



CITY OF MENIFEE

SUBJECT: Agreement with Chandler Asset Management for Professional Investment Services

MEETING DATE: November 20, 2024

TO: Mayor and City Council

PREPARED BY: Margarita Cornejo, Deputy Finance Director

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Approve and authorize the City Manager to execute a Professional Services Agreement with Chandler Asset Management for professional investment services in an annual not-to-exceed amount of \$125,000 through June 30, 2027.

DISCUSSION

The City of Meniffee's Investment Policy, CC-11, was created in 2008 to establish guidelines for investment operations of the City. Pursuant to the policy, the City of Meniffee will foster a prudent and systematic investment program designed to seek the City of Meniffee's objectives of safety, liquidity, and return through a diversified investment portfolio.

The City's investment operations are under the direction of the City Treasurer, currently designated as the Chief Financial Officer (CFO). The City's current investment portfolio composition includes investments in the Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP) and engagement of Chandler Asset Management for professional investment services. Over the past year, the City has reviewed and evaluated opportunities to strategically and safely manage its investment portfolio in a manner that provides the agency with strong returns. In this effort, at the March 26, 2024 Finance Committee, staff presented and Finance Committee approved the recommendation to consolidate the City's long term investments under one investment advisor, Chandler Asset Management. Chandler Asset Management has been providing these services to the City since incorporation, and was originally procured through a competitive Request for Proposals (RFP) process. In the spring of 2024, the City unified all long-term investments with Chandler Asset Management, including consolidation of existing long-term investments previously managed by Piper Sandler, a broker-dealer, and moving funds previously held in the short-term pools LAIF and CAMP into the Chandler Asset

portfolio. In total Chadler Asset Management currently manages a portfolio representing approximately \$129 million.

In addition to investment portfolio management services, Chandler also provides the City with support, including but not limited to, monitoring of compliance with the City's Investment Policy and review of annual updates to the Investment Policy. The compensation of Chandler's services is based on the overall portfolio size managed. A proposed professional services agreement reflecting the current investment portfolio, as well as provide room for increased portfolio size is presented for Council approval.

STRATEGIC PLAN OBJECTIVE

Thriving Economy

FISCAL IMPACT

Chandler Asset Management has offered a reduced fee schedule based on increasing the City's portfolio level. The proposed fees are as follows: 10 basis points (bps) on the first \$25 million, 8bps on the next \$25 million, and 6bps on assets under management of more than \$50 million. Costs for services would be paid directly from the investment portfolio. Based on a current investment portfolio of \$129.8 million, annual costs are estimated at around \$95,000. The proposed agreement not-to-exceed \$125,000 per year would accommodate increases in the portfolio size. Billing would be based on actual size and detailed costs would be provided with monthly reporting. The cost for this agreement is included in the FY 2024/25 budget and would be included in the FY 2025/26 and FY 2026/27 budgets. No additional budget appropriation action(s) is required.

ATTACHMENTS

1. Agreement