

Livonia Public Schools

Business Services Office

Date: July 15, 2013

To: Randy Liepa, Ph.D., Superintendent

From: Lisa Abbey, Director of Business Services

Re: 2013 Bond – Investment Advisor

As you know, the proceeds of the 2013 bond sale (Series 1) are approximately \$107.6 million and will be expended over the next several years on approved bond projects. During this period, we would recommend that we appoint an Investment Advisor to assist the District in maximizing investment earnings within the requirements of the Michigan Revised School Code, Internal Revenue Service regulations and Board Policy.

The services provided by the Investment Advisor will include assisting the district in purchasing eligible investments and administrative services. Throughout the course of the project, the Advisor firm will also work with the District to make adjustments to the investment portfolio as a result of changes in the draw schedule or market conditions. Other administrative services provided during the bond period will include the monitoring of the portfolio, reporting and arbitrage monitoring.

We have looked at two local firms for investment advising services along with our current bank. Please see the attached comparison. We are recommending the district utilize SBA Investment Advisers (a division of Stauder Barch and Associates, Inc.) as the overall fees will be lower. In addition, we like that SBA's process for the purchase of investments is done through a public bid process. Most Investment Advisors will purchase investments directly for the District. In checking with school districts that have used SBA, responses were very positive about both the return received on their investments, and the professional and personal service received from SBA.

We would like to discuss the appointment of an Investment Advisor at the next Finance Committee meeting on Monday, July 22, 2013. Please let me know if there are any questions.

LA/kp

Attachment

LIVONIA PUBLIC SCHOOL
 INVESTMENT ADVISOR
 JULY, 2013

FIRM	FEE	SERVICES PROVIDED
*Stauder Barch Investment Advisers (SBA)	6 basis points plus 1 basis point for banking services	Public bidding of investment securities based on draw schedule , ongoing management of district portfolio, arbitrage monitoring, and reporting. Assist District through bid process for obtaining banking and custodial services of assets
PFM Group	12 basis points first \$25 million then 8 basis points - banking included	Purchasing of investment securities based on draw schedule, on going management of district portfolio, arbitrage monitoring and reporting. Provide banking and custodial services directly.
Chase Bank	18 basis points	Custodial Account to hold assets, managed account with assets determined by bank investment managers. Would not maximize investment purchases to meet draw schedules

* Stauder Barch Investment Advisers use the original spelling of the word Adviser. The contemporary spelling of this word is Advisor.