



	Approved	Denied
Date Action Taken:	6/11/07	
Other:		
Verified by:	[Signature]	

WASILLA CITY COUNCIL ACTION MEMORANDUM

AM No. 07-25

TITLE: AWARD OF A 5-YEAR CONTRACT TO ALASKA PERMANENT CAPITAL MANAGEMENT FOR INVESTMENT MANAGEMENT SERVICES IN THE AMOUNT OF \$16,750 PER YEAR.

Agenda of: June 11, 2007

Date: May 8, 2007

Originator: William A. Miller, Purchasing Officer

Route to:	Department	Signature/Date
	Police Chief Youth Court, Dispatch, Code Compliance	
	Culture and Recreation Services Director Library, Museum, Sports Complex	
	Public Works & Recreation Facility Maintenance Director	
X	Finance, Risk Management & MIS Director Purchasing	[Signature] 5-8-07
X	Deputy Administrator Planning, Economic Development, Human Resources	[Signature] 5-30-07
X	City Clerk	[Signature]

REVIEWED BY MAYOR DIANNE M. KELLER: [Signature]

FISCAL IMPACT: yes \$16,750 per year or no Funds Available yes no
 Account name/number: 001-4134-414.30-34 Professional Services
 Attachments: Alaska Permanent Capital Management Fee Schedule

SUMMARY STATEMENT: In accordance with WMC 5.08.120 and 5.12, on February 27, 2007, the City of Wasilla issued Request for Proposal 0652-0-2007/WM for investment management services for the City's \$6,500,000 fixed income assets. The objective was to secure a management professional to obtain the best possible return on all investments consistent with the underlying criteria of liquidity and safety of principal.

In response to the RFP, a proposal was received from Alaska Permanent Capital Management, Inc., of Anchorage (APCM). APCM is the City's current investment management firm and has been since the previous RFP was issued in January 2002. APCM's proposal maintains the current level of compensation that was proposed in the January 2002 RFP which represents a significant savings for the taxpayer over the next five years. Assuming management of the City's fixed income assets of approximately

\$6,500,000, the maximum annual cost for these services is \$16,750 (see attached Fee Schedule) per year.

SCOPE OF SERVICES FOR THIS CONTRACT: The goal of this process is to secure a five (5) year contract with a stable, reputable and experienced investment management firm that will meet or exceed the City's investment objectives of fiscal conservatism, flexibility and adherence to the highest accounting and management practices as set by the Government Finance Officers' Association. The City intends to obtain the best possible return on all investments consistent with the underlying criteria of liquidity and safety of principal.

- 1.1. The City of Wasilla's pool investment portfolio as of January 31, 2007 has a current market value of \$6,412,301.
- 1.2. The City's investment policy conforms to all Federal and State laws governing the investment of monies and as specified in WMC Section 5.12, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds.
- 1.3. The proposer shall be a registered Investment Advisor as defined and regulated by the SEC and shall be registered in the State of Alaska.
- 1.4. The proposer shall be either independent of any financial institution or securities brokerage firm or shall fully disclose any relationship with such financial institution and/or securities brokerage firm relevant to the firm's relationship with the proposer.
- 1.5. The proposer shall have a minimum of ten years of experience in institutional management of state and local government portfolios.
- 1.6. The proposer shall have a minimum of two billion dollars (\$2,000,000,000) in assets under ongoing and continuous active management and advisement.
- 1.7. The proposer must have a minimum of three investment professionals dedicated to the management of fixed income portfolios.
- 1.8. Specific services, although not all-inclusive, are to be performed as follows:
 - 1.8.1. Assist the City with cash flow/maturity analysis.
 - 1.8.2. Provide credit analysis of investment instruments in portfolio.
 - 1.8.3. Provide monthly/quarterly/annually reporting on all City funds.
 - 1.8.4. Attend monthly/quarterly meetings with City staff/officials.

- 1.8.5. Market risk evaluation and development of strategies that minimize the impact on the portfolio.
- 1.8.6. Assurance of portfolio compliance with applicable policies and laws.
- 1.8.7. Establish an appropriate performance benchmark.
- 1.8.8. Review investment policy – recommend appropriate amendments.
- 1.8.9. Ensures portfolio structure matches City's objectives.
- 1.8.10. Assist the City in evaluating and possibly investing City funds in equities.

ACTION: Council is requested to authorize the award of a contract for investment management services to Alaska Permanent Capital, Inc. The City may terminate this Contract, and Alaska Permanent Capital, Inc., waives any and all claim(s) for damages, effective immediately upon receipt of written notice (or any date specified therein) if for any reason the funding from City, State, and/or federal sources is not appropriated or is withdrawn, limited, or impaired.

FEE SCHEDULE

Alaska Permanent Capital Management Company has a fee-based pricing structure. There are no new client set-up fees and no commissions. Initial quarterly and annual meetings are included in the standard fee structure. Soft money and trade-out arrangements are not accepted. APCM is an independent company and has no referral, ownership, or debt affiliation with banks or brokerages. The Firm is registered as an investment advisor with the United States Securities and Exchange Commission (SEC) and as a financial advisor with the State of Alaska.

Investment Management Annual Fees

Fixed Income accounts

- .25 of 1% on market value up to \$10 million**
- .15 of 1% on market value on the next \$90 million**
- .10 of 1% on market value on the next \$200 million**
- .08 of 1% on market value on \$300 - \$500 million**
- .06 of 1% on market value on \$500 million and above**

Balanced Accounts and Advisory Services

APCM's advisory and balanced account investment management services are negotiated individually with clients depending on the level of service provided, responsibility assumed and the opportunity to capture economies of scale with larger accounts.

Fees are billed monthly in arrears and are based on the month-end IDC pricing of market value, which includes principal and accrued interest.

Assuming management of \$6,500,000 of Fixed Income Assets, APCM's fee would be \$16,250.00 per annum.

*Professional, Conservative, Low-cost services
Delivering:
High Grade, Personalized, Investment Management*