

**Z. SAMPLE INVESTMENT MANAGEMENT**  
**REQUEST FOR PROPOSAL (RFP)**

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**REQUEST FOR PROPOSAL**

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**FOR**  
**INVESTMENT MANAGEMENT SERVICES**  
**FOR**  
**[Name of JPA]**

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RETURN PROPOSALS TO:

**John Doe**  
**Pool Administrator**  
**[Name of JPA]**  
**123 Main Street**  
**City, CA XXXXX**

DEADLINE FOR FILING:

**[DATE]**  
**[TIME]**

Approved for inclusion in the Accreditation Manual  
As revised November 2, 2010

REQUEST FOR PROPOSAL  
FOR  
INVESTMENT MANAGEMENT SERVICES  
FOR  
[Name of JPA]

**TABLE OF CONTENTS**

I. INTRODUCTION.....3

II. SCOPE OF SERVICES.....3

III. PROPOSAL REQUIREMENTS.....4

IV. INSURANCE REQUIREMENTS.....7

V. SELECTION PROCESS.....8

## I. INTRODUCTION

Below is sample introductory information for a JPA...

[Name of JPA] is a public entity, joint powers authority (JPA), created in 1991 by and among twenty housing authorities in California to provide a pooled approach to workers' compensation liability insurance pursuant to the California Government Code. [Name of JPA] currently consists of 31 member housing authorities. [Name of JPA] provides first dollar coverage for each member to \$XXX,000 per occurrence, [Name of JPA]'s self-insured retention (SIR) limit.

[Name of JPA] is governed by a Board of Directors. Each member housing authority appoints one representative to the Board. The Executive Committee was established to perform many of the Board's duties in a more efficient manner. The Executive Committee consists of the President, Vice President, Treasurer and four members elected at large.

[Name of JPA] is administered by [Name of Manager]. [Name of Claims Administrator Company] serves as the claims administrator for [Name of JPA] with oversight provided by [Name of Manager]. [Name of Actuarial Consultants] provides an independent actuarial review of [Name of JPA]'s workers' compensation program.

[Name of JPA] is soliciting proposals from interested firms for the provision of investment management services for [Name of JPA]'s funds. At September 30, 20XX [Name of JPA] had approximately \$XXX,000 in cash and LAIF, and approximately \$XX,000,000 invested in a self-managed portfolio. [Name of JPA] plans to invest approximately \$XX,000,000 initially with the chosen investment manager.

[Name of JPA] is a California public agency organized under Government Code sections 6500-6515. Applicable State statutes guide the investment of JPA funds. A copy of [Name of JPA]'s current Investment Policy is attached for your information.

## **II. SCOPE OF SERVICES**

The scope of this RFP is exclusive of custodial services or security safekeeping. The firm selected will be required to provide the following services:

### **1. Investment of Funds**

The firm must effectively invest [Name of JPA]'s funds, provide discretionary (*non-discretionary, if requested*) full-time portfolio and effectively invest the portfolio pursuant to the approved investment policy and cash flow needs.

### **2. Written and Oral Reports**

The firm must provide a written report, as required, on a monthly basis demonstrating the portfolio performance and the current information about the portfolio, as described in the investment policy. The firm must also be available to make periodic oral reports to the Board.

### **3. Evaluation of Investment Policy**

The firm must annually assist in the review of [Name of JPA]'s investment policy. The proposed changes to the investment policy will be presented in final draft form to the [Name of General Manager] prior to submission to the Board.

## **III. SELECTION CRITERIA**

Proposals will be evaluated based on the following criteria:

1. Understanding the scope of the assignment,
2. Experience and qualifications of firm and individuals assigned,
3. Recommended approach to management of [Name of JPA]'s portfolio,
4. Familiarity with State investment and reporting requirements,
5. Performance history, and
6. Fees.

## **IV. ORGANIZATION AND INVESTMENT APPROACH**

Please format your response to this Request for Proposal in the following manner:

### **I. Organization**

- A. Describe your firm, the date founded, ownership, other basic affiliations, and history. (Please provide number and location of affiliated offices.)
- B. Describe all of your firm's sources of revenue (e.g., investment management, institutional research, etc.) and comment on your firm's financial condition.
- C. Describe any SEC censure or litigation involving your organization at any time.
- D. Identify the types of accounts primarily sought after by your firm.
- E. Provide information regarding the bonding and insurance your firm has in place.
- F. Specify if your firm has a dual registration.

II. Personnel

- A. Identify the number of professionals employed by your firm, by classification.
- B. Provide biographical information on investment professionals that will be involved in the decision making process for our portfolio.
- C. Describe your firm's compensation policies for investment professionals.

III. Assets Under Management

- A. Provide the number and types of accounts, total asset value and composition of portfolios currently being managed by your firm.
- B. Provide Government Investment Pools (GIPs) compliant performance for 1, 3, 5 and 10 year periods ending \_\_\_\_\_.
- C. List in the following table the percentage by market value of aggregate assets under management of all California public agency portfolios managed under California Government Code §53601 for your latest reporting period.

U.S. Treasury securities	_____	%
Federal Agency obligations	_____	%
Corporate securities rated AAA-AA	_____	%
Corporate securities rated AA	_____	%

Corporate securities rated A	_____	%
Corporate securities rated BBB or lower	_____	%
Other	_____	%

D. In the past five years, has your firm purchased and held any security that was subsequently downgraded below the minimum credit ratings required for purchase under the California Government Code? What were the circumstances? What actions were taken?

IV. Philosophy/Approach

A. Describe your firm's investment philosophy.

1. Indicate whether it has changed during the past five years.
2. Indicate what is distinctive about your philosophy.

B. Describe your investment process.

C. Describe the maturity concentration, quality and sectors of current accounts similar to [Name of JPA].

D. In connection with our investment policy, would you recommend there be any policy restrictions or other changes?

E. Describe your firm's decision making process in terms of structure, committees, membership, meeting frequency, responsibilities, integration of research ideas and portfolio management.

F. Describe your research capabilities as they would pertain to [Name of JPA]'s portfolio.

V. Portfolio Management

A. Describe whether portfolios are managed by teams or by one individual.

B. Describe the average number of accounts and table of assets handled per investment professional.

C. Indicate which of your firm's professionals would be delegated as the primary client contact.

- D. Indicate how frequently you are willing to meet with us.
- E. Describe procedures used to ensure that portfolio complies with the [Name of JPA] investment policy.

VI. Fees

- A. Include a copy of your firm's fee schedule.
  - 1. Indicate whether there is a minimum annual fee.
- B. Indicate whether fees would be charged when there is no activity in the account.
- C. Indicate whether fees would be charged for management of the [Name of JPA] funds held in the Local Agency Investment Fund.

VII. Performance Reporting

- A. Indicate whether your returns are calculated and compiled in accordance with GIPS standards. If not, please explain why and how the presentation differs from the GIPS standards.
- B. Indicate whether you are willing to develop reporting procedures in line with our needs and objectives (e.g., monthly, so as to conform to State reporting requirements to management and governing bodies).
- C. Indicate whether confirmations of investment transactions are sent directly by the broker-dealer to the client.

VIII. References

Provide three references (preferably joint powers insurance authorities or other public agencies), including length of time managing their assets and client name, address and phone number.

**V. INSURANCE REQUIREMENTS**

Proposers shall take out and maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement. Proposers will be required to obtain, at its own cost and expense, all insurance endorsements required below and shall provide evidence of such insurance and endorsements to the [Name of JPA] prior to commencing work.

Insurance Requirements [suggested]:

Workers' Compensation	-Statutory limits
Employer's Liability	-\$1,000,000 per occurrence
Commercial General Liability	-\$1,000,000 CSL per occurrence
If policy has an aggregate	-\$2,000,000 minimum
Professional Liability (Errors & Omissions)	-\$5,000,000 minimum

**VI. SELECTION PROCESS**

Upon receipt of the proposal, [Name of JPA] staff will review each firm's response to this Request for Proposal. Failure to properly address all the items set forth above may disqualify the prospective auditor's proposal. [Name of JPA] reserves the right to reject any or all proposals at its sole discretion. At their discretion, staff may interview one or more firms to further assist in the review process. [Name of JPA] reserves the right to award the contract to the auditor at its discretion depending upon multiple areas of criteria.

All proposals must be received in our office by [TIME] on [DATE]. Late proposals will be rejected. Please send ten (10) copies of your proposal and correspondence to:

John Doe  
\_\_\_\_\_  
123 Main Street  
\_\_\_\_\_  
City, CA XXXXX  
\_\_\_\_\_

Questions concerning this Request for Proposal should be addressed to:

John Doe  
\_\_\_\_\_  
123 Main Street, City, CA XXXXX  
\_\_\_\_\_  
(XXX) XXX-XXXX or (800) XXX-XXXX  
\_\_\_\_\_  
johndoe@company.com  
\_\_\_\_\_

The following is the selection timetable:

[DATE]	Proposals due by [TIME]
Week of [DATE]	Review proposals
Week of [DATE]	Notify selected firms for interview
Week of [DATE]	Interview of selected firms
[DATE]	If a selection is made, Board approves selection of the firm

[Name of JPA] reserves the right to cancel and/or modify the above dates at anytime or to make a dual appointment.