



# REQUEST FOR COUNCIL ACTION

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**Title:** Request for Council Action – Government Portfolio Advisors Contract

**Preferred Agenda:** 07/26/2022

**Submitted By:** Brandon Neish, Finance Director

**Reviewed By:** Christy Wurster, City Manager Pro Tem

**Type of Action:** Resolution \_\_\_\_ Motion X Roll Call \_\_\_\_ Other \_\_\_\_

**Relevant Code/Policy:** City of Sweet Home Investment Policy

**Towards Council Goal:** Continue to implement financial “best” practices

**Attachments:** Government Portfolio Advisors Contract (August 2017)  
Amendment #3 to Investment Advisory Services Agreement

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## **Purpose of this RCA:**

To determine if the City Council wants to extend the contract with Government Portfolio Advisors.

## **Background/Context:**

In June 2016, City Council asked staff to research investment options other than the State operated Local Government Investment Pool. Several members of the Council felt that the interest rate offered was too low and the City was missing out on potential revenues by having the City’s reserves held in the Pool. Shawn Gergen, Vice-President of Investments for Umpqua Bank met several times with the Administration & Finance Committee in July and August 2016 to discuss investments and what options are available for local governments in Oregon to invest in.

Mr. Gergen presented some alternative investment options and suggested that the City’s Financial Policies were revised to allow investments outside of the LGIP, which City Council did on September 13, 2016.

In February 2017, City staff contacted Deanne Woodring from Government Portfolio Advisors (GPA) who was recommended by the City of Corvallis as an expert with small to mid-sized governmental investments. Ms. Woodring met with Administrative, Finance & Property Committee on June 13, 2017. The Committee voted to forward GPA’s proposal onto City Council with a recommendation to enter into an agreement which the Council approved during the July 11, 2017 meeting. The contract was originally for three years and has been extended twice, in 2020 and 2021. The most recent extension is set to expire at the end of July 2022.

The current contract is expiring and with the recent departure of the City Manager and the resignation of the Finance Director, City Manager Pro Tem Wurster is advising the Council to continue the contract with Government Portfolio Advisors one more year.

**The Challenge/Problem:**

Should the City continue its partnership with Government Portfolio Advisors for investment advisory services for another year?

**Stakeholders:**

- Sweet Home Citizens – Citizens want to know their tax funds and fees paid are utilized in the best manner possible while also pursuing additional opportunities to limit tax and fee increases in the future.
- City Council – The City Council made investing outside of the City's bank accounts a priority previously in a bid to generate as much as possible to be used for providing the community with continued services.
- City Staff – Staff work with an advisor to provide support and guidance related to investment opportunities and market conditions. Advisors also support staff by recommending policy updates to comply with state law.

**Issues and Financial Impacts:**

The current agreement with GPA is nominal in cost (\$5k annually) and provides the City with additional interest earnings in return. The expenditure is budgeted for in the internal service fund as all departments benefit from the investment services provided for by GPA.

**Elements of a Stable Solution:**

The City needs to have the ability to diversify its unused cash. Investments can provide a higher return than what it is currently receiving in the State Local Government Investment Pool (recently increased from 1.15% to 1.40%). Advisors provide staff with additional support and knowledge related to investing as well as the services associated with facilitating investment purchases and account management.

**Options:**

1. Do Nothing – The City Council could decide to end the City's partnership with GPA by choosing this option and direct staff to manage investments and the City's current portfolio in-house.
2. Move to approve a contract extension with Government Portfolio Advisors and authorize the City Manager Pro Tem to sign the agreement – Extending the agreement with GPA ensures stability in terms of the City's current investment portfolio and maintains a partnership with an entity that is familiar with the City's current fiscal status and pending projects.
3. Request that staff develop a Request for Proposals or research additional options for investment advisory services – The City's current purchasing rules exempt "investment contracts. Contracts for the purpose of investment of public funds or the borrowing of funds" from the City's/state's purchasing rules. Staff could contract multiple investment advisors for quotes or produce a full request for proposal to review other options.

**Recommendation:**

Staff recommends option 2, move to approve a contract extension with Government Portfolio Advisors and authorize the City Manager Pro Tem to sign the agreement. With the contract expiring, the City currently searching for a City Manager and the resignation of the Finance Director, staff advises the Council to continue the contract with Government Portfolio Advisors for another year.