



## CITY COUNCIL MEMORANDUM

**FROM:** The Office of the City Manager    **DATE:** October 23, 2017

**SUBJECT:** Consider Award of RFP 17-024 for Discretionary Investment Management and Consulting Services and Authorize the City Manager to Execute an Agreement with PFM Management in an amount not to exceed \$91,000 for the Initial 2 Year Term.

**PRESENTER:** Mark Mills, Finance Director

### **SUMMARY:**

This City Council is being asked to award RFP 17-024 for Discretionary Investment Management and Consulting Services to PFM Asset Management.

### **GENERAL DESCRIPTION:**

On Thursday, September 14, 2017, a Request for Proposal ("RFP") seeking a firm to provide Discretionary Investment Management and Consulting Services was advertised and made available on the Public Purchase website. Competitive sealed proposal responses were received on Thursday, October 5, 2017 from three firms:

<b>Firm</b>	<b>Discretionary Investment Mgmt. Base Cost (2 Year Base Contract)</b>	<b>Banking Services RPF Consulting (Optional Services)</b>
PFM Asset Management	\$95,000	\$15,000
Valley View Consulting, L.L.C.	\$100,000	No Additional Cost
Garcia Hamilton & Associates, L.P.*	\$137,480	No Bid

\* - Proposal was not a fixed cost model, but a variable rate model based on a percentage of assets under management. Based on the June 30, 2017 Quarterly Financial Report, this would equate to roughly \$68,740 per year, or \$137,480 over the course of the initial contract.

The responses were evaluated by a staff review committee in order to identify the best value for the City. After careful consideration, staff determined that the proposal submitted by PFM Asset Management best satisfied the City's requirements. Excluding the optional consulting services included in the RFP, PFM Asset Management had the lowest base contract cost.



After determining that PFM Asset Management was the best value for the City, additional effort was made to negotiate the price of service. As a result, PFM Asset Management modified their pricing, reducing their base service cost by \$4,000. Services will be provided based on the follow payment schedules:

Contract Year 1	\$45,000
Contract Year 2	\$46,000
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Initial 2-Year Contract Term	\$91,000
1 <sup>st</sup> 1-Year Optional Renewal	\$47,000
2 <sup>nd</sup> 1-Year Optional Renewal	\$48,000
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Total Contract (if renewals exercised)	<u>\$186,000</u>

Staff has determined it is not in the best interest of the City to award the optional Banking Services RFP Consulting portion of RFP, and staff would not exercise the option at a cost of \$15,000. As a result, staff recommends awarding the RFP to PFM Asset Management, excluding the optional Banking Services RFP Consulting.

PFM was founded in Philadelphia in 1975 to provide independent financial advisory services to the public sector and began providing investment advisory services to public entities in 1980. They have 39 office locations throughout the United States and an investment advisory group consisting of 244 personnel. The firm currently has \$119 Billion of assets under management, \$77 Billion of which fall under discretionary management services. The City has an existing relationship with PFM Asset Management, which has been the City's Investment Advisor since 2009. During that time, staff has been satisfied with their service and performance. The North Richland Hills account would continue to be handled through PFM's Dallas office.

The term of the contract as outlined in the RFP is an initial two years, with two optional one-year renewals. Provided the Terms and Conditions of the contract do not change, and funds are available in the renewal years, the remaining renewals will not require additional City Council approval.

**RECOMMENDATION:**

Award RFP 17-024 for Discretionary Investment Management and Consulting Services and Authorize the City Manager to Execute an Agreement with PFM Asset Management in an amount not to exceed \$91,000 for the Initial 2 Year term.