



# City of Sacramento City Council

2

915 I Street, Sacramento, CA, 95814  
[www.CityofSacramento.org](http://www.CityofSacramento.org)

**Meeting Date:** 9/27/2011

**Report Type:** Consent

**Title:** City Treasurer's Procurement of Investment Operations Service

**Report ID:** 2011-00784

**Location:** Citywide

**Recommendation:** Adopt a Resolution authorizing the City Treasurer to secure purchase orders for on-going investment and banking services, consulting services, and License, maintenance and/or technical support services for software during the fiscal year 2012 for an amount not to exceed \$300,000

**Contact:** John Colville, Chief Investment Officer, Office of the City Treasurer

(916) 808-8297, Lydia Abreu, Investment & Operations Manager, (916) 808-7746, Office of the City Treasurer

**Presenter:** None

**Department:** City Treasurer

**Division:** City Treasurer

**Dept ID:** 05001011

## **Attachments:**

---

- 1-Description/Analysis
- 2- Background
- 3- Resolution
- 4- Exhibit - Resolution 2006-571

---

### **City Attorney Review**

Approved as to Form  
Marcos A. Kropf  
9/21/2011 3:53:39 PM

### **City Treasurer Review**

Reviewed for Impact on Cash and Debt  
Russell Fehr  
9/16/2011 4:16:28 PM

### **Approvals/Acknowledgements**

Department Director or Designee: Russell Fehr - 9/21/2011 10:18:59 AM



## Description/Analysis

**Issue:** As a result of the most recent changes in the procurement policies, we are presenting for City Council approval the services related to our investment operations.

Due to the unique nature of investment operations, over the past several years, the City Treasurer has acquired several sole-source services which assist in optimizing the City's investment returns. The Vendors listed in the table below have met the City's policy requirements for contracting. They are providing continuous services, for which, over a cumulative period, may eventually exceed \$100,000. For further explanation of each Vendor and the service it provides, see the Background section of this report.

The City Treasurer requests spending authorization to cover ongoing agreements for annual investment and banking services, consulting services, and license maintenance, and/or technical support services for software, from the following vendors for FY 2011/12:

| <b>Vendor Name</b>      | <b>Projected Annual Amount<br/>FY 2011/12</b> | <b>Type of Service</b>                                      |
|-------------------------|---|---|
| Advent Software Inc     | \$55,000                                      | Software Licensing, Annual Maintenance, Consulting Services |
| Bank of New York        | \$65,000                                      | Custodial Banking Fees - SCERS                              |
| Bank of New York        | \$25,000                                      | Custodial Banking Fees – City of Sacramento                 |
| Bloomberg LP            | \$60,000                                      | Administration, Connectivity & Equipment Rental Fees        |
| Hub Data                | \$2,000                                       | Subscription service  |
| Interactive Data        | \$4,000                                       | Data feed Services  |
| New York Stock Exchange | \$4,000                                       | Data Services   |
| RogersCasey, Inc        | \$55,000                                      | Consulting Services - SCERS                                 |
| Standard & Poor's       | \$5,100                                       | Ratings services  |
| Sungard International   | \$2,000                                       | Quarterly Fund Evaluation                                   |
| <b>Total FY 2011/12</b> | <b>\$277,100</b>                              |   |

**Policy Considerations** Under City Charter Section 73, the City Treasurer shall be responsible for the deposit and investments of all funds of the City Treasury not made subject to the control of others and keep Council fully advised which includes the selection, overview and management of the City's banking services. The recommendation in this report is in accordance with the goals, objectives, initiatives and operating principles of the City Treasurer's Strategic Plan. It is the policy of the City Treasurer's Office to keep the City Council fully informed of the City's Investment and Operation services that will exceed, cumulatively, \$100,000, over consecutive years.

**Environmental Considerations:** Not applicable

**Sustainability:** Not applicable

**Commission/Committee Action:** Not applicable

**Rationale for Recommendation:** These services assist the City Treasurer in maximizing the City's investment returns.

**Financial Considerations:** The total amount of this request will not exceed \$400,000 for Fiscal Year 2011/12. All of the services listed above are budgeted within the Treasurer's Fiscal Year 2011/12 operating budget, which was adopted by Council on June 21, 2011.

**Emerging Small Business Development (ESBD):** City Council adoption of the attached resolution is not affected by City policy related to the ESBD Program.

**BACKGROUND:** Since 1982, various investment services have been included in the City Treasurer’s annual budget. The City Treasurer has acquired several sole-source services which assist in optimizing the City’s investment returns. The fees the City Treasurer pays for these services are absorbed by the management fees it charges for managing the SCERS portfolios.

The following describes the purpose of each service further including the length of time the City Treasurer has utilized each service.

**Advent Software, Inc** (Service provided since March, 1998) Advent Software is the accounting software which houses all of the City’s investment holdings, tracks investment performance history, and provides financial reports, financial analysis, and statistical analysis. This service includes the software license, annual maintenance and consulting services.

**Bank of New York:** (Service provided since July, 1999) The Bank of New York provides custodial services for all of the City’s and SCERS equity trades and fixed trades. On January 8, 2004, the City Treasurer reported to City Council, that through the Request for Proposals (RFP) process, the City Treasurer had selected the Bank of New York to provide this service beginning November 3, 2003, for a period of five years, through October 31, 2008, with the option for two one-year extensions.

**Bloomberg LP:** (Service provided since December, 1991) Bloomberg provides real-time data for all markets including municipal bonds, equity, and swaps. It also provides real-time updates and news for all indices, corporate ratings and market conditions. On August 1, 2006, City Council authorized the City Treasurer to continue its contract with Bloomberg for the foreseeable future, so long as it continues to manage the City’s investment portfolios (See Attachment 2 for Resolution No. 2006-571). Associated with Bloomberg is **New York Stock Exchange**. The City pays a subscription fee for each of this service, which represents the City’s portion of their license fees.

**Hub Data:** (Service provided since 2004) Hub Data provides subscription services.

**Interactive Data:** (Service provided since June, 2003) Interactive Data is the live link to Advent Software that provides current market data for all portfolio holdings.

**New York Stock Exchange:** (Service provided since October, 1993) See Bloomberg.

**Rogerscasey, Inc:** (Service provided since 1982) Rogerscasey, Inc. is a service that is required by the Administrative & Fiscal Management Board to provide independent portfolio performance and investment management evaluation of the SCERS portfolio.

**Standard and Poor’s:** (Service provided since 2009) Standard and Poor’s is a ratings service.

**Sungard International:** (Service provided since 2004) Sungard International provides quarterly fund evaluation services.



# RESOLUTION NO. 2011-\_\_\_\_\_

Adopted by the Sacramento City Council

September 20, 2011

**AUTHORIZING THE CITY TREASURER TO SECURE PURCHASE ORDERS FOR ON-GOING INVESTMENT AND BANKING SERVICES, CONSULTING SERVICES, AND LICENSE, MAINTENANCE, AND/OR TECHNICAL SUPPORT SERVICES FOR SOFTWARE, DURING THE FISCAL YEAR 2011/12, FOR AN AMOUNT NOT TO EXCEED \$300,000.**

## BACKGROUND:

- A. One objective of the City Treasurer's Office is to optimize investment returns for funds under its management. In order to achieve this objective, the City Treasurer utilizes numerous investment vehicles, each of which operates in a different manner.
- B. In order to optimize investment performance, the City Treasurer utilizes a variety of products, tools and services on an annual basis. In the professional opinion of the City Treasurer, the products, tools and services provided by each of the vendors, listed in this resolution are necessary and valuable to the achievement of the overall investment performance.
- C. On a cumulative basis, the cost for such products, tools and services exceeds \$100,000. It is the policy of the City Treasurer's Office to keep the City Council fully informed of the City's Investment and Operation services that will exceed, cumulatively, \$100,000, over consecutive years.

## **BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

**Section 1:** The City Council finds and determines that the statements in the Background are true

**Section 2:** The City Treasurer is hereby authorized to issue purchase orders to cover ongoing agreements for annual investment and banking services, consulting services, and license maintenance, and/or technical support services for software, from the following vendors for FY 2011/12 and continuous annual contracts:

| <b>Vendor Name</b>      | <b>Projected Annual Amount<br/>FY 2011/12</b> | <b>Type of Service</b>                                      |
|-------------------------|---|---|
| Advent Software Inc     | \$55,000                                      | Software Licensing, Annual Maintenance, Consulting Services |
| Bank of New York        | \$65,000                                      | Custodial Banking Fees - SCERS                              |
| Bank of New York        | \$25,000                                      | Custodial Banking Fees – City of Sacramento                 |
| Bloomberg LP            | \$60,000                                      | Administration, Connectivity & Equipment Rental Fees        |
| Hub Data                | \$2,000                                       | Subscription service  |
| Interactive Data        | \$4,000                                       | Data feed Services  |
| New York Stock Exchange | \$4,000                                       | Data Services   |
| RogersCasey, Inc        | \$55,000                                      | Consulting Services - SCERS                                 |
| Standard & Poor's       | \$5,100                                       | Ratings services  |
| Sungard International   | \$1,980                                       | Quarterly Fund Evaluation                                   |
| <b>Total FY 2011/12</b> | <b>\$277,100</b>                              |   |



## RESOLUTION NO. 2006-571

Adopted by the Sacramento City Council

August 1, 2006

### **AUTHORIZING THE OFFICE OF THE CITY TREASURER TO CONTINUE ITS CONTRACT WITH BLOOMBERG L.P. IN ORDER TO PROVIDE INVESTMENT MANAGEMENT SERVICES**

#### **BACKGROUND:**

Since 1991 the City Treasurer's Office is using Bloomberg L.P. as sole-source provider for financial market data in managing city-wide investment portfolios.

The contract is an open ended rolling lease agreement with Bloomberg L.P., Lessor, and the services provided are; software, data, and equipment. The agreement has been effective from the date it was accepted by Lessor, City of Sacramento, and shall remain in full force and effect and automatically renewed unless earlier terminated by Lessee or Lessor at any time immediately upon written notice to Lessee in the event of a breach by Lessee of any of the provisions of the agreement.

Lessee, City of Sacramento, agrees to pay Lessor, Bloomberg L.P., the amount indicated on the monthly schedule. The City Treasurer reviews the charges on monthly and determines its accuracy. For example, the total annual fees paid to Lessor past four fiscal years were: FY 03 - \$69,772.98, FY 04 - \$71,661.36, FY 05 - \$87,964.24, and FY 06 - \$104,592.86.

It appears that the contract fees going up approximately 2 ½ % to 3% annually with the exception of FY-05 which we added a new terminal and services related to it and FY-06 we added Bloomberg-Any-Where service for key employees to have portable access to market data.

We expect to continue our relationship with Bloomberg L.P. for the foreseeable future so long as we are managing City's investment portfolios. We like to mention that this fee is absorbed by the management fees we charge to SCERS portfolios.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL  
RESOLVES AS FOLLOWS:**

**Section 1.** The City Council finds and determines that the statements in the Background are true

**Section 2.** The Office of the City Treasurer is hereby authorized to continue it's contract with Bloomberg L.P. in order to provide investment management services

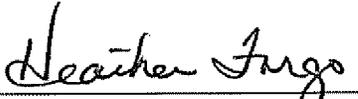
Adopted by the City of Sacramento City Council on August 1, 2006 by the following vote:

Ayes: Councilmembers Cohn, Fong, Hammond, McCarty, Pannell, Sheedy, Waters, and Mayor Fargo

Noes: None

Abstain: None

Absent: Tretheway.

  
\_\_\_\_\_  
Mayor, Heather Fargo

Attest:

  
\_\_\_\_\_  
Shirley Concollino, City Clerk