



COUNCIL AGENDA: 5/17/16

ITEM: 3.6

Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Norberto L. Dueñas

SUBJECT: NORTH CAROLINA AND
MISSISSIPPI TRAVEL AND
BUSINESS BAN

DATE: May 13, 2016

SUPPLEMENTAL

REASON FOR SUPPLEMENTAL

This report provides information on several of the City's current business relationships with companies headquartered in North Carolina and Mississippi along with recent changes to the Travel Policy with respect to geographic travel restrictions.

RECOMMENDATION

Based on the complexity, potential cost to the City, and challenges of compliance associated with the management of prohibiting the City from doing business with companies headquartered in North Carolina and Mississippi, the Administration recommends that the City Council only include travel restriction bans to these two states as a statement of the City's opposition to the recent legislation.

BACKGROUND

In June 2010, the City Council considered similar prohibitions for travel and conducting business with companies headquartered in Arizona as a statement of the City's opposition to legislation passed by the State of Arizona with respect to immigration. After public testimony and Council discussion the final action was to only prohibit the expenditure of City funds to travel to Arizona for conventions, meetings and other events.

ANALYSIS

Business Ban Considerations

The Finance Department has already identified two businesses headquartered in North Carolina in which a prohibition of doing business would create a significant and immediate challenge with respect to providing services and managing the City's financial affairs. These two businesses are Bank of America and Lowes. Bank of America and Lowes have already taken public positions in opposition to the legislation.

Bank of America -- The City's current business relationships with Bank of America ("BofA") is most evident in the management of the City's large investment and debt portfolios. BofA is currently one of the City's authorized broker/dealers in which we purchase securities and BofA historically has a large inventory of securities available for purchase. With respect to the debt management program, BofA is direct purchaser of the bonds associated with the Airport West property and the current bank purchase agreement expires in 2017, historically banks have renewed their agreements at the termination date, if we were unable to do business with BofA we would need to find another purchaser, which will be time consuming and potentially more expensive. Additionally, the City is planning on issuing bonds during the next 12 months and if we could not do business with BofA they would not be able to submit a proposal for underwriting services and BofA is the #2 ranked underwriter of municipal bonds in the Country by volume.

Of immediate concern, the Finance Department is working with BofA as the Purchaser of the upcoming Tax and Revenue Anticipation Note ("TRAN") which facilitates the City's prefunding of retirement contributions. BofA was selected after a competitive solicitation process that was conducted earlier this year and approval of the TRAN issuance and related documents is scheduled for City Council approval on June 21. Delay of this transaction could jeopardize all or a portion of the general fund savings associated with the prefunding of City's retirement contributions. Prefunding of retirement contributions is an integral part of the City's budget balancing strategy.

Lowes -- The City currently utilizes the procurement cards ("p-card") as a means of facilitating "just-in-time" delivery of supplies and materials to employees in the field. As a result, Lowes is a retail business used by p-card holders to purchase and replace various hardware, construction materials and tools. The City is unable to block the use of specific vendors in the p-card system. It would be administratively cumbersome and potentially cost prohibitive to implement a program "prohibiting" the use of Lowes through the City's p-card program.

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Travel Ban Considerations

As noted earlier, in 2010 when the City Council considered business and travel ban for Arizona the ultimate decision made by the City Council was only for a travel ban. The City did experience difficulties in administering the Arizona Travel ban as identified in the City Auditor's December 2013, "*Audit of Employee Travel Expenditures*". As a result of the Audit, significant changes were made to the Employee Travel Policy including adding a new section to the Policy, "Travel Restrictions" which directs employees to the Finance Department intranet site for listing of any geographic travel restrictions. The Finance Department currently maintains a specific "Travel Page" which proximately displays current geographic travel restrictions. While there are currently no geographic travel restrictions in place (the Arizona travel ban was rescinded in 2014), tools are in place to readily provide information to employees.

The National League of Cities, *2017 NLC City Summit* is scheduled to be held in Charlotte, North Carolina in November 2017. A ban on travel to North Carolina and Mississippi could impact the ability for City employees and Councilmembers to attend this conference.

COORDINATION

This report has prepared in coordination with the Finance Department and the City Attorney's Office.



Norberto L. Dueñas
City Manager

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