



Legislation Text

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Staff Report for a City of San Leandro City Council Resolution Approving Amendment No. 1 of the Agreement between the City of San Leandro and Chandler Asset Management for Investment Services to Increase per Fiscal Year not to Exceed Amount to \$75,000 effective July 1, 2018

SUMMARY AND RECOMMENDATIONS

Staff recommends that the City Council review and approve amendment no. 1 of the agreement between the City of San Leandro and Chandler Asset Management for investment services effective July 1, 2018 to increase the per fiscal year not to exceed amount to \$75,000.

BACKGROUND

On April 12, 2004, City Council approved a consulting services agreement with Chandler Asset Management for investment services of City funds. Chandler was selected based on their ability to assist the City in establishing an investment management program, appropriate duration of investment needs of the City and the investment philosophy aligned with the City's investment strategy emphasizing Safety, Liquidity and Yield.

Originally, Council approved initial investments of \$40 million with an estimated annual cost to the City of \$40,000 for services provided by Chandler.

On October 3, 2016, City Council approved a new agreement with Chandler effective July 1, 2016 through June 30, 2020 for a not to exceed amount of \$50,000 per fiscal year. No additional appropriation was necessary since the adopted budget contained sufficient funding to cover the potential increase.

Analysis

Chandler Asset Management continues to provide excellent investment services to the City of San Leandro including monthly consultation with City staff regarding the City's cash flow needs, investment opportunities and market conditions, trade executions, to monthly/quarterly reporting and analysis of investment holdings and performance.

Over the years, the amounts invested in the City's portfolio ranged from a low of \$27.8 million for fiscal year ended June 30, 2010, to a high of \$65.2 million for fiscal year ended June 30, 2018. Previously the average annual amount paid to Chandler for services provided since inception was \$35,000. For the last 3 years, the average annual amount paid to Chandler is \$47,000. This increase is attributed to the increase in the investment amount in the City's portfolio.

Previous Actions

- April 12, 2004 Resolution 2004-059 approving the Consulting Services Agreement with Chandler Asset Management, Inc. for investment management of the City of San Leandro's funds
- October 3, 2016 Resolution 2016-124 approving the agreement between the City of San Leandro

and Chandler Asset Management for investment services effective July 1, 2016 for a not to exceed amount of \$50,000 per fiscal year

Committee Review and Actions

- November 20, 2003 Finance Committee approved staff to issue a request for proposal for investment management services
- March 18, 2004 Finance Committee recommended agreement with Chandler Asset Management be approved by City Council

Fiscal Impact

Originally, the investment program costs have ranged from \$30,000 to \$40,000 depending on the total investment amount. Over the last 3 years, the costs have increased from \$43,000 to \$52,000. This is due to the fact that the City has increased the investment amounts in the portfolio, while maintaining the same investment philosophy of Safety, Liquidity and Yield.

The 2018-19 adopted budget has adequate funding to cover the additional annual costs, therefore, no additional budget is required to fund this service.

Budget Authority

The 2018-19 general fund adopted budget in account 010-12-051-5120 has \$75,000 to cover the investment services cost.

ATTACHMENT

Attachment to Related Resolution

- Amendment No. 1 to the Consulting Services Agreement between the City of San Leandro and Chandler Asset Management

PREPARED BY: David Baum, Finance Director, Finance