



Legislation Text

File #: 16-0703, **Version:** 1

TO: Honorable Mayor & Members of the North Port Commission

FROM: Jonathan R. Lewis, ICMA-CM, City Manager

TITLE: First Amendment to Investment Advisory Agreement with PFM Asset Management LLC.

Recommended Action

Approve the First Amendment to Investment Advisory Agreement with PFM Asset Management LLC (PFM).

Background Information

Currently, the City of North Port has an Investment Advisory Agreement (Attachment 1), with PFM Asset Management LLC, formerly known as Public Financial Management, Inc. The agreement was entered into on January 8, 1996. PFM provides investment management services to the City, including evaluation, purchase, sale and reinvestment of the City's investment funds. PFM also meets with City staff quarterly to review the investment performance. Annually, PFM hosts an investment educational seminar that helps ensure that City staff are better educated on investments and the economy at no additional cost. The compensation in Section 3(a) of the agreement is listed as an annual fee of 10 basis points (0.10%), in monthly installments, based on daily net assets under management. Based on the long-standing relationship with the City, PFM is offering to have a tiered fee schedule (attachment 2) as outlined below:

<u>Average Assets Under Management</u>	<u>Fees</u>
Initial \$25 million	10 basis points (0.10%)
Next \$25 million	8 basis points (0.08%)
Next \$50 million	7 basis points (0.07%)
Above \$100 million	6 basis points (0.06%)

The assets that the City has under management changes based on timing of both revenues and expenditures throughout each month. Therefore, the actual amount of savings is variable, but for illustrative purposes, a comparative schedule has been included in the agenda (attachment 3) showing the fees for the past fiscal year under both the current agreement and the proposed schedule. The savings under this amendment would have been \$15,037.41 annually. The current year projected savings is approximately \$16,000 based on this new agreement.

Staff is recommending Commission approve the First Amendment to the Investment Advisory Agreement to reduce City expenditures with no change in service level.

Strategic Plan

Financially Responsible City Providing Quality Municipal Services

Financial Impact

Approval of the amendment will reduce City expenditures by an estimated amount of \$16,000 annually. This expenditure is budgeted in the Non-Departmental Budget of the General Fund.

Procurement

N/A

Attachments:

1. PFM Current Contract
2. PFM Contract Amendment 1
3. Projected Savings Based on New Contract

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