

ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team
at MileHighOrdinance@DenverGov.org by **3:00pm on Monday**.

****All fields must be completed.****

Incomplete request forms will be returned to sender which may cause a delay in processing.

Date of Request: 11/13/2014

Please mark one: **Bill Request** or **Resolution Request**

1. Has your agency submitted this request in the last 12 months?

Yes **No**

If yes, please explain: CB 13-0863 was submitted in late 2013 to extend the contract with Chandler Asset Management for one year through December 31, 2014 to provide time to conduct a comprehensive RFP process that incorporated new asset classes approved in 2013 by Denver voters.

2. Title: A bill for an ordinance approving contract FINAN-201417767-00, between the City and County of Denver and Chandler Asset Management for investment advisory and management services.

3. Requesting Agency: Department of Finance, Cash, Risk & Capital Funding

4. Contact Person: *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Caroline Hendrickson
- **Phone:** 720-913-9335
- **Email:** caroline.hendrickson@denvergov.org

5. Contact Person: *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Marc McClure
- **Phone:** 720-913-3091
- **Email:** marc.mcclure@denvergov.org

6. General description of proposed ordinance including contract scope of work if applicable: A competitive RFP process was conducted this year by the City's Purchasing Division to obtain investment advisory and consulting services. Chandler Asset Management's proposal was determined to be the best value for its cost. The recommended ordinance will approve the retention of Chandler to provide these services through 2019, if the City executes each renewal period. Chandler will manage \$400 million of the City \$3 billion investment portfolio and be paid 6.5basis points – approximately \$260,000 per year. The annual cost represents 0.6% of the annual investment earnings generated by the Finance Investment Team's management of the portfolio. If all annual renewals are executed, the City will pay Chandler \$1,425,000 for the life of the contract. Chandler has successfully served in this capacity since 2009, and will provide investment research analysis, advice, and reporting. Please see the attached Executive Summary for more details. In early 2015, the Finance Department would also like to provide information to the Council Committee about the investment portfolio's performance and the impacts of the additional securities approved by Denver voters in 2013.

a. Contract Control Number: FINAN-201417767-00

b. Duration: January 1, 2015 through December 31, 2019

c. Location: N/A

d. Affected Council District: N/A

e. Benefits: Chandler Asset Management will advise the City and County of Denver in areas of investment management, analysis, reporting and compliance oversight, best practices, and as a general resource.

f. Costs: The Current Contract is from January 1, 2015 through December 31, 2019 with a total amount of \$1,425,000.

7. Is there any controversy surrounding this ordinance? (Groups or individuals who may have concerns about it?) Please explain. None

To be completed by Mayor's Legislative Team:

SIRE Tracking Number: _____

Date Entered: _____



DENVER
THE MILE HIGH CITY

MICHAEL B. HANCOCK
Mayor

DEPARTMENT OF FINANCE

CARY KENNEDY
CHIEF FINANCIAL OFFICER

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Executive Summary

A BILL FOR AN ORDINANCE APPROVING AN AGREEMENT BETWEEN THE CITY AND COUNTY OF DENVER AND CHANDLER ASSET MANAGEMENT TO MAINTAIN ADVISORY AND INVESTMENT MANAGEMENT SERVICES.

After a competitive RFP process conducted this summer by the Purchasing Division, the City's investment staff and CFO recommend contracting with Chandler Asset Management to provide investment advisory and management services to the City's CFO and Investment Officers. Chandler has been the City's investment advisor since 2009 and helped optimize the City's portfolio performance by investing excess cash and developing investment strategies. Chandler helped the City implement the 2014 Charter Change that allowed the City to invest in new asset classes in which the Colorado State Treasurer is allowed to invest. The new permissible investments generate additional investment earnings and diversification benefits within the City's portfolio.

The services Chandler will provide under the contract include:

- Ongoing investment recommendations that fit the City's conservative risk profile
- Production of monthly and quarterly performance reports
- Portfolio analytics with respect to individual security selection and valuation
- Periodic reviews of the City's procedures and investment infrastructure
- Staff education on a variety of subjects including proprietary tools Chandler uses in managing fixed income portfolios
- Advice on the appropriate stratification of the City's portfolio
- Discretionary management of \$400 million constrained to the City's Investment Policy
- Verification and recommendations regarding the City's performance calculations
- Market and portfolio updates on a weekly basis
- Periodic meetings with the Investment Advisory Committee and CFO
- Support for City staff as a general resource and subject matter expert

The initial term of this new contract is from January 1, 2015 through December 31, 2015 with four annual Renewal Terms and an expiration date of December 31, 2019. Chandler had the best overall RFP response among the five vendors submitting proposals based on Chandler's overall score from its technical ability and managerial fees.

Chandler is paid 6.5 (.065%) basis points on the \$400 million of assets they manage, which equates to approximately \$260,000 in fees per year.

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