



Legislation Details (With Text)

File #: 2018-1016 **Version:** 1 **Name:**

Type: Resolution **Status:** Passed

File created: 11/16/2018 **In control:** Board of Directors

On agenda: 11/28/2018 **Final action:** 11/28/2018

Title: Proposed Change Order No. 3
GLWA CS-022
Investment Services
Contract Extension with PFM Asset Management LLC

Sponsors: Nicolette Bateson

Indexes: Finance

Code sections:

Attachments: 1. Investment Strategy and Related Proposed Contract Extension with PFM Asset Management LLC (GLWA Contract No. GLWA CS-022).pdf, 2. Quarterly Investment Report through September 30, 2018 (Unaudited)

Date	Ver.	Action By	Action	Result
11/28/2018	1	Board of Directors	Approved	Pass

Proposed Change Order No. 3
GLWA CS-022
Investment Services
Contract Extension with PFM Asset Management LLC

Agenda of: November 28, 2018
Item No.: **2018-1016**
Amount: **Original Contract \$250,000.00**
Change Order No. 1 \$350,000.00
Change Order No. 2 \$100,000.00
Proposed Change Order No. 3 \$370,000.00
Total Revised Contract \$1,070,000.00

TO: The Honorable
Board of Directors
Great Lakes Water Authority

FROM: Sue F. McCormick
Chief Executive Officer
Great Lakes Water Authority

DATE: November 28, 2018

RE: Proposed Change Order No. 3
Contract No. GLWA-CS-022

**Investment Services
Vendor: PFM Asset Management LLC**

MOTION

Upon recommendation of Nicolette Bateson, Chief Financial Officer/Treasurer, The Board of Directors (Board) of the Great Lakes Water Authority (GLWA), **approves a contract extension for Contract No. GLWA-CS-022 Proposed Change Order No. 3 “Investment Services” with PFM Asset Management LLC, at an increased cost of \$370,000.00 for a total not to exceed amount of \$1,070,000.00 and for an increased duration of 12 months for a total contract duration of 49 months through December 2019;** and authorizes the CEO to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND

In November 2015, Great Lakes Water Authority (GLWA) engaged PFM Asset Management LLC (PFM) as a registered investment advisor to assist with 1) identifying portfolio and cash management optimization opportunities, 2) overcome personnel resource constraints during the stand-up of both GLWA and DWSD-Retail, 3) expand the transparency and capacity of investment portfolio reporting, and 4) provide an added level of controls. The original PFM contract amount in 2015 was \$250,000. As we have worked through the optimization of the portfolio, identifying cash management opportunities, development of the reporting package, and PFM’s management of the portfolio, the contract has been extended and increased two times. The current contract total amount is \$700,000 and is scheduled to expire December 2018.

We have now reached a steady state in identifying GLWA cash flows and fund balances. Based on the analysis and review of our portfolio we have identified an investment strategy for GLWA. This strategy segregates the funds into cash flow portfolios and benchmarked portfolios. This new strategy also includes active and passive management of funds by PFM. Given the timing for implementation of this investment strategy, it is recommended that the PFM contract be extended for a year to allow for stability of this investment approach. This matter was presented to the Audit Committee at its meeting on November 16, 2018. Attached is a copy of Agenda Item 6B from that Audit Committee binder which provides additional background information. Also attached is a copy of the quarterly investment report that was presented to the Audit Committee which is identified as Item # 8A.

BUDGET IMPACT

Summary: The income produced from this effort offsets the increased cost.

Funding Source: Operations & Maintenance

Cost Center: Treasury (Administrative & Other Services Cost Center 884131)

Expense Type: Contractual Operating Services (5910-884131.000-617900-WS7900)

COMMITTEE REVIEW

This matter was reviewed by the Audit Committee at its meeting on November 16, 2018. The Audit Committee unanimously recommended that the GLWA Board adopt the resolution as presented.

SHARED SERVICES

This item does not impact the shared services agreement between GLWA and DWSD.