

MEMORANDUM

To: Mayor and City Councilmembers

From: Curtis Holt, City Manager

Date: November 4, 2010

Re: Council Work Session

The City Council has agreed to hold a work session Monday, November 8, 2010 at City Hall in the Council Chambers, at 7:00 P.M. The agenda will be as follows:

1. Public Comment on Agenda Items (3 minute limit per person)
2. Ordinance Amendment – Sanitary Sewer System
3. City Software/Hardware Bid Specification Results
4. Investment Manager Advisory Services
5. City Council Retreat
6. Any Other Matters
7. Acknowledgement of Visitors/Public Comment (3 minute limit per person)

The City Clerk has posted the appropriate notice.

CLH:lj

MEMORANDUM

To: William Dooley, Director of Public Works

From: Dave Oostindie, Environmental Services Supervisor

CC: Thomas Kent, Deputy Director of Public Works
Craig Smith, Utility Plant Superintendent

Re: Ordinance Amendment – Sanitary Sewer System

Date: November 3, 2010

As you are aware, the City's Sanitary Sewer System Ordinance (Chapter 86, Article III of the City Code) regulates the use of the sanitary sewer system in the City of Wyoming. The Industrial Pretreatment Program (IPP) at the City's Clean Water Plant enforces the ordinance by continually sampling and inspecting the industrial users.

The local limits provided in the City's ordinance are based on a maximum allowable headworks loading analysis (MAHL) that was performed by a consultant and approved by the Michigan Department of Natural Resources and Environmental (MDNRE). The MAHL study evaluates treatment plant capacity, biosolids quality, receiving stream protection and worker health and safety limits and results in pollutant discharge limits that are protective of all of these standards. It was determined to be necessary to complete an analysis again in 2010 to include the additional capacity at the Clean Water Plant as a result of the recent upgrades and expansion from the Phase II Project.

All of the pollutants of concern were reviewed and it is necessary to update the ordinance to reflect the new limits produced by the MAHL study. You will note that some of these limits have increased and others have decreased based on the data supplied and the completed analysis. Additionally, some new definitions and wording changes have been added in order to comply with new Federal Streamlining Regulations required by the State of Michigan.

I am requesting that this item be placed on the City Council work session agenda on November 8th. I will be present at the work session to discuss the ordinance and have included a digital copy of the proposed new ordinance for your review.

ORDINANCE NO. _____

AN ORDINANCE TO AMEND PORTIONS OF SECTION 86-36,
86-172 AND 86-292 AND TO ADD SECTIONS 86-141
AND 86-253(b) TO THE CODE OF THE CITY OF WYOMING

THE CITY OF WYOMING ORDAINS.

Section 1. That the definition of Director in Section 86-36 shall be amended to read as follows:

Director means director of public works or his designee.

Section 2. That the following definition is hereby added to Section 86-36:

MAHL means maximum allowable headworks loading; to prevent loadings in excess of daily maximum and monthly average limits in the NPDES permit.

Section 3 That Section 86-172 is hereby amended to read as follows:

Sec. 86-172. Publication of list of industrial users in significant noncompliance.

As required by federal regulations, 40 CFR 403.8(f)(2)(vii), the city shall at least annually, before April 1, publish in a newspaper of record a list of industrial users which during the previous calendar year were in significant noncompliance of applicable pretreatment standards or other pretreatment requirements. For the purposes of this section significant noncompliance is defined in section 86-131.

Section 4. That Section 86-292 is hereby amended to read as follows:

Sec. 86-292. Discharge standards and limits.

(a) All nonresidential users who discharge compatible pollutants shall be subject to the requirements itemized below.

(1) *Background standards.* Unless specially authorized via approval of the director and issuance of a wastewater discharge permit, no wastewater containing pollutants in excess of the following background levels shall be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	Current Levels
5-Day BOD	240	243
Suspended Solids	220	262

Parameter	Daily Average Concentration (mg/L)	Current
Phosphorus	6.4	6.8
Fats, Oil & Grease	51	50
Ammonia Nitrogen	22.9	22.9

(2) *User-specific maximum limits.* Upon approval of the director and issuance of a wastewater discharge permit, and if the discharge complies with the requirements of subsection (3) herein, wastewater not in excess of user-specific maximum mass limits may be discharged. These limits will be established by the director by an appropriate allocation of the wastewater treatment plant's approved maximum allowable headworks loadings for the following parameters:

Parameter	MAHL (lb/day)	Current
5-Day BOD	68,000	70,800
Suspended Solids	51,600	65,400
Total Phosphorus	1,800	2,550

(3) *General maximum limits:* Upon approval of the director and issuance of a wastewater discharge permit, wastewater containing pollutants not in excess of the following maximum concentration limits may be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	Single Grab Concentration (mg/L)
Fats, Oil & Grease	470	830

(4) *Surcharge threshold standards.* Discharges of compatible pollutants shall also be subject to a surcharge in accordance with section 86-162 when exceeding any of the following baseline levels:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	Current
5-Day BOD	340	355
Suspended Solids	355	435
Phosphorus	9.1	8.5
Fats, Oil & Grease	96	71

(b) All nonresidential users who discharge incompatible pollutants shall be subject to the requirements itemized below.

(1) Primary toxic pollutants.

a. *Background standards.* Unless specially authorized via approval of the director and issuance of a wastewater discharge permit, no wastewater containing pollutants in excess of the following background levels shall be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	MAHL (lb/day)
Arsenic, Total	0.00716	9.99
Cadmium	0.00	2.03
Chromium, Total	0.00175	43.9
Copper, Total	0.0595	87.6
Lead, Total	0.00544	70.0
Mercury, Total	0.000121	0.00214
Molybdenum, Total	0.002	10.6
Nickel, Total	0.003	27.1
Selenium, Total	0.0112	8.33
Silver, Total	0.0118	11.5
Zinc, Total	0.127	187.0
Cyanides, Total	0.00282	4.01

b. *General maximum limits.* Upon approval of the director and issuance of a wastewater discharge permit, wastewater not in excess of the following limits may be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	Current	Single Grab Concentration (mg/L)	Current
Arsenic, Total	0.29	0.24	1.3	1.0
Cadmium, Total	0.094	0.19	0.33	0.24
Chromium, Total	2.1	7.3	5.4	9.5
Copper, Total	2.4	1.9	5.3	5.3
Lead, Total	2.5	2.2	4.6	2.5
Molybdenum, Total	0.51	1.1	1.4	4.9
Nickel, Total	1.3	1.3	2.6	2.4
Selenium, Total	0.33	0.33	1.4	1.5
Silver, Total	0.37	1.1	2.7	3.8

Zinc, Total	5.0	3.9	6.0	4.7
Cyanides, Total	0.18	0.27	0.91	0.89

**Based on discharge of any or all of the following phenolic compounds:

2-Chlorophenol; 4-Chlorophenol; 2,4-Dichlorophenol;
2,4-Dimethylphenol; 2,4-Dinitrophenol;

2-Methylphenol; 4-Methylphenol; 2-Nitrophenol; 4-Nitrophenol; and Phenol. Discharge of other phenolic compounds is prohibited, except as specifically authorized by the director. If a discharge exceeds this total Phenols limit, the affected user may petition the director for an alternative individual phenolic limit in accordance with subsection (b)(4) herein.

(2) *Secondary toxic pollutants.*

a. *Background standards.* Unless specially authorized via approval of the director and issuance of a wastewater discharge permit, no wastewater containing pollutants in excess of the following background levels shall be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)
Acetone(2-Propanone)	0.0758
Bromodichloromethane	0.00159
Butylbenzylphthalate	0.00668
di-n-Butylphthalate	0.00406
Chloroform	0.00623
Dibromochloromethane	0.00199
1,4 Dichlorobenzene	0.00279
bis 2-Ethylhexyl Phthalate	0.0265
4-Methylphenol (p-Cresol)	0.0908
Phenol	0.0158
Toluene	0.000938

**Where background levels in normal tap water exceed any of the indicated concentrations, the city may grant an exemption to requiring a wastewater discharge permit if it is adequately demonstrated that no other discharge of the corresponding substance occurs from the discharger's facility.

b. *General maximum limits.* Upon approval of the director and issuance of a wastewater discharge permit, wastewater containing pollutants not in excess of the following limits may be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)	Current
Acetone (2-Propanone)	620	610
Benzene	0.61	0.76

Bromodichloromethane	0.71	0.38
2-Butanone (Methyl Ethyl Ketone)	650	960
di-n-Butylphthalate	0.91	6.8
Carbon Tetrachloride	0.13	0.17
Chlorobenzene	2.4	8.0
Chloroform	0.64	2.8
4-Chloro-3-Methyl Phenol (p-Chloro-m-Cresol)	0.86	0.77
Dibromochloromethane	0.75	0.19
1,2-Dichlorobenzene	2.1	2.0
1,3-Dichlorobenzene	0.31	25
1,4-Dichlorobenzene	0.40	0.36
1,2-Dichloroethane	0.35	0.33
1,1-Dichloroethylene	1.9	1.8
1,2-Dichloroethylene	4.5	4.3
1,2-Dichloropropane	0.34	0.30
2,4-Dimethylphenol	4.3	2.1
Ethylbenzene	0.98	4.5
bis 2-Ethylhexyl Phthalate	0.16	1.8
Isophorone	30	26
Methylene Chloride	1.1	3.8
2-Methylphenol (o-Cresol)	6.5	6.0
4-Methylphenol (p-Cresol)	3.1	17
Naphthalene	2.0	7.1
Phenol	32	28
1,1,2,2-Tetrachloroethane	0.12	0.06
Tetrachloroethylene (Perchloroethylene)	0.05	0.54
Toluene	3.5	5.6
1,1,1-Trichloroethane	2.0	3.3
1,1,2-Trichloroethane	0.23	0.21
Trichloroethylene	0.54	1.2
Vinyl Chloride	0.05	0.047
Xylenes, Total	0.94	7.1

(3) *Tertiary toxic pollutants.*

- a. *Background standards.* Unless specially authorized via approval of the director and issuance of a wastewater discharge permit, no wastewater containing pollutants in excess of the following background levels shall be discharged:

TABLE INSET:

Parameter	Daily Average Concentration (mg/L)
Benzoic Acid	0.166
Diethylphthalate	0.00873
2-Methylnaphthalene	0.0178

- b. *User-specific maximum limits.* Upon approval of the director and issuance of a wastewater discharge permit, and if the discharge complies with the requirements of subsection (c) herein, wastewater not in excess of user-specific maximum limits may be discharged. These limits will be established by the director via an appropriate mass allocation of the wastewater treatment plant's approved maximum allowable headworks loadings for the following parameters:

Parameter	MAHL (lb/day)	Current
Benzoic Acid	15.9	15.8
Carbon Disulfide	4020	.167
Chloroethane	167	.16
Diethylphthalate	111	5.66
1,1-Dichloroethane	23	.169
Ethyl Ether (Diethyl Ether)	107	.162
2-Hexanone (Methyl-n-Butyl Ketone)	5.420	.19
Hexone (Methyl Isobutyl Ketone; 4-Methyl-2-Pentanone)	0.178	.202
2-Methylnaphthalene	244	1.45
N-Nitrosodiphenylamine	0.743	.344
Phenanthrene	4.79	3.96
2,4,5 - Trichlorophenol	2.65	2.12

- (4) *Individual phenolic compounds.* If a discharge exceeds the total phenols limit of subsection (b)(1) herein, the affected user may petition the director for an alternative individual phenolic compound limit. Included with this petition shall be a "phenol characterization plan" that shall aim to identify and quantify the specific phenolic compounds present in the discharge. If the director deems the plan approvable and concurs with the results of the subsequent study, if the specific compounds present in the discharge are included in those authorized herein, and if the discharge complies with the requirement of subsection (c) herein, the total phenols limit may be replaced with one or more of the following alternative user-specific maximum limits that will be established by the director via an appropriate mass allocation of the wastewater treatment plant's approved maximum allowable headworks loadings:

Parameter	MAHL (lb/day)	Current
2,4-Dimethylphenol	543	49.1
2-Methylphenol (o-Cresol)	248	145
4-Methylphenol (p-Cresol)	75	23.5
Phenol	1440	666

- (c) All discharges with user-specific maximum limits established in accordance with Subsections (a)(2), (b)(3)b., and (b)(4) herein will be subject to all of the following additional requirements:
- (1) The discharge shall be monitored by continuous on-line flow measuring and recording devices, including the capability to calculate actual average daily flow.
 - (2) The discharge shall be monitored via an automatic sampler that is controlled via an input signal from the flow measuring device of subsection (c)(1), herein, so as to produce a flow-proportioned composite sample.
 - (3) The associated wastewater discharge permit shall include both average daily flow and concentration limits (daily average and single grab) as enforceable conditions.

Section 5. Section 86-141 is hereby added to the Code to read as follows:

Sec. 86.141. City of Grand Rapids Sanitary Sewer System.

In the event a significant industrial user located in the City is connected to the sanitary sewer system of the City of Grand Rapids, the terms of the City of Grand Rapids Sewer Use Ordinance (Chapter 27 of the Grand Rapids City Code) as amended, and the Interjurisdictional Agreement (IJA) executed by both the City of Grand Rapids and City of Wyoming pursuant to MCL 124.1 et seq, as amended, shall apply and are hereby incorporated by reference. Copies of the relevant portion of the Grand Rapids City Code and the IJA are on file with the city clerk and available to the public.

Section 6. That Section 86-253(b) is hereby added to read as follows:

- (b) All users shall be required to maintain records of waste water contribution information for a period of at least three (3) years.

Section 7. This ordinance shall be in full force and effect on the ____ day of _____, 2010.

I hereby certify that the above-entitled Ordinance was adopted by the City of Wyoming at a _____ session of the City Council held on the ____ day of _____, 2010.

Heidi A. Isakson
Wyoming City Clerk

Ordinance No. _____



TO: Curtis Holt, City Manager

Cc: James Kohmescher, Director of Administrative Services
Kim Oostindie, Human Resources Supervisor
Tim Smith, Finance Director

FROM: Gail Sheppard, Director of Information Technology

DATE: November 01, 2010

SUBJECT: City Software/Hardware Bid Specification Results

On Tuesday, October 26, 2010, seven responses were received in answer to our one hundred and ninety three invitations to bid on various computer software and/or hardware components not available through WSCA. A review and evaluation of the bids received (refer to attachment) resulted with three of the vendors (CDW Government, DLT Solutions, Secant Technologies) being recommended for specific portions of the bid.

The justification for the request to the City Council to award the bid to **CDW Government** for the Infrastructure Upgrade and/or Replacement; to award the bid to **DLT Solutions** for the SQL Diagnostic Tools; and to award the bid to **Secant Technologies** for the Infrastructure Virtualization Expansion; is based upon the lowest complete bid received in respective areas.

Justification for computer hardware/software is based upon maintaining our IT infrastructure to support enterprise technology solutions, facilitate interoperability and connectivity and support technologies and processes that increase service to our employees and/or citizens. Replacement/upgrade is generally completed on an as needed basis; specific to communication/speed, obsolesce and/or changes in technology.

The virtualization expansion will provide the necessary disk space to expand the City's capabilities to virtualize additional servers. Virtualization is the creation of a virtual (rather than actual) version of something, such as an operating system, a server, a storage device or network resources. The goal is to centralize administrative tasks while improving scalability and workloads.

Funding for the purchase of the computer hardware/software listed on the 'Fall 2010 - Bid Tabulation' sheet is budgeted and available in the **General Fund - Information Technology - Computer Equipment** account #101-258-25800-984017 for (\$15,170).

Attachments:

Bid Tabulation for Computer Hardware and Software

Quantity	Mfg. Part Number	Hardware / Software Item Description	Business Services		CDW Government		Data Strategy		DLT Solutions		Global Computer	
			Unit Cost	Ext. Amt	Unit Cost	Ext. Amt	Unit Cost	Ext. Amt	Unit Cost	Ext. Amt	Unit Cost	Ext. Amt
SQL Diagnostic Tools												
7	SQR-SPO-PB	Quest Software - SPOTLIGHT on SQL Server Enterprise, Operational Monitoring, Diagnostics, Administration and Automated Tuning for SQL Server. Per Server License/Maintenance Pack (Note: 1st year maintenance and upgrades included)	1,869.98	13,089.86	1,296.12	9,072.84	1,260.00	8,820.00	1,197.00	8,379.00	1,629.47	11,406.29
SQL Diagnostic Tools Subtotal				\$13,089.86		\$9,072.84		\$8,820.00		\$8,379.00		\$11,406.29
Infrastructure - Replacement												
1	WS-C2960S-24TS-L	Cisco 24TS-L - Switch - Managed - 24 ports - Ethernet, Fast Ethernet, Gigabit Ethernet - 10Base-T, 100Base-TX, 1000Base-T + 4 x SFP (empty) - 1U - rack-mountable	1,969.98	1,969.98	1,820.71	1,820.71	1,934.55	1,934.55		0.00	1,844.68	1,844.68
Infrastructure - Replacement Subtotal				\$1,969.98		\$1,820.71		\$1,934.55	*no bid	\$0.00		\$1,844.68
Infrastructure - Virtualization Expansion												
1	AX4-5DAE	EMC 2U SAS/SATA 12 Drive DAE	2,299.98	2,299.98	1,997.38	1,997.38	2,046.32	2,046.32		0.00	2,082.45	2,082.45
12	AX-SS15-300	EMC 300GB 15K SAS 3GB Disk Drive	579.98	6,959.76	502.46	6,029.52	514.99	6,179.88		0.00	524.08	6,288.96
5	AX-SS15-600	EMC 600GB 15K 3GB SAS Disk Drive	969.98	4,849.90	845.76	4,228.80	866.27	4,331.35		0.00	881.57	4,407.85
Infrastructure - Virtualization Expansion Subtotal				\$14,109.64		\$12,255.70		\$12,557.55	* no bid	\$0.00		\$12,779.26

Quantity	Mfg. Part Number	Hardware / Software Item Description	ISI		Secant Technologies	
			Unit Cost	Ext. Amt	Unit Cost	Ext. Amt
		SQL Diagnostic Tools				
7	SQR-SPO-PB	Quest Software - SPOTLIGHT on SQL Server Enterprise, Operational Monitoring, Diagnostics, Administration and Automated Tuning for SQL Server. Per Server License/Maintenance Pack (Note: 1st year maintenance and upgrades included)		0.00	1,869.42	13,085.94
		SQL Diagnostic Tools Subtotal	* no bid	\$0.00		\$13,085.94
		Infrastructure - Replacement				
1	WS-C2960S-24TS-L	Cisco 24TS-L - Switch - Managed - 24 ports - Ethernet, Fast Ethernet, Gigabit Ethernet - 10Base-T, 100Base-TX, 1000Base-T + 4 x SFP (empty) - 1U - rack-mountable	1,963.39	1,963.39	1,852.58	1,852.58
		Infrastructure - Replacement Subtotal		\$1,963.39		\$1,852.58
		Infrastructure - Virtualization Expansion				
1	AX4-5DAE	EMC 2U SAS/SATA 12 Drive DAE	2,573.06	2,573.06	1,980.00	1,980.00
12	AX-SS15-300	EMC 300GB 15K SAS 3GB Disk Drive	586.24	7,034.88	498.00	5,976.00
5	AX-SS15-600	EMC 600GB 15K 3GB SAS Disk Drive	986.12	4,930.60	837.60	4,188.00
		Infrastructure - Virtualization Expansion Subtotal		\$14,538.54		\$12,144.00



Memorandum

TO: The Mayor and City Council
CC: Curtis Holt, City Manager

FROM: Tim Smith, Finance Director

DATE: October 28, 2010

SUBJECT: Investment Manager Advisory Services

As you are aware, an invitation to bid on investment manager advisory services was issued by the City in July, 2010. After careful review of information submitted by all bidders and further interviews with selected bidders, the committee of Andrea Boot, Tom Kent and I unanimously decided that the service package offered by PFM Asset Management LLC provided the complete package of services that we felt would best fill the City's needs.

Seven bids were received from the twenty-nine bids that were mailed. Of the seven, four of the respondents were invited in for interviews. As with any outsourcing, it is important to derive the most complete package of services at a competitive rate. The areas that we looked at on the seven respondents included:

- I. Overview – overall experience, assets under management, local clients and liability insurance
- II. Organizational Structure – executive function, size, philosophy and knowledge of PA 20
- III. Investment Management Approach – cash flow analysis tools, financial sector monitoring, risk control and time frame understanding
- IV. Performance – 1 year, 3 years, 5 years and 10 years
- V. Reporting Capabilities – samples reviewed and content and form
- VI. Training – types of training offered to clients of the firm
- VII. Investment Policy – comments provided regarding City's current investment policy
- VIII. Fees

Based upon our review of the seven in these areas, we selected four respondents to interview. The four firms interviewed included Fifth Third Bank, Ambassador Capital, PFM Asset Management, and Cutwater Asset Management. The format of the interviews included a presentation by the firm's representatives which was to include the following information along with any other information that was felt pertinent:

1. Please describe your organizations "culture" and in general, describe how decisions are made at the upper levels of the organization? If a team approach is used, please describe the makeup of the upper management team and the role of team members.

2. Please describe the experience and expertise of the team that will be assigned to Wyoming in general and also as it relates to the work that will be performed for the City.
3. Has your organization undergone any significant changes in organizational leadership in the last two years? Five years? Foreseeable future?
4. The City has a cash flow cycle of September through July. Tax receipts come in fairly heavy in August. This is supplemented by various other receipts from the State (both bi-monthly and monthly) and utility revenues received throughout the month. Invoices are paid weekly (approximately \$750,000 per week), payroll is paid bi-weekly (approximately \$850,000) and month-end payments to retirees and others (approximately \$500,000). Amounts vary at times due to construction payments, bond payments and other special payments.

How do you propose to invest funds to match these cash needs?

5. The City has built up various reserves for bond indenture agreements, insurance reserves, and other reserves viewed necessary by sound financial practices. While it is not anticipated that these funds will be used in current operations, they may be used for emergencies.

How do you propose to invest these funds?

6. While yield is not an overriding factor, it is important.

What benchmark or benchmarks will you use to gauge the value you are infusing into this engagement?

7. While the City is constrained by P.A. 20 as to what investments are allowed:
 - a) What is your investment philosophy and how will that philosophy work in conjunction with P.A. 20?
 - b) What changes to the City's investment policy will be necessary to allow you to provide maximum safety, liquidity and yield's that you envision in this engagement? As part of the discussion, please discuss the makeup of the investment portfolio that you envision.
8. Currently, the cost of the City investing the funds is relatively low.
 - a) Excluding the safety factor, why should we pay your firm to invest City funds?
 - b) One item that is mentioned as a way costs will be reduced is trading costs. How is this measured or is this an "intangible" that really can't be measured?
9. Certain additional costs also have to be paid by the City that we do not currently pay. The primary cost will be custodial costs.
 - a) Excluding transaction costs, are there any other costs that you are aware of?
 - b) Do you have a preferred custodian that you work with?
10. Investment monitoring and reporting is very important to the City.
 - a) How do you propose to see that this is accomplished?
 - b) In this regards, what will be the split in duties between the custodian and your firm?
11. The engagement includes several areas beyond just the investment of assets. The engagement includes assisting the City in improving cash flow projections to provide a better tool to let you know when funds are needed, to rewrite the City's investment policy as needed and to provide training to City staff to ensure that they maintain the requisite knowledge level to oversee the engagement.

Please describe how you propose to fulfill this part of the engagement.

Throughout the presentations, questions from the committee were asked and answered.

Each of the committee members separately reviewed the information garnered during the meetings and evaluated the results. A week later we meet as a group and evaluated each of the firm's strengths and weaknesses in relation to their responses to the above listed items and other information presented. There were several reasons that we felt PFM stood out in the package of services that they could offer the City.

First, they were the only firm that presented the total package we were looking for. This package includes:

- I. Investing of City funds in several portfolios which would capture the City's long-term, intermediate and short-term cash.
- II. Access to the Michigan Liquid Asset Fund (MILAF), a consortium of Michigan school districts and municipalities providing the ability to tie in the City's operating accounts. The MILAF currently uses Fifth Third bank as its custodian and, by combining with MILAF, the City will be able to reduce certain bank fees currently charged the City by Fifth Third Bank.
- III. The culture of the PFM team that the City will be working with is in synch with the needs of the City, understanding the cash flow challenges faced by the City. While the other firms were sensitive to the challenges faced, PFM's presentation seemed more comprehensive with their responses dealing with all of the City's concerns.
- IV. While there are always difficulties in evaluating returns as portfolio mixes and portfolio duration can have a major impact on yield, what they presented appeared to be very comparable to the other firms:

Firm	1-year	3-year	5-year	10-year
PFM	2.81	5.14	4.62	4.62
Fifth Third	2.66	5.08	4.56	4.62
Ambassador	1.63	3.51	3.99	3.43
Cutwater	2.27	5.06	4.44	5.15

(All returns presented above are gross returns.)

- V. Fees charged for these services will impact the final yield to the City. Fees to be charged by the various firms are computed using different methods; therefore, the following table estimates the fees that would be paid by the City depending upon the amount invested.

Amount invested	\$20 million	\$30 million	\$40 million	\$50 million
PFM (1)	\$30,000	\$34,000	\$42,000	\$50,000
Fifth Third	\$55,000	\$70,000	\$85,000	\$100,000
Ambassador	\$40,000	\$55,000	\$70,000	\$85,000
Cutwater	\$24,000	\$42,000	\$43,000	\$51,000

(1) Funds invested in MILAF will not be subject to this fee.



The PFM Group

Public Financial Management, Inc.
PFM Asset Management LLC
PFM Advisors

305 E. Eisenhower Parkway
Suite 305
Ann Arbor, MI 48108

734-994-9700
734-994-9710 fax
www.pfm.com

August 10, 2010

Heidi Isakson, City Clerk
Wyoming City Hall
1155 – 28th Street SW
PO Box 905
Wyoming, MI 49509

Dear Ms. Isakson:

Thank you for allowing PFM Asset Management LLC (“PFMAM”) the opportunity to submit a proposal to provide investment advisory services to the City of Wyoming (the “City”). **PFMAM currently manages over \$35 billion in investments for government entities just like the City of Wyoming.** PFMAM is an SEC registered investment advisor that will act in a fiduciary capacity with the management of the City’s funds. We are confident that we can assist you with implementing an effective investment strategy for your funds and we look forward to the opportunity to start a relationship with the City. The service that you are seeking is the primary business of our firm.

Why Choose PFMAM?

Public Sector Focus & Experience – PFMAM has been managing funds for governments since 1980. We have built a strong reputation in this specialized field as we always strive to meet the needs of our public sector clients. Additionally, we know the markets and have the technical resources needed to develop effective investment strategies. We have extensive experience managing governmental funds and would implement a strategy that seeks to maximize returns while providing necessary liquidity and safety of principal. PFMAM’s team is committed to providing the highest level of service to the City of Wyoming.

Commitment within the State of Michigan – PFMAM is currently the investment advisor and administrator of the Michigan Liquid Asset Fund Plus (“MILAF+”). Through MILAF+, we serve over 400 public entities in Michigan totaling over \$1.4 billion in assets. MILAF+ is owned exclusively by its investors and is governed by a Board of Trustees. In addition, the PFM Group has an office in Ann Arbor and employs nine individuals in Michigan. Your account representative, Brian Quinn, lives and works in neighboring Grand Rapids.

Customized Approach – We manage each portfolio on a customized basis. We will work closely with the City of Wyoming to understand the City’s investment objectives, liquidity requirements, and risk tolerances so that we can tailor an investment strategy that meets all of the City’s investment goals while producing competitive returns.

Performance – We have a performance record of superior results, both in terms of the high credit quality and excellent investment returns of our clients’ portfolios. PFMAM has helped our clients enhance the performance of their portfolios while, at the same time, carefully controlling and limiting market risk. How do we improve returns? We actively seek out opportunities to restructure the portfolio and increase projected earnings. For 30 years we have made **safety** the number one priority.

Our Track Record and People – The PFM Group is currently ranked as one of the top independent advisors in the nation for the governmental sector. A firm does not achieve this status unless it has both technical competence and a thorough understanding of its clients. The PFM Group has attracted many long-time professionals with a solid background in both finance and government service.

Independent Advice – PFMAM is a leader in providing sound, unbiased advice that is in the best interest of our clients. We are a SEC-registered advisor, independent of any financial institution or securities brokerage firm. We do not own a portfolio of securities from which we buy/sell, which means that we competitively shop for every security to ensure best price execution for our clients.



The PFM Group

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Resources – Because our focus is the management of governmental funds, we have developed extensive resources to assess value in the high-quality, fixed-income market, including a variety of proprietary computer models that have been designed to analyze those specific securities that the City is permitted to purchase.

We are hopeful that, after reviewing PFMAM's experience, you will be convinced that PFMAM can meet the City of Wyoming's investment needs in a superior manner. We appreciate your consideration of this proposal and look forward to meeting with you in person to discuss how we can work together to improve the City's investment program. Should you have any questions please feel free to contact us using the information below.

Primary Contact/ Engagement Manager	Authorized Personnel
Brian Quinn, Senior Managing Consultant	Timothy Sullivan, Managing Director
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Sincerely,

PFM Asset Management LLC

Brian Quinn
Senior Managing Consultant

Timothy Sullivan
Managing Director

Executive Summary

While the City of Wyoming celebrated its 50th anniversary as a city, the state of Michigan is mired in continued financial turmoil. The state is facing sizeable deficits, a declining credit rating, and looks to short change municipalities throughout the state in their revenue sharing. The City is not immune to these issues and is facing numerous challenges as identified below:

Revenue Overview

The City has approximately a \$100 million dollar budget. Taxable values had been positive but downward trending from 1996 – 2008. Indications are that taxable values declined for the past two years at approximately a -2% pace. Wyoming lost two of its largest taxpayers in General Motors and Delphi (approximately \$1.6 million per year in taxes). For years, the state of Michigan has not distributed the full amount due to Wyoming according to the stated formula. The City has been forced to look at non-traditional sources of revenue and fee for services to maintain sufficient revenues.

Expense Overview

Around 75% of general fund expenses are personnel related. An additional ~20% of expenses are contractual services. Total employees have dropped from a high of 464 in 2001–2002 to a relatively stable figure of 400 employees since the peak. Wyoming proactively reduced their employee headcount in anticipation of troubled times ahead. The City is very efficiently run at approximately 6 employees per 1000 residents (including utilities).

The City will continue to see increases in healthcare and contributions to pension plans. Possible control of the pension costs could come about through a movement from defined benefit to defined contribution plans. Employees will be expected to pay a higher portion of their healthcare bills and there could be an elimination of retirement healthcare for new employees.

Financial Summary

While general fund revenues are down, legacy costs continue to rise even with continual headcount cuts forcing the City to draw from their fund balance. The City continues to do more with less with one of the lowest employee to citizen ratios in the state of Michigan. With rising legacy costs, the City is continually looking for new ways to be more efficient and to identify revenue generating enhancements.

Despite the troubling economic environment including declining taxable values, high unemployment, soaring legacy costs, etc., the City has been successfully navigating through. The City has proactively been cost cutting and becoming more efficient to position itself for such difficult times. Now the City needs an investment advisor to help safeguard assets, monitor cash flows, and optimize invested funds to provide the best performance on the City's funds. We believe that PFM Asset Management LLC ("PFMAM") is uniquely positioned to fill the investment advisor role because:

- **Local Understanding of City of Wyoming** – Your PFMAM representative, Brian Quinn, has been working with the City since 2001 as your primary banker while at Fifth Third Bank. In 2009, Brian moved to PFMAM so he can better serve his municipal clientele as an investment advisor. Brian has extensive knowledge of the City's financial workings, knows the City personnel, and has completed multiple cash flow projections for the City. Also, Brian has been a resident of Grand Rapids for the past 20 years and is actively involved with the community.
- **National and Focused Public Funds Expertise** – PFMAM was started and continues to focus almost exclusively on the public sector. With 33 office nationwide managing over \$35 billion in primarily public money, we boast the economies of scale and knowledge base needed for a portfolio as large as the City of Wyoming's portfolio. We also have specific Michigan Public Act 20 knowledge through our investment management of the Michigan Liquid Asset Fund Plus ("MLAF+"). The MLAF+ fund is P.A. 20 compliant and serves over 400 public sector members with over \$1.4 billion in assets under management.
- **Safety** – The taxpayers of Wyoming entrust you to safeguard their funds. There is possibly no greater breach than to violate their trust by losing money through misappropriation or mismanagement. As our firm name describes, Public Financial Management is what we do and we take it seriously. Like the City of Wyoming, we live the public sector life as well with all of its regulations and public scrutiny. We align with your public sector focus.
- **Investment Performance** – As demonstrated in our performance returns in Section VI and in Appendix C of our response, PFMAM performs strongly compared to benchmarks. PFMAM portfolio managers are unmatched when it comes to managing investment portfolios and local government investment pools. Recently, iMoneyNet recognized the PFM Funds: Government Series as having the highest net return within the government category for 2009.

Conclusion

We appreciate the opportunity to respond to your Request for Proposals. As you will see in our response, we believe we specifically meet and exceed your proposal requirements. Our public sector focus will provide the City of Wyoming with the day to day investment expertise you need to optimize your investment portfolio. We are excited about this partnership and ask for a chance to meet with you in person to more fully discuss our possibilities together.

MEMORANDUM

TO: Mayor and City Council members

FROM: Curtis Holt, City Manager

DATE: November 1, 2010

SUBJECT: City Council Retreat

On December 3, 2010 starting at 8:00 a.m. we have asked Council members to meet at the library in order to hold our annual City Council Retreat. I have provided you the date of this retreat on several occasions, as further preparation, please consider this information a short overview of the retreat format for this year. I know it will be important for you to be prepared, as a result over the last several months I have sent to you or presented to you information that included:

- Our five (5) year financial forecast,
- The Turnaround Plan created by Business Leaders for Michigan,
- Information related to wage and salary levels for our staff versus private employers,
- Presentations from the Grand Rapids Chamber Policy Conference on business incentives and forecasts by economists.
- Information related to legislative initiatives on cooperation and collaboration of services
- Background related to local efforts at collaboration and cooperations
- And other pertinent information

This year we will once again be joined by a professional facilitator that will help guide the Council in creating a vision for our community that we can use as a guide as we anticipate the many difficult decisions that may shape the future of Wyoming. The Retreat will be interactive with the expectation that all Council members will be engaged and committed to participating in this important meeting. We need everyone's opinions and input on the ideas that will have a direct impact on the future of Wyoming.

Over the past several years we have placed tremendous focus on the financial aspects of our city operations, specifically the provision of how to maintain police and fire services. However, it must be recognized that the future of Wyoming is tied to the future development of the entire community. The Council must be cognizant and anticipate the future Infrastructure needs for the City. In addition you must be concerned with the means by which neighborhoods are maintained, with our parks and recreation programming and all the other services that are in jeopardy everytime we review the budget. In other words, everytime the Council makes a decision to alter service levels, such as reducing street sweeping or potentially more drastic decisions like closing a fire station. These decisions have ramifications that might not be immediately present but certainly have impacts on the future development of Wyoming and our residents.

Therefore, we have crafted a group exercise that hopefully will help all of us understand the significance of the decisions that you face. The exercise will call upon you to answer questions that are geared towards the bigger picture or the future, not the direct result that will or may be produces today.

Some examples include:

- Why would people live in the City of Wyoming?
- What does sustainability mean to you?
- What quality of Service do you want to provide?
- How will you know if you are successful?

We have also included some new attendees to our retreat. In the past we have usually worked exclusively with department heads as retreat participants. In most cases the exercises have included various teams that allow you to team up with members of the staff. This year the Council will be divided into three (3) teams, in addition to those teams we plan to host two additional teams that will be made up of City employees.

First line supervisors that will work together as one team and the other team will be front line staff that interact everyday with our residents or the internal service delivery of our City. This will give you the opportunity to hear a perspective that you don't often hear and similarly these staff members will have a chance to hear your perspective. In essence we are removing the filter which is either myself or department head staff.

In the end we plan to leave the day with a better understanding of Council direction and ideas. This may be in the form of a vision or similar type statement. We hope our staff members get a better idea of the issues that both drive our Council and serve as your motivation to hold office. We hope the Council is able to unite around a shared direction and/or vision and that the staff interaction provides a better baseline for understanding the impacts on staff of the various changes that have occurred over the last few years.

Please, as I have mentioned in the past, make sure your calendar is clear for the entire day. It will be impossible for the Council to provide staff direction if we don't have 100% participation. I look forward to seeing you on December 3rd.