LEGISLATIVE, FINANCE AND ADMINISTRATION COMMITTEE

The Legislative, Finance, and Administration Committee meeting was held on February 24, 2014, at 6:00 p.m. with Chairman Lynn presiding. Members present were Mr. Hare, Mr. Slavin, and Mr. Rushe. Mr. Shevock was absent. Members of Council present were Mr. Dixon and Mr. Hutchison.

AGENDA ADDITIONS/DELETIONS

Mr. Hare moved for approval of the agenda, seconded by Mr. Rushe and unanimously carried.

Investment Management and Advisory Services - Extension

Mrs. Donna Mitchell, Controller/Treasurer, reminded members that on March 28, 2011, City Council approved the Investment Management and Advisory Services agreement with Public Financial Management Asset Management (PFMAM) for the City's pooled investment account, which will expire March 30, 2014. The current services agreement requires a 30 day written notice of the City's intent to re-bid the services, which would be due by February 28, 2014. The agreement also provides for an extension for two (2) additional two (2) year periods by mutual consent and approval by City Council. Mrs. Mitchell informed members that the City has had an excellent experience with PFMAM during the past three (3) years, noting that it has been the best company she has worked with during her tenure with the City.

Staff recommended authorizing the Controller/Treasurer to extend the current Investment Management and Advisory Services agreement for a two (2) year period.

Mr. Hare moved to recommend authorizing the Controller/Treasurer to extend the current Investment Management and Advisory Services agreement for a two (2) year period, as recommended by staff. The motion was seconded by Mr. Rushe and unanimously carried.

Investment Banking Custody Services - Extension

Mrs. Donna Mitchell, Controller/Treasurer, reminded members that on March 28, 2011, City Council approved a custody agreement with Union Bank for custodial services of the City's pooled investment account. The current services agreement requires a 30 day written notice of the City's intent to re-bid the services, which would be due by February 28, 2014. The agreement also provides for an extension for two (2) additional two (2) year periods by mutual consent and approval by City Council. She informed members that the City has had an excellent experience with Union Bank during the past three (3) years.

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

Responding to Mr. Lynn, Mrs. Mitchell stated that the current recommendation was based on the 2011 solicitation and an additional Request for Proposals (RFP) was not performed. If the recommendation to extend the current agreement was not approved, an RFP would be performed.

In response to Mr. Lynn, Mrs. Mitchell stated that Union Bank is located in California.

Mrs. Mitchell explained that the City currently has contracts with Wells Fargo for the pension assets and that she attempts to diversify assets under custody when possible, as recommended by the Government Finance Officers Association (GFOA).

Mr. Hare questioned whether the current contract could be renewed for one (1) year instead of two (2) years. Responding, Mrs. Mitchell stated that a one (1) year extension option was not included in the contract, but that she could ask Union Bank.

Mr. Lynn expressed concern with the City not utilizing local banks within Delaware. In response, Mrs. Mitchell noted that when the previous RFP was performed, one (1) of the deciding factors was that Union Bank's fees were $4,000, compared to more than $10,000 for all of the other banks, including local banks.

Mr. Slavin moved to recommend authorizing the Controller/Treasurer to extend the current Investment Banking Custody Services agreement for a one (1) year period, if the Controller/Treasurer is able to negotiate this with Union Bank. The motion was seconded by Mr. Hare and unanimously carried.

By unanimous consent, the meeting adjourned at 6:05 p.m.

Sean M.Lynn
Chairman

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