



DISTRICT SCHOOL BOARD OF PASCO COUNTY

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

Purchasing Services

Nicole Westmoreland, MBA, Purchasing Agent

813/794-2221 Fax: 813/794-2111

727/774-2221 TDD: 813/794-2484

352/524-2221 email: nwestmor@pasco.k12.fl.us

June 3, 2014

MEMORANDUM

TO: Honorable School Board Members

FROM: Nicole Westmoreland, MBA, Purchasing Agent *NW*

RE: RFP #14-041-PH, Investment Management Services
Davidson Fixed Income Management, Inc.

On May 20, 2014, Finance Services requested permission from the Board to directly negotiate contracts with Davidson Fixed Income Management (Davidson) and Manning & Napier Advisors as a result of RFP #14-041-PH for Investment Management Services. Permission was granted to directly negotiate a contract with Davidson to manage the District's short-term and core fixed income portfolios. The resulting contract with Davidson is attached. The contract was reviewed and approved by Ms. Nancy Alfonso, School Board Attorney, on May 23, 2014. The contract with Manning & Napier is still under negotiation and will be brought to a future Board meeting. Please see the attached memo from Ms. Joanne Millovitsch, Director of Finance Services, and Mr. Dominick Cristofaro, Senior Finance Manager, for further information.

Should you have any questions regarding this matter, or if I can be of further assistance, please feel free to contact me at your earliest convenience.

NW/plh

Attachments

Date/Time: May 28, 2014 11:27:00



DISTRICT SCHOOL BOARD OF PASCO COUNTY

Kurt S. Browning, Superintendent of Schools

7227 Land O' Lakes Boulevard • Land O' Lakes, Florida 34638

DATE: 05/21/2014

TO: Nicole Westmoreland, Purchasing Agent – Purchasing Department

FROM: Joanne Millovitsch, Director of Finance
Dominick Cristofaro, Senior Finance Manager

SUBJECT: Investment Manager Services Contracts

On May 20, 2014, the School Board approved the staff to negotiate contracts with Davidson Fixed Income Management (Davidson) to manage the District's short-term and core fixed income portfolios. Davidson agreed to a flat fee of three basis points.

On the same date, the School Board approved the staff to negotiate contracts with Manning & Napier Advisors (Manning) to manage the District's Supplemental Early Retirement Plan (SERP). The contract with Manning is still under negotiation and will be brought to the Board at the next meeting.

Attached are copies of the contracts for Davidson. Please prepare these contracts for the Board's approval. Let us know if you have any questions.

CASH and INVESTMENT MANAGEMENT ADVISORY AGREEMENT

This Agreement is entered into on this 1st day of June between Davidson Fixed Income Management (hereinafter referred to as the "ADVISOR") and The District School Board of Pasco County (hereinafter referred to as the "DISTRICT"). In consideration of the mutual promises, covenants and undertakings set forth herein, the parties hereby agree as follows:

Appointment of Advisor - The DISTRICT hereby appoints the ADVISOR and the ADVISOR hereby agrees to provide investment advisory services for the DISTRICT's investment portfolio (hereinafter referred to as the "ACCOUNT").

Appointment of Fiscal Agent - The DISTRICT has appointed Regions Corporate Trust as Fiscal Agent ("AGENT") to provide custodial services including holding ACCOUNT assets and providing periodic reporting.

Account Management - The ADVISOR shall provide the following services; assist in the development and review of the DISTRICT's investment policies procedures and strategy, monitor financial markets to identify opportunities consistent with the DISTRICT's investment objectives and execute discretionary security transactions consistent with the DISTRICT's investment policy statement.

The DISTRICT, by entering into this agreement does not surrender ownership of the cash or securities comprising the ACCOUNT. The ADVISOR will not act as a custodian of assets in the account or have possession of any such assets.

Reports - In order that the DISTRICT may be kept informed of the status and activities in the ACCOUNT, the ADVISOR shall either furnish, or cause Broker Dealer, to furnish copies of all transaction confirmations to the DISTRICT, as well as periodic statements relating to the ACCOUNT. The statements the ADVISOR agrees to furnish to the DISTRICT will provide details of all transactions involving the ACCOUNT, a month end listing of investments held in the ACCOUNT, and a reporting on the performance and value added of the ACCOUNT against benchmarks established in the DISTRICT's Investment Policy. Such statements will be furnished to the DISTRICT within fifteen (15) days time after the close of each month.

Best Effort - The ADVISOR will at all times render the services called for in this Agreement in accordance with its best judgment. However, the ADVISOR does not imply or guarantee profits or freedom from loss in connection with its recommendations.

Fees - In consideration of the services performed by the ADVISOR, the DISTRICT agrees to pay the ADVISOR an investment advisory fee. The annualized fee for providing investment advisory services for the DISTRICT shall be as follows:

Monthly Average Balance	Annualized Fee
All Balances (including bond proceeds)	3 (.03%) basis points annually

For example, if the portfolio averaged \$50,000,000 for a month the monthly fee calculation would be:

$[(MV \text{ on the 1st day of the month } - MV \text{ on last day of the month}) / 2 \times (.0003) / 12]$



Fees will be calculated and payable at the end of each month.

Assets deposited in Florida LGIPs (i.e. Florida Prime, FEITF) or money market funds will be excluded from the above fee calculation.

Services for Other Clients - It is understood that the ADVISOR provides investment advisory services for other clients. It is further understood that the ADVISOR may take investment action on behalf of such other clients, which differs from the investment action taken on behalf of the ACCOUNT. If the purchase or sale of securities for the ACCOUNT and one or more such other clients is effected at or about the same time, such purchase or sale shall be allocated among the other clients in a manner deemed equitable by the ADVISOR.

Advisor Representation - The ADVISOR warrants that it is registered as an Investment Advisor under the Investment Advisors Act of 1940, and that the activities contemplated herein are to the best of its knowledge, in compliance with all laws and regulations applicable to it and governing investments, and that all necessary actions required to authorize such activities have, to the best of its knowledge, been taken.

Disclosure Statement - The ADVISOR represents that it has delivered to the DISTRICT, at least two business days prior to the execution of this Agreement, ADVISOR's current Form ADV, Part II. By signing this Agreement below, the DISTRICT hereby acknowledges its receipt of said document at least two business days prior to its execution of this Agreement.

Binding Arbitration - ~~In the event any dispute arises between the parties regarding this agreement, such dispute will be resolved by binding arbitration in Pensacola, Florida according to the rules of the American Arbitration Association and in accordance with the applicable rules of the Association as those rules are in effect at the time the dispute arises.~~ ^{Davidson} (DJ) NW
5.27.14

Term - The term of this Agreement shall be for one (1) year June 1, 2014 – May 31, 2015 and has an option of being renewed for 4 (4) additional one (1) year periods upon mutual agreement of both parties, under the terms stated in 5.2 of RFP 14-041-PH. This Agreement may be terminated for any reason by either party with or without cause, by giving the other party at least thirty (30) days written notice.

Miscellaneous - This Agreement may not be assigned by either of the parties without the prior written consent of the other. This Agreement constitutes the entire agreement of the parties with respect to the matters contained herein and no modification of this Agreement shall be effective unless such modification is in writing and signed by the parties hereto.

This Agreement shall be governed by the laws of the State of Florida, and furthermore by the Investment Advisors Act of 1940 and the rules and regulations promulgated by the Securities and Exchange Commission under said act.

Notices and reports as called for herein shall be mailed, in the care of:


DISTRICT
The District School Board of Pasco County
7227 Land O'Lakes Blvd.
Land O'Lakes, FL 34638
Attn: Olga Swinson, Chief Finance Officer

ADVISOR
Davidson Fixed Income Management
941 West Morse Blvd, #100
Winter Park, FL 32789
Attn: David Jang, SVP, Director of Client Services

CONTRACT REVIEWED
AND APPROVED:
NW 5.27.14

AGREED TO AND ACCEPTED:

DAVIDSON FIXED INCOME MANAGEMENT



Signature

Printed or Typed Name

Title

Date

AGREED TO AND ACCEPTED:

THE DISTRICT SCHOOL BOARD OF PASCO COUNTY

Signature

Printed or Typed Name

Title

Date

CONTRACT REVIEWED
AND APPROVED:
NW 5.27.14