



Legislation Text

File #: 21-0974, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Year Three to Contract 16-266, Fixed Asset Money Management Services, to PFM Asset Management, LLC and BMO Asset Management Corp. (formerly known as Caplin, Canida & Habacht, LLC) for an amount not to exceed \$195,000

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

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, the 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 to renewal on August 12, 2019. The Council approved the second option to renewal on September 15, 2020.

DISCUSSION:

Both firms performed satisfactorily during the second 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 \$162 million (\$85 million by PFM and \$77 million by BMO) in assets. Both PFM and BMO reported strong absolute returns, as well as relative performance versus their benchmarks. Over the last four years, the firms had a combined 3.1% investment return, which exceeded the 2.8% benchmark for public organization investments. Investment performance is reviewed by the Financial Advisory Board on a quarterly basis.

PFM and BMO agreed to extend the contract with no modifications to the terms and conditions. The term of the final option year is October 1, 2021 through October 1, 2022.

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 2021. The remainder of the award will be budgeted appropriately in 2022.