

31842
ADOPTED - BOARD OF TRUSTEES
COMMUNITY COLLEGE DISTRICT NO. 508
MAY 2, 2013

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

INVESTMENT MANAGEMENT SERVICES
PFM ASSET MANAGEMENT LLC
(AMENDMENT TO BOARD REPORT 30975 ADOPTED ON MAY 12, 2011)
OFFICE OF FINANCE

THE CHANCELLOR RECOMMENDS:

that the Board of Trustees authorizes the Chair to execute an amendment to the agreement with PFM Asset Management LLC to request an additional \$60,000 in fees related to an increase in assets managed by the firm for the remaining contractual period from May 3, 2013 through June 30, 2014. A portion of the increase in assets under management will be directed to the minority subcontractor.

VENDOR: PFM Asset Management LLC
222 North LaSalle Street Suite 910
Chicago Illinois 60601

USERS: Office of Finance

TERM:

The term of this agreement commenced on July 1, 2011 and shall end on June 30, 2014, with an option to extend for an additional three (3) additional one-year period subject to the Board's approval.

SCOPE OF SERVICES:

Pursuant to Board Report 30975 adopted on May 12, 2011, PFM Asset Management LLC (PFM) serves as the City Colleges of Chicago Investment Advisor(s) at a total original cost not to exceed \$570,000 for the contract term. PFM's responsibilities include but are 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 College

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

During the contractual period with PFM, the District, through the Treasury Division of the Office of Finance, began to invest additional funds in PFM managed portfolios (Short Term Operating and Working Cash Portfolios) in order to earn more interest. This investing decision has led to increased fees of \$60,000 for the remainder of the contractual term. A portion of the increase in assets under management will be directed to the minority subcontractor.

BENEFITS TO CITY COLLEGES OF CHICAGO:

Utilizing PFM will assist the Treasurer and Chief Financial Officer in managing the current investment portfolio and provide the necessary data and benchmarks to adequately grow the portfolio while also enabling better forecasting to 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 mailed to 113 firms and (10) responses were received from the following firms: 1) PFM Asset Management LLC; 2) Chandler Asset Management; 3) Ramiez 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) JPMorgan 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 on the following criteria: The evaluation committee reviewed the responses and recommend PFM Asset Management based on the criteria set forth in the RFP including:

- Responsiveness to the RFP
- Qualification of the Firm and Project Team
- Demonstrated Investment Performance
- Portfolio Management Resources and Investment Philosophy
- Proposed Methodology and Approach
- Minority and Women Business Enterprise Participation
- Compliance with All Applicable Laws, Ordinances and Statues
- 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.

MBE/WBE COMPLIANCE:

The Office of M/WBE Contract Compliance has reviewed the above-referenced amendment and has determined that PFM Asset Management, LLC remains in compliance with the Board Approved Participation Plan.

MBE Vendor:

Williams Capital Management 625 N. Michigan Ave., Ste. 1740 Chicago, IL 60611	Direct Participation 25%	CMBDC Certification
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WBE Vendor:

DJ Mosier 60 W. Randolph, Suite 2000 Chicago, IL 60601	Direct Participation 7%	City Certification
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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 2, Section 2.7.4(b) of the Board Bylaws

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 an amended by the Board.

Contingent Liability – Pursuant to Section 7-14 of the Illinois Public Community Act all agreements authorized herein shall contain a clause that any expenditure beyond the current fiscal year is subject to appropriation in the subsequent fiscal year.

FINANCIAL:

Total FY13 – FY14: \$60,000

Charge to: Business Department, Various Colleges

Source of Funds: Education Fund

Respectfully submitted,

**Cheryl L. Hyman
Chancellor**

May 2, 2013 – Office of Finance