



Legislation Text

File #: 24-142, **Version:** 1

Adopt a Resolution for the City Manager to Approve Amendment No. 1 to Consultant Services Agreement between the City of San Leandro and Chandler Asset Management for Investment Services Effective July 1, 2024

CITY COUNCIL PRIORITY

- Fiscal Sustainability and Transparency

SUMMARY

Amends the agreement between the City of San Leandro and Chandler Asset Management for investment services effective July 1, 2024.

RECOMMENDATION

Staff recommends that the City Council review and approve Amendment No. 1 to the Consultant Services Agreement between the City of San Leandro and Chandler Asset Management for investment services through June 30, 2024.

BACKGROUND

On June 7, 2021, the City Council approved the most recent consulting services agreement with Chandler Asset Management for investment services for City funds. The term of this agreement runs through June 30, 2024. Chandler's contract was extended at that time based on its years assisting the City in the investment management program.

Analysis

Over many years, Chandler Asset Management has provided the following services related to the investment portfolio:

- Consulting with staff regarding the City's cash flow needs, investment opportunities, and market conditions.
- Executing, confirming, and settling trades with the City's safekeeping bank.
- Reviewing the City's investment policy and confirming all regulatory updates.
- Monitoring creditworthiness of investments.
- Reporting monthly and quarterly and analyzing investment holdings and performance.
- Adhering to the City's approved investment philosophy related to safety, liquidity, and yield.

Over the years, the amounts invested in the City's portfolio have steadily increased to the current level of nearly \$190,000,000. Chandler's monthly fee is based on the value of the investment portfolio.

Under the existing agreement, the fee schedule consists of three tiers for assets under management between \$25,000 and more than \$50,000,000. The amended agreement proposes four tiers- with

the top tier covering assets under management exceeding \$100,000,000. Chandler's total fee during the one-year contract would amount to \$141,500. Terms of the amendment result in the City saving \$18,000 based on the current value of the portfolio.

Chandler establishes appropriate durations of investments based on the City's cash flow needs and is aligned with the City's conservative investment approach. Chandler has provided excellent service and consistently generates sound yields, while protecting investments. Over the past four quarters, Chandler has exceeded the average LAIF book yield by 1.41% (with book yield of 2.93%) and exceeded the average market yield benchmark by 0.17% (with market yield of 4.86%).

Previous Actions

- June 7, 2021, Resolution No. 2021-084 approved Consulting Services Agreement with Chandler Asset Management, Inc. for investment management of the City funds.
- April 6, 2020, Resolution No. 2020-032 approved Amendment No. 2 of the Consulting Services Agreement with Chandler Asset Management, Inc. for investment management of the City funds.
- September 17, 2018, Resolution No. 2018-110 approved Amendment No. 1 of the Consulting Services Agreement with Chandler Asset Management, Inc. for investment management of the City funds.
- October 3, 2016, Resolution No. 2016-124 approved the Consulting Services Agreement with Chandler Asset Management, Inc. for investment management of the City funds.

Fiscal Impact

Chandler's total fee during the one-year contract would amount to \$141,500. The terms of the amendment would result in the City saving \$18,000 based on the current value of the portfolio. The Finance Department will issue a Request for Proposals during the year for services beginning July 1, 2025.

Budget Authority

The 2024-2025 budget includes sufficient funds in account 010-12-051-5120 to cover the investment services cost.

ATTACHMENT

- **Attachment A:** Resolution, Approving Amendment No. 1 to Agreement
- **Attachment B:** Amendment No. 1 to Consultant Services Agreement between the City of San Leandro and Chandler Asset Management

PREPARED BY

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