



City of Orange

Legislation Text

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TO: Investment Advisory Committee

THRU: Will Kolbow, Assistant City Manager/Admin. Services Director

FROM: Josephine Chan, Investment/Revenue Officer

1. SUBJECT

Agreement with Chandler Asset Management, Inc. for Investment Services for the City for fiscal years 2021-2022 through 2023-2024; Bid No. 21-22.17.

2. RECOMMENDED ACTION

Recommend that the City Council 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 \$225,000 (\$75,000 per year).

3. DISCUSSION AND BACKGROUND

With the 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 our 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 in response, and these two firms met our criteria to interview: Chandler Asset Management, Inc. and PFM Asset Management, LLC. The interview panel included the 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.

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; review the City's Investment Policy and provide recommendations; attend Investment Advisory Committees every quarter and City Council meetings as necessary, and; serve 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. Their references are excellent and their fees are reasonable for the services provided.