



Legislation Text

File #: 14-0626, **Version:** 1

Recommendation to authorize City Manager to execute all documents necessary to amend Agreement No. 31351, with Chandler Asset Management, a California-based business, extending the agreement for continuance of investment advisory and management services relating to the City's pooled investment portfolio, to January 1, 2015. (Citywide)

On September 22, 2009, the City Council awarded a two-year contract to Chandler Asset Management (Chandler), with the option to renew for three additional one-year periods and an expiration date of September 30, 2014. The agreement with Chandler provides many services to the City, including regulatory and credit market monitoring to ensure compliance with any regulatory changes and potential credit risk exposure due to changes in interest rates or other factors, GASB reporting on the entire portfolio, daily compliance check of all investments to ensure compliance with the approved Investment Policy, and ensuring the City is using the best practices to promote efficiency and effectiveness. Since the implementation of the agreement, Chandler has proven to be a valuable partner in the management of the City's investments and reporting. The Investment Advisory Committee is briefed monthly on current market developments and reports on any regulatory and statutory changes that impact the City's Investment Policy and portfolio performance. Chandler manages the Long-Term Portfolio component of the City's investment pool. This portfolio is structured with the most diversified risk of having a duration target of approximately 1.75 years and providing the best opportunity of enhanced earnings for each investment dollar.

City Council approval is requested to authorize the City Manager to execute an amendment to the agreement with Chandler, extending the term to January 1, 2015, during which time the Treasury Bureau will facilitate a Request for Proposals (RFP) for Investment Consulting Services. Chandler has agreed to hold rates current with no increases for the duration of the extended term.

This matter was reviewed by Deputy City Attorney Amy R. Webber on July 23, 2014 and by Budget Management Officer Victoria Bell on July 30, 2014.

City Council action is requested on August 19, 2014, in order to further the portfolio goals with safety of principal, maintaining adequate liquidity, and to ensure there are no interruptions to availability of services prior to the award of a new contract.

Investment advisory services are an expense of the investment management function. The current fees are calculated as follows: 0.08 percent of the first \$100 million managed by Chandler and 0.06 percent of the funds managed exceeding that amount. Based on

the current balance of the Long-Term Portfolio of \$425.2 million, fees are expected not to exceed \$150,000 for the extension period, and will be paid through 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