening date.
5. **Should bidder find discrepancies in or omissions from the specifications or other documents or be in doubt as to their meaning, bidder should at once notify the Purchasing Department at 281-420-6524 and obtain clarification prior to submitting a bid.**
6. QUOTE F.O.B. destination. Price should include all costs including shipping, handling, and other related costs. Bid unit price on quantity specified – extend and show total. In case of errors in extension, **UNIT prices shall govern**. Bids subject to unlimited price increases will not be considered. The City of Baytown reserves the right to go out for bids on larger projects.
7. Bid offered shall be valid for one hundred-twenty (120) days from opening date.
8. The City of Baytown is exempt from taxes. **DO NOT INCLUDE TAX IN BID.**
9. The City of Baytown reserves the right to terminate this contract with cause within ten (10) working days or without cause within thirty (30) calendar days by notifying the contractor in writing prior to the termination of this agreement. Furthermore, the City may immediately and without notice terminate this Agreement if Bidder breaches this agreement..
10. Bidder **MUST** give full firm name and address. Person submitting bid should show **TITLE or AUTHORITY TO BIND HIS FIRM IN A CONTRACT.**
11. Any catalog, brand name or manufacturer's reference used in bid invitation is descriptive – NOT restrictive – it is to indicate type and quality desired. Certain items in this bid must be brand name and are listed as such. Bids on brands of like nature and quality will not be considered on items that are labeled as BRAND. If bidding on other than reference specifications, bidder must show manufacturer, brand or trade name, lot number, etc., of article offered. If other than brand(s) specified is offered, illustrations and complete description should be made part of the bid. If bidder takes no exceptions to specifications or reference data, he will be required to furnish brand names, numbers, etc., as specified. All items bid shall be new, in first class condition and manufacturer's latest model and design including containers suitable for shipment and storage, unless otherwise indicated in bid invitation. Verbal agreements to the contrary will not be recognized.
12. If the brochure or information included with your bid **does not exactly** describe the item to be furnished, then notes in the attached form, "EXCEPTIONS TO SPECIFICATIONS," must explain the difference. Comments in this form signify that your proposal takes exception to the stated specifications. Exceptions taken may be just cause to disqualify bid.
13. NO substitutions or cancellations permitted without written approval of the City of Baytown.
14. All bidders **must meet or exceed the minimum specifications** to be considered as a valid bid. The City of Baytown reserves the right to accept or reject all or any part of any bid, waive minor technicalities and award the bid either to the lowest responsible bidder or to the bidder who provides goods or services at the best value for the City of Baytown.
15. **DELIVERY:** Specifications indicate number of days required to place material in receiving department designated location under normal conditions. A difference in delivery promise may break a tie bid. Unrealistically short or long delivery promises may cause bid to be disregarded. Consistent failure to meet delivery promises without valid reason may cause removal from bid list. Delivery shall be made during normal working hours only, 8:00 a.m. to 5:00 p.m. unless prior approval for late delivery has been obtained. Deliveries are to be F.O.B. Destination.
16. Consistent and continued tie bidding could cause rejection of bids by the City of Baytown and/or investigation for Anti-Trust violations.

17. **If a bid contains proprietary information, the Bidder must declare such information as proprietary if bidder does not want information to become public. Any proprietary information must be clearly identified in the bid by using the Exceptions to Specifications page.**
18. The Contractor/Supplier agrees to protect the City of Baytown from claims involving infringement of patents or copyrights.
19. Purchase order number should be on original invoice and invoice sent to the City of Baytown, PO Box 424, Baytown, TX 77522-0424; Attn: Accounts Payable.
20. The City of Baytown shall pay for the product/service within thirty (30) days of receipt and acceptance. Acceptance by the City of Baytown shall constitute all items bid being received and in good working order to the City of Baytown's satisfaction.
21. Bidder must complete and execute the Affidavit of Ownership or Control included in the bid package and required by Chapter 2 "Administration," Article V "Finance," Division 4 "City Contracts: Indebtedness to City" of the Code of Ordinances, Baytown, Texas. Such affidavit must be included with the Bid at the time the bid is submitted.
22. The Bidder does not boycott Israel and will not boycott Israel during the term of any contract let pursuant to this bid/RFP/RFQ. In making this verification, I understand that "boycott Israel" means refusing to deal with, terminating, business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Bidder does not boycott energy companies and will not boycott energy companies during the term of any contract let pursuant to this bid/RFP/RFQ. In making this verification, I understand that "Boycott energy company" means, without an ordinary business purpose, refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations with a company because the company: (a) engages in the exploration, production, utilization, transportation, sale, or manufacturing of fossil fuel-based energy and does not commit or pledge to meet environmental standards beyond applicable federal and state law; or (b) does business with a company described by Paragraph (a).the Bidder does not have a practice, policy, guidance, or directive that discriminates against a firearm entity or firearm trade association and will not discriminate during the term of the contract against a firearm entity or firearm trade association. In making this verification, I understand that "Discriminate against a firearm entity or firearm trade association" means, with respect to the entity or association, to: (a) refuse to engage in the trade of any goods or services with the entity or association based solely on its status as a firearm entity or firearm trade association; (b) refrain from continuing an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; or (c) terminate an existing business relationship with the entity or association based solely on its status as a firearm entity or firearm trade association; but does not include: (a) the established policies of a merchant, retail seller, or platform that restrict or prohibit the listing or selling of ammunition, firearms, or firearm accessories; and (b) a company's refusal to engage in the trade of any goods or services, decision to refrain from continuing an existing business relationship, or decision to terminate an existing business relationship; 1) to comply with federal, state, or local law, policy, or regulations or a directive by a regulatory agency; or (2) for any traditional business reason that is specific to the customer or potential customer and not based solely on an entity's or association's status as a firearm entity or firearm trade association.
23. The successful bidder may not assign, sell or otherwise transfer this contract without prior written consent of the City Council of the City of Baytown.

# **INTRODUCTION & SCOPE OF WORK**

## **General Information**

The City of Baytown, Texas (the "City") is the third largest city in the Houston Metropolitan Area. The City is located in Harris County and Chambers County and is 20 miles east of downtown Houston, within 35 minutes of Houston Hobby Airport and 55 minutes of Houston George Bush Intercontinental Airport.

Houston is readily accessible via Interstate 10, a major thoroughfare running through the north side of the City. The City encompasses an area of approximately 43 square miles with an estimated population of 82,017. In addition, the City's extra territorial jurisdiction (ETJ) comprises a further 104 square miles with an estimated population of over 40,000. It is surrounded by six bays and the Houston Ship Channel, which has led not only to the development of a booming petrochemical industry, but also a variety of recreational activities centered on the area's waterways.

The City was incorporated on January 24, 1948, as a Home -Rule City operating under the Council-Manager form of government. The City Council is composed of the Mayor and six City Council (the "Council") members. All six Council members are required to reside within the defined districts from which they are elected, the Mayor is elected at-large and all Council positions are elected for three-year staggered terms.

The City Charter, Article III, Section 32 requires the Council to appoint a City Manager to act as the chief executive officer and head of the administrative branch of the City. It is the responsibility of the City Manager to appoint and remove department heads and conduct the general affairs of the City in accordance with the policies of the Council.

The financial reporting entity includes all funds of the primary government, as well as all of its component units. A component unit is considered to be part of the City's reporting entity when it is determined that the City is financially accountable for the entity or the nature and significance of the relationship between the City and the entity is such that exclusion would cause the City's financial statements to be misleading or incomplete. The City provides a full-range of services, including police and fire protection, emergency medical services, water and sewer services, sanitation services, storm water utility services, parks and recreational facilities, recreation programming, library services, transportation improvements, inspections, and environmental health services. Internal services of the City, accounted for on a cost reimbursement basis, are the central services operations for the garage and warehouse functions and the risk management services.

Discretely presented component units are legally separate entities and not part of the primary government's operations. Accordingly, the Baytown Area Water Authority

(BAWA) and the Baytown Municipal Development District (MDD) are reported separately.

The City of Baytown ("City") is requesting proposals from qualified firms (who are registered with the Securities and Exchange Commission and the Texas State Securities Board) to provide Investment Advisory Services for a two-year period beginning on or about April 1, 2022 and ending March 30, 2024. At the City's option, the contract may be renewed for three (3) additional one-year periods. Each optional renewal will be based on the firm's satisfactory performance and mutual agreement by both parties.

There is no expressed or implied obligation for the City to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

### **Responses to the RFP**

Responses to the RFP ("proposals") must be submitted in the manner prescribed herein and must be received by the Purchasing Department prior to the time and date specified. It is the firm's responsibility to ensure the proposal is actually submitted by the submission deadline. The mere fact that the proposal was dispatched will not be a consideration. At a minimum, the proposal must be valid for a period of 120 days from the submission deadline.

If your proposal has been submitted and you must make any changes, you can un-submit your proposal, make your changes and resubmit. This can be done as many times as needed prior to submission deadline through the QuestCDN on-line bidding portal.

The City reserves the right to make any additional inquiries deemed necessary for the evaluation of the proposal and/or to investigate the firm's qualifications. Respondents shall be obligated to furnish any additional information requested by the City.

There is no expressed or implied obligation for the City of Baytown to reimburse responding firms for any expenses incurred in preparing proposals in response to this request.

### **Questions**

In order to ensure the fair and objective evaluation of the submittals, all questions related to this RFP must be submitted in writing and will be answered in writing and issued by addendum

1. For questions related to the City's purchasing process, contact Carla Hommel at 281-420-6524 or via email at [carla.hommel@baytown.org](mailto:carla.hommel@baytown.org). **Technical questions in regards to the RFP contents must be submitted to [purchasing@baytown.org](mailto:purchasing@baytown.org) only.**

Contact with any other City employee or official relative to this request is prohibited. Failure to observe this requirement may be grounds for rejection of the response.

The City believes the data contained in this RFP is sufficient for the preparation of a response. Requests for additional information will be considered based on the availability of the requested information and the timing of the request. Such information will be submitted to all known and interested firms simultaneously.

## **Scope of Work**

The City is requesting a Request for Proposal from eligible and qualified investment advisory firms to serve as investment advisor (on a non-discretionary basis) to the City. The investment advisor will be a key partner in the City's treasury management operations. The City is seeking a firm that is capable of providing these services and willing to be attentive and responsive to the City's needs. The firm shall be expected to optimize interest income as authorized by the City's Investment Policy and Investment Strategy in accordance with State law. It is the City's intent to award a contract to the one firm that offers the most advantages to the City by providing investment advisory services at a reasonable cost.

## **GENERAL PROPOSAL TERMS AND CONDITIONS**

### **Reimbursements**

There is no express or implied obligation for the City to reimburse respondents for any expenses incurred in preparing a proposal in response to this RFP. The City will not reimburse respondents for these expenses, nor will the City pay any subsequent costs associated with the provision of any additional information or presentation, or to procure a contract for these services.

### **Addenda**

If it becomes necessary to change the published RFP documents, all the foregoing terms and conditions and all performance requirements will also apply to the published addenda. All published addenda must be signed and included with the proposal as acknowledgement of the addenda. Any changes will be provided to all plan holders within the QuestCDN e-bid platform by addendum; however, the firm is responsible for obtaining all published addenda. The City assumes no responsibility for the firm's failure to obtain and/or properly submit addenda. Failure to acknowledge and submit addenda may be cause for the proposal to be rejected. The City's decision to accept or reject any particular proposal due to a failure to acknowledge and submit addenda will be final.

### **Certification**

By submitting a proposal, the firm certifies knowledge and understanding of the scope, quantity, and quality of services to be provided in response to this RFP. A Certification Form is included with this RFP and must be completed and returned as part of the proposal. Failure to submit a signed Certification Form will result in the proposal being rejected as incomplete.

**Reservations**

All proposals shall become the property of the City. This RFP does not commit the City to award a contract, to pay any costs associated with the preparation of the proposal, or to contract for services.

The City reserves the right to accept or reject any or all proposals, in whole or in part, to waive all formalities, to negotiate with any qualified firms, or to cancel, in whole or in part, this RFP if it is found to be in the best interest of the City. The City also reserves the right to request additional information and/or clarification of any information submitted as part of the proposal.

The City shall conduct reference checks as necessary to evaluate any proposal. The City may contact references listed in the proposal, but may also contact any other company or individual that can provide information to assist in the evaluation of the qualifications and capability of the firm.

**Exceptions**

Exceptions, conditions, or qualifications to the provisions of the City's specifications or requirements must be clearly identified as such and should include a reasonable explanation. Proposed alternate language should be clearly stated and inserted in the appropriate place(s) in the proposal. If agreeable to the City, each exception, condition, or qualification to the City's specifications will be included in the final contract. Items or matters not specifically excepted in this manner shall be deemed to be in conformance with the City's specifications.

**Disclosure**

At the public opening, there will be no disclosure of contents to the respondents, and all proposals will be kept confidential during the evaluation and negotiation process. Except for confidential information the firm identifies as proprietary, all proposals will be available for public inspection after the contract award, in accordance with the Texas Public Information Act.

**Award of the Contract**

Award of the contract shall be based on demonstrated competence and qualifications, using established criteria to evaluate the proposals. The evaluation criteria and proportional value of each are described in this RFP. Professional fees are not the primary consideration in the evaluation process, however, pricing is included as part of the evaluation criteria.

## **SPECIFIC TERMS AND CONDITIONS**

Any and all charges and fees associated with the Investment Advisory Service Agreement must be clearly and accurately included in the RFP response. The charges and fees represented in the RFP response shall overrule any and all other agreements between the City and the investment advisory institution. The City will not be obligated by any charges and fees not clearly and accurately presented in the RFP response. Services initiated after consummation of the Investment Advisory Service Agreement shall carry charges and fees mutually agreed to, in writing, by the City and the investment advisory institution. Regardless of time delay, the investment advisory institution shall refund or credit the City for any erroneous charges and fees not agreed to in writing.

While the City expects the contract duration to be five years, the new agreement period will be for a two-year period of April 1, 2022 through March 30, 2024 with a provision for three (3) one-year extensions under the same terms and conditions, at the option of the City. The agreement will also provide for a transition period not to exceed ninety (90) days for migration to a new firm at the end of the term.

Termination for default: The City reserves the right to enforce the performance of this contract in any manner prescribed by law or deemed to be in the best interest of the City in the event of breach or default of this contract. The City reserves the right to terminate this contract with cause within ten (10) days in the event the successful proposer fails to (1) meet delivery schedules or (2) otherwise perform in accordance with these specifications. The City reserves the right to terminate this contract without cause within ten (10) working days. Breach of contract or default authorizes the City to, among other things, award to another proposer, purchase elsewhere and charge the full increase in cost and handling to the defaulting successful proposer. The City is a municipal corporation operated and funded on an October 1st to September 30th fiscal year. The City reserves the right to terminate, without liability to the City, any contract for which funding is not available.

No term or provision of the contract shall be construed to relieve the firm of liability to the City for damages sustained by the City because of any breach of contract. The City may withhold payments to the firm until the exact amount of damages due the City is determined and paid.

Should there be a change in the firm's ownership or management, the contract may be canceled at the option of the City unless a mutual agreement is reached with the new owner or manager to continue the contract pursuant to the existing contract terms, conditions and pricing.



Payments shall be made in accordance with the contracted fee schedule. The City shall expect an immediate refund or credit for any erroneous charges and fees not agreed to in writing.

This contract shall be governed in all respects by the laws of the State of Texas. The parties agree that performance and all matters related thereto shall be in a state court of competent jurisdiction in Harris County, Texas and further that neither party will seek to remove such litigation to the federal court system by application of conflict of laws or any other removal process to any Federal Court or court not in Texas.

No public official or City employee shall enter into a contract on behalf of the City which violates Local Government Code, Chapter 171 – Regulation of Conflicts of Interest of Officers of Municipalities, Counties, and Certain Other Local Governments. Contracts are subject to all legal requirements provided in the City Charter and/or applicable City Ordinances, and all applicable State and Federal Statutes.

## **GENERAL INFORMATION**

### **EVALUATION**

#### **Evaluation Criteria**

The evaluation of the proposals and the contract award will be based primarily on demonstrated competence and qualifications using the criteria listed below. While cost (fees) is a consideration, fees are not the primary factor in the selection of the firm. The contract award may not necessarily be made to the firm that provides the lowest cost proposal but shall be based on "best value" as determined by the City.

It is important that the proposal be clear and complete. Incomplete proposals will not be considered under any circumstances.

**30 points** Qualifications and experience of the firm and key personnel to be assigned to work with the City, particularly as it relates to municipalities in the State of Texas

**30 points** Technical ability of the firm to respond to the scope of work and perform the needed services described herein

**20 points** References substantiating the firm's experience and success in providing investment advisory services to similar governmental entities

**10 points** Fees (describe the proposed compensation for services)

**10 points** Thoroughness of the response as it relates to the Scope of Work and requested information, including all requested documents

### **Review of Proposals**

The proposals will be reviewed and evaluated by City staff which may include the Director of Finance, Assistant Director of Finance, Controller, and the City Attorney.

As part of the evaluation process, the City may invite any one or all firms to make an oral presentation to City staff to answer questions about the firm and the proposal. This presentation would be handled prior to the final staff recommendation.

## **INSTRUCTIONS AND REQUIREMENTS**

The proposal should conform to the format described below and should provide a straightforward and understandable description of the firm's capabilities and experience. Respondents may include additional information to expand on the firm's ability to perform these services, but all required information must be included for the response to be eligible for consideration.

**Section 1      Cover Letter** – Please include a cover letter stating the firm's understanding of the RFP and expressing why the firm is qualified to perform investment advisory services. The letter should include the name and contact information of the individual(s) authorized to answer questions about the proposal. The letter must be signed by a person authorized to contractually bind the firm.

**Section 2      Qualifications and Experience** – Briefly introduce the firm, including a summary of the organization, date founded, ownership, and a list of any subsidiaries and/or affiliates relevant to the City. Please include the following:

- Describe the firm's experience in providing investment advisory services to similar organizations, with emphasis on municipalities of the same size and scope as the City of Baytown.
- Identify the types of and number of investment accounts handled by the firm and explain how the addition of the City's account would impact the firm's resources.

- Describe any current or prior professional relationships involving the City and explain why such relationships would not constitute a conflict of interest.
- Identify the primary contact and any other individual(s) that may work on the City's account, including their planned level of involvement and accessibility. Please describe their role in the firm, level of responsibilities and decision making, investment management experience (in general and specific to the public sector), and the number of years they have worked with the firm.
- Describe any investigation, censure, arbitration, litigation, or conflicts of interest involving the investment advisory services of the firm or any individual that may work on the City's account, including the circumstances, details, and outcome related to any alleged improper, fraudulent, unfair or unethical activities related to the sale of securities, management of public funds, etc.
- Summarize fidelity bond coverage, errors and omissions, employee dishonesty, fiduciary liability insurance, or other fiduciary coverage your firm carries.
- Describe the firm's commitment to the public sector and how the firm's investment professionals stay abreast of developments relevant to the investment of public funds, specifically as it relates to Texas and the Public Funds Investment Act.
- Describe the firm's expectation and/or requirements of City staff.
- Include Part 2 of your most recent Form ADV. If you are exempt from registering with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940, please document your reasons.
- Provide proof of registration with the State Securities Board of Texas and/or the Securities and Exchange Commission.

**Section 3      Technical Ability and Understanding of the Scope of Work** – Proposals should indicate a clear understanding of the scope of work and should include the following:

- The firm's philosophy and approach to investment management, including what steps would be taken to ensure the City's principal investment objectives are met (e.g., safety, liquidity, and yield).
- The firm's primary strategy or strategies to add value to an investment portfolio, including a suggested approach, plan, and/or timeline to transition from the City's current investment procedure.
- Describe how investment ideas are originated and how researched, and how the ultimate investment recommendation is made. Explain how

investment recommendations are then implemented, monitored and evaluated.

- Describe how your firm will review the credit of financial institutions it utilizes.
- The firm's procedure related to providing general ledger accounting entries to the City. Including the firm's ability to assist with GASB pronouncements and the completion of the Comprehensive Annual Financial Report (CAFR).
- The firm's procedures and method of portfolio review and client contact.
- The firm's selection process for broker/dealers and financial institutions, including a description of due diligence procedures. Please indicate if the firm would or would not be amenable to working with the broker/dealers currently approved by the City.
- Describe the methods used to calculate yield and to evaluate the performance of various investment, broker/dealers, etc.
- Include any sample reports that would be available to the City, including frequency of distribution.
- Identify the portfolio management software system you use and explain to what level the City can access the system.
- Provide the firm's proposed contractual agreement.

**Section 4**      **Fees** – Provide the fee schedule that would apply to this account for five years, broken down in detail by year. Also disclose what expenses not covered by the fees are expected to be paid by the City.

**Section 5**      **References** – Provide at least four references from governmental entities, particularly municipalities, including the entity's name and mailing address, contact name, telephone number and email address.

**Section 6**      **Certification and Acknowledgement** – A complete and fully executed (signed) Certification Form is required.

**Section 7**      **Addenda** – If applicable, please include any addenda items requested, including a signed acknowledgement of each addendum.

**Section 8**      **Additional Information** – Any additional information deemed pertinent by the firm may be included after the required information.

**Section 9**      **Additional Forms** - Affidavit of Ownership, Form CIQ, Form 2271, Proposers Certification, fully executed



# CITY OF BAYTOWN

Purchasing  
P. O. BOX 424

(281) 420-6524  
Baytown, Texas 77522-0424

**CERTIFICATE OF INTERESTED PARTIES:** In 2015, the Texas Legislature adopted House Bill 1295, which added section 2252.908 of the Government Code and, as it applies to contracts entered into on or after January 1, 2016. The law states that a governmental entity may not enter into certain contracts with a business entity unless the business entity submits a disclosure of interested parties to the governmental entity at the time the business entity submits the signed contract to the governmental entity. The law applies to all contracts/purchases of a governmental entity that require an action or vote by the governing body of the entity.

With regards to City of Baytown purchases, a vendor that is awarded a contract or purchase that is greater than \$50,000 is required to electronically create a Form 1295 through the Texas Ethics Commission website at [www.ethics.state.tx.us/File](http://www.ethics.state.tx.us/File) and submit a signed copy of the form to the City. The City will not enter into a contract or make a purchase in excess of \$50,000 unless the City receives a properly completed Form 1295.

Please do not initiate this form until asked to do so by the City of Baytown.