



CITY OF SAN MATEO

City Hall
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Agenda Report

Agenda Number: 21

Section Name: {{section.name}}

Account Number: 10-2021

File ID: {{item.tracking_number}}

TO: City Council
FROM: Christina Horrisberger, Interim City Manager
PREPARED BY: Finance Department
MEETING DATE: July 17, 2023
SUBJECT:
Investment Advisory Services – Amendment

RECOMMENDATION:

Approve Amendment No. 1 to the agreement with Chandler Asset Management for investment advisory services in an amount not to exceed \$465,000 for Fiscal Years 2022-23 through 2024-25; extend the term of the agreement through June 30, 2025; and authorize the City Manager to execute Amendment No. 1 in substantially the form presented.

BACKGROUND:

On February 18, 2020, City Council approved an agreement with Chandler Asset Management (Chandler) for investment advisory services for an initial three-year term until March 31, 2023, with an option to extend the agreement for an additional two-year term to March 31, 2025. During the time that the agreement was executed, the City's Finance Director/City Treasurer managed approximately 78% of the City's cash and investment portfolio, which averaged \$205 million during that past year, and included investment pools through San Mateo County, the State of California's Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP). At this time, the annual cost to the City for investment advisory fees was estimated to be approximately \$55,000 per year.

Since that time, the City has shifted management of the non-pooled investments to Chandler to leverage their industry expertise, which empowered Treasury Division staff to focus on cash flow, cash receipts, and other service demands. As a result of the shift in business practice, Chandler has more assets under management, and consequently increased fees for investment advisory services. City staff has been satisfied with Chandler's services and recommends continuing this practice. As such, Amendment No. 1 establishes a not-to-exceed amount by fiscal year to request agreement budget authority for the remainder of the term, and based on Chandler's exceptional performance, extending the term through June 30, 2025 to align the term with the City's fiscal year.

BUDGET IMPACT:

No additional budget appropriations are required. The Finance Department anticipates that the cost of services will be offset by investment returns for the portion of assets under the firm's management.

ENVIRONMENTAL DETERMINATION:

This agreement amendment is not a project subject to CEQA, because it is an organizational or administrative activity that will not result in direct or indirect physical changes in the environment. (CEQA Guidelines Section 15378(b)(5).)

NOTICE PROVIDED

All meeting noticing requirements were met.

ATTACHMENTS

Att 1 - Amendment No. 1

STAFF CONTACT

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