

## EXECUTIVE SUMMARY

### Direct Negotiation Agreement FY20-165 – Treasury Management Software Solution

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#### Introduction

##### **Responsible: Procurement & Warehousing Services (PWS) and The Treasurer's Office**

This request is to approve the Agreement between FIS AvantGard LLC (FIS) and The School Board of Broward County, Florida (SBBC), for a period of one (1) year commencing on March 3, 2020, and concluding on March 3, 2021, with four (4) optional one (1) year renewal periods. FIS will provide treasury management software as a service solution and will be funded by the Treasurer's Office budget.

The total five (5) year spending authority being requested is \$394,800, which includes implementation and subscription fees of \$145,200 for the initial one (1) year contract and \$62,400 for each of the four (4) subsequent optional renewal periods, as illustrated on Page 3 in the Financial Impact section. It is understood by both FIS and SBBC that the renewal periods are contingent upon budget appropriations and annual School Board funding approval, as well as School Board approval annually of the optional renewal periods. While this is not customary, by structuring the contract in this fashion, prices are locked-in for up to five (5) years, along with receiving additional features which greatly benefits the District. If the price lock had not occurred, the typical practice would have been for the vendor to increase the price annually based on the Consumer Price Index (CPI) or the size of the District's portfolio.

#### Goods/Services Description

##### **Responsible: The Treasurer's Office**

On June 7, 2005, the School Board approved a new treasury management software package from SymPro (currently named Emphasys Treasury and Debt Software). The transition from managing and reporting the District's investment portfolios in excel spreadsheets to an investment software system was certainly a step in the right direction. It provided greater control and ensured that the Treasurer's Office complied with state statutes and School Board policies. Subsequently, the Treasurer's Office acquired the software and was able to manage its debt portfolio more effectively.

Currently, the District's investment portfolio exceeds \$1.0 billion. The investment portfolio is diversified, and capabilities, flexibilities, functionalities, and sophistication of the current investment software system has reached its limits. SymPro is a system geared to entities that have small to medium size portfolios (i.e., \$50 million to \$250 million); however, staff still have to manually verify certain investments to ensure accuracy in the month-end process. Also, investment trades completed near the end of the month or beginning of the next month can cause timing issues, resulting in other reconciliation issues.

FIS AvantGard, LLC (FIS) (formerly SunGard) has a more sophisticated, fully integratable treasury management system which provides greater functionalities, improved workflows and reporting capabilities across the following functional areas:

- Treasury Management (Bank Management and Cash Management);
- Cash Flow Projection;
- Investment Management;
- Debt Management;
- General Ledger (G/L) accounting and improved reconciliation and balancing features;
- Compliance and Risk Management, including the ability to monitor real-time management with new regulations and accounting standards.

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FIS provides full integration with investments, debt, cash, and ensures that assets (cash) are in alignment with liabilities (all payments, debt, vendors, etc.). With FIS' cash flow projection module, the District will be able to create real-time cash flow reports, manage investments more closely and strategically, optimizing investment income. FIS is a leader in this industry, and large governments nationwide (portfolios of \$500M or more) use their system. After many discussions with FIS, the staff is confident that the FIS system would eliminate the current SymPro software issues.

FIS's robust, state-of-the-art (cloud-based) system will reduce operational risks, optimize cost structure, streamline operations, and enhance services. Additional noteworthy FIS benefits include:

- Effective daily cash positioning with the ability to make real-time updates to the daily cash position worksheet (cash flow). Using this automated cash flow module, rather than a manual Excel spreadsheet, enables the District to be more precise with cash flow projections, allowing more funds to be invested and resulting in increased investment income;
- Bank Analysis Module automatically detects any excess charges above bank contracted amounts and electronically notifies the bank to issue a credit;
- Enhanced cybersecurity;
- Enables straight-through processing (STP) across all integrated system modules and auto-posting of entries to the G/L module;
- Investment management with a direct interface with Bloomberg;
- Payment processing capabilities with the ability to send and receive payments, including wires, ACH and check positive pay files;
- Customizable dashboard and reporting capabilities to display real-time data with appropriate alerts and ticklers;
- Electronic workflows and approval capabilities with an audit trail.

With cash and investments exceeding \$1.0B, along with a debt portfolio of \$1.6B, it is imperative that the District transitions to a treasury management software system that is robust and sophisticated enough to meet the District's current and future needs.

**Procurement Method**  
**Responsible: PWS & The Treasurer's Office**

The Direct Negotiation was performed in accordance with Purchasing Policy 3320, VI (C)(5)(c), and Section 6A-1.012(14), F.A.C., which permit acquisitions of Information Technology as defined in Section 282.0041(14), Florida Statutes.

The Treasurer and staff, along with the District's Investment Advisors, thoroughly reviewed the top three (3) industry leaders: Kyriba, FIS and Clearwater Analytics, and determined that FIS provided the best functionalities, automation, and integration with SAP for the current and future size and scope of the District's portfolio. Direct Negotiation was deemed the most expeditious and cost-effective method to acquire this crucial and specialized service.

Based on thorough market analysis, followed by Direct Negotiation, the District was able to lock-in prices for up to five (5) years, based on an initial one (1) year term, renewable by mutual agreement between SBBC and FIS for four (4) optional one (1) year renewal periods. The renewal periods are contingent upon budget appropriations and annual School Board funding approval. This price lock also enabled the District to negotiate additional features (i.e., more users and the bank analysis module) at lower overall costs and prevent cost increases, avoiding the typical, common practice of an annual price increase based on the Consumer Price Index (CPI).

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Prior to the expiration of this Agreement, staff will present the School Board with an Amendment to exercise renewal options, after review and assessment of available firms that meet or exceed the District’s needs.

The Financial Advisory Committee approved the selection of FIS.

**Financial Impact  
Responsible: PWS and The Treasurer’s Office**

The total spending authority requested is \$394,800, which includes implementation and subscription fees of \$145,200 for the first year and the four (4) optional one (1) year renewals as detailed below:

<b>YEAR 1</b>	
March-20	\$ 88,000 **
April-20	\$ 5,200
May-20	\$ 5,200
June-20	\$ 5,200
July-20	\$ 5,200
August-20	\$ 5,200
September-20	\$ 5,200
October-20	\$ 5,200
November-20	\$ 5,200
December-20	\$ 5,200
January-21	\$ 5,200
February-21	\$ 5,200
<b>Total Year 1 (A)</b>	<b>\$ 145,200</b>
<b>** Includes One (1) Time Implementation Fee of \$82,800 + Subscription Fee: \$5,200</b>	

<b>Year 2 (B)</b>		<b>Year 3 (C)</b>		<b>Year 4 (D)</b>		<b>Year 5 (E)</b>	
<b>2021-2022</b>	<b>Monthly Fee</b>	<b>2022-2023</b>	<b>Monthly Fee</b>	<b>2023-2024</b>	<b>Monthly Fee</b>	<b>2024-2025</b>	<b>Monthly Fee</b>
Mar-21	\$ 5,200	Mar-22	\$ 5,200	Mar-23	\$ 5,200	Mar-24	\$ 5,200
Apr-21	\$ 5,200	Apr-22	\$ 5,200	Apr-23	\$ 5,200	Apr-24	\$ 5,200
May-21	\$ 5,200	May-22	\$ 5,200	May-23	\$ 5,200	May-24	\$ 5,200
Jun-21	\$ 5,200	Jun-22	\$ 5,200	Jun-23	\$ 5,200	Jun-24	\$ 5,200
Jul-21	\$ 5,200	Jul-22	\$ 5,200	Jul-23	\$ 5,200	Jul-24	\$ 5,200
Aug-21	\$ 5,200	Aug-22	\$ 5,200	Aug-23	\$ 5,200	Aug-24	\$ 5,200
Sep-21	\$ 5,200	Sep-22	\$ 5,200	Sep-23	\$ 5,200	Sep-24	\$ 5,200
Oct-21	\$ 5,200	Oct-22	\$ 5,200	Oct-23	\$ 5,200	Oct-24	\$ 5,200
Nov-21	\$ 5,200	Nov-22	\$ 5,200	Nov-23	\$ 5,200	Nov-24	\$ 5,200
Dec-21	\$ 5,200	Dec-22	\$ 5,200	Dec-23	\$ 5,200	Dec-24	\$ 5,200
Jan-22	\$ 5,200	Jan-23	\$ 5,200	Jan-24	\$ 5,200	Jan-25	\$ 5,200
Feb-22	\$ 5,200	Feb-23	\$ 5,200	Feb-24	\$ 5,200	Feb-25	\$ 5,200
	<b>\$ 62,400</b>		<b>\$ 62,400</b>		<b>\$ 62,400</b>		<b>\$ 62,400</b>
<b>Total (A+B+C+D+E) = \$394,800</b>							

The financial impact amount represents an estimated contract value; however, the amount authorized will not exceed the estimated contract award amount.