



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

20

2. Council Meeting Date:

January 14, 2016

TO: MAYOR & COUNCIL

THROUGH: CITY MANAGER

3. Date Prepared: December 8, 2015

4. Requesting Department: Management Services

5. **SUBJECT:** Addendum No. 4 to Agreement No. 2140, with PFM Asset Management, LLC, for investment management services.

6. **RECOMMENDATION:** Staff recommends City Council approve Addendum No. 4 to Agreement No. 2140, with PFM Asset Management, LLC, for investment management services, extending the agreement for the final term of two (2) years.

7. **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 policy 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 cash-flow projections.

In addition to the City's general portfolio, PFM Asset Management, LLC, manages investments for the City's industrial Development Authority (IDA), Health Care Benefits Trust and Worker's Compensation and Employer Liability Trust. PFM Asset Management, LLC, has been one of the City's investment managers since 2005 and staff is pleased with the continued high level of customer service and online reporting services.

8. **EVALUATION PROCESS:** On January 26, 2012, City Council approved the current agreement with PFM Asset Management, LLC, for investment management services. PFM Asset Management, LLC, has agreed to extend for the final extension term of two (2) years with the same terms, conditions and pricing.

Staff recommends extension of this agreement for the term of January 1, 2016, through December 31, 2017. This is the final extension of the agreement.

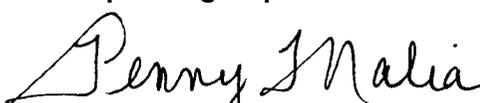
9. **FINANCIAL IMPLICATIONS:** PFM Asset Management, LLC, is compensated an annual fee, in monthly installments, based on a percentage basis scaled to the size of the portfolio (ranging from 6 to 12 basis points). The fee schedule remains unchanged.

10. **PROPOSED MOTION:** Move City Council approve Addendum No. 4 to Agreement No. 2140, with PFM Asset Management, LLC, for investment management services, extending the agreement for the final term of two (2) years.

Attachment(s): Addendum No. 4

APPROVALS

11. Requesting Department


Penny Malia, Accounting Manager

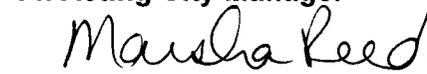
13. Department Head


Dawn Lang, Management Services Director

12. Procurement Officer


Carolee Stees, CPPB

14. Acting City Manager


Marsha Reed

ADDENDUM NUMBER FOUR
TO AGREEMENT BETWEEN THE CITY OF CHANDLER
AND
PFM ASSET MANAGEMENT, LLC
FOR
INVESTMENT MANAGEMENT SERVICES

This Addendum No. 4 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 December, 2015.

WHEREAS, the parties have agreed;

NOW THEREFORE, the parties agree as follows:

1. This Contract is extended for a two-year period, January 1, 2016 through December 31, 2017.
2. All other terms and conditions of the above referenced Contract shall remain unchanged and in full force and effect. All terms and conditions in the original Contract 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 December, 2015.

CITY OF CHANDLER:

By: _____
Mayor

CONTRACTOR:

By: _____
Title: Managing Director

APPROVED AS TO FORM:

City Attorney *CH*

ATTEST: (If corporation)

ATTEST:

City Clerk

Secretary

WITNESS: (If individual or Partnership)

[SEAL]