



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#18-0653

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee R. Feldman, ICMA-CM, City Manager

DATE: June 19, 2018

TITLE: Motion to Approve Agreement for Purchase of Investment Advisory
Services – PFM Asset Management LLC - \$550,000 (30-Month Term)

Recommendation

It is recommended that the City Commission approve an agreement, in substantially the form attached, for the purchase of investment advisory services via Agreement #16-024H between the School Board of Broward County (SBBC) and PFM Asset Management LLC (PFM) in the estimated amount of \$550,000 for a 30-month period. It is also recommended that the City Commission authorize the City Manager to approve extension options coterminous with the SBBC contract contingent upon the appropriation of funds.

Background

The Finance Department is in the process of streamlining the City's investment activities by implementing a more robust in-house investment management program that promotes a passive investment strategy and reduces investment advisement and management fees.

On August 21, 2012, the City Commission approved a five-year contract for investment advisory services with Bogdahn Consulting in the amount of \$90,000 annually (CAM 12-1197). In addition, on September 5, 2012, the City Commission approved four five-year contracts for investment manager services with Sterling Capital Management, LLC, Garcia Hamilton & Associates, L.P., Sawgrass Asset Management, LLC and Wells Capital Management for a total estimated annual amount of \$315,000 (CAM 12-1976). The combined fees for the City's investment activities are contracted at \$405,000.

In FY 2017, the Finance Department's Treasury Division began implementing an in-house investment management program for a portion of the City's investment portfolio. By implementing this program, the City has saved approximately \$68,000 in investment management fees. To further the goal of reducing fees, the City will be combining the investment advisory and management services to one provider. By combining the investment advisory and management services, the City will be reducing the service fees from \$337,000 (6.0-12.0 basis points) to \$220,000 (5.0-10.0 basis points).

PFM has been providing investment management services to public fund clients since 1980. The accounts under management include operating, general, general reserve, and other special purpose accounts such as capital funds, bond proceeds and multi-asset class. Their services include developing or reviewing investment policies, recommending investment strategies, cash flow forecasting, and portfolio valuation.

For the period ended March 31, 2018, PFM had \$125.7 billion in total assets, including \$86.8 billion in discretionary assets under management and \$38.9 billion in non-discretionary assets under advisement. PFM is nationally recognized as one of the leading firms providing investment advisory services to the public sector.

Also, PFM's Asset Management professionals have been providing investment advisory services in Florida since 1987. As of March 31, 2018, their Orlando office provides investment management or advisement services on \$10.4 billion in assets for 98 clients.

SBBC issued bid 16-024H and three proposals were received. Award was made to PFM. The proposed agreement is coterminous with the SBBC agreement and extends in the event the SBBC agreement is extended. Agreement #16-024H expires on December 31, 2020.

Pursuant to Section 2-181(f)(5)b, Code of Ordinances of the City of Fort Lauderdale, Florida, the City may piggyback a contract entered into by another governmental or public entity and a provider of supplies or services required by the City, if the chief procurement officer determines that it is practicable and advantageous for the city to employ this method of procurement. The chief procurement officer has determined that it would be practicable and advantageous for the city to use this method of procurement for this agreement. This purchase will be made in accordance with SBBC Agreement No. 16-024H from PFM Asset Management LLC in the annual amount of \$220,000.

Resource Impact

There will be a current fiscal year impact to the City in the amount of \$55,000. Future expenditures are contingent upon approval and appropriation of the annual budget.

Funds available as of June 6, 2018					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
001-FIN040101-3116	Treasury Accounts Receivables	Services/ Materials/ Invest Mgmt Serv	\$617,724	\$163,332	\$55,000
				TOTAL ►	\$55,000

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Internal Support Cylinder of Excellence, specifically advancing:

- Goal 12: Be a leading government organization, managing resources wisely and

- sustainably
- Objective 1: Ensure sound fiscal management
 - Initiative 1: Achieve a structurally balanced budget through viable revenue sources, smart financial management, comprehensive financial forecasting, and results-oriented and efficient services

This item advances the *Fast Forward Fort Lauderdale 2035 Vision Plan: We Are United*.

Attachment

Exhibit 1 – Agreement

Prepared by: Linda Logan-Short, Finance
AnnDebra Diaz, Finance
Linda Blanco, Finance

Department Director: Kirk Buffington, Finance