



Agenda Report

Fullerton City Council

MEETING DATE: NOVEMBER 16, 2021

TO: CITY COUNCIL / SUCCESSOR AGENCY

FROM: STEVE DANLEY, ACTING CITY MANAGER

PREPARED BY: ELLIS CHANG, DIRECTOR OF ADMINISTRATIVE SERVICES

SUBJECT: INVESTMENT ADVISORY SERVICES CONTRACT EXTENSION

SUMMARY

The contract with Public Trust Advisors for investment advisory services expires on December 31, 2021. The Investment Advisory Committee (IAC) supports staff request to amend the existing contract to extend the term by one year to December 31, 2022 with an optional one-year renewal to December 31, 2023, which would allow staff time to issue a Request For Proposal (RFP) for investment advisory services.

RECOMMENDATION

1. Approve Fourth Amendment to Agreement Between City of Fullerton, California and Public Trust Advisors, LLC for two one-year options to renew and authorize City Manager, or designee, to execute and administer the agreement.
2. Authorize the City Manager or designee to exercise options to renew.

BUDGET POLICY PRIORITY STATEMENT

This item matches the following Budget Policy Priority Statement:

- Fiscal and Organizational Stability.

FISCAL IMPACT

The original December 2014 agreement assessed fees assessed at five basis points (0.05%) on the first \$100 million in assets managed. When the City approved the first amendment to the agreement to extend the contract for the optional two-year renewal period, the City renegotiated fees assessed as follows and will remain the same:

Assets Under Management	Fees in Basis Points (bps)
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, 2021, the City had approximately \$108 million assets under management. The City paid \$45,588.22 in fees in FY 2019-20, averaging \$3,799.02 per month.

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 has an initial three-year term to December 31, 2017 with one optional two-year renewal through December 31, 2019. The City first amended the agreement in 2018 to formally extend the term of the original agreement for the two optional years to December 31, 2019 and reduce the fees. City Council approved the second amendment in 2019 to extend the term of the original agreement by one year to December 31, 2020, with one optional one-year renewal to December 31, 2021. In 2020 the third amendment formally extended the term by one year to December 31, 2021. The table below provides a summary of term extensions:

Description	Term	Option
Original Agreement	3 years to December 31, 2017	2 years to December 31, 2019
First Amendment		Formally approved option to extend to December 31, 2019
Second Amendment	1 year to December 31, 2020	1 year to December 31, 2021
Third Amendment		Formally approved option to extend to December 31, 2021
Proposed Fourth Amendment	1 year to December 31, 2022	1 year to December 31, 2023

The IAC supports staff's request for City Council consideration of the fourth amendment to the contract to extend the term by one year with one optional one-year renewal as the extension provides staff time to issue an RFP for investment advisory services.

Public Trust Advisors manages over \$51 billion in assets as of June 2021 for government agencies nationwide. For more than 23 years the professionals at Public Trust have provided investment advisory and management services to public entities in California 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 – Fourth Amendment to Agreement
- Attachment 2 – Original Agreement and First, Second and Third Amendments