

**CITY OF MIAMI BEACH
COMMISSION ITEM SUMMARY**



Condensed Title:

To issue a Request for Proposal (RFP) for investment advisory services.

Issue:

Whether to authorize the issuance of a Request for Proposal (RFP) for Investment Advisory services?

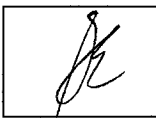
Item Summary/Recommendation:

Scope of services includes providing full-time management, on a daily basis, of the City's investment portfolio, placing all orders for the purchase and sale of securities, providing monthly statements and providing arbitrage calculations and reports on the on the investment of bond proceeds.
Recommendation: Authorization to issue a Request for Proposal (RFP).

Advisory Board Recommendation:



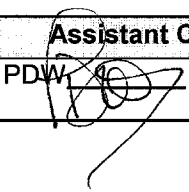
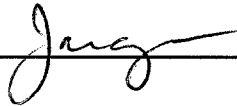
On July 16, 2003, the Finance and City-Wide Projects Committee directed the Administration to prepare a Request for Proposals (RFP) as a competitive process for obtaining an ongoing Investment Advisory service.

Financial Information:

Amount to be expended:		The fee for these services would be paid from additional investment earnings.		
Source of Funds:  Finance Dept.		Amount	Account	Approved
	1			
	2			
	3			
	4			
	Total			

City Clerk's Office Legislative Tracking:

Sign-Offs:

Department Director		Assistant City Manager	City Manager
GE 	GL 	PDW 	

AGENDA ITEM C7H
DATE 7-30-03

CITY OF MIAMI BEACH

CITY HALL 1700 CONVENTION CENTER DRIVE MIAMI BEACH, FLORIDA 33139
www.ci.miamibeachfl.gov



COMMISSION MEMORANDUM

**To: Mayor David Dermer and
Members of the City Commission**

Date: July 30, 2003

**From: Jorge M. Gonzalez
City Manager**

A handwritten signature in black ink, appearing to read "Jorge", written over the printed name of the City Manager.

**Subject: A RESOLUTION OF THE MAYOR AND CITY COMMISSION
AUTHORIZING THE ADMINISTRATION TO ISSUE A REQUEST FOR
PROPOSAL (RFP) FOR INVESTMENT ADVISORY SERVICES, FOR A
THREE-YEAR PERIOD WITH TWO ONE-YEAR RENEWAL OPTIONS.**

ADMINISTRATION RECOMMENDATION:

Approve the issuance of the RFP.

ANALYSIS

The City is seeking proposals from firms interested in providing investment advisory services to manage and direct the City's investments. This firm would manage and direct the investment of excess funds in accordance with the City's investment objectives as set forth in City of Miami Beach's Investment Policy. The key objectives of the City's investment policy are safety of capital, sufficient liquidity to meet requirements and attaining market-average rates of return. Excess funds are defined as funds not required to meeting short term expenditures of the City. Currently, funds available for investment consist of approximately \$151 million from operating funds, \$44 million from various bond proceeds, and \$20 million from the Miami Beach Redevelopment Agency.

The City expects its investment advisor to be highly experienced, a leader and innovator in the management of investments, and able to provide comprehensive investment advisory services. The firm selected as the investment advisor and its affiliates will be restricted from selling to the City, or buying from the City, any securities to or from that firm's own inventory or account. The investment advisor will also be restricted from placing into the City's portfolio any securities for which it, or an affiliate, is the issuer. Investment advisors will not provide custodial services or security safekeeping. All City investments, except for swap agreements must be held in an independent custodial account.

Fees for such services are competitive and would be paid from additional investment earnings.

Minimum Requirements:

The following are minimum requirements to be met by the Proposer in order to be considered:

- Have a minimum of ten (10) years of experience in managing fixed income assets for state and local governments.
- Currently manage at least \$10 billion of domestic fixed income assets.
- Assign an account manager to the City with a minimum of ten (10) years experience in investment advisory.
- Be familiar with all applicable Florida Statutes with regard to qualified investments for public entities.
- Display an understanding of related issues and constraints of the arbitrage regulations and laws.
- Be financially solvent and appropriately capitalized to be able to service the City for the duration of the contract.

SCOPE OF SERVICES

Provide full-time management on a daily basis of the City's investment portfolio pursuant to the specific stated investment objectives and the City's Investment Policy. Place all orders for the purchase and sale of securities, communicate settlement information to City staff and assist in coordinating security settlement.

Serve as a general resource to City staff for information, advice and training regarding fixed income securities, investment and yield curve analysis.

Work with City staff to develop cash flow projections to ensure that the investment strategy is consistent with the City's cash requirements.

Provide monthly statements detailing investment activity, earnings, the value of the investment portfolio, a portfolio return, mark to market valuation, and weighted average maturity. The selected investment advisor must maintain accurate reports including portfolio composition showing diversity of investments and compliance with applicable investment policies of the City of Miami Beach and State of Florida Statutes.

Develop and implement investment strategies for the Advisory Account that will seek to enhance portfolio performance under current and future market conditions within the parameters of the City's investment policy and cash flow needs.

Obtain and document competitive prices for securities transactions.

Provide semi-annual and annual portfolio performance reports.

Review and update the City's investment policy and written investment procedures.

Perform due diligence reviews of current and proposed broker/dealers.

Monitor the creditworthiness of the City's depository and custodian bank and investments in the portfolio.

Provide client training on investment management subjects.

Attend meetings with the City's finance staff and governing body upon request.

Provide arbitrage calculations and reports on the investment of bond proceeds.

The Evaluation Committee shall base its recommendation on the following factors:

<u>Factors:</u>	<u>Weight</u>
1. The firm's overall experience, qualifications, and technical ability	20%
2. The firm's experience in managing fixed income assets for state and local governments	20%
3. Performance of managed portfolios that closely match the City's portfolio in size and governed by similar investment policies	20%
4. Demonstrate the ability to meet objectives outlined in Section II of the RFP (Scope of Services)	20%
5. Accessibility, availability and professional qualifications of the individuals who would be assigned to manage the City's portfolio	20%

JMG:PDW:rd

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