

**Condensed Title:**

Request For Approval To Issue A Request For Proposal (RFP) For Investment Advisory Services And Extend the Existing Agreement In A Month To Month Basis With MBIA Municipal Investors Service Corp.

**Key Intended Outcome Supported:**

Improve the City's Overall Financial Health and Maintain Overall Bond Rating

**Supporting Data (Surveys, Environmental Scan, etc.):** N/A

**Issue:**

Shall the Mayor and City Commission authorize the issuance of the RFP and extend the existing agreement in a month to month basis with MBIA Municipal Investors Service Corp?

**Item Summary/Recommendation:**

The City is seeking proposals from firms interested in providing investment advisory services to manage and direct the City's investments. The successful 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 \$400 million which include: \$225 million from operating funds, \$114 million from various bond proceeds, and \$66 million from the Miami Beach Redevelopment Agency (RDA).

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.

The contract term will be for five (5) years, with five (5) one (1) year renewal options at the sole option and discretion of the City.

**APPROVE ISSUANCE OF THE RFP**

**Advisory Board Recommendation:**

N/A

**Financial Information:**

Source of Funds:	Amount	Account	Approved
1			
2			
<b>Total</b>			

OBPI  
Financial Impact Summary: N/A

**City Clerk's Office Legislative Tracking:**

Gus Lopez Ext. 6641

**Sign-Offs:**

Department Director	Assistant City Manager	City Manager
GL 	PDW 	JMG 

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# MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, [www.miamibeachfl.gov](http://www.miamibeachfl.gov)

## COMMISSION MEMORANDUM

TO: Mayor Matti Herrera Bower and Members of the City Commission

FROM: Jorge M. Gonzalez, City Manager

DATE: December 10, 2008

SUBJECT: **REQUEST FOR APPROVAL TO ISSUE A REQUEST FOR PROPOSALS (RFP) FOR INVESTMENT ADVISORY SERVICES AND EXTEND THE EXISTING AGREEMENT IN A MONTH TO MONTH BASIS WITH MBIA MUNICIPAL INVESTORS SERVICE CORP.**

### ADMINISTRATION RECOMMENDATION

Approve 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. The successful 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 \$400 million which include: \$225 million from operating funds, \$114 million from various bond proceeds, and \$66 million from the Miami Beach Redevelopment Agency (RDA).

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.

The contract term will be for five (5) years, with five (5) one (1) year renewal options at the sole option and discretion of the City.

The City requires that the selected Investment Advisor, at a minimum, provide the following services:

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.

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, accrued interest by investment type, rating of investment by Standards & Poor's and Moody's. 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.

### **Maturity and Liquidity Requirements**

The City selects investments whose terms compliment the need to make the majority expenditures set forth below.

1. Biweekly Payrolls
2. Periodic Debt Service Payments
3. Capital Project Needs

For each expenditure event, investments are selected whose maturities occur at a date close to the date that funds will be needed. Investments also are selected based on the highest yield for the particular type of investment. In the case of capital projects, in which the exact date that expenditures will need to be made is unknown, the City selects several investments with varying maturities so that monies are available each month to cover all capital expenditures. Any unused capital investment funds are then placed in investments of one year or more to maximize return potential.

As mentioned earlier, the City maintains an account in a financial institution of approximately \$9,000,000, which provides funds needed to cover daily operating expenses, excluding items #'s 1-3 above. Interest yields on these investments are competitive though somewhat lower than longer term instruments.

### **Minimum Requirements**

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

1. Firm must have a minimum of ten (10) years of experience in managing fixed income assets for state and local governments with your proposal.
2. Firm must currently manage at least \$10 billion of domestic fixed income assets with your proposal.
3. Firm must assign an account manager to the City with a minimum of ten (10) years experience in providing investment advisory services. Include resumes of all personnel that will service this account with your proposal submission or within five (5) calendar days after receipt of request by the City.
4. Firm must be familiar with all applicable Florida Statutes with regard to qualified investments for public entities with your proposal.
5. Firm must display an understanding of related issues and constraints of the arbitrage regulations and laws with your proposal.
6. Firm must be financially solvent and appropriately capitalized to be able to service the City of Miami Beach. Provide last 2 years of financial statements with your proposal submission or within five (5) calendar days after receipt of request by the City.
7. Provide a minimum of 3 governmental accounts that the firm is currently providing investment advisory services to. Include contact name, client name, telephone number and email with your proposal submission or within five (5) calendar days after receipt of request by the City.
8. Provide all fee structures that would apply to this RFP. List in a user friendly format with your proposal.

## **EVALUATION PROCESS**

The procedure for response, evaluation and selection will be as follows:

- RFP issued
- Receipt of responses.
- Opening and listing of all responses received.
- An Evaluation Committee, appointed by the City Manager, shall meet to evaluate each response in accordance with the requirements of this RFP. If further information is desired, respondents may be requested to make additional written submissions or oral presentations to the Evaluation Committee.

An evaluation committee appointed by the City Manager will recommend the most qualified professional firm to provide citizen survey services based on the following criteria:

1. Firms overall experience, qualifications and technical ability – **20 points**
  2. Firms experience in managing fixed income assets for state and local governments – **20 points**
  3. Performance of managed portfolios that closely match the City's portfolio in size and governed by similar investment policies – **20 points**
  4. Demonstrate the ability to meet objectives outlined in Scope of Services – **20 points**
  5. Accessibility, availability and professional qualifications of the individuals who would be assigned to manage the City's portfolio - **20 points**
- After considering the recommendation(s) of the Evaluation Committee, the City Manager shall recommend to the City Commission the response or responses, acceptance of which the City Manager deems to be in the best interest of the City.
  - The City Commission shall consider the City Manager's recommendation(s) in light of the recommendation(s) and evaluation of the Evaluation Committee and, if appropriate, approve the City Manager's recommendation(s). The City Commission may reject the City Manager's recommendation(s) and select another response or responses. In any case, City Commission shall select the response or responses, acceptance of which the City Commission deems to be in the best interest of the City. The City Commission may also reject all proposals.
  - Negotiations between the selected respondent and the City take place to arrive at agreement terms. If the City Commission has so directed, the City may proceed to negotiate an agreement with a respondent other than the top ranked respondent if the negotiations with the top ranked respondent fail to produce a mutually acceptable agreement within a reasonable period of time.
  - A proposed contract or contracts are presented to the City Commission for approval, modification and approval, or rejection.
  - If and when a contract or contracts acceptable to the respective parties is approved by the City Commission, the Mayor and City Clerk sign the contract(s) after the selected respondent(s) has (or have) done so.

Should the Mayor and Commission authorize the issuance of this RFP, all procurement rules (i.e. Code of Silence, etc.) will apply.

**CONCLUSION**

The Administration recommends that the City Commission approve the issuance of an RFP for Investment Advisory Services and extend the existing agreement in a month to month basis with MBIA Municipal Investors Service Corp.

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