

**AGENDA BILL**  
**Beaverton City Council**  
**Beaverton, Oregon**

**SUBJECT:** Contract Award – Investment Advisor Services

**FOR AGENDA OF:** 12/04/18    **BILL NO:** 18281

**Mayor's Approval:** Denny Dale

**DEPARTMENT OF ORIGIN:** Finance DRW

**DATE SUBMITTED:** 11/27/2018

**CLEARANCES:** City Attorney W. J. Key  
Mayor's Office A

**PROCEEDING:** Consent Agenda  
(Contract Review Board)

**EXHIBITS:** 1. Proposals Received

**BUDGET IMPACT**

EXPENDITURE	AMOUNT	APPROPRIATION
REQUIRED \$22,500	BUDGETED \$104,360	REQUIRED \$-0-

The Finance Operations Professional Services Account #001-20-0548-511 has a sufficient appropriation for the performance of these services for the balance of the fiscal year. The Finance Director may request a supplemental appropriation in Spring 2019.

**RECOMMENDED ACTION:**

The City Council acting as the Contract Review Board awards a contract to Government Portfolio Advisors, LLC (GPA) for non-discretionary investment advisory services for a three-year period ending December 31, 2021, with an option to extend an additional 2 year period for a total term of five years based on Council's approval of future budgets and the City Attorney's approval of contract form. If extended for a five year period the total estimated expenditure would be \$125,000.

**HISTORICAL PERSPECTIVE:**

The City of Beaverton (City) desires services of an investment advisor on a non-discretionary basis for management of its investment portfolio. Such services are provided consistent with the City's Investment Policy. That investment policy is reviewed annually by the Mayor and City Council. Another review will occur early in 2019.

In the procurement request the investment portfolio was described as averaging \$60 to 80 million, depending on the timing of the receipt of proceeds from the sale of bonds. Specific services described in the Request for Proposal (RFP) were:

2.2.1. The service period shall cover the fiscal year January 1, 2019 to December 31, 2019, January 1 to December 31, 2020 and January 1 to December 31, 2021. The contract allows for renewals for two additional one-year periods for a total term of five years.

2.2.2. Provide, non-discretionary management of the portion of the City's investment portfolio under advisement. The advisor manages between \$60 to 80 Million of the City's total \$130 Million portfolio. The portfolio currently includes the receipts of two recent bond issues which will be expended, but additional bond issues are projected in the coming years. The City retains the services of an independent Financial Advisor for its capital needs and those services are not part of this contract.

2.2.3. Assist City in establishing a safekeeping account and transferring existing investments to the safekeeping account and conduct all future investment purchases through the safekeeping account on a delivery versus payment basis.

2.2.4 Comply with all federal and State of Oregon laws and ordinances, resolutions and policies of the City of Beaverton.

2.2.5 Provide assistance in developing and implementing investment strategies that will maintain or enhance portfolio quality and performance within the parameters of the City's established investment policies and cash flow needs, taking into consideration our primary objective, which is "the preservation of principal." We expect the advisor to be proactive to changing market conditions and financial events such as the receipt of bond proceeds and the annual property tax cycle.

2.2.6 Work with City's cash management staff to assure coordination of investment trades, delivery of the securities and availability of funds. Assist with trade settlements. Obtain and document competitive prices for securities transactions. Provide technical and fundamental market research, including yield curve analysis.

2.2.7 Monitor the investment policy to assure it is updated for the annual review. Assist in the review of investment management procedures and portfolio documentation, as well as safekeeping and custodial procedures. Advise and assist the development of appropriate benchmarks for performance of the portfolio.

2.2.8 Perform due diligence reviews of current and proposed broker/dealers and financial institutions. Monitor the credit worthiness of the financial institutions and security issuers with which the City does business. Assist in keeping the authorized financial institution list updated. Monitor the creditworthiness of the City's depository and custodian bank and investments in the portfolio. Affirmatively perform the role of the Investment Advisor described in the Investment Policy.

2.2.9 At June 30 of each year, provide the fair value for the outstanding investments.

2.2.10 Provide detailed reports of investment portfolio activity and performance monthly. Include earnings and accounting methodology. Reports shall follow Generally Accepted Accounting Principles (GAAP) and Governmental Accounting Standards Board (GASB) market value reporting. Provide separate semi-annual and annual portfolio performance reports.

2.2.11 Provide City staff with ongoing training and technical advice as needed.

2.2.12 Meet with and provide information to City staff as needed. Meet or confer periodically with staff to review and refine portfolio strategy and performance.

GPA is the vendor of these professional services since 2013. They were assigned the contract from the firm selected to provide non-discretionary investment advisor services, D.A. Davidson, shortly after that award. The principals of GPA represented the local servicing staff for that contract and the Davidson firm willingly assigned the contract. For all essential purposes, GPA has provided these services for the past five years in a very satisfactory manner.

**INFORMATION FOR CONSIDERATION:**

The City issued a Request for Proposal (RFP) for Non-Discretionary Investment Advisory Services (Solicitation #3428-19B) which was advertised in the Daily Journal of Commerce on October 3, 2018, with a response date of November 6, 2018. Four proposals were received.

One firm, PFS Investments/Primerica Advisors, was disqualified for failure to meet minimum requirements of an investment advisor consistent with the City's Investment Policy as expressed in the

Request for Proposals. Staff evaluated the three proposals and scored them as follows based on the criterion in the RFP that included knowledge, experience, qualifications, project approach, relevant experience, M/W/SDV/ESB Program and references and contract price. Evaluators are all members of the City's Finance management team. The scoring summary is as follows:

**Investment Advisor RFP Summary**

<b>FIRMS:</b>	<b>Review 1</b>	<b>Review 2</b>	<b>Review 3</b>	<b>Review 4</b>	<b>Review 5</b>	<b>Average</b>
<b>Government Portfolio Advisors</b>	83.7	92	89	91.5	86.5	<b>88.5</b>
<b>PFM Asset Management</b>	64	68	78	78	73	<b>72.2</b>
<b>Time Value Investment</b>	56	54	54	37	32	<b>46.6</b>

Based on the materials presented by the three firms, staff concluded the City's best interest would be served by selecting Government Portfolio Advisors (GPA) as the City's Non-Discretionary Investment Advisor. The spread of the scores was sufficient that the group decided that interviews were not likely to change the outcome of the initial rankings.

Deanne Woodring, President and Senior Portfolio Advisor of GPA, assisted the City to re-write its Investment Policy in 2014 and leads the annual review. In addition, GPA provides a comprehensive investment strategy each fall, prior to the receipt of property tax receipts, which looks at cash flow trends, relative investment opportunities, the arrival of any new bond proceeds and spending on capital projects funded by previous bond measures. Ms. Woodring serves on the Oregon Short Term Fund Board of the State Treasurer Department and has actively shaped both statewide and national best practices. The firm provides investment options prior to each pending transaction and secures trades only with the permission of the Finance Director.

City of Beaverton

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**PROPOSALS RECEIVED**

**Request for Proposal for Non-Discretionary  
Investment Advisory Services #3428-19B**

**Closed: 2:00 pm on November 6, 2018**

**Proposals Submitted:**

1. Time Value Investments, Seattle, WA
2. PFM, Portland, OR
3. Government Portfolio Advisors, Portland, OR
4. PFS Investments Primerica Advisors, Lakewood, CO