



# County of San Mateo

## Inter-Departmental Correspondence

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**Department:** TREASURER

**File #:** 24-349

Board Meeting Date: 5/7/2024

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**Special Notice / Hearing:** None  
**Vote Required:** Majority

**To:** Honorable Board of Supervisors

**From:** Sandie Arnott, Treasurer-Tax Collector

**Subject:** Amendment to the Agreement with PFM Asset Management LLC to provide Investment Advisory Services

### **RECOMMENDATION:**

Adopt a resolution authorizing an amendment to the agreement with PFM Asset Management LLC to continue providing investment advisory services, extending the term of the agreement through June 30, 2027, and increasing the amount by \$4,000,000 to an amount not to exceed \$9,550,000.

### **BACKGROUND:**

In April 2019, the Treasurer's Office issued a Request for Proposal (RFP) for investment advisory services. The RFP was published on the Public Purchase website and the San Mateo County Treasurer's website. PFM Asset Management LLC ("PFMAM") met all required specifications and was selected as the most qualified bidder. On July 1, 2019 The San Mateo County Treasurer-Tax Collector's Office entered into an agreement with PFM Asset Management LLC in the amount of \$2,550,000 to provide investment advisory services. Given the size of the County's portfolio, and to ensure the safety of pooled funds, it is prudent and in the best interest of the pool participants for the County to partner with an outside organization, like PFMAM, that specializes in managing public sector assets.

In alignment with the mission of the Treasurer's Office, to invest public funds ensuring maximum security while providing adequate liquidity to the pool participants, the Treasurer-Tax Collector is contracting with PFMAM to continue to partially manage the investment pool. The amount of assets under PFMAM's management will vary depending on the County's operational needs and cyclicity of cash flows.

### **DISCUSSION:**

This resolution authorizes an amendment to the agreement with PFMAM to provide investment research and supervision of the managed funds, as well as to conduct a continuous program of investment, evaluation, and, when appropriate, sales and reinvestment of the managed fund assets. PFMAM will continue to monitor investment opportunities and evaluate investments, as well as

provide statistical information and comprehensive reporting for the managed funds.

PFMAM is offering to maintain the current fee schedule for the extended term of the agreement. Amending the agreement with PFMAM is in the best interest of the County as they provide independent, well-informed investment advice to ensure investments are always in compliance with our investment policy and meet our investment objectives. With a three-year amendment to the current contract, we will avoid service interruption and allow PFMAM to continue managing the County's portfolio. The Treasurer's Office is requesting this Board extend the County's agreement with PFMAM to continue providing investment services.

The County Procurement Division has approved a waiver request to extend the contract for three additional years.

This amendment and resolution have been reviewed and approved by the County Attorney as to form.

This resolution contains the County's standard provisions allowing amendment of the County fiscal obligation by a maximum of \$25,000 (in aggregate).

**PERFORMANCE MEASURE:**

| Measure                             | FY 2021-22<br>Actuals | FY 2022-23<br>Actuals | FY 2023-24<br>Estimates |
|-------------------------------------|-----------------------|-----------------------|-------------------------|
| Investment Pool Gross Earnings Rate | 1.018%                | 2.242%                | 3.75%                   |
| County Pool Gross Dollar Earnings   | \$68M                 | \$166M                | \$285M                  |

**FISCAL IMPACT:**

Funds for these services have been included in the Treasurer-Tax Collector's FY 2024-25 Recommended Budget. Similar arrangements will be made for future budget years.