

City Council – Action Request Form

Date: February 14, 2022

To: Mayor, Mayor Pro Tempore, and Members of the City Council

From: Lisa M. Saunders, Chief Financial Officer
Kelly Latham, Deputy Financial Officer

Council Action Requested:

Resolution Awarding Contract for Investment Consulting Services for the City of Winston-Salem, North Carolina

Strategic Focus Area: Service Excellence

Strategic Objective: Maintain Financial Strength

Strategic Plan Action Item: No

Key Work Item: Yes



Summary of Information:

The attached resolution authorizes the contract award for investment consulting services related to the City of Winston-Salem’s fixed income and equity investments.

The City of Winston-Salem invests certain long-term assets such as police officer pension funds, capital reserves, employee benefit reserves, and risk management reserves in long-term financial instruments under an investment policy approved by the City Council. The investment portfolio consists of nine external equity investment managers, five external fixed income managers and four index and mutual funds which total \$500 million. The City internally manages fixed income and cash and investments for shorter-term assets which total \$300 million. Exhibit C attached is a detailed schedule of cash and investments as of December 31, 2021.

In November 2021, the City advertised and sent proposals to 14 firms (including 6 local firms) for Investment Consulting Services. We received responses from four vendors. Proposals were scored based on the following criteria: MWBE commitment, business location, cost effectiveness, and relevant experience with governmental clients.

Committee Action:

Committee	<u>Finance 2/14/22</u>	Action	<u>Approval</u>
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For	<u>Unanimous</u>	Against	<u></u>
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Remarks:

The following are the summary rankings and fees of each proposal:

Firm	Ranking	Annual Fee
Alex. Brow, a division of Raymond James	1	\$185,000
UBS Financial Services, Inc.	2	\$150,000
Dahab Associates	3	\$125,000
Sterling Capital Management, a division of Truist	4	\$1,600,000

We recommend approval of the attached resolution, which awards the investment consulting contract to Alex. Brown, a Division of Raymond James Financial, Inc. for a three year contract with an option to execute contracts for an additional two years. Alex. Brown has worked with the City for over thirty years and has a local office. They have advised the City through several economic downturns and provided consistent investment leadership and education through multiple market cycles and always operating within the investment policy guidelines.

The Winston-Salem office of Alex. Brown was opened in 1946.

MWBE Comment

Alex. Brown has proven a commitment to diversity by recommending investment managers owned by women and minority businesses. In addition, the current proposal expands that commitment by contracting with Grand Street Capital Management, LLC (a local MWBE investment advisory firm) for additional investment advisory services. The City has 36% of our active managers as minority or women owned businesses.

Workforce Demographics: See Exhibit B