

Metropolitan Water District of Salt Lake & Sandy
Board Packet Information
Last Update: March 23, 2011

Agenda Item:

Consider approval of contract for investment management services

Objective: Seek Board approval to enter into a contract related to investment management services. The goal is to bring in outside expertise to assist the District in managing investments of its various reserve funds so that investment returns can be optimized within the parameters of the Utah Money Management Act (for more information see the District's P&P chapter 4).

Background: Historically, the practice has been to invest funds in the Utah Public Treasurers Investment Fund (PTIF). As has been confirmed with both member cities, there is a trend for agencies to seek investment alternatives other than PTIF. Indications are that agencies are able to achieve better investment performance (net of fees).

The nature of the proposed contract is for a five year term (subject to earlier termination at the discretion of the District). The cost of the contract is estimated to be approximately \$15,000 annually depending on the amount of funds invested and the fee for the services. The amount of \$15,000 is arrived at by estimating \$15,000,000 of investments at a fee of 10 basis points (or 0.10%). Based on the estimated annual fee, the amount of the contract could be as much as \$75,000 over the five year period. A contract for this amount requires board approval.

Pursuant to the District's Policies and Procedures Section 6-7 regarding the selection of professional services, the District issued a request for proposal related to investment management services. Proposals were received by the four firms that are authorized by the Utah Money Management Council to provide this type of service. A selection committee made up of District staff reviewed the proposals and recommended two firms for interviews with the Finance Committee. Interviews were on March 17. Based on the proposals, interviews, and reference checks, the top-ranked firm is Cutwater Asset Management.

Recommendation: Staff recommends that the District enter into a contract for investment management services.