



# Agenda Item

## City Council

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Item #: 3.6.

11/9/2021

File #: 21-0568

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**TO:** Honorable Mayor and Members of the City Council

**THRU:** Thomas R. Hatch, Interim City Manager

**FROM:** Will Kolbow, Assistant City Manager/Administrative Services Director

### 1. SUBJECT

Agreement with Chandler Asset Management, Inc. for Investment Services for the City for Fiscal Years 2021-2022 through 2023-2024.

### 2. SUMMARY

A Request for Proposal (RFP) for Investment Services resulted in proposals from two firms. A panel reviewed the proposals and interviewed two of the firms. Based on the proposals submitted, the interviews, and the reference checks, Chandler Asset Management, Inc. was the top candidate.

### 3. RECOMMENDED ACTION

1. Approve the three-year agreement, commencing November 15, 2021, with two optional one-year extensions, with Chandler Asset Management, Inc. in the total amount of \$270,000 (\$90,000 per year); and authorize the Mayor and City Clerk to execute on behalf of the City.
2. Authorize the appropriation of \$60,000 from the General Fund unreserved fund balance (for fiscal year 2021-2022) to expenditure account number 100.1201.51670.0000.

### 4. FISCAL IMPACT

The total expenditure for this three-year agreement is \$270,000 and will be funded through General Fund (100).

### 5. STRATEGIC PLAN GOALS

Goal 2: Be a fiscally healthy community

- a: Expend fiscal resources responsibly.
- d: Effectively manage and develop City assets.

### 6. DISCUSSION AND BACKGROUND

With the upcoming retirement of the City's Investment/Revenue Officer, the Finance Department is now in the process of restructuring job duties. The decision has been made to outsource the City's investment management to an outside professional firm, as this is the trend for many other jurisdictions. In October, staff prepared and distributed RFP 21-22.17 for Investment Services.

Two proposals were received, and both firms met our criteria to interview: Chandler Asset Management, Inc. and PFM Asset Management, LLC. The interview panel included the City Treasurer, Assistant City Manager, Assistant Finance Director, Budget Manager, and

Investment/Revenue Officer. After reviewing the qualifications and pricing proposals of each of the two firms, the panel is recommending Chandler Asset Management, Inc. to provide investment services to the City for the fiscal years ending in June 30, 2022, 2023 and 2024. We agendized our recommendation at the November 3, 2021 Investment Advisory Committee (IAC) meeting for review. Chandler Asset Management, Inc. presented their investment firm to the IAC members, who were in full support of having them manage the City's investments.

The agreement includes the cost of properly providing investment services of the City, including: managing the City's investment portfolio; assistance in developing and implementing investment strategies within the parameters of the City's Investment Policy; portfolio compliance; providing investment reports, including monthly statements, quarterly investment reports, and annual portfolio performance report; maintaining relationships with the broker/dealer community; monitoring market conditions and recommend changes to policies and strategies; reviewing the City's Investment Policy and provide recommendations; attending Investment Advisory Committees every quarter and City Council meetings as necessary, and; serving as a general resource for City staff. The agreement also includes an option for the City Manager, at the recommendation of the Assistant City Manager, to extend the agreement for two additional terms of one year each.

Chandler Asset Management, Inc. is a California firm that has specialized in focusing on the management of high-quality fixed income portfolios for the public sector. Their main office is located in San Diego. Their firm has extensive experience in investment services for local governmental agencies, and they have experience working with like-sized cities comparable to Orange. Their references are excellent and their fees are reasonable for the services provided.

## **7. ATTACHMENTS**

- Professional Services Agreement
- Chandler Presentation to City of Orange Investment Advisory Committee