

CORPUS CHRISTI HOUSING AUTHORITY & AFFILIATES
RFP #19006 - Bank Depository Services - Addendum #1

Date: March 27, 2019

Request For Proposals (RFP) No. 19006 – Bank Depository Services, is hereby amended as follows:

- (1) Question: What types of investment securities does the Housing Authority accept for pledging to deposits?
Answer: Please see attached CCHA Investment Policy
- (2) Question: Does the housing authority accept a Letter of credit as collateral?
Answer: No.
- (3) Question: In reviewing the December 2018 statement I see 29 account maintenance but 61 statements rendered, are they all checking or savings included, if so how many savings?
Answer: All are checking.
- (4) Question: How many remote deposit scanners are being utilized?
Answer: 18
- (5) Question: How many accounts are on positive pay?
Answer: 20
- (6) Question: How many accounts have ach blocking?
Answer: All accounts have blocking with review.
- (7) Question: How many accounts are on ach origination and for what purpose?
Answer: 20 accounts are used for vendor/landlord/client ach payments.
- (8) Question: How many accounts include wire services?
Answer: All have wire services, currently 3 have month usage.
- (9) Question: Is the interest expense calculated as an expense on the account analysis? In other words, does it increase the monthly expenses on the account analysis statement?
Answer: Yes.
- (10) Question: Is there any cash being deposited?
Answer: No.
- (11) Question: Is the procurement card part of the RFP? If so, please provide number of cards and annual yearly spend.
Answer: Yes. Currently, CCHA does not have a Procurement Card program. The RFP is asking banks to propose one with a robust rebate program.

All other terms and conditions of the Request For Proposals remains unchanged. **The signed addendum must be returned with your RFP submission.**

Acknowledged and accepted:

Company: _____

Representative Name: _____

Signature: _____

Date: _____



CORPUS CHRISTI HOUSING AUTHORITY INVESTMENT POLICY

INTRODUCTION

The purpose of this document is to set forth specific investment policy and strategy guidelines for the Corpus Christi Housing Authority (“CCHA”) in order to achieve the goals of safety, liquidity, yield, and public trust for all investment activity. The Board of Commissioners shall review and adopt, by resolution, its investment strategies and policies annually or as amendments are made. The resolution shall include a record of changes made to either the investment policy or strategy. This policy serves to satisfy the statutory requirement (specifically the Public Funds Investment Act, Chapter 2256 of the Government Code (the “Act”) to define, adopt and review a formal investment strategy and policy.

INVESTMENT STRATEGY

Investment strategies for operating funds have, as their primary objective, to assure that anticipated cash flows are matched with adequate investment liquidity. The secondary objective is to create a portfolio structure which will experience minimal volatility during economic cycles. This may be accomplished by purchasing high quality, short-to-medium term securities.

INVESTMENT POLICY

I. SCOPE

This investment policy applies to all financial assets and funds of the CCHA. These funds include:

- Low Rent
- Rental Assistance Demonstration
- Housing Choice Vouchers
- Business Activities
- Capital Fund Programs

and any new funds created by the CCHA, unless specifically exempted by the Board of Commissioners, this policy, or by law.

II. OBJECTIVES

The CCHA shall manage and invest its cash with four objectives listed in order of priority: Safety, Liquidity, Yield, and Public Trust. The safety of the principal invested always remains the primary objective. All investments shall be managed in a manner responsive to the public trust and consistent with State and Local law.

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The CCHA shall maintain a comprehensive cash management program that includes collection of accounts receivable, vendor payments in accordance with invoice terms, and prudent investment of available cash. Cash management is defined as the process of managing monies in order to combine maximum cash availability and maximum yield on short-term investment of idle cash.

Safety

The primary objective of the CCHA's investment activity is the preservation of capital in the overall portfolio. Each investment transaction shall be conducted in a manner to avoid capital losses, whether they are from security defaults or erosion of market value.

Liquidity

The CCHA's investment portfolio shall be structured such that the CCHA is able to meet all obligations in a timely manner. This shall be achieved by matching the investment maturities with forecasted cash flow requirements. In addition, the portfolio will be based on a cash flow analysis of needs and will remain sufficiently liquid to enable it to meet all operating requirements which might be reasonably anticipated.

Yield

The CCHA's investment portfolio shall be designed with the objective of attaining a market rate of return, taking into account risk constraints and the cash flow needs of the portfolio. "Market rate of return" may be defined as the average yield of the current six month U.S. Treasury Bill.

Public Trust

Participants in the CCHA's investment process shall act responsibly as public trust custodians. Investment officials shall avoid transactions which might impair public confidence in the CCHA's ability to govern effectively.

III. RESPONSIBILITY AND CONTROL

Investment management decisions and activities are recommended by the Chief Financial Officer (Investment Officer), and approved by the Chief Executive Officer of the CCHA.

Prior to making a recommendation, the Investment Officer calls several financial institutions to get current rates of return for targeted investments. A decision is then made on the best option for the CCHA by the Chief Executive Officer.

All participants in the investment process shall seek to act responsibly as custodians of the public trust. The Chief Financial Officer shall establish a system of controls to regulate the activities of subordinate staff. The Chief Financial Officer shall designate a staff person as a liaison in the event circumstances require timely action and the Chief Financial Officer is not available. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

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Quality and Capability of Investment Management

The CCHA shall provide periodic training in investments for the designated investment officer and other investment personnel through courses and seminars offered by professional organizations, associations, and other independent sources in order to ensure the quality and capability of investment management in compliance with the Public Funds Investment Act.

Training Requirement

In accordance with the Public Funds Investment Act, the designated Investment Officer shall attend an investment training session no less often than once every two years that begins on the first day of the Housing Authority's fiscal year and shall receive not less than 10 hours of instruction relating to investment responsibilities. A newly appointed Investment Officer must attend a training session of at least 10 hours of instruction within twelve months of the date the officer assumed the duties.

Internal Controls

The Chief Financial Officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity 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.

The Chief Financial Officer shall establish a process for annual independent review by an external auditor to assure compliance with policies and procedures.

Prudence

The standard of prudence to be applied by the investment officer shall be the "prudent person" rule, which states: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence and discretion 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."

The Investment Officer, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported immediately and that the appropriate action is taken to control adverse developments.

Ethics and Conflicts of Interest

CCHA staff involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair the ability to make impartial investment decisions. CCHA staff shall disclose to the Chief Executive Officer any material financial interests in financial institutions that conduct business with the CCHA and they shall further disclose positions that could be related to the performance of the CCHA's portfolio. An Investment Officer must file a disclosure statement with the Texas Ethics Commission and the governing body if: the Officer has a personal business relationship with a business organization

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offering to engage in an investment transaction with the CCHA or if the officer is related within the second degree by affinity or consanguinity, as determined by the Texas Government Code Chapter 573, to an individual seeking to sell an investment to the Board. CCHA staff shall subordinate their personal financial transactions to those of the CCHA, particularly with regard to timing of purchases and sales.

IV. REPORTING

An Investment Officer prepares a monthly certificate of deposit listing which is approved by the Chief Financial Officer and included in the monthly Board package. The listing is grouped by fund and includes the following:

- Issuing Institution
- Initial Investment Amount
- Interest Amount
- Maturity Value
- Interest Rate
- Term (In Months)
- Maturity Date

V. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further described by the Public Funds Investment Act.

- A. Fully insured or collateralized certificates of deposit from a bank with a main office or a branch office in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year stated maturity.
- B. U.S. Treasury T-bills, Notes, or Bonds
- C. Federal National Mortgage Association Bonds - FNMA
- D. Government National Mortgage Association Bonds - GNMA

If additional types of securities are approved for investment by public funds by state statute, they will not be eligible for investment by the CCHA until this policy has been amended and the amended version approved by the Board of Directors.

VI. SELECTION OF FINANCIAL INSTITUTIONS

Depository

At least every five years a Depository shall be selected through the CCHA's banking services procurement process, which shall include a formal request for proposal (RFP). In selecting a depository, the credit worthiness of institutions shall be considered, and the appropriate personnel of the CCHA shall conduct a comprehensive review of prospective depository's credit characteristics and financial history.

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Certificates of Deposit

The CCHA shall, at least annually, review, revise, and adopt a list of qualified financial institutions authorized to engage in securities transactions with the CCHA. Banks seeking to establish eligibility for the CCHA's competitive certificate of deposit purchase program shall submit for review annual financial statements, evidence of federal insurance and other information as required by the Chief Financial Officer.

Agreement

Every bank that transacts business with CCHA will be provided with a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the investment program. A qualified representative of the firm will be required to return a signed certification stating that the Policy has been received and reviewed and has implemented reasonable procedures and controls in an effort to preclude investment transactions conducted between the entity and CCHA's investment policy, except to the extent that this authorization is dependent on an analysis of the makeup of the entity's entire portfolio or requires an interpretation of subjective investment standards. (PFIA 2256.005 (k-1)).

VII. SAFEKEEPING AND COLLATERALIZATION

Insurance or Collateral

All deposits and investments of CCHA funds other than direct purchases of U.S. Treasuries or Agencies shall be secured by pledged collateral. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 102% of market value of principal and accrued interest on the deposits or investments less an amount insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF). Evidence of the pledged collateral shall be maintained by the Chief Financial Officer or designee. Repurchase agreements shall be documented by a specific agreement noting the collateral pledge in each agreement. Authorized collateral is defined by chapter 2257 of the State of Texas government code.

Safekeeping Agreement

Collateral pledged to secure deposits of the CCHA shall be held by a safekeeping institution in accordance with a Safekeeping Agreement which clearly defines the procedural steps for gaining access to the collateral should the CCHA determine that the funds are in jeopardy. The safekeeping institution, or Trustee, shall be the Federal Reserve Bank or an institution not affiliated with the firm pledging the collateral. The safekeeping agreement shall include the signatures of authorized representatives of the CCHA, the firm pledging the collateral, and the Trustee. All securities purchased by CCHA under this policy must be designated as assets of CCHA and must be conducted on a delivery-versus-payment (DVP) basis.

Monitoring

Market value of the portfolio and each security will be monitored at least quarterly through industry standard publications/sources for market data.

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INVESTMENT POLICY**

VIII. EXEMPTION

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements contained herein. At maturity or liquidation, such funds shall be reinvested only as provided by this policy.

IX. INVESTMENT POLICY ADOPTION

The Housing Authority of the City of Corpus Christi's investment policy shall be adopted by resolution of the Board of Commissioners. The policy shall be reviewed for effectiveness on an annual basis by the Chief Financial Officer and Chief Executive Officer and any modifications will be recommended for approval to the Board of Commissioners. The Board of Commissioners shall review these investment policies and strategies not less than annually.