



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
May 7, 2024

TOPIC: Investment Manager and Portfolio Services

AGENDA TITLE

Approve an Agreement with Meeder Public Funds, Inc. for Investment Manager and Portfolio Services

RECOMMENDED ACTION

Authorize the City Manager to execute an agreement with Meeder Public Funds, Inc. to provide Investment Management and Portfolio Services in an annual aggregate amount not-to-exceed \$150,000, for a total aggregate amount not-to-exceed \$750,000 for a three-year term beginning May 8, 2024 and expiring April 31, 2027, with provisions for two, one-year extensions (Agreement No. A-2024-XXX).

GOVERNMENT CODE §84308 APPLIES: Yes

DISCUSSION

The Finance and Management Services Agency currently manages the City's investment portfolio of \$450 million, as of February 29, 2024. The investment portfolio is managed to ensure that all investments are made under the terms and conditions of California Government Code Section 53600 and that all investments are selected in the order of safety, liquidity, and return on investments. Although the Finance department is qualified to manage the City's investment portfolio, using an independent fiduciary firm for investment management services is recommended and would complement the Finance department's ability to meet investment objectives while freeing staff time for other needs in the department. With these investment services, the City's investment portfolio would transition to being actively managed by an investment advisory firm; however, City staff will continue to maintain the discretion to approve all recommended investment transactions and management of cash flow needs.

Four investment advisory firms submitted proposals in response to the Request for Proposal (RFP) No. 23-162: Chandler Asset Management, Inc., Garcia Hamilton & Associates, L.P., Insight North America LLC, and Meeder Public Funds, Inc. The selection committee with experience in the related services evaluated proposals.

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Based on the Committee's evaluation and review of references, Meeder Public Funds, Inc. was selected as the most qualified firm for Investment Manager and Portfolio Services. They demonstrated extensive experience in the field of investment advisory services with governments of similar size. In addition, the firm demonstrated the ability to evaluate the entire financial picture and tailor their recommendations based on the City's unique needs.

Meeder will provide the following services:

- Portfolio Management in an SEC registered fiduciary capacity with discretion/non-discretionary authority
- Deep understanding and review of investment policy and cash flow to inform a highly customized plan
- Consistent investment solutions via a highly quantitative strategy
- Safety and liquidity while maximizing investment income over the long term
- Diversified and liquid investment options permitted by state law

Staff recommends awarding an agreement to Meeder Public Funds, Inc. Their proposal demonstrated the firm has the necessary resources and expertise to complete the required services as specified in the RFP.

FISCAL IMPACT

Although the agreement is for a total aggregate amount not-to-exceed of \$750,000 for a three-year term, with provisions for two, one-year extensions, the annual cost will vary depending on the assets under management. The total annual investment fee is estimated to be approximately \$150,000, subject to change-based assets under management. The estimated cost of \$25,000 for this current fiscal year will be presented with the third quarter budget report for City Council consideration. The costs for investment services will be paid out from the Finance Management & Support – Professional Services (Account No. 01110100-62300). The fees are expected to be offset by the interest earnings generated by the agreement.

EXHIBIT(S)

1. Agreement

Submitted By: Kathryn Downs, Executive Director of Finance and Management Services

Approved By: Alvaro Nuñez, Acting City Manager