



Legislation Text

File #: 15-0052, **Version:** 1

Recommendation to adopt Specifications No. RFP FM15-011 and award a contract to Chandler Asset Management, Inc., of San Diego, CA, to provide investment advisory and management services, in an annual amount not to exceed \$300,000, for a period of two years, with the option to renew for three additional one-year periods, at the discretion of the City Manager. (Citywide)

City Council approval is requested to enter into a contract with Chandler Asset Management, for providing investment advisory and management services relating to the City's pooled investment portfolio. The City aggregates all funds not immediately required for disbursement in a pool, which is invested in various investment securities and vehicles. The City directly invests in securities issued by the U.S. Treasury, Agencies of the United States, California's Local Agency Investment Fund (L.A.I.F.), and other similarly conservative alternatives permitted by the City's Investment Policy. The advisor will provide investment advice to the City, actively manage approximately 25 percent of pooled funds on a discretionary and/or non-discretionary basis, and on-going monitoring of investments, financial markets, regulatory developments, investment strategy review, and performance evaluation.

A Request for Proposals (RFP) was issued on November 11, 2014, and 3,374 potential proposers specializing in professional investment advisory and management services were notified of the RFP opportunity. Of those potential proposers, 25 downloaded the RFP document via the City's electronic bid system. The RFP document was made available through the Purchasing Division, located on the seventh floor of City Hall and the Division's website at www.longbeach.gov/purchasing <<http://www.longbeach.gov/purchasing>>. An RFP announcement was also included in the Purchasing Division's weekly update of Open Bid Opportunities, which is sent to 30 local, minority, and women-owned business groups. Two proposals were received on December 2, 2014. Of those two proposals, none were Minority-owned Business Enterprises (MBEs), certified Small Business Enterprises (SBEs), or Long Beach Businesses (Local), and one was a Women-owned Business Enterprise (WBE).

Local Business Outreach

In an effort to align with the City's outreach goal, Long Beach businesses are encouraged to submit proposals for City contracts. The Purchasing Division also assists businesses with registering on the Bids Online database to download RFP specifications. Through outreach, 375 Long Beach vendors were notified to submit proposals, of which two downloaded and none submitted a proposal. The Purchasing Division is committed to continuing to perform outreach to local vendors to expand the bidder pool.

A selection committee comprised of staff from the Financial Management Department reviewed the proposals and evaluated each firm on the criteria set forth in the RFP. The selection committee determined that Chandler Asset Management, of San Diego, CA (WBE), submitted the most qualified and responsive proposal providing the best value to the City. Chandler Asset Management's comprehensive scope of investment services will augment the City Treasury's investment services through additional investment oversight, enhanced reporting, application of portfolio optimization software, and enhanced compliance oversight.

This matter was reviewed by Deputy City Attorney Amy R. Webber on December 22, 2014 and by Budget Management Officer Victoria Bell on December 31, 2014.

City Council action to adopt Specifications No. RFP FM15-011 and award a contract concurrently is requested on January 20, 2015 to ensure the contract is in place expeditiously in order to further the portfolio goals of safety of principal, and maintaining adequate liquidity.

Investment advisory services are an expense of the investment management function. The proposed fees are calculated as follows: 0.08 percent of the first \$100 million and 0.06 percent of the funds managed exceeding that amount. These fees are consistent with the previous contract. Based on the current managed balance of approximately \$427 million, fees are expected not to exceed \$300,000 annually, and will be paid for by the portfolio earnings. There is no local job impact associated with this recommendation.

Approve recommendation.

JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

PATRICK H. WEST
CITY MANAGER