



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 19-532

Board Meeting Date: 6/4/2019

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 to Provide Investment Advisory Services

RECOMMENDATION:

Adopt a resolution authorizing an amendment to the agreement with PFM Asset Management to provide investment advisory services for the County investment pool, increasing the amount by \$50,000, to an amount not to exceed \$150,000, and extending the term through June 30, 2019.

BACKGROUND:

On March 13, 2019, the San Mateo County Treasurer's Office entered into an agreement with PFM Asset Management to provide investment advisory services from April 1, 2019 through May 31, 2019.

The agreement with PFM Asset Management was established to ensure management of the County's investment pool on an interim basis during the recruitment period for a new County Investment Officer. As of March 31, 2019, the County investment pool is at \$5.4 billion with a gross earning rate at 2.51%.

DISCUSSION:

In 2013, the Treasurer's Office established a standby agreement with PFM Asset Management to provide continuity of operation for the County investment pool management. This agreement minimizes the impact on pool participants during the recruitment of a new County Investment Officer.

As of April 1, 2019, the Treasurer has managed the daily repurchase agreements to ensure the liquidity of the funds for all pool participants, while PFM has managed securities maturing on or before June 30, 2019 and has reinvested funds in securities with competitive yield.

In consideration of the tentative time-line of the recruitment for the Investment Officer, the Treasurer's Office wishes to add an additional \$50,000 to the current agreement with PFM Asset Management and, extend the term through June 30, 2019.

The agreement and Resolution have been reviewed and approved by County Counsel as to form.

This amendment contributes to the Shared Vision 2025 outcome of a Collaborative Community by managing the financial assets of the County and maintaining the value of the investment pool through professional and efficient administration.

This Board is being asked to authorize the Treasurer-Tax Collector to execute subsequent amendments which do not exceed an aggregate amount of \$25,000.

PERFORMANCE MEASURE:

Measure	FY 2015-16	FY 2016-17	FY 2017-18
Investment Pool Gross Earnings Rate	0.922%	1.059%	1.493%
County Pool Gross Dollar Earnings	\$41 million	\$50 million	\$73 million

FISCAL IMPACT:

Funds in the amount of \$50,000 are included in the Treasurer-Tax Collector's FY 2018-19 Recommended Budget.