City of Culver City, California

City Council and Redevelopment Agency Agenda Item Report

Meeting Date: 2/4/08	Item Number: J-1
AGENDA ITEM: JOINT ITEM – Approval of a Professional Services Agreement with MBIA Asset Management for Professional Review of the City's and Agency's Investment Policies, Practices and Procedures.	
Contact Person/Dept.: Mary V. Noller Budget & Finance	Phone Number: (310) 253-6012
Fiscal Impact: Yes [X] No [ ]	General Fund: Yes [X] No [ ]
Public Hearing: [ ] Action Item: [ ]	Attachments: [ ]
Public Notification: Master Notification List, 01/30/08; Mr. David W. Witthohn, Director, MBIA Asset Management, 01/29/08	
Department Approval: Jeff Muir (01/28/08) Sol Blumenfeld (01/28/08)	City Attorney Approval: Carol Schwab (by H. Baker) (01/30/08)
Fiscal Impact Review: Jeff Muir (01/30/08)	City Manager Approval: Jerry B. Fulwood (01/30/2008)

RECOMMENDATION:

Staff recommends the City Council and Redevelopment Agency approve a professional services agreement with MBIA Asset Management (MBIA) for professional review of the City's and Agency's investment policies, practices and procedures.

BACKGROUND:

During the April 2006 election, Culver City voters approved a change in the City Charter where both the City Treasurer's and City Clerk's elected status will cease as of April 9, 2008. Until that date, the elected City Treasurer remains responsible for the investment of the City and Redevelopment Agency's funds.

The City Council approved the creation of a Finance Department with a Chief Financial Officer (CFO) as head of the department, to combine the functions currently performed in the City Treasurer's Office and the City Controller's Office. The Chief Financial Officer will assume the duties of the City Treasurer on April 9, 2008, which will include the investment activities for both the City and Redevelopment Agency.

In preparation for this transition, the City Council and Redevelopment Agency Board approved the release of a Request for Proposal (RFP) on December 17, 2007, for the professional review of the City's and Redevelopment Agency's investment policies, practices and procedures. The RFP was sent to seven (7) firms, and five (5) of these firms responded with proposals.

The scope of services within the RFP includes review of the City's and Agency's investment policies and general internal practices in placing investments; identification of investment objectives; an historical portfolio performance review; review of the City's and Agency's methods used to evaluate performance of the portfolio and the effectiveness of the strategies currently in use; policy and procedure recommendations; and identification of and present strategies to assure that the City's and Agency's investment objectives are aligned with their policies and procedures.

DISCUSSION:

The responding firms are listed below in order from lowest to highest proposed fee, with one firm listed as "N/A:"

Firm	Cost of Services
Fieldman Rolapp Financial Services	$7,500
MBIA Asset Management	$9,000
Chandler Asset Management	$12,000
Davidson Fixed Income Management	$25,000
Finance 500	N/A

The proposals were evaluated by staff, which included the City Manager, Assistant City Manager, Chief Financial Officer, Budget Division Manager, and Sr. Management Analyst. One proposal was deemed not to be responsive to the RFP, and was not reviewed. Staff met with the City Council Audit Committee and presented their recommendation.

Based on staff's and the Audit Committee's review of the proposals, it is recommended that the City Council approve a professional services agreement with MBIA in an amount not-to-exceed $9,000 for professional review services of the City's and Agency's investment programs. The proposal submitted by MBIA was the most qualified and responsive in meeting the needs of the City and Agency for this service, and the reference checks of other agencies that have used MBIA were extremely positive. MBIA was thorough in the responses to the RFP, and the firm's staff assigned to work with the City and Agency is experienced and knowledgeable with public sector investment practices and requirements.

FISCAL ANALYSIS:

Funding was approved in the fiscal 2007-08 City Council Audit Services Account (10110000.6101000) for professional services related to various audit needs associated with the Chief Financial Officer transition. The approval of this professional services agreement fits the requirements to utilize this funding.

MOTION:

That the City Council:

1. Approve a professional services agreement with MBIA Asset Management in an amount not-to-exceed $9,000; and

2. Authorize the City Attorney to review/prepare the necessary documents and authorize the City Manager to execute those documents on behalf of the City.

That the Redevelopment Agency:

1. Approve a professional services agreement with MBIA Asset Management in an amount not-to-exceed $9,000; and,

2. Authorize the Agency General Counsel to review/prepare the necessary documents and authorize the Executive Director to execute those documents on behalf of the Agency.