

Metropolitan Transportation Commission
Administration Committee

June 12, 2024

Agenda Item 3b-24-0657

**Consultant Bench – 2024 Investment Management and Advisory Services – Cycle 1
(Chandler Asset Management, Inc.; Meeder Public Funds, Inc.; Public Trust Advisors,
LLC; and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC)
Contract Approvals – Not to Exceed \$7,600,000 in aggregate (Chandler Asset Management,
Inc.; Meeder Public Funds, Inc.; Public Trust Advisors, LLC; and U.S. Bancorp Asset
Management, Inc. dba PFM Asset Management LLC)**

Subject:

Approval of the following pre-qualified list of firms (Bench) from which MTC may contract with approved firms on an as-needed basis and authorization to negotiate and enter into contracts with the firms on the Bench to provide investment management and advisory services for MTC and all entities managed under MTC through June 30, 2029, with the option to extend for up to five (5) additional years in a total aggregate not to exceed amount of \$7,600,000:

- Chandler Asset Management, Inc.
- Meeder Public Funds, Inc.,
- Public Trust Advisors, LLC,
- U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC.

Background:

MTC requires investment management and advisory service firms to assist in the management of MTC's Investment Portfolio which holds assets of approximately \$3.9 billion and the ABAG Investment Portfolio which holds assets of approximately \$134 million. MTC does not currently utilize the services of an investment manager, with the exception of MTC's Section 115 Post-Employment Benefits Trust Accounts. All other funds are currently invested and managed by MTC staff or bond trustees. MTC Finance staff would like to utilize the expertise of outside managers with the goal of investing surplus funds in what are likely to be more complex investment portfolios in order to achieve higher returns and allow for better duration management. All investment management and advisory service firms and investments will be required to comply with the MTC Investment Policy.

Procurement Process:

In January 2024, MTC issued a Request for Qualifications (RFQ) for Investment Management and Advisory Services to develop a list of firms to serve as a Bench to provide as-needed investment management and advisory services. The period of performance for the Bench will be until June 30, 2029, with the option to extend for up to five (5) additional years. The RFQ specified that MTC and its affiliates, including ABAG, may elect to use the Bench as needed. MTC may contract from the Bench to manage specified funds on a full discretionary basis, taking into account cash flow needs and the investment objectives agreed to between the investment manager and MTC staff. MTC will maintain flexibility in its sole discretion to change the allocation of funds among firms, including removing investment management from a firm altogether. Investment management fees will be based on asset amounts under management.

On March 22, 2024, MTC received Statements of Qualifications (SOQs) from six firms. Five of the firms met the minimum qualifications and were evaluated on the basis of their firm's experience managing fixed-income investments for California governmental entities with portfolios similar in size to MTC, experience and qualifications of individuals that would be assigned to this account, the firm's understanding of the Scope of Work and ability to provide those services, the firm's investment philosophy and strategy and demonstrated investment performance, and cost.

Based on the evaluation, staff is recommending four firms be selected for the Bench: Chandler Asset Management, Inc., Meeder Public Funds, Inc., Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management, LLC, as summarized on Attachment A. These firms have significant investment management experience, and the ability to add value to the management of these portfolios.

Chandler Asset Management, Inc., Meeder Public Funds, Inc., Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC are neither small businesses nor disadvantaged business enterprises.

Additionally, staff is requesting approval to negotiate and enter into contracts with one or more firms from the Bench as follows: Chandler Asset Management, Inc., Meeder Public Funds, Inc., Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset

Management LLC through June 30, 2029, with the option to extend for up to five (5) additional years in the total aggregate not to exceed amount of \$7,600,000. Staff intends to enter into contracts with multiple firms on the Bench and seeks authority to determine, in staff's discretion, the amount of each contract, so long as the cumulative amount of all contracts on the bench does not exceed \$7,600,000. The investment management fee is based on total asset size under management by each firm. Investment management fees will be paid monthly or quarterly based on average daily balance of funds under management.

Issues:

None identified.

Recommendation:

Approval of the following pre-qualified list of Bench firms from which MTC may contract with approved firms on an as-needed basis and authorization to negotiate and enter into contracts, for varying amounts in staff's discretion, with the firms on the Bench to provide investment management and advisory services for MTC and all entities managed under MTC through June 30, 2029, with the option to extend for up to five (5) additional years in a total aggregate not to exceed amount of \$7,600,000:

- Chandler Asset Management, Inc.
- Meeder Public Funds, Inc.,
- Public Trust Advisors, LLC,
- U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC.

Attachments:

- Attachment A – Pre-Qualified Panel of Consultants for the 2024 Investment Management and Advisory Services Bench
- Request for Committee Approval – Summary of Proposed Consultant Bench
- Request for Committee Approval – Summary of Proposed Investment Management and Advisory Services Contracts



Andrew B. Fremier

Attachment A

**Pre-Qualified Panel of Consultants for the 2024 Investment Management and Advisory
Services Bench**

	Firm Name	Placed on Bench	Not Placed on Bench
-			
Prime Contractor	Chandler Asset Management, Inc.	1	
Prime Contractor	Garcia Hamilton & Associates		1
Prime Contractor	Meeder Public Funds, Inc.	1	
Prime Contractor	Public Trust Advisors, LLC	1	
Prime Contractor	U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC	1	

Request for Committee Approval

Summary of Proposed 2024 Investment Management and Advisory Services Bench

Work Item No.: To be determined on a per-contract basis

Vendors: See the Administration Committee Summary Sheet dated June 12, 2024, Attachment A

Work Project Title: 2024 Investment Management and Advisory Services Bench – Cycle 1

Purpose of Project: Provide as-needed investment management and advisory services

Brief Scope of Work: Provide as-needed investment management and advisory services for MTC and ABAG Investment Portfolios

Project Cost Not to Exceed: Not to exceed \$7,600,000

Funding Source: To be determined per fund balance under management

Motion by Committee: That the consultants listed in the Administration Committee Summary Sheet dated June 12, 2024, Attachment A be prequalified to enter into contracts with MTC to provide as-needed investment management and advisory service firms through June 30, 2029, with the option to extend for up to five (5) additional years, as described above and in the Administration Committee Summary Sheet dated June 12, 2024, subject to applicable contract approval procedures and necessary budget approvals.

Administration Committee:

Gina Papan, Chair

Approved: June 12, 2024

Request for Committee Approval

Summary of Proposed Investment Management and Advisory Services Contracts

Work Item No.: To be determine on a per-contract basis

Vendors: Chandler Asset Management, Inc.; Meeder Public Funds, Inc.; Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC

Work Project Title: Investment Management and Advisory Services

Purpose of Project: Provide investment management and advisory services

Brief Scope of Work: Provide investment management and advisory services for MTC and ABAG Investment Portfolios

Project Cost Not to Exceed: Not to exceed \$7,600,000

Funding Source: Based on fund balance under management

Motion by Committee: That the Executive Director is authorized to negotiate and enter into individual contracts, for varying amounts in staff's discretion, with Chandler Asset Management, Inc.; Meeder Public Funds, Inc.; Public Trust Advisors, LLC, and U.S. Bancorp Asset Management, Inc. dba PFM Asset Management LLC to provide investment management and advisory services described above and in the Administration Committee Summary Sheet dated June 12, 2024 and that the Chief Financial Officer is authorized to set aside total funds in an amount not-to-exceed \$7,600,000 for such contracts.

Administration Committee:

Gina Papan, Chair

Approved: June 12, 2024