



File #: 20-875, **Version:** 1

Meeting Date: 9/15/2020

CITY MANAGER AUTHORITY PROCUREMENT AWARDS

ACTION REQUESTED:

Approve the award of Option Year Two to Contract 16-266, Fixed Asset Money Management Services, to PFM Asset Management, LLC and BMO Asset Management Corp. (formerly known as Taplin, Canida & Habacht, LLC) for an amount not to exceed \$150,000

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BACKGROUND:

The City's investment portfolio includes monies pooled and invested across multiple funds. Investment practices and procedures must comply with Illinois law and the City's written investment and cash management policy. Historically, the City retains two firms to manage the City's investment portfolio due to the amount of money the City invests and differing investment philosophies between investment firms.

In September 2016, Council approved the award of RFP 16-266 to PFM Asset Management, LLC (PFM) and Taplin, Canida & Habacht, LLC (TCH) for a three-year term from October 1, 2016 through September 30, 2019. The contract includes three, one-year options to extend. The city manager approved the first option renewal on August 12, 2019.

DISCUSSION:

Both vendors performed well during the first option term. When the contract was awarded, the firms managed a \$60 million investment portfolio. The two firms currently manage an investment portfolio of approximately \$110 million (\$55 million by PFM and \$55 million by BMO) in assets, which include significant contributions by the City in 2018. Both PFM and BMO reported a return of approximately six-percent, which was higher than industry benchmarks for government investments. Over the length of the agreement, the City has seen a return on investment of approximately 2.8%, also trending slightly above industry standards.

PFM and BMO agreed to extend the contract with no modifications to the terms and conditions. The term of the second option year is October 1, 2020 through October 1, 2021, with one option year remaining.

FISCAL IMPACT:

CIP: N/A

Asset management services are expensed to money manager fees accounts established in each City fund. Payments are split among funds based on the number of assets available at the time of billing. A total of \$139,185 is budgeted for money manager fees in 2020. The remainder of the award will be budgeted appropriately in 2021.