

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: REQUEST AUTHORIZATION TO ENTER INTO A CONTRACTUAL SERVICES AGREEMENT BETWEEN THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA, AND PFM ASSET MANAGEMENT, LLC, PURSUANT TO REQUEST FOR PROPOSALS NO. 082-NN10 – INVESTMENT MANAGEMENT SERVICES – SUPPLEMENTAL EARLY RETIREMENT PLAN (SERP)

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO STRATEGIC FRAMEWORK: FINANCIAL EFFICIENCY/STABILITY

Request For Proposals No. 082-NN10 – Investment Management Services – Supplemental Early Retirement Plan (SERP), is to provide ongoing multi-asset advisory and fiduciary management capabilities that include the following, for the Office of Treasury Management:

- Formal review of investment policies, guidelines, actuarial data, and liquidity needs;
- Advisory services: economic capital markets assumptions, updates and review; asset/liability analysis (Monte Carlo simulations); active/passive and/or strategic vs. tactical asset allocation determination; investment strategy with goals and objectives; risk/sensitivity assessment/targets; peer review; manager research, selection and monitoring;
- Discretionary implementation of investment strategy that includes re-balancing; investment reviews, management reporting and performance benchmarking;
- Ongoing client education services and/or investment research services; and
- Reporting & performance reviews that include at least annual presentations to the Treasury Advisory Committee.

This is a term proposal. Seven (7) proposers responded to this advertised solicitation. The term of the proposal shall be for an initial period of three (3) years from date of award and may, by mutual agreement between The School Board of Miami-Dade County, Florida, and the awardee, be extended for an additional three (3) year period and, if needed, ninety (90) days beyond the expiration date of the current contract period.

A meeting of the Selection Committee to evaluate the proposals was held on July 12, 2013. Seven (7) proposals were presented for consideration: BB&T Institutional Investment Advisors, Inc.; BNY Mellon; Ladenburg Thalmann Asset Management, Inc.; Manning & Nappier Advisors, LLC; Meketa Investment Group, Inc.; PFM Asset Management, LLC; and Summit Strategies Group. The Committee selected Meketa Investment Group, Inc, and PFM Asset Management, LLC, to participate in oral presentations, which were held on July 23, 2013. After deliberations, the Committee unanimously recommended PFM Asset Management, LLC for award.

Staff successfully negotiated a 19% reduction from the proposed annual investment management fee. The annual fee is based on 0.30% of assets under management. Current portfolio balance totals \$24,563,826 and it is estimated that the fee will approximate \$75,000 per year or approximately \$225,000 for the initial three-year term. Fee will fluctuate according to the changes in the portfolio balance.

RECOMMENDED: That The School Board of Miami-Dade County, Florida, **AUTHORIZE** the Superintendent of Schools, to enter into a contractual services agreement between The School Board of Miami-Dade County, Florida, and PFM Asset Management, LLC, pursuant to Request For Proposals No. 082-NN10 – Investment Management Services – Supplemental Early Retirement Plan (SERP), to provide on-going multi-asset advisory and fiduciary management capabilities, for the Office of Treasury Management, effective August 7, 2013, through August 6, 2016, including extensions thereto, as follows:

1. PFM ASSET MANAGEMENT, LLC
300 SOUTH ORANGE AVENUE, SUITE 1170
ORLANDO, FL 32801
STEVEN ALEXANDER, MANAGING DIRECTOR

2. Authorize Procurement Management Services to purchase investment management services for 0.30% annual fee of the Supplemental Early Retirement Plan's, assets under management estimated to total \$225,000, for the initial three-year term. Management fees will be negotiated for the three-year extension period. Board authorization of this recommendation does not mean the amount shown will be expended.

RHH/mh