



**PURCHASING ITEM  
FOR  
COUNCIL AGENDA**

**1. Agenda Item Number:**

18

**2. Council Meeting Date:**  
December 12, 2013

**TO: MAYOR & COUNCIL**

**3. Date Prepared:** November 15, 2013

**THROUGH: CITY MANAGER**

**4. Requesting Department:** Management Services

**5. SUBJECT:** Extension of agreement with PFM Asset Management, L.L.C. for Investment Management Services.

**6. RECOMMENDATION:** Recommend approval of Addendum #3 to extend the agreement with PFM Asset Management, L.L.C. for Investment Management Services, for a period of two (2) years.

**7. HISTORICAL BACKGROUND/DISCUSSION:** The City engages two (2) investment management firms to invest City funds that are not immediately expended. Each firm manages approximately half of the City's portfolio. The firms invest according to the City's investment policies to ensure safety, liquidity and yield objectives and maintain conformance with Arizona Revised Statutes. City staff meets quarterly with investment managers to review performance of the portfolios, discuss short- and long-term investment strategies and review cashflow projections.

In addition to the City's general portfolio, PFM manages investments for the City's Industrial Development Authority and Health Care Benefits Trust. Also on today's agenda is Addendum #2 to this agreement for the purpose of adding investment management of the City's Worker's Compensation and Employer Liability Trust. PFM Asset Management, L.L.C. has been one of the City's investment managers since 2005. The current agreement is due to expire on December 31, 2013.

**8. EVALUATION PROCESS:** Council approved the current agreement with PFM Asset Management on January 26, 2012. Staff is satisfied with the investment management services being provided and are recommending a two-year extension. PFM Asset Management is in agreement to extend under the current terms and conditions of the agreement.

**9. FINANCIAL IMPLICATIONS:** Investment managers are compensated on a percentage basis scaled to the size of the portfolio (ranging from 6 to 12 basis points). The fee schedule remains unchanged.

**10. PROPOSED MOTION:** Move to approve Addendum #3 to extend the agreement with PFM Asset Management, L.L.C., for Investment Management Services, for a period of two (2) years.

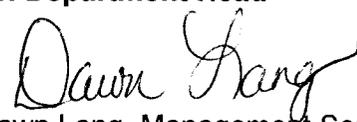
**11. ATTACHMENT:** Addendum #3

**APPROVALS**

**12. Requesting Department**

**13. Department Head**

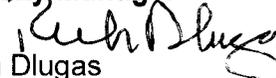
  
Penny Burczyk, Accounting Manager

  
Dawn Lang, Management Services Director

**14. Procurement Officer**

**15. City Manager**

  
Robert Descheemaker, CPPB

  
Rich Dlugas

ADDENDUM NUMBER THREE (3)  
TO AGREEMENT BETWEEN THE CITY OF CHANDLER  
AND  
PFM ASSET MANAGEMENT, L.L.C.  
FOR  
INVESTMENT MANAGEMENT SERVICES

This Addendum # 3 to that certain Agreement Between the City Of Chandler (CITY) and PFM Asset Management, LLC (CONTRACTOR) for Investment Management Services dated January 30, 2012, and is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013.

WHEREAS, the parties have agreed;

NOW THEREFORE, the parties agree as follows:

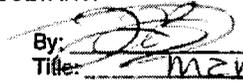
1. This contract is extended for a two-year period, January 1, 2014 through December 31, 2015.
2. All other terms and conditions of the above referenced Agreement shall remain unchanged and in full force and effect. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this \_\_\_\_ day of \_\_\_\_\_, 2013.

CITY OF CHANDLER:

By: \_\_\_\_\_  
Mayor

CONSULTANT:

By:   
Title: Managing Director

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney (kb)

ATTEST: (if corporation)

ATTEST:  
\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Secretary

WITNESS: (if individual or Partnership)  
\_\_\_\_\_

[SEAL] See Attached

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

CIVIL CODE § 1189

State of California

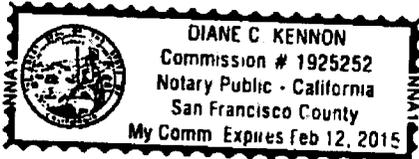
County of San Francisco

On 12/3/13  
Date

before me, Diane Kennon, Notary  
Here Insert Name and Title of the Officer

personally appeared Lauren Borcut  
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature: [Handwritten Signature]  
Signature of Notary Public

Place Notary Seal Above

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Addendum Number Three (3)

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

**Capacity(ies) Claimed by Signer(s)**

Signer's Name: \_\_\_\_\_

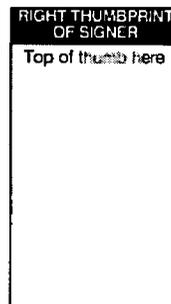
- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_

Signer's Name: \_\_\_\_\_

- Corporate Officer — Title(s): \_\_\_\_\_
- Individual
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_



Signer Is Representing: \_\_\_\_\_