



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 19-592

Board Meeting Date: 6/25/2019

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Sandie Arnott, Treasurer-Tax Collector
Subject: Agreement with PFM Asset Management LLC to provide Investment Advisory Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with PFM Asset Management LLC to provide investment advisory services beginning July 1, 2019 through June 30, 2022, in an amount not to exceed \$2,550,000.

BACKGROUND:

The retirement of our previous Chief Investment Officer affords us the opportunity to restructure the investment area. To ensure the safety of pooled funds, it is prudent and in the best interest of pool participants to have the funds invested by more than one individual.

In April 2019, an agreement with PFM Asset Management LLC was established to ensure management of the County's investment portfolio on an interim basis during the recruitment of an Investment Officer to help manage the investment pool. As of March 31, 2019, the County investment pool balance was at \$5.4 billion with a gross earnings rate of 2.51%.

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 PFM Asset Management to partially manage the investment pool on a continuing basis.

DISCUSSION:

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 met all required specifications and was selected as the most qualified bidder.

This resolution authorizes an agreement with PFM Asset Management LLC to provide investment research and supervision of the managed funds, as well as to conduct a continuous program of investment, evaluation and, when appropriate, sale and reinvestment of the managed fund assets. PFM Asset Management LLC will continuously monitor investment opportunities and evaluate investments, as well as provide statistical information and comprehensive reporting with respect to the managed funds.

This resolution has been reviewed and approved by County Counsel 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).

This agreement 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.

PERFORMANCE MEASURE:

Measure	FY 2016-17 Actuals	FY 2017-18 Actuals	FY 2018-19 Estimates
Investment Pool Gross Earnings Rate	1.059%	1.493%	2.076%
County Pool Gross Dollar Earnings	\$50 million	\$73 million	\$116 million

FISCAL IMPACT:

Funds for these services have been included in the Treasurer-Tax Collector's FY 2019-21 Recommended Budget. Similar arrangements will be made for future budget years.