

APPROVED
BY THE CITY COUNCIL

JUN 29 1999

OFFICE OF THE
CITY CLERK



1.26

OFFICE OF THE
CITY TREASURER

THOMAS P. FRIERY
TREASURER

CITY OF SACRAMENTO
CALIFORNIA

926 J STREET
SUITE 300
SACRAMENTO, CA
95814-2709

PH 916-264-5168
FAX 916-448-3139

June 21, 1999
10960LGF.DOC

AG99-111
CC99-370

City Council
Sacramento, California

SUBJECT: Authorize Sacramento City Treasurer's Office To Enter Into An Agreement To Provide Investment Services For United Way Of California Capital Region.

LOCATION/COUNCIL DITRICT: Citywide

RECOMMENDATION:

The City Treasurer recommends that the City Council adopt the attached resolution authorizing the City Treasurer (Treasurer) to enter into an agreement with the United Way of California Capital Region (United Way) in order to provide investment management services.

CONTACT PERSON: Thomas P. Friery, City Treasurer, 264-5168.

FOR COUNCIL MEETING OF: June 29, 1999

SUMMARY:

- Staff is requesting approval from the City Council for the Treasurer to enter into an agreement with United Way to provide investment management services at a negotiated fair market rate.
- Based on the proposed agreement, attachment A, this equates to a flat fee of \$10,000 for a portfolio size up to \$1.8 million and an additional fee of 35 basis points (.0035) for a portfolio greater than \$1.8 million.

COMMITTEE/COMMISSION ACTION:

None

BACKGROUND INFORMATION:

This report is in response to the City Council's priority for Fiscal Viability and Reinventing of City Government. By approving the Treasurer to enter into an agreement with United Way to provide investment management services at a negotiated fair market rate, the Treasurer is able to supplement it's costs to the General Fund. In addition to the City funds, the Treasurer provides investment management services for the Public Trust Mutual Fund, Ethal Hart Endowment Fund, Sacramento Redevelopment Agency, and the recently approved agreement with the Sacramento City Financing Authority for the Sacramento City Employees Retirement System.

Approximately three months ago the local United Way Chapter approached the Treasurer and asked for an evaluation of the investment results of their \$1.8 million Earl William's Endowment Fund. Upon completion of the review, the United Way Board asked the Treasurer to manage the Endowment Fund. The Treasurer proceeded with discussions regarding an investment management plan acceptable to the United Way Board. At the time, the Treasurer assumed the investment management service could be completed under the new Investment Authority of the Sacramento City Financing Authority. However, the City Attorney just apprised the Treasurer that as of this time, the Sacramento City Financing Authority can only contract with SCERS for investment management. The Treasurer will in August seek to amend the Sacramento City Financing Authority's ability to contract with other public and not-for-profit entities for investment. The City Attorney has opined that the City Charter does not prohibit the City Council from authorizing the City Treasurer to engage in investment management on behalf of other public and nonprofit tax exempt entities.

At the June 11, 1999 United Way Board meeting, the Board approved entering into an agreement with the Treasurer to provide investment management services. Currently the investment management services will be for a portfolio of \$1.8 million. The negotiated fair market rate is a flat \$10,000 for a portfolio size up to \$1.8 million with an additional fee of 35 basis points (.0035) if the portfolio were to be greater than \$1.8 million. In addition, United Way will be charged with the custodial fee of \$2,500 annually.

Staff is now recommending that the City Council authorize the Treasurer to enter into an agreement with the United Way for investment management services.

FINANCIAL CONSIDERATIONS:

The negotiated fee to provide investment management services to the United Way is set at a flat fee of \$10,000 for a portfolio size up to \$1.8 million with an additional fee of 35 basis points (.0035) if the portfolio were to become greater

than \$1.8 million. The portfolio is now \$1.8 million therefore the proposed agreement will generate an additional \$10,000 of revenue for the General Fund.

ENVIRONMENTAL CONSIDERATIONS:

Not applicable as the California Environmental Quality Act (CEQA) does not apply to ministerial projects.

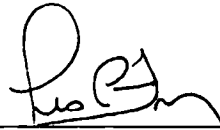
POLICY CONSIDERATIONS:

This action is consistent with City Council priority for Fiscal Viability and Reinventing City Government. Providing investment management services to the United Way further insures that the City Treasurer's Office does not rely on General Fund support.

OSBD EFFORTS:

None, as no outside goods or services are being procured at this time.

Respectfully Submitted,



Thomas P. Friery
City Treasurer

RECOMMENDATION APPROVED:

Robert P. Thomas
City Manager

APPROVED
BY THE CITY COUNCIL

JUN 29 1999

OFFICE OF THE
CITY CLERK

RESOLUTION NO. 99-370

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION APPROVING THE CITY TREASURER'S RECOMMENDATION
AUTHORIZING THE SACRAMENTO CITY TREASURER'S OFFICE TO
ENTER INTO AN AGREEMENT WITH THE UNITED WAY OF CALIFORNIA
CAPITAL REGION TO PROVIDE INVESTMENT MANAGEMENT SERVICES.**

WHEREAS, the United Way of California Capital Region (United Way) desires to have the Sacramento City Treasurer's Office provide investment management services for a portion of their portfolio; and

WHEREAS, the City Attorney has opined that the City Charter does not prohibit the City Council from authorizing the City Treasurer to engage in investment management on behalf of other public and non-profit tax exempt entities and that the Treasurer may contract directly with such agencies and entities without the necessity of contracting with the financing authority; and

NOW, THEREFORE, BE IT RESOLVED by the Council of the City of Sacramento, that:

The City Treasurer is authorized to enter into an agreement between the City of Sacramento Treasurer's Office and the United Way of California Capital Region in order to provide investment management services at fair market rates.

FOR CITY CLERK USE ONLY

4

RESOLUTION NO.: _____

DATE ADOPTED: _____