



Legislation Text

File #: 21-1313, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Change Order #1 to Option Year Two of 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 \$23,604 and a total award of \$173,604

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 included three, one-year options to extend. The city manager approved the first option to renew on August 12, 2019. The Council approved the second option to renew on September 15, 2020.

DISCUSSION:

A change order is needed to pay the final invoices of the previous term, which exceeded the award total due to an underestimate by staff for the previous term approved by Council in September 2020. Investment fees are assessed based on the value of assets managed.

At the beginning of the term, each firm was managing approximately \$60 million in assets. 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.

The requested change order will allow the City to process the remaining fees for the previous term. Council approved a third option year for both firms to continue managing the City's assets through the third quarter of 2022 during the September 7, 2021, meeting. The third option year was approved at a projected cost of \$195,000.

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 value of assets invested at the time of billing. A total of \$139,185 is budgeted for money manager fees in 2021. All fees are netted against investment income and do not result in an increase to the budget.