



A Public Agency

SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY

Request for Proposal for Investment Advisory Services

I. Background and Overview

The South Bayside Waste Management Authority (SBWMA) is seeking Investment Advisory Services for its discretionary investment portfolio. The value of this portion of the portfolio is approximately \$15 million/year.

While the portfolio of the SBWMA has historically been managed by the City of San Carlos, the desire to improve the portfolio performance has led the SBWMA to seek the services of an investment advisor.

It is envisioned that the City of San Carlos would continue in its custodial role of managing all financial transactions and reports. The Investment Advisor will make recommendations to the SBWMA who will review the recommendations and, if approved, pass them along to the City of San Carlos. All funds will continue to be held by the City of San Carlos in its fiduciary role.

II. Project Goals

The SBWMA's objective is to maximize incremental income from its portfolio and improve its investment capabilities in accordance with the parameters and guidance as outlined in the SBWMA's Investment Policy while maintaining safety of principal. A copy of the SBWMA's current Investment Policy is included as Appendix A to this RFP. A copy of the December 31, 2014 Quarterly Investment Report is included as Appendix B to this RFP. **{The Investment Policy needs to be rewritten to accommodate using an Investment Advisor so that the guidelines are much clearer and tighter and remove reference to City of San Carlos as Investment Advisor}**

III. Scope of Services

The SBWMA is interested in obtaining the following minimum level of services from the advisor:

- Advise as to investment vehicle selection (non-discretionary) providing "color" of current market conditions and applicability of the potential investment to the objectives of the portfolio (i.e., SBWMA will retain right to accept or reject recommendation of advisor in purchase of securities).
- Evaluate market risk and develop strategies that minimize the impact on the portfolio.
- Develop and implement investment strategies that will enhance the portfolio's performance under current and future market conditions within the parameters of the investment policy and cash flow needs.
- Provide assurance of portfolio compliance with applicable policies and laws.
- Review the SBWMA's investment policy and internal control procedures and make recommendations if deemed necessary.
- Monitor the creditworthiness of financial institutions and the investments in the portfolio.
- Obtain and document competitive prices for securities transactions.
- Provide monthly investment reports for the portfolio detailing holdings, composition and sector analysis, return, weighted average maturity and daily transaction activity.
- Provide semi-annual and annual performance reports.
- Perform due diligence reviews of current and proposed broker/dealers.

- Provide a sample portfolio for the SBWMA's investments that would be recommended in today's market. Explain the risks and benefits.
- Recommend changes to the Investment Policy.

IV. *Requirements for Selection*

- Advisor shall be a registered Investment Advisor as defined and regulated by the Securities and Exchange Commission (SEC) and be registered in the State of California.
- Advisor must provide a copy of the Form ADV, Parts I and II.
- Advisor shall be either completely independent of any financial institution or securities brokerage firm or shall fully and continuously disclose any such relationships with such financial institution and/or securities brokerage firm relevant to the firm's relationship with the SBWMA.
- Advisor shall have a minimum of five years experience in managing state/local government operating and bond funds.
- Advisor shall have an acceptable level of coverage in errors and omissions insurance or investment advisor professional liability insurance.
- Advisor shall offer a projected portfolio of SBWMA investments, annual returns, and fees.

V. *Criteria for Evaluation and Selection*

- Experience of the firm in providing services to public sector entities of similar size and with similar investment objectives.
- Professional experience and qualifications of the individual(s) assigned to the account.
- Portfolio management resources, investment philosophy, and approach.
- Responsiveness to the proposal, communicating an understanding of the overall program and services required.
- Reporting capabilities.
- Fees.

VI. *Time Frame for Selection and Implementation*

- Qualifications and experience will be reviewed together with the proposed fee structure to determine which firm will provide the best value to the SBWMA. A recommendation will be made to the SBWMA Board of Directors base on the above criteria for their approval.
- Once approved we anticipate an agreement can be signed and implemented by July 2015.

VII. *Other Information*

To provide the SBWMA some background on your firm, please include whatever information you feel is necessary and relevant to convey to us your qualifications. Such information may include, but is not limited to the following:

Organization

- Describe your organization, including date founded, ownership, and any subsidiary relationships or relationships with other financial institutions.
- Describe any SEC regulatory censure or litigation related to services the firm provides.
- State the dollar value of the assets and the number of portfolios the firm has under direct and continuous management, categorized between public sector and other clients.
- Describe experience of the firm in providing investment management services to the public sector.
- Provide a list of relevant client references (preferably public sector), including contact persons and

telephone numbers. Relevant would include clients with similar types of jurisdictions, portfolio size, and investment objectives.

- Describe the type and amount of insurance coverage the firm maintains with respect to investment management activities.

Personnel

- Identify the firm's commitment to the public sector. Identify by job classification the number of individuals providing investment management related services. Specify the average number of portfolios handled by each portfolio manager.
- Identify the key personnel who would be directly involved in providing services under the engagement. Describe their relationship with firm, the role they would play in this engagement, their experience in the investment business, and specifically with public sector cash management and investments, and their years of service to the firm.
- Describe actions taken by the firm to keep its investment professionals informed of developments relevant to government investment managers and investments in general.
- State whether there has been any turnover of key personnel in the firm or additions to staff in the past year.

Investment Management Approach and Discipline

- Describe the firm's approach to fulfilling the requirement of this RFP
- Describe the types of investment research the firm utilizes and the methodology used to recommend investment decisions (including maturity and sector selection).
- Describe the primary strategies for adding value to a portfolio.
- Describe the firm's daily procedure for portfolio review, investment management and client contact.
- Describe how the firm will accommodate fluctuating cash flows and the cash forecasting process.

Reporting Capabilities

- Submit samples of reports which would be provided and describe their frequency. Include methods and formula used to calculate return on performance.
- Describe the process the firm would go through to assist in identifying appropriate industry benchmarks.
- Describe the types of benchmarks, which would be included with the performance reports.

Fees

- Provide the fee schedule that would apply to this account.
- Identify any expenses that would not be covered through this fee structure and would be required in order to implement the firm's program.

Other Considerations

- Describe the firm's experience in developing investment policies and internal procedures for public sector clients.
- Describe the firm's approach to managing relationships with the broker/dealer community.
- Describe the type and frequency of credit analysis that would be provided on security issuers and financial institutions.

- Describe the firm's experience in obtaining a rating for the portfolio.
- Describe the firm's ability to provide full documentation.
- Describe the training and education services that would be provided to staff.
- Describe the nature and frequency of meetings the firm would recommend to keep staff informed
- Describe the firm's capability of making a presentation to the SBWMA Board of Directors if necessary.
- Describe the firm's area of expertise or specialized area.

VIII. *Rights and Responsibilities*

The SBWMA reserves the right to accept or reject any or all proposals received in response to this request, to negotiate with any qualified source, or to cancel in whole or in part this RFP if it is in the best interest of the SBWMA to do so.

If terms and conditions of the negotiated contract with the successful firm are breached, the firm may be subject to a financial penalty and/or payment withholding. The breach of contract may serve as a basis for termination of the contract.

Please send your response via email to the SBWMA Finance Department, Attention: Marshall Moran, Finance Manager. The responses must be received on or before Friday March 20, 2015 by 5:00 pm. If you have any questions regarding this RFP, please contact Marshall Moran at mmoran@rethinkwaste.org or 650-802-3504.