



Agenda Report

Fullerton City Council

MEETING DATE: JANUARY 20, 2026

TO: CITY COUNCIL / SUCCESSION AGENCY

SUBMITTED BY: STEVEN AVALOS, INTERIM DIRECTOR OF ADMINISTRATIVE SERVICES

PREPARED BY: TONI SMART, DEPUTY DIRECTOR OF ADMINISTRATIVE SERVICES
NOAH HYUN, ADMINISTRATIVE ANALYST I

SUBJECT: PROFESSIONAL SERVICES AGREEMENT WITH CHANDLER ASSET MANAGEMENT, INC. FOR INVESTMENT MANAGEMENT SERVICES

SUMMARY

The City solicited Requests for Proposals (RFP) from qualified firms to provide Investment Management professional services. Staff recommends awarding a Management Agreement to Chandler Asset Management, Inc. a firm with extensive experience in California public agency investment management services.

PROPOSED MOTION

Approve and authorize City Manager, or designee, to execute and administer a Professional Services Agreement with Chandler Asset Management, Inc., for Investment Management Services, in a form approved by the City Attorney.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Continue to negotiate with Chandler Asset Management, Inc. for a new agreement
- Negotiate with another responsive bidder
- Issue another RFP and restart the selection process
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

The investment services management fees for the professional services agreement with Chandler Asset Inc. are:

Assets Under Management	Fees in Basis Points (bps)
Up to \$50 million	9 bps (0.09%)
Next \$50 million	6 bps (0.06%)
Over \$100 million	4 bps (0.04%)

The agreement includes a 20% discount in Year 1, totaling \$80,800 for the first year and \$101,000 the remaining years. The FY 2025-26 Adopted Budget includes Investment Management Services budgeted within the Administrative Services Department in the General Fund (Fund 10).

BACKGROUND AND DISCUSSION

Public Trust Advisors, the current investment management services company, has managed the City investment portfolio since 2014 with the most recent amendment to the Agreement expiring December 31, 2025. The City issued a Request for Proposals (RFP) to identify a qualified investment management partner to provide investment management services for the City investment portfolio in accordance with the City Investment Policy Statement and cash flow needs.

The City released the RFP on July 1, 2025 on the City's e-Procurement platform, OpenGov, with proposals due on August 7, 2025. The City received six proposals from experienced investment management firms which a rater panel evaluated.

A Rating Panel consisting of four external panelists from different agencies and the Interim Administrative Services Director evaluated proposals using the following criteria:

1. Qualifications of the Firm: Technical experience in managing a public agency investment portfolio and overall organizational experience and approach.
2. Project Management Approach: Key personnel experience and qualifications and staffing resources adequacy.
3. Detailed Work Plan: Understanding City objectives, clarity and operational plan quality.

4. Fee / Cost Proposal: Management fee structure reasonableness and cost-effectiveness.

Staff invited the top two firms, Public Trust Advisors, LLC and Chandler Asset Management, Inc., to interview on November 12, 2025. Staff recommends awarding an investment management services provider contract to Chandler Asset Management, Inc. based on demonstrated strength in managing a public agency portfolio, experienced key personnel, a comprehensive work plan tailored to City needs and the investment program oversight and governance approach.

Chandler Asset Management, Inc. (Chandler) has \$42.4 billion in assets under management and has been a fixed income specialist since 1988. Chandler was founded by public agency investment professionals and serves over 200 local government clients, including 150 public agencies in California which includes 84 cities. Chandler has outperformed selected appropriate benchmarks for several of their clients as of June 30, 2025. Their services provide a comprehensive investment approach in technical analysis and market research, credit analysis, monthly portfolio reporting and cash flow analysis.

Chandler Asset Management, Inc. proposed estimated management fees based on the dollar amount of assets under management as follows:

Assets Under Management	Fees in Basis Points (bps)
Up to \$50 million	9 bps (0.09%)
Next \$50 million	6 bps (0.06%)
Over \$100 million	4 bps (0.04%)

The City has approximately \$118 million in assets under management as of October 2025. Chandler provided the City a 20% discount, or \$20,200, for the first 12 months of the contract, resulting in an approximately \$80,800 total cost for the first year. The cost of the remaining years would total approximately \$101,000 based on the City assets under management.

The proposed Agreement with Chandler has a three-year initial term with two optional two-year extensions, for a maximum seven-year total term. This provides long-term stability and continuity in managing the City asset portfolio and gives flexibility for both the City and consultant to obtain best possible professional services at the most cost effective value.

Staff recommends awarding the agreement to Chandler Asset Management, Inc., ensuring high quality continued investment management services. This agreement would require a two-month transition period to work with the current investment services provider and Chandler would come fully onboard by March 2026.

Attachments:

- Attachment 1 – Professional Services Agreement

cc: Interim City Manager, Eddie Manfro