

AGENDA BILL
Beaverton City Council
Beaverton, Oregon

SUBJECT: Contract Award - Non-Discretionary
Investment Advisory Services

FOR AGENDA OF: 11/19/13 **BILL NO:** 13252

Mayor's Approval: *Denny Dorte*

DEPARTMENT OF ORIGIN: Finance *AC*

DATE SUBMITTED: 11/08/2013

CLEARANCES: City Attorney *W. B. K...*
CAO *...*
Purchasing *...*

PROCEEDING: Consent Agenda
(Contract Review Board)

- EXHIBITS:**
1. Evaluation of All Four Proposals
 2. Evaluation of Top Two Proposals

BUDGET IMPACT

EXPENDITURE	AMOUNT	APPROPRIATION
REQUIRED \$7,500	BUDGETED \$84,000 *	REQUIRED \$-0-

* Account No. 001-13-0003-481 General Fund - Non-Departmental – Other Expenses Account. Of the \$84,000 amount budgeted, \$22,000 was designated for investment advisory services. Through December services \$5,400 is expected to be spent leaving a balance of \$16,600 for this contract for the remainder of the fiscal year.

RECOMMENDED ACTION:

The City Council acting as the Contract Review Board awards a contract to Davidson Fixed Income Management, of Portland, Oregon, for non-discretionary investment advisory services for a fee not to exceed \$15,000 for the first twelve-month period, renewable for four additional twelve-month periods at the City's option through FY 2017-18, based on Council's approval of future budgets and the City Attorney's approval of contract form. The contract fee for the second twelve-month period is \$22,000 and for the third, fourth, and fifth twelve-month periods, the fee is \$25,000 per period.

HISTORICAL PERSPECTIVE:

The City maintains an average investment portfolio of approximately \$60 million. Consistent with the City's approved Investment Policy and Oregon State Law, the Finance Director invests funds in the Oregon Local Government Investment Pool, a Community Deposit program using local banks/credit unions and investments in U.S. Treasury and Agency securities, commercial paper and other approved, conservative investment instruments.

The City of Beaverton has a reputation for excellence in fiscal administration; striving for the highest standards of performance and accountability. Since the responsibility for the safety and liquidity of governmental funds cannot be delegated to an investment advisor, the City invited competitive proposals in 2005 from qualified and experienced investment advisory firms to assist with the management and performance of the City's investment portfolio by providing non-discretionary management of the portfolio. Non-discretionary management requires that the City maintain control of investments by requiring the advisor to obtain approval from the City for all investment transactions.

As a result, in 2006, the City Council approved a contract with PFM Asset Management LLC of San Francisco, CA, to provide non-discretionary investment advisory services. At staff's request, and approved by the City Council, the contract with PFM was extended to December 31, 2013, to allow time for the City to conduct another request for proposal process for non-discretionary investment advisory services.

INFORMATION FOR CONSIDERATION:

The City issued a Request for Proposal (RFP) for Investment Advisory Services (Solicitation #2816-13) which advertised in the Daily Journal of Commerce on August 2, 2013, with a response date of August 28, 2013. Four proposals were received and evaluated. Staff evaluated the proposals and scored them as follows based on the criterion in the RFP that included knowledge, experience, qualifications, project approach, relevant experience and references and price (based on 100 points maximum see scoring evaluation attached as Exhibit 1):

Cutler Investment Counsel, Jacksonville Oregon - 60.3 points
Chandler Asset Management, San Diego, California - 76.7 points
PFM Asset Management LLC, San Francisco, California - 83.3 points
Davidson Fixed Income Management, Portland, Oregon - 89.7 points

The staff evaluation determined that PFM Asset Management, LLC and Davidson Fixed Income Management were the highest ranked proposers. Both firms were then invited to give an on-site presentation of their firm's qualifications as well as answer six questions submitted by the City. The presentations were on November 4, 2013, and staff again evaluated each firm based upon the same criterion in the RFP with the following results (see the attached scoring evaluation Exhibit 2):

Davidson Fixed Income Management, Portland, Oregon - 89.7 points
PFM Asset Management LLC, San Francisco, California - 75.5 points

Based on the presentations, staff concluded the City's best interest would be served by selecting Davidson Fixed Income Management (Davidson) as the City's Investment Advisor.

While both firms are well qualified, Davidson is based in Portland and has demonstrated an active leadership role in local financial policies and practices. The staff at Davidson is active in the Oregon Finance Officers Association (OMFOA). Ms. Deanne Woodring, Managing Director, sits on the Oregon Short Term Fund Board (OSTF) and is also a member of the Treasury and Investment Management Committee of the Government Finance Officers Association (GFOA). Davidson provides non-discretionary investment advisory services for local public agencies including, Tualatin Valley Water District, the Cities of Hillsboro, Corvallis, and Albany and Washington and Jefferson Counties. Davidson also offers a fixed-rate approach rather than a fee based on the amount invested. The first year's fee is \$15,000 and is capped at \$25,000 in the third year of the contract and beyond, if renewed.

Investment Advisor RFP Rating Work Sheet

FIRM: PFM (Public Financial Management Inc.)

Ranking Instructions:	Points	Evaluation Factor:	Weight
Quality of Response		1. Signature Page	1
Excellent Response	4	2. Transmittal Letter	1
Good Response	3	3. Knowledge, Experience & Qualifications of Project Team Members and Firm	8
Average Response	2	4. Project Approach & Understanding	5
Poor Response	1	5. Relevant Experience and References	6
No Response	0	6. Maximum Fee	4

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
Signature Page	4	4	4	4	4.0
Transmittal Letter	4	4	4	4	4.0
3. Knowledge, Experience & Qualifications of Project Team	32	32	27	29	29.3
4. Project Approach & Understanding	20	15	19	19	17.7
5. Relevant Experience and References	24	18	22	21	20.3
6. Maximum Fee	16	8	8	8	8.0
Total Points	100	81	84	85	83.3

Investment Advisor RFP Rating Work Sheet
FIRM: Davidson Fixed Income Management

Ranking Instructions:	Points	Evaluation Factor:
Quality of Response		1. Signature Page
Excellent Response	4	2. Transmittal Letter
Good Response	3	3. Knowledge, Experience &
Average Response	2	4. Project Approach & Understanding
Poor Response	1	5. Relevant Experience and References
No Response	0	6. Maximum Fee

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
Signature Page	4	4	4	4	4.0
Transmittal Letter	4	4	4	4	4.0
3. Knowledge, Experience & Qualifications of Project Team Members and Firm	32	32	28	30	30.0
4. Project Approach & Understanding	20	10	14	17	13.7
5. Relevant Experience and References	24	24	24	23	23.7
6. Maximum Fee	16	12	15	16	14.3
Total Points	100	86	89	94	89.7

Investment Advisor RFP Rating Work Sheet
FIRM: Cutler Investment Group , LLC

Ranking Instructions:	Points	Evaluation Factor:
Quality of Response		1. Signature Page
Excellent Response	4	2. Transmittal Letter
Good Response	3	3. Knowledge, Experience &
Average Response	2	4. Project Approach & Understanding
Poor Response	1	5. Relevant Experience and References
No Response	0	6. Maximum Fee

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
Signature Page	4	4	4	4	4.0
Transmittal Letter	4	4	4	4	4.0
3. Knowledge, Experience & Qualifications of Project Team Members and Firm	32	8	15	20	14.3
4. Project Approach & Understanding	20	10	15	10	11.7
5. Relevant Experience and References	24	6	10	15	10.3
6. Maximum Fee	16	16	16	16	16.0
Total Points	100	48	64	69	60.3

Investment Advisor RFP Rating Work Sheet
FIRM: Chandler Asset Management

Ranking Instructions:	Points	Evaluation Factor:
Quality of Response		1. Signature Page
Excellent Response	4	2. Transmittal Letter
Good Response	3	3. Knowledge, Experience &
Average Response	2	4. Project Approach & Understanding
Poor Response	1	5. Relevant Experience and References
No Response	0	6. Maximum Fee

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
Signature Page	4	4	4	4	4.0
Transmittal Letter	4	4	4	4	4.0
3. Knowledge, Experience & Qualifications of Project Team Members and Firm	32	24	23	27	24.7
4. Project Approach & Understanding	20	15	19	18	17.3
5. Relevant Experience and References	24	18	18	21	19.0
6. Maximum Fee	16	8	8	7	7.7
Total Points	100	73	76	81	76.7

Investment Advisor RFP Rating Work Sheet

Investment Advisor RFP Summary

FIRMS:	Maximum	Reviewer 1	Reviewer 2	Reviewer 3	Average
PFM	100	81	84	85	83.3
Davidson	100	86	89	94	89.7
Chandler	100	73	76	81	76.7
Cutler	100	48	64	69	60.3

Investment Advisor RFP Rating Work Sheet
FIRM: PFM (Public Financial Management Inc.)

Ranking Instructions:	Points	Evaluation Factor:	Weight
Quality of Response		1. Signature Page	N.A.
Excellent Response	4	2. Transmittal Letter	N.A.
Good Response	3	3. Knowledge, Experience & Qualifications of Project Team Members and Firm	8
Average Response	2	4. Project Approach & Understanding	5
Poor Response	1	5. Relevant Experience and References	6
No Response	0	6. Maximum Fee	4

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
1. Signature Page	N.A.				-
2. Transmittal Letter	N.A.				-
3. Knowledge, Experience & Qualifications of Project Team	32	24	28	30	27.3
4. Project Approach & Understanding	20	20	17.5	17	18.2
5. Relevant Experience and References	24	24	21	21	22.0
6. Maximum Fee	16	8	8	8	8.0
Total Points	92	76	74.5	76	75.5

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Investment Advisor RFP Rating Work Sheet
FIRM: Davidson Fixed Income Management

Ranking Instructions:	Points	Evaluation Factor:
Quality of Response		1. Signature Page
Excellent Response	4	2. Transmittal Letter
Good Response	3	3. Knowledge, Experience &
Average Response	2	4. Project Approach & Understanding
Poor Response	1	5. Relevant Experience and References
No Response	0	6. Maximum Fee

Evaluation Factor	Max Points	Reviewer 1	Reviewer 2	Reviewer 3	Average
1. Signature Page	N.A.				-
2. Transmittal Letter	N.A.				-
3. Knowledge, Experience & Qualifications of Project Team Members and Firm	32	32	32	30	31.3
4. Project Approach & Understanding	20	20	20	18	19.3
5. Relevant Experience and References	24	24	24	23	23.7
6. Maximum Fee	16	16	16	14	15.3
Total Points	92	92	92	85	89.7

Investment Advisor RFP Summary

FIRMS:	Maximum	Reviewer 1	Reviewer 2	Reviewer 3	Average
PFM	92	76	74.5	76	75.5
Davidson	92	92	92	85	89.7