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**ADOPTED- BOARD OF TRUSTEES COMMUNITY
COLLEGE DISTRICT NO. 508
MAY 12, 2011**

**BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
COUNTY OF COOK AND STATE OF ILLINOIS**

**INVESTMENT MANAGEMENT SERVICES
OFFICE OF FINANCE**

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chairman to execute a three (3) year agreement with PFM Asset Management LLC to serve as the Investment Advisor for City Colleges of Chicago with 3 additional one year options to renew and a provision for termination for convenience at any time for the period from July 1, 2011 through June 30, 2014, at an annual cost of \$190,000 and a total cost of \$570,000 for the contract term.

VENDOR: PFM Asset Management LLC
222 N. LaSalle St. Suite 910
Chicago, IL 60601

USER: Office of Finance
District –Wide

TERM:

The term of this agreement shall commence on July 1, 2011 and shall end on June 30, 2014 with an option to renew for 3 additional one-year periods subject to the Board's approval.

SCOPE OF SERVICES:

The selected firm will serve as the City Colleges of Chicago Investment Advisor(s) and responsibilities will include but not be limited to:

- Compliance with all City Colleges investment guidelines and policies and the statutes of State of Illinois, identifying current or anticipated changes in the market and adjusting the portfolio accordingly
- Providing monthly statements
- Providing custodial and safekeeping reviews
- Conducting broker/dealer due diligence
- Performing credit analyses of security issuers and financial institutions
- Reviewing and evaluating cash flow projections prepared by the City Colleges

- Providing on-going support services
- Offering staff training and education as needed
- Conducting other special projects or investment support services

BENEFIT TO CITY COLLEGES OF CHICAGO:

The Office of Finance has determined that the Investment Advisor will assist the Treasurer and Chief Financial Officer in managing the current investment portfolio and providing the necessary data and benchmarks to adequately grow the portfolio and provide the Office of Finance the opportunity to forecast and provide the Board of Trustees with improved cash flow analysis.

VENDOR SELECTION CRITERIA:

A Request for Proposal (RFP) was prepared and advertised through the Office of Procurement Services in October 28, 2010. The RFP was e-mailed to 113 firms and ten (10) responses were received from the following firms: 1) PFM Asset Management LLC; 2) Chandler Asset Management; 3) Ramirez Asset Management; 4) Fifth Third Asset Management Inc.; 5) American Beacon Advisors; 6) Estrada Hinojosa & Company Inc.; 7) Seagall Bryant & Hamill; 8) Cypress Asset Management; 9) JP Morgan Chase Asset Management; and 10) Affirm HealthCare. Affirm HealthCare was deemed non-responsive as the firm failed to provide the required submittal documentation.

Each of the ten firms were required to present their qualifications and respond to ten (10) written committee questions via an oral presentation held on February 7, 2011. The evaluation committee individually scored each proposal and recommended the following top three ranking firms as the District’s finalists: 1) PFM Asset Management LLC; 2) Ramirez Asset Management; and 3) Chandler Asset Management based upon the following criteria:

1. Responsiveness of RFP
2. Qualifications of the Firm and Project Team
3. Demonstrated Investment Performance
4. Portfolio Management Resources and Investment Philosophy
5. Proposed Methodology and Approach
6. Minority and Women Business Enterprise Participation
7. Compliance with All Applicable Laws, Ordinances and Statutes
8. Price / Cost / Fees (Proposed Cost of Services)

The evaluation committee then conducted an additional evaluation at the request of the Board regarding the size of the District’s portfolio in relation to the total assets that would be under management by the firms. Following this evaluation process which also considered the above listed criteria, PFM Management LLC was selected as the recommended vendor.

DELIVERABLES:

PFM Asset Management LLC will provide Investment Advisory assistance to the Treasurer and Chief Financial Officer on monthly basis and assist with the management of the investment portfolio for City Colleges of Chicago.

MBE/WBE COMPLIANCE:

The Office of M/WBE Contract Compliance has reviewed the above agreement request and PFM Asset Management LLC is in compliance with the Board Approved Participation Plan.

MBE Vendor: Williams Capital Management MSDC certification
625 N. Michigan Ave. Suite 1740
Chicago, IL 60611

WBE Vendor: DJ Mosier City certification
60 W. Randolph St. Suite 2000
Chicago, IL 60601

GENERAL CONDITIONS:

Inspector General- It shall be the duty of each party to the agreement to cooperate with the Inspector General for City Colleges of Chicago in any investigation conducted pursuant to the Inspector General’s authority under Article II, Section 2.6.4(b) of the Board Rules for Management and Government.

Ethics – It shall be the duty of each party to the agreement to comply with the applicable provisions of the Board’s Ethics Policy adopted January 7, 1993, and as amended by the Board.

FINANCIAL:

Total cost not to exceed \$190,000 on annual basis with a total cost not to exceed \$570,000 for the contract term.

Charge to Department: Treasurer, Office Of Finance

Source of Funds: Education Fund

Unrestricted

FY12: 00003-0010104-00082-00000-0000000000-532100: \$190,000.00

FY13: 00003-0010104-00082-00000-0000000000-532100: \$190,000.00

FY14: 00003-0010104-00082-00000-0000000000-532100: \$190,000.00

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

May 12, 2011 – Office of Finance