LEGISLATIVE, FINANCE, AND ADMINISTRATION COMMITTEE
A G E N D A

FEBRUARY 24, 2014 - 6:00 P.M.

CITY HALL COUNCIL CHAMBERS
15 LOOCKERMAN PLAZA
DOVER, DELAWARE

Public comments are welcomed on any item and will be permitted at appropriate times. When possible, please notify the City Clerk (736-7008 or e-mail at CityClerk@dover.de.us) should you wish to be recognized.

AGENDA ADDITIONS/DELETIONS

1. **Investment Management and Advisory Services - Extension**
   (Staff recommends authorizing the Controller/Treasurer to extend the current Investment Management and Advisory Services agreement for a two-year period)

2. **Investment Banking Custody Services - Extension**
   (Staff recommends authorizing the Controller/Treasurer to extend the current Investment Banking Custody Services agreement for a two-year period)

3. **Adjournment by 6:30 p.m.**

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THE AGENDA ITEMS AS LISTED MAY NOT BE CONSIDERED IN SEQUENCE. THIS AGENDA IS SUBJECT TO CHANGE TO INCLUDE THE ADDITION OR THE DELETION OF ITEMS, INCLUDING EXECUTIVE SESSIONS.

ACTION FORM

PROCEEDING: Legislative, Finance & Administrative Committee	**AGENDA: 02/24/14**
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 02/14/14**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Management & Advisory Services – Extension	
APPROVALS: City Council	
EXPENDITURE REQUIRED: Est. $36,000 - $48,000 (fees will vary based on the number of security transactions) **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**: Interest Earnings are reported net of fees across all Funds	
TIMETABLE: Current contract expires March 30, 2014	
RECOMMENDED ACTION: Authorize the Controller/Treasurer to extend the current Investment Management & Advisory Services for a two year period.	

On March 28, 2011, City Council approved the Investment Management & Advisory Services agreement with Public Financial Management Asset Management (PFMAM) for our pooled investment account. The services agreement will require 30 day written notice (by February 28) of our intent to re-bid the services. The agreement also provides for an extension for two (2) additional two (2) year periods by mutual consent and approval by City Council. We have an excellent experience with PFM Asset Management the past three years and would request approval of a two year extension for the Investment Banking Custody Services.

CITY COUNCIL MEETING OF MARCH 28, 2011 PAGE 23

Evaluation of Proposals - Investment Manager and Advisory Services

Mrs. Donna Mitchell, Controller/Treasurer, reminded members that the City issued its original Request for Proposals (RFPs) for investment management services in 2001. The contract was awarded to Wilmington Trust on January 14, 2002, with a one (1) year review and renewal option if results were favorable. At that time, there was no provision for a contract end date. Given recent events in the financial markets and changes in recommended practices of the Government Finance Officers Association (GFOA) and the Internal Auditors Association, staff decided that it was time to rebid this service.

Mrs. Mitchell explained that an outline of the process, including the forms completed for the fee calculations, scoring, and evaluations, was provided to members to demonstrate the diligence staff felt was necessary to assure the City's assets are well managed and protected. In addition, staff provided an explanation for their recommendation.

Mrs. Mitchell stated that staff narrowed the list of providers to three (3) firms: 1) Cutwater Asset Management, 2) High Mark Capital Management, and 3) PFM Asset Management, LLC. She stated that the three (3) firms selected were the most responsive of the lowest cost providers. The proposals were almost equally matched, with the exception that the PFM Asset Management proposal went above the requirements of the RFP. Staff conducted interviews with the three (3) finalists to determine which firm would be the best fit for the City. Mrs. Mitchell advised members that each firm was provided, in advance, the items to be discussed during the interview. Upon completion of the interviews, staff contacted several of the client references provided in each firm's proposal. All responses were highly complementary.

Staff recommended awarding the Investment Management Services contract to PFM Asset Management, LLC for a three (3) year period, to start on the date of the contract. The contract can be renewed or extended for two (2) additional two (2) year periods by mutual consent and approval by City Council. The Committee recommended approval of staff's recommendation.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation, seconded by Mr. Leary and carried by a unanimous roll call vote.

ACTION FORM

PROCEEDING: Legislative, Finance & Administrative Committee	**AGENDA: 02/24/14**
DEPARTMENT OF ORIGIN: Finance	**DATE SUBMITTED: 02/14/14**
PREPARED BY: Donna Mitchell, Controller/Treasurer	
SUBJECT: Investment Banking Custody Services – Extension	
APPROVALS: City Council	
EXHIBITS:	
EXPENDITURE REQUIRED: Est. $4,000 (fees will vary based on the number of security transactions) **AMOUNT BUDGETED**: N/A **FUNDING SOURCE**: Interest Earnings are reported net of fees across all Funds	
TIMETABLE: Current contract expires March 30, 2014	
RECOMMENDED ACTION: Authorize the Controller/Treasurer to extend the current Investment Banking Custody Services for a two year period.	

On March 28, 2011, City Council approved a custody agreement with Union Bank for custodial services of our pooled investment account. The services agreement will require 30 day written notice (by February 28) of our intent to re-bid the services. The agreement also provides for an extension for two (2) additional two (2) year periods by mutual consent and approval by City Council.

We have an excellent experience with Union Bank the past three years and would request approval of a two year extension for the Investment Banking Custody Services.

CITY COUNCIL MEETING OF MARCH 28, 2011 PAGE 22

Evaluation of Proposals - Investment Banking Custody Services

Mrs. Donna Mitchell, Controller/Treasurer, advised members that bids were solicited for Investment Banking Custody Services. She noted that all submissions received were from major financial institutions that are capable of managing custody of the City's investment assets; however, Wells Fargo and Union Bank were the two (2) most competitive banks.

Mrs. Mitchell reminded members that the City currently has contracts with Wells Fargo as custodian for three (3) Trust Funds: the General Employee Pension Fund, the Police Pension Fund (closed plan), and the Other Post-Employment Benefits (OPEB) Fund. Although the City receives excellent service on these accounts from Wells Fargo, she stated that the Government Finance Officers Association's (GFOA) recommended practice is to diversify assets under custody when possible.

Based on the fees, scores, and GFOA's recommended practice, staff recommended awarding the service contract to Union Bank for a three (3) year period to start on the date of the contract, which may be renewed or extended for two (2) additional two (2) year periods by mutual consent and approval by City Council.

The Committee recommended approval of staff's recommendation.

By consent agenda, Mr. Bonar moved for approval of the Committee's recommendation, seconded by Mr. Leary and carried by a unanimous roll call vote.