

MIAMI BEACH

City of Miami Beach, 1700 Convention Center Drive, Miami Beach, Florida 33139, www.miamibeachfl.gov

COMMISSION MEMORANDUM

TO: Mayor Dan Gelber and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: July 29, 2020

SUBJECT: **A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, ACCEPTING THE RECOMMENDATION OF THE CITY MANAGER AND WAIVING, BY 5/7TH VOTE, THE COMPETITIVE BIDDING REQUIREMENT PURSUANT TO SECTION 2-367 OF THE CITY CODE, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY; AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT WITH PUBLIC TRUST ADVISORS, LLC, PURSUANT TO INVITATION TO NEGOTIATE (ITN) 2015-081-LR FOR INVESTMENT ADVISORY SERVICES; SAID AMENDMENT EXTENDING THE AGREEMENT FOR AN ADDITIONAL ONE (1) YEAR PERIOD, AND PROVIDING FOR THE ADDITIONAL TERMS AND CONDITIONS CONTAINED IN THIS RESOLUTION.**

ADMINISTRATION RECOMMENDATION

The Administration recommends adopting the Resolution.

BACKGROUND

On June 10, 2015, the Mayor and City Commission authorized the Administration to negotiate and execute an Agreement with Public Trust Advisors, LLC ("Consultant") the top-ranked proposer to Invitation to Negotiate (ITN) 2015-081-LR for investment advisory services (the "Agreement"). On September 4, 2015, the City executed the Agreement for a period of three (3) years, with two (2) additional one (1) year renewals. The City has now exhausted all available renewal periods and the Agreement is set to expire in September 3, 2020.

ANALYSIS

Due to the financial impact that resulted from COVID19, the Administration has looked for ways to reduce its operating costs.

The Finance and Procurement Departments approached the Consultant and discussed the potential extension of the Agreement for one (1) year beyond the original term stipulated in the ITN. During the negotiations, the Consultant agreed to the one (1) year extension of the Agreement and additionally proposed the following additional services:

- 1) A reduction in the management fee. As shown in the table below, the reduction proposed by the Consultant for asset value of \$550,000,000 from 0.03% to 0.0265% lowers the highest cost for the City and represents a 6.58% reduction in the annual operation cost for the management of the City's investment, yielding annual savings of approximately \$19,250.

Analysis based on March 2020 Invoice
 Make adjustments in highlighted area to determine impact of fee change scenario

Average Daily Market Value				Average Daily Market Value			
\$936,941,605.52				\$936,941,605.52			
Current Fee Structure			Change in Fee	Proposed Fee Structure			
\$100,000,000.00	0.05000%	\$4,166.67	0.0000%	\$100,000,000.00	0.0500%	\$4,166.67	
\$100,000,000.00	0.04000%	\$3,333.33	0.0000%	\$100,000,000.00	0.0400%	\$3,333.33	
\$550,000,000.00	0.03000%	\$13,750.00	-0.0035%	\$550,000,000.00	0.0265%	\$12,145.83	
\$186,941,605.52	0.02000%	\$3,115.69	0.0000%	\$186,941,605.52	0.0200%	\$3,115.69	
Weighted Fee				Weighted Fee			
	0.0312%	\$24,365.69			0.0292%	\$22,761.53	

Monthly Difference in PTA Fees	(\$1,604.17)
Annual Difference	(\$19,250.00)
% Change	(6.58%)

- 2) Guarantee 8 hours of CPE in person or virtual training, at the sole discretion of the City, in accordance with Florida Statute 218.415. Ensures that more staff members participate in the training and reduces the need from travel time and costs. This training meets the requirements of State Statutes and official certificates will be provided for audit purposes; and
- 3) Agree to continue paying Arbitrage rebate and custody fees during the life of the contract. The City engages a 3rd party to perform arbitrage calculations based on IRS regulation, on its outstanding municipal bonds. Public Trust Advisors has and will continue to pay for these services, which is approximately \$14,000 and \$120,000 in custodian fees annually; and
- 4) Coordinate with Standard & Poor’s for the annual review of the City’s investment policy. This is approximately \$10,000 in value and Public Trust Advisors provides the required documentation for review and rating confirmation and also pays the annual fee; and
- 5) Public Trust will continue to be held to a Fiduciary standard for the City’s investment program and provide a full range of management and advisory resources that includes professional portfolio management, credit research, investment advisory, compliance and reporting.

The Finance Department has reviewed the proposal provided by the Consultant and determined that it is fair and reasonable, and in the City’s best interest to extend the existing Agreement for a one (1) year period effective October 2020. During this one (1) year extension, if approved, the Finance and Procurement Department will reassess the market and prepare a Request for Proposal that would seek to establish a replacement agreement for these services.

CONCLUSION

The administration recommends that the Mayor and City Commission of the City of Miami Beach, Florida, accept the written recommendation of the City Manager and waiving, by 5/7th vote, the competitive bidding requirement pursuant to section 2-367 of the City code, finding such waiver to be in the best interest of the City; authorizing the City Manager execute Amendment No. 1 to the Agreement with Public Trust Advisors, LLC, pursuant to Invitation to Negotiate (ITN) 2015-081-LR for investment advisory service; said Amendment extending the Agreement for an additional one (1) year period, and providing for the additional terms and conditions contained in this resolution.