



INSTITUTIONAL CUSTODY AGREEMENT

City Council Meeting
October 1, 2019

Assistant City Manager/Chief Financial Officer
Finance Department

Chuck McBride

CURRENT

- Since 2007, the City has contracted with Public Financial Management, LLC (PFM) for investment advisory services.
- The City contracts for several financial services relative to Investment Advisory Services.

CURRENT (Cont.)

- These services include managing the City's operating portfolio, ensuring we are invested in securities in accordance with the investment policy, ensuring the portfolio is diversified, and generating monthly/quarterly statements.

PROPOSAL PROCESS

- A Request for Proposals (RFP) 19-39 was issued on May 14, 2019 for Investment Advisory Services.
- A total of two proposals were received for investment advisory services.

GENERAL BANKING SERVICES

- PFM, LLC, submitted a proposal that scored the highest in both the qualitative and quantitative evaluation.
- PFM, LLC, demonstrated the most experience managing public agency portfolios.

FISCAL ANALYSIS

- This contract will have zero impact to the General Fund.
- Investment Advisory fees under this contract will be based on assets managed:
 - 0.075% on first \$100 million of assets
 - 0.06% on assets between \$100 million and \$300 million
 - 0.04% on assets above \$300 million

FISCAL ANALYSIS (Cont.)

- PFM has also offered a cap to the costs of their first year of service at \$180,000.
- This cap will result in an estimated savings of \$36,000. in year one of service.

RECOMMENDATION

- It is recommended by the Finance Department that the Council, by resolution, approve a five-year professional services agreement (PSA) with PFM, LLC, San Francisco, CA, for Investment Advisory Services.

QUESTIONS?