



Legislation Text

File #: 18-0125, **Version:** 1

DATE: February 1, 2018

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Tallent, Assistant City Administrator / CFO
Brian Wilcox, Purchasing Manager

SUBJECT:

Consideration Of Procurement Award To Government Portfolio Advisors Of Portland, Oregon In The Flat-Fee Amount Of \$48,000 Per Year For Non-Discretionary Investment Advisory Services For Certain Non-Pension Assets Of The City For A Term Of Award For The Finance Department (Purchasing Office Procurement Solicitation No. 2018-011; \$25,000 Budgeted In 110-85520-41500 For Fiscal Year 2018; Contract No. 2018-0006) (02/08/18 Finance 3-0)

Purpose

The purpose of this procurement is to purchase non-discretionary investment advisory services for certain non-pension assets of the City, for a term of award of three (3) years with two (2) options to extend, each for up to one (1) year, for a maximum possible term of award of five (5) years total.

Background

In the context of investment advisory services, the term “non-discretionary” refers to the service provider being an advisor to the client, and executing the client’s decisions, rather than the service provider using its own discretion to make final decisions for the client on what investments the client purchases and sells.

The City published on November 30, 2017 a Notice to Proposers in the *Williamson Herald* soliciting sealed written proposals to be submitted in response to a request for proposals for non-discretionary investment advisory services for certain non-pension assets of the City (Purchasing Office Solicitation No. 2018-011). In addition, solicitation documents were sent on or about the same date directly to twenty (20) potential proposers known or thought to be interested in this solicitation. Proposals from four (4) service providers were publicly opened at the submittal opening held on January 5, 2018. A tabulation of the proposals received for this solicitation is attached.

Using evaluation criteria included in the request for proposals, the proposal evaluation team, consisting of City Comptroller Mike Lowe, Financial Analyst Lori Pope, Assistant City Administrator for Finance and Administration / CFO Kristine Tallent and retired Assistant City Administrator for Finance and Administration / CFO Russ Truell, recommended the City interview the two firms submitting the proposals ranked highest by the proposal evaluation team, namely Government Portfolio Advisors of Portland, Oregon, and Patterson Capital Management of Austin, Texas. The foremost reasons why the proposal evaluation team reached this

recommendation include:

- stability of the firm and perceived ability to respond to the non-discretionary requirements of the City;
- experience of the project leader and project team related to the required services;
- understanding of the work to be performed and description of approach to the project; and
- proposed fee structure.

The two finalists were subsequently invited to interview remotely. Both firms accepted. After the interviews were completed on January 23, 2018, using evaluation criteria included in the request for proposals, the interview panel (consisting of the same individuals as comprised the proposal evaluation team) recommended the City select the firm of Government Portfolio Advisors, the service provider currently used by the City for approximately the same services. The foremost reasons why the interview panel reached this recommendation include:

- articulation of the value that each firm brings to the project;
- experience of portfolio manager and depth of staff;
- perceived strength, stability, and innovative capacity of the firm;
- unique capabilities and flexibility of the proposing firm; and
- emphasis on education, compliance and communication with City staff.

Financial Impact

The proposal ranked highest by the proposal evaluation team, from Government Portfolio Advisors of Portland, Oregon, is in the flat-fee amount of \$48,000 per year for the requested and proposed services. (The amount of this proposed fee compares with the current fee from the same service provider of \$25,000 for approximately the same services but for what had been anticipated to be a substantially smaller portfolio.) The Finance Department budget for fiscal year 2018 allocates \$25,000 out of the General Fund for the purchase of investment management services. The proposal amount for the proposal from Government Portfolio Advisors is \$23,000 (92%) over budget. Beginning with fiscal year 2018, staff anticipates allocating a proportional amount of the fee to both the General Fund and the Water and Sewer Fund.

Options

In accordance with the solicitation documents, the City reserves the right to reject any and all proposals.

Recommendation

Staff recommends that the City accept the submittal ranked highest by the interview panel, from Government Portfolio Advisors of Portland, Oregon in the flat-fee amount of \$48,000 per year for the requested and proposed services, and award this procurement to this service provider, for a term of award of three (3) years with two (2) options to extend, each for up to one (1) year, for a maximum possible term of award of five (5) years total. Purchasing Manager Brian Wilcox believes the prepared solicitation documents as distributed allowed for competition among multiple service providers, and that the staff recommendation appears to be made in a fair and impartial manner based upon the proposals received. Contract No. 2018-0006 is not yet in final form and therefore is not attached. When it is in final form, and if the staff recommendation to accept the proposal from and award the procurement to Government Portfolio Advisors is approved by the Board of Mayor and Aldermen, then, pursuant to authority previously granted by the Board of Mayor and Aldermen, Contract No. 2018-0006 will be executed by the City Administrator and subsequently reported to the Board of Mayor and Aldermen.

