



# ***Agenda Report***

## ***Fullerton City Council***

**MEETING DATE:** NOVEMBER 19, 2019

**TO:** CITY COUNCIL / SUCCESSOR AGENCY

**FROM:** KENNETH A. DOMER, CITY MANAGER

**PREPARED BY:** ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES

**SUBJECT:** CONTRACT EXTENSION FOR INVESTMENT ADVISORY SERVICES

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### **SUMMARY**

The contract with Public Trust Advisors for investment advisory services expires on December 31, 2019. The Investment Advisory Committee (IAC) recommends amending the existing contract to extend the term by one year to December 31, 2020, with one optional one-year renewal to provide Staff time to issue a Request For Proposal (RFP) for investment advisory services.

### **RECOMMENDATION**

It is recommended that the City Council approve the second amendment to agreement between the City of Fullerton and Public Trust Advisors for investment advisory services for a period of no more than two renewal years and authorize the Director of Administrative Services / City Treasurer to execute any contract amendments.

### **BUDGET POLICY PRIORITY STATEMENT**

This item matches the following Budget Policy Priority Statement:

- Fiscal and Organizational Stability.

### **FISCAL IMPACT**

In the original December 2014 agreement, fees assessed were 5 basis points (0.05%) on the first \$100 million in assets managed. When the City amended agreement to extend the contract for the optional two-year renewal period, the fees assessed were renegotiated as follows:

<b>Assets Under Management</b>	<b>Fees in Basis Points (bps)</b>
Up to \$50 million	5 bps (0.05%)
Next \$50 million	4.5 bps (0.045%)
Over \$100 million	4 bps (0.04%)

As of September 30, 2019, the City had approximately \$95 million assets under management which amounts to an estimated \$45,250 in annual fees.

## DISCUSSION

On December 2, 2014, City Council authorized the Director of Administrative Services to execute an agreement with Public Trust Advisors for investment advisory services. The agreement term was for an initial period of three years with one optional two-year renewal through December 31, 2019.

At their meeting on October 24, 2019, the IAC unanimously approved recommending City Council authorize the Director of Administrative Services / City Treasurer to amend the contract to extend the term by one year with one optional one-year renewal which would enable the City, at its discretion, to extend terms of the original agreement to December 31, 2021. This extension period will enable staff time to issue a RFP.

Public Trust Advisors manages over \$37 billion in assets for government agencies nationwide. For more than 20 years the professionals at Public Trust have been providing investment advisory and management services to public entities in California who are guided by California investment code and California specific characteristics. Public Trust's experienced and well-resourced team dedicated to the City combines significant portfolio management and investment advisory experience with robust credit research analysis to structure investment portfolios that meet the City's investment objectives and enhance the potential for higher returns. Their management of the City's portfolio had on average met or exceeded the investment benchmarks established by the IAC and ensured compliance with the City's Investment Policy and state guidelines.

## Attachments:

- Attachment 1 – Second Amendment to Agreement Between City of Fullerton, California and Public Trust Advisors, LLC