



STAFF REPORT

CITY of YORBA LINDA

FINANCE DEPARTMENT

DATE: DECEMBER 21, 2021

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: DIANNA HONEYWELL, FINANCE DIRECTOR / CITY TREASURER

SUBJECT: CONTRACT EXTENSION WITH PFM ASSET MANAGEMENT, LLC

RECOMMENDATION

It is recommended that the City Council approve a contract extension with PFM Asset Management, LLC on a month-to-month basis for a maximum period of one year.

BACKGROUND

Prior to 2016, the City's pooled investment portfolio had been managed in-house. In December 2016, the City engaged the services of PFM Asset Management, LLC ("PFM") as the City's investment advisor. The term of the agreement extends for a period of five years. The agreement expires in December 2021. The City's Finance Committee met on December 7, 2021, and recommended extending the agreement with PFM on a month-to-month basis for a maximum period of one year.

DISCUSSION

City staff had been in the process of evaluating whether it would be more beneficial to bring the investment function in-house or issue a request for proposal to continue outside investment advisory services. During the evaluation period, it became clear that temporary staffing issues within the Finance Department would limit the amount of time that could be dedicated to bringing the investment management function in-house at this time.

Staff recommended that the Finance Committee consider extending the current contract with PFM on a month-to-month basis for a maximum of period of one year. During this period, staff would continue to evaluate whether it is more beneficial to continue with the current model of contracting for investment management services or bring it in-house to be managed by staff. The Finance Committee agreed with Staff's recommendation.

FISCAL IMPACT

The current cost to manage the portfolio is included in the FY 21/22 adopted budget.

CONTRACT EXTENSION WITH PFM ASSET MANAGEMENT, LLC

Page | 2

ALTERNATIVES

The City Council could direct staff to manage the investment portfolio in-house which could be impacted by staff's current departmental workload.

ATTACHMENTS

- 1.) First Amendment to the Investment Advisory Agreement with PFM Asset Management, LLC
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