



HISTORIC  
FRANKLIN  
TENNESSEE

ITEM #23  
BOMA  
03/11/14

## MEMORANDUM

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February 10, 2014

**TO:** Board of Mayor and Aldermen

**FROM:** Eric S. Stuckey, City Administrator  
Russell Truell, Assistant City Administrator / CFO

**SUBJECT:** Consideration Of Consent To Assignment Of Contract To Government Portfolio Advisors

### **Purpose**

The purpose of this agenda item is to consider giving consent to the assignment of the City's investment advisory agreement with Davidson Fixed Income Management (DFIM) to Government Portfolio Advisors (GPA).

### **Background**

In 2011, the City sought proposals for investment advisory services for its non-pension assets. Those assets are essentially our reserves and working capital from the General & Special Revenue Funds, Water Management Fund, and occasionally investments from bond proceeds.

A three year contract was awarded in December, 2011, to Davidson Fixed Income Management. DFIM was selected from fourteen proposals, including three finalists who made presentations to a panel of five City employees involved in the investment aspects of City finances. The biggest point of differentiation among the three finalists was the presentation made by Deanne Woodring, manager of Davidson's Portland office. Her presentation, and subsequently her advice, attention and communication skills, have made the relationship with DFIM productive.

As described in the attached letter, Ms. Woodring and her entire staff have left DFIM and started an independent firm providing similar services. The City of Franklin has been in communication with both parties and has been given the option to remain with Davidson or have the current contract assigned to GPA.

Given the gracious position of DFIM to allow assignment of the existing contract, and given the ending date of December, 2014 for the existing contract, staff believes it would be advantageous to continue working with Ms. Woodring and her staff until the contract expires.

### **Financial Impact**

There is no financial impact as the contract amount would be constant with either provider.

### **Options**

Grant consent to assign the contract, or agree to replace the "key personnel" listed in the original contract procurement with alternate DFIM staff. In either option, the City will conduct a new procurement process to become effective January, 2015.

### **Recommendation**

Staff recommends approval of assigning the City's contract to Government Portfolio Advisors.



GOVERNMENT  
PORTFOLIO  
ADVISORS

Mr. Russell Truell  
City of Franklin - Chief Financial Officer  
109 Third Avenue South  
Franklin, TN 37064

February 2014

Dear Russ:

We are pleased to announce the formation of our new investment firm: Government Portfolio Advisors (GPA), a registered investment adviser dedicated to public funds.

Our Portland team has excelled in serving public fund clients for more than 30 years. By starting our own firm, we are confident and inspired in our belief that our customized approach is one that will provide you with the right formula to implement a best practice investment program.

We have enjoyed our partnership with the City of Franklin to date, and we hope to have you continue on with us at GPA as a client. As a public fund entity, we understand the contractual and procurement diligence that is required. We welcome the opportunity to discuss the transition process with you in order to make it as easy as possible. Be assured, GPA offers improved technology, as well as a continued emphasis on providing outstanding, personal service.

GPA is operating from its new offices in Portland, Oregon. Our team of five experienced professionals will be here to serve you and this includes three Chartered Financial Analysts as Portfolio Advisors. We will be utilizing the most updated industry reporting software and financial services technology to improve our service. As a GPA client, we will share linked access into your custodial bank to enhance the reconciliation and timeliness of reporting.

Our first priority is focusing on your investment needs during this brief transition. We will help you manage the transition and your portfolio in whatever manner you direct us. In addition, we have all the needed insurance coverage in place to support your specific requirements, and these contracts and certificates are ready to be issued and presented for your approval.

Enclosed you will find a transition checklist and a fact sheet about GPA to review with your contracts department. We welcome the opportunity to meet with you, discuss our new company and share the reasons for our move.

This short notice is a requirement of the industry, as we were not allowed to solicit clients of our former firm while still working as employees of that firm. The benefits to you as a client include GPA's ability to access more resources on your behalf, increased cost efficiencies and, most importantly, improve our ability to deliver cutting edge advisory services with a focus on using public fund best practices.

Thank you so much for your past support and partnership. We look forward to discussing your financial goals and objectives over the next few days.

Best regards,

*Deanne*

Deanne Woodring, CFA  
President



## GOVERNMENT PORTFOLIO ADVISORS

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WHY GOVERNMENT  
PORTFOLIO  
ADVISORS (GPA)?

### **GPA'S SERVICE EMPOWERS CLIENTS IN ALL ASPECTS OF THEIR INVESTMENT PROGRAM**

- Registered Investment Advisors
  - Regulated by the SEC
  - Independent Public Fund Specialists
  - Experienced team of Portfolio Advisors
  - Public Fund Investment Program Best Practices
  - Employee owned by two CFA principals who have served public entities as a team since 1982
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HOW ARE GPA'S  
ASSETS  
FINANCIALLY  
PROTECTED?

### **GPA'S SERVICE PROVIDES FOR ARM-LENGTH COUNTERPARTIES IN ALL AREAS OF FINANCIAL RISK:**

- Third-Party Custodial Relationships: GPA utilizes its clients' custodial bank relationships
  - Third-Party Broker Dealers: GPA provides an approved broker dealer list providing pricing on all transactions
  - Non-Discretionary Services: All transactions require prior approval from clients
  - GPA does not have control or access to directly move cash in clients' accounts
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DOES GPA HAVE  
INSURANCE  
REQUIRED BY MOST  
PUBLIC FUNDS?

### **YES, GPA UNDERSTANDS THE PROCUREMENT REQUIREMENTS OF PUBLIC FUNDS AND HOLDS THE FOLLOWING INSURANCE POLICES:**

- General Liability
  - Professional Errors and Admissions
  - Workers Compensation
  - Bonded Entity
  - Fiduciary Liability
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WHAT  
TECHNOLOGY  
DOES GPA  
PROVIDE?

### **TECHNOLOGY IS A PRIORITY – GPA PROVIDES SECURE, TIMELY AND STATE- OF-THE-ART SYSTEMS TO UPDATE CLIENTS:**

- Advent APX accounting and performance reporting
  - Direct reconciliation with custodial banks
  - Clearwater Analytics is available to sub-contract
  - Tracker Reporting is available to sub-contract
  - Contingency Back-Up Sites, Hardened Passwords and Encryption
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**DEANNE WOODRING, CFA – President/Portfolio Advisor**



*Experience:* 30 years of public fund advice and portfolio management

*Investment Advisory Services:*

- Consults with management teams and investment staff to develop long and short-range investment strategies, risk analysis and asset/liability management
- Impact to developing a dynamic investment strategy
- Works with clients to draft best practice procedures in order to provide for accountable and transparent strategies within organizations
- Directly manages clients' investment portfolios

As President/Portfolio Advisor for Government Portfolio Advisors, LLC, Deanne Woodring is responsible for overseeing the management of the company, including the investment management process, client relations and the strategic direction for investment holdings.

Ms. Woodring graduated from the University of Oregon with a Bachelor of Arts degree in Finance. She earned a Master's of Business degree from the University of Washington. She holds the designation of Chartered Financial Analyst (CFA-1989) through the CFA Institute, and is a member of the Portland Society of Security Analysts. She also holds Series 7, 63, 24, 65 and 3 licenses from the Financial Industry Regulatory Authority (FINRA). Deanne became a Licensed Investment Advisor with the SEC in 1995. Ms. Woodring also was appointed in 2006 by Oregon's Treasurer to serve as a board member of Oregon Short Term Fund Board and serves as an advisor on the Government Finance Officers Associations - Treasury and Management Committee.

**DAVE WESTCOTT, CFA – Chief Investment Officer and Chief Compliance Officer/Portfolio Advisor**



*Experience:* 35 years of public fund advice and portfolio management

*Investment Advisory Services:*

- Assist clients with the development of fixed income investment strategies, market timing and duration positioning
- Evaluate yield curve changes and asset class weightings for relative value and recommendations to portfolios
- Responsible for credit analysis for corporate and municipal debt and determine the relative value of credit investments

As the Chief Investment Officer for Government Portfolio Advisors. Dave Westcott is responsible for overseeing the development and implementation of fixed income strategies, along with portfolio risk management and credit analysis.

Mr. Westcott received his Bachelor of Arts degree in Business Administration from Lewis and Clark College. He holds the designation of Chartered Financial Analyst (CFA-1989) through the CFA Institute and is a member of the Portland Society of Security Analysts. He also holds Series 7, 8, 3, 63, and 65 licenses from the Financial Industry Regulatory Authority (FINRA). Dave became a Licensed Investment Advisor with the SEC in 1995.

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## **FINANCIALS 2014**

*Government Portfolio Advisors, LLC., is an SEC-registered investment adviser with its principal place of business located in Portland, Oregon. The company was recently founded in February 2014 and the key managers of the firm have been licensed advisors since 1998, providing investment management and consulting services to public funds.*

### **STRATEGIC HIGHLIGHTS**

- We serve public fund clients that utilize non-discretionary or consulting services.
- Our focus is managing operating funds in high quality fixed income securities.
- A customized approach is utilized on each account that encompasses the specific objectives and constraints of their organization.

### **FINANCIAL HIGHLIGHTS**

Our business requires minimum capital funding due to the nature of our clients and third party relationships. All assets of our clients are held at their designated custodial bank and we facilitate the broker/dealer transactions as agent. Our firm has no debt and is capitalized to meet the expected operating and reserve requirements appropriate for the health of the organization.

### **OPERATING HIGHLIGHTS**

Experience -- independence – knowledge -- resources – networking--relationships---our clients

### **LOOKING AHEAD**

We are dedicated to our clients and to implementing public fund best practices into the investment process. Our belief in providing non-discretionary and consulting services to empower the investment programs of our clients is our future.

### **FINANCIAL SUMMARY**

Our firm is financially supported through the equity of the founding officers. There is no outstanding liabilities and cash flow will be generated from revenues of our service.

### **COMPANY INFORMATION**

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Portland, Oregon 97205  
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Fax 971-266-8825  
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