

Executive Summary

Finance & Investment Committee Meeting, December 6, 2022

Board of Governors Meeting, December 7, 2022

Bond Rating Service – SS22-2002

Topic

Citizens requests approval to contract with S&P Global Market Intelligence for its Ratings Xpress License to provide Bond Rating Services. Citizens will use Ratings Xpress to carry out its fiduciary responsibility to oversee and report on its investment portfolios, ensuring they adhere to Citizens' investment policies, including minimum ratings requirements from S&P. Citizens currently has over 2,500 rated securities representing over \$9 billion in market value. Contract approval is requested for a three (3) year term with no renewal options, for an amount not to exceed \$207,300.

Background

S&P Global Market Intelligence is the incumbent provider, with a contract procured through third-party resellers, as authorized Alternative Contract Sources with the Florida Department of Management Services. S&P Global has recently shifted away from this model and now exclusively offers their ratings services directly to its end users. With this new model, Citizens needed to procure this license directly from S&P Global in order to continue to use this industry standard bond rating service for its investment policies.

Citizens' requests board approval to contract with S&P Global Market Intelligence to continue its Ratings Xpress License providing Bond Rating Services. Citizens uses bond ratings services to oversee and report on its investment holdings, both internally and with external investment managers. Citizens has four (4) investment policies that ten (10) external investment managers managing twenty-three (23) portfolios, must adhere to. Within the investment policies are multiple minimum investment ratings requirements depending on the type of security or sector. S&P ratings provides the most depth and breadth when analyzing minimum ratings criteria and has the largest market share for bond ratings focused on the securities that Citizens invests in its portfolio.

S&P Global is the standard by which governments and multi-national corporations compare the bond ratings and overall risks of the market. Both the Florida Department of Financial Services and the Florida State Board of Administration use S&P Global Market Intelligence for their bond rating research.

Executive Summary

Finance & Investment Committee Meeting, December 6, 2022

Board of Governors Meeting, December 7, 2022

Recommendation

Staff proposes that the Finance & Investment Committee review, and if approved, recommend the Board of Governors:

- a) Approve the Bond Rating Service contract with S&P Global Markets for a term of (3) years, for an amount not to exceed \$207,300, as set forth in this Action Item;
and
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

Bond Rating Service – SS22-2002

ACTION ITEM

New Contract

Contract Amendment

Other _____

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval _____

Other _____

Item Description	Bond Rating Service
Purpose/Scope	This Action item seeks Board approval to contract with S&P Global Market Intelligence for its Ratings Xpress License to provide Bond Ratings Service. Citizens will use Ratings Xpress to carry out its fiduciary responsibility to oversee and report on its investment portfolios, ensuring they adhere to Citizens' investment policies, including minimum ratings requirements from S&P. Citizens currently has over 2,500 rated security positions representing over \$9 billion in market value in its investment portfolio.
Contract ID	Bond Rating Service Contract number SS22-2002 S&P Global Market Intelligence
Budgeted Item	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Procurement Method	On September 14, 2022 Citizens issued a Single Source Solicitation, SS22-2002, for Bond Ratings Service, in accordance with s. 287.057(3)(c), Florida Statutes. SS22-2002 was posted for the required fifteen (15) business days, followed by the seventy-two (72) hour Notice to Award posting.
Contract Amount	Not to exceed \$207,300 for the life of the contract.
Contract Terms	Three (3) year term with no renewal option.

Bond Rating Service – SS22-2002

Committee Recommendation	Staff proposes that the Finance & Investment Committee review, and if approved recommend the Board of Governors: <ul style="list-style-type: none">a) Approve the Bond Rating Service contract with S&P Global Markets for a term of three (3) years, for an amount not to exceed \$207,300, as set forth in this Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Board Recommendation from Committee	If approved at its December 6, 2022 meeting, the Finance & Investment Committee recommends that the Board of Governors: <ul style="list-style-type: none">a) Approve Bond Rating Service contract with S&P Global Markets for a term of three (3) years, for an amount not to exceed \$207,300, as set forth in this Action Item; andb) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
Contacts	Jennifer Montero, Chief Financial Officer