
**Request for Proposals
for
Investment Management Services**



**Joy McCarthy
Finance Director**

**Village of Antioch
874 Main Street
Antioch, IL 60002**

BID INFORMATION

Title: Investment Management Services
Contact: Joy McCarthy, Director of Finance
Email: jmccarthy@antioch.il.gov

TIMELINE FOR SUBMISSION AND EVALUATION

July 13, 2018 Release of Proposals
August 21,2018 Deadline for Submission of Questions
August 27, 2018 Proposals due by 5:00 p.m.
September 3-14, 2018 Evaluation of Proposals/Interviews
September 17, 2018 Award of Contract

SUBMISSION INSTRUCTIONS

Submit Proposals to: Joy McCarthy, Director of Finance
Village of Antioch
874 Main Street
Antioch, IL 60002
jmccarthy@antioch.il.gov

Format: Please mail three (3) printed copies, and submit one (1) electronic (pdf) copy via email to jmccarthy@antioch.il.gov

Deadline: **August 27, 2018 at 5:00 p.m.**

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I. Introduction and Overview

The Village of Antioch, Illinois is a non-home rule community located in the northern part of Lake County bordering the Wisconsin State Line. Antioch is governed by a Mayor and six-member Board of Trustees, all of whom are elected for four-year staggered terms. The Board is the legislative body of the Village government, and all administrative work is performed under the direction of the Village Administrator. The Village provides a full range of municipal services, including police protection, public works, parks and recreation, planning and zoning, building, water and sewer system, street maintenance, economic development, wastewater treatment, and general administrative services. The Finance Director serves as the Village Treasurer and oversees management of the investment portfolio.

The Village is seeking proposals from qualified firms to act in a fiduciary capacity and to provide professional advice and investment management services. The Village's investments consist of twelve (12) Certificates of Deposits totaling \$2 million, with a potential of up to an additional \$3 million in savings available for investment.

Antioch's primary investment objective is to achieve a reasonable rate of return on public funds while minimizing the potential for capital losses arising from market changes or issuer default. Although the generation of revenues through interest earnings on investments is an appropriate goal, the primary consideration in the investment of Village funds is capital preservation in the overall portfolio and sufficient liquidity to meet operating and capital needs. As such, the Village's yield objective is to achieve a reasonable rate of return on investments rather than the maximum generation of income, which could expose the Village to unacceptable levels of risk.

II. Proposer Qualifications

All proposers must have the following minimum qualifications:

1. Be a registered Investment Advisor Firm with Series-50 Qualified Representatives as defined and regulated by the Securities and Exchange Commission (SEC). The firm must share the Village's Fiduciary Duty and must not act as a broker/dealer.
2. Have a minimum of five years of experience in providing services to public agencies in an investment advisor capacity.
3. Be independent of any financial institution or securities brokerage firm or shall fully disclose any relationships with such financial institution and/or securities brokerage firm relevant to the firm's relationship with the entity.

4. Have a minimum of \$5 million coverage in errors and omissions insurance or investment advisor professional liability insurance along with a minimum of \$1 million in additional coverage through a fidelity bond.
5. Have no record of unsatisfactory performance as evidenced by complaints filed with the SEC or any federal or state agency with jurisdiction over the services provided.
6. Demonstrate familiarity with all applicable Illinois statutes regarding qualified investments for public entities.
7. Demonstrate an understanding of the related issues and constraints of arbitrage regulations and laws.
8. Be financially solvent and appropriately capitalized to be able to service the Village for the duration of the contract.

III. Scope of Services

Specific services shall include, but not be limited to:

1. Managing the Village's investment portfolio pursuant to the investment objectives.
2. Review the Village's investment policy and internal control procedures and make recommendations.
3. Manage the Village's portfolio in a fiduciary capacity with discretionary authority.
4. Execute trades in accordance with the Village's investment policy.
5. Assist the Village with maturity analysis.
6. Provide credit analysis of investment instruments in the portfolio.
7. Provide monthly investment reports for the Village's entire portfolio detailing holdings, composition and sector analysis, return, weighted average maturity and daily transaction activity.
8. Provide quarterly investment reports including a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy and present bi-annual reports to the Village Board.
9. Attend selected meetings with Village staff and occasional Village Board meetings.
10. Evaluate market risk and develop strategies that minimize the impact on the portfolio.

11. Provide assurance of portfolio compliance with applicable policies and State laws and the Village's Investment Policy.
12. Establish appropriate performance benchmarks.
13. Indicate full understanding of Investment Policy and recommend changes as appropriate.
14. Ensure portfolio structure matches Village objectives.
15. Firm shall not have custody or possession of the funds or securities that the Village has placed under its management. Village will retain a custodian or safekeeping agent to take and have possession of its invested assets.
16. Serve as a general resource to the Village staff for information, advice, and training regarding fixed income securities, investments, and treasury operations.
17. Work with the Village staff to develop cash flow projections to ensure that the investment strategy is consistent with the Village's cash requirements.
18. Assist in developing an investment plan for all capital funds, including bond proceeds.
19. From time to time, at the direction of the Village Administrator provide assigned, additional services.

IV. Proposal Submission Requirements and Response Format

The Proposer is responsible for preparing an effective, clear, and concise proposal. To be considered for selection, vendors must submit a complete response to this Request for Proposal that includes the following mandatory information and/or requirements in the following format. Responses must be in the same order as the questions presented, stating acceptance of, modifications or additions to, or a statement of the inability to provide, said service. Failure to provide any of the information requested below may be cause for the proposal to be rejected.

1. A Request for Proposal cover letter introducing the firm and the individual who will be the primary contact person.

2. Firm Background and Organization

- a. Describe the organization, date founded, and ownership of the firm. Indicate if it has experienced a material change in organizational structure, ownership or management during the past three years and, if so, please describe.

- b. Describe any other business affiliations. Describe the firm's policy on soft dollars.
- c. Describe the firm's sources of revenue, categorized by retail and institutional accounts.
- d. Describe any SEC, NASD, or regulatory censure or litigation involving the firm or its employees within the past three years.
- e. Did, or will, the firm pay a finder's fee to any third party for business related to this account? Specify the recipients of any fee.

3. Experience

- a. Describe the firm's experience in managing fixed income portfolios for public funds and governmental entities.
- b. What is the firm's experience in developing policies and portfolio management guidelines for government portfolios?
- c. Does the firm act as a broker or as a primary dealer in securities or receive any other form of additional compensation (including soft dollars) for the client transactions aside from the direct fee paid by clients?
- d. Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by the firm.

4. Personnel

- a. Identify and provide background information on the key person or personnel who take the most active role(s) in the administration and management of the firm.
- b. Identify the investment professionals (portfolio managers, analysts, and researchers) employed by the firm, by classification, and specify the average number of accounts handled by portfolio managers. Are there any established limits on accounts or assets under management?
- c. Provide resumes and biographical information on key investment professionals that will be directly involved in the decision-making process for the portfolio. Describe their experience in the investment business, specifically with public sector cash management and investments. Include the number of years at the firm, total years of experience, and professional licenses and designations. Include the number of accounts managed and any limits on this.
- d. Describe the firm's training and education efforts to keep portfolio managers informed of developments relevant to government investment managers.
- e. What has been the rate of turnover of professional staff in the firm in the last three years who were assigned to public sector clients?

5. Assets Under Management

	Governmental	Non-Governmental
# of Portfolios		
Operating/Bond Funds	\$	\$
Pension Funds	\$	\$
Foundations	\$	\$
Equity Funds	\$	\$
Total	\$	\$

- a. Summarize the firm’s institutional investment assets under management by category as shown above for the latest reporting period.
- b. Summarize the firm’s assets under management (institutional only) over the past five years and average assets per client.
- c. Provide relevant performance statistics on comparably-sized portfolios and compare with industry averages or benchmarks for the last one, three, five, ten-year periods and/or since inception. Note whether these performance statistics are reported based on GIPS (Global Investment Performance Standards).
- d. How many accounts has the firm gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

6. Investment Management Approach and Discipline

- a. Briefly describe the firm’s investment management philosophy, including its approach to managing governmental portfolios.
- b. How frequently does the firm formulate and review fixed income strategy? How is that carried out and who is involved?
- c. What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?
- d. How are portfolios managed (e.g., by team, individual manager)? What is the back-up when the manager is away?
- e. What oversight is provided to portfolio managers?

- f. Describe the firm's in-house technical and research capabilities. Are outside sources used on a regular basis? Describe the firm's credit review process. Does it assign credit research to specialists?
- g. What percentage of the firm's research is conducted in-house? Describe the research capability.
- h. What technical analysis (if any) does the firm use?
- i. What role does interest rate forecasting play in the firm's portfolio management strategy?
- j. How will the firm position a portfolio in a rising interest rate environment?
- k. Describe the ongoing daily investment procedures proposed for the Village of Antioch, including procedures for trades, security choice, controls, etc., and how the firm will provide liquidity.
- l. Discuss your assessment of the current market outlook and how your firm plans to provide performance for clients in the years ahead.

7. Arbitrage Rebate Compliance

- a. Describe your firm's experience in developing and implementing investment strategies for the proceeds of tax-exempt bond proceeds.
- b. What measures does your firm take to ensure that all investments are executed in compliance with the IRS's Fair Market Rules?
- c. Describe how your firm stays informed of the latest interpretations and guidelines issued by the U.S. Treasury Department.
- d. Provide the number of issues and total assets for which you currently provide arbitrage rebate tracking.

8. Reporting

- a. Describe the investment accounting and reporting system used by the firm.
- b. Describe the frequency and format of reports that would be provided to the Village of Antioch. Attach sample reports the Village will expect to receive. Will these reports be made available to the Village through online capability? What will be the frequency of availability?
- c. What performance benchmarks would be recommended for this portfolio? Provide examples for a portfolio similar to that of the Village of Antioch. What experience has the firm had in developing benchmarks for public operating portfolios?

9. Fees

- a. Provide the complete fee schedule that would apply to this account. Are fees charged in arrears?
- b. What additional expenses not covered through the fee structure will be expected to implement the firm's investment advisory services?
- c. Is there a minimum annual fee required?
- d. Please describe all fees for services to the Village under this proposal fully itemized for any of the following:
 - Advisory – percentage of assets or hard dollar
 - Investment manager fees, investment manager revenue share, directed brokerage, soft dollar fees
 - Conversion fee
 - Transferring assets from one fund manager to another
 - Other transaction fees
 - Other administrative
- e. If there are additional fees to be charged as a result of performing services related to preparing or modifying the Village's Investment Policy or asset allocation analysis, please describe those fees in detail.
- f. Do you receive 12b-1 fees or other compensation or revenue share from any investments that are or will be contained in our account and, if so, are they used to reduce our costs?

10. Additional Information

- a. Briefly describe any additional features, attributes, or conditions which the Village of Antioch should consider in the selection process. Describe any other services the firm can provide.
- b. Submit a completed Reference Form as provided in Attachment A of this RFP as well as a complete list of municipal clients and contacts.
- c. Provide a copy of the firm's most recent ADV Parts 1 and 2 as on file with the SEC.
- d. Include the signature of an authorized individual to bind the firm. The proposal must be a firm offer good for a 120 calendar-day period beginning on Due Date.

V. Selection Process

In accordance with the goals of the Village of Antioch, the following criteria will be used as the basis for evaluation of the proposals and the award recommendation:

- 25% - Experience of the firm in providing services to public sector entities of similar size and with similar investment objectives to the Village of Antioch.
- 15% - Portfolio management resources, investment philosophy, and approach.
- 15% - Professional experience and qualifications of the individual(s) assigned to the account.
- 15% - Responsiveness to the proposal, communicating an understanding of the overall program and services required.
- 15% - Reporting capabilities
- 15% - Fees

The firm's understanding of the scope of services required includes demonstrated abilities to coordinate delivery of the services and understanding of the needs and operational requirements of the Village of Antioch.

Award may not be made to the firm submitting the lowest price proposal. The Village of Antioch will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

VI. General Terms and Conditions

The Village of Antioch reserves the right to reject any or all proposals and will not be liable for any costs incurred by responding firms relating to the preparation and submittal of proposals, making of initial presentation to the Village, negotiating a contract for services, or any other expense incurred by the bidder prior to the date of an executed contract. In addition, no bidder shall include any such expenses as part of the price proposed to conduct the scope of work for this project.

1. The term of the contract will be a period of three (3) years with the option to renew up to two (2) additional years.
2. Proposals must be valid for 120 calendar days from due date.
3. The Village reserves the right to expand or diminish the scope of the work subject to negotiation with the successful bidder.
4. The Village is not required to select the proposal that may indicate the lowest price or costs. The Village expressly reserves the right to reject all proposals at its sole discretion

and opinion, without indicating any reason(s) for such rejection. If all proposals are rejected, the Village may or may not request additional proposals. The Village may withdraw this RFP at any time without notice.

5. Proposals must not be marked as confidential or proprietary. The Village may refuse to consider a Proposal so marked. Information in Proposals shall become public property and subject to disclosure laws. All Proposals shall become the property of the Village. The Village reserves the right to make use of any information or ideas in the Proposals.
6. Costs for developing proposals are entirely the responsibility of the Proposer and shall not be chargeable to the Village.
7. In the event the Village deems it necessary to clarify or make any changes to this RFP, these changes shall be made in the form of a written addendum authorized and issued only by the Director of Finance or authorized designee.
8. Responses to this RFP are due no later than 5:00 p.m. on August 27, 2018 according to the instructions found in the front of this document.
9. Should a Proposer require clarification of this RFP, the Village must be notified in writing no later than August 21, 2018. Questions are to be sent to Joy McCarthy (jmccarthy@antioch.il.gov). Responses will be communicated to all known recipients of this RFP by September 17, 2018.
10. The scope of work under this proposal includes performing services within the Village of Antioch.

ATTACHMENT A

REFERENCES

Describe fully the last three contracts performed by the firm that demonstrate the ability to provide the services included with the scope of the specifications. Attach additional pages if required. The Village reserves the right to contact each of the references listed for additional information regarding the firm's qualifications.

Reference No. 1

Customer Name	
Contact	
Telephone & Fax number	
Street Address	
City, State, Zip Code	
Description of services provided including contract amount, when provided and project outcome	

Reference No. 2

Customer Name	
Contact	
Telephone & Fax number	
Street Address	
City, State, Zip Code	
Description of services provided including contract amount, when provided and project outcome	

Reference No. 3

Customer Name	
Contact	
Telephone & Fax number	
Street Address	
City, State, Zip Code	
Description of services provided including contract amount, when provided and project outcome	

ATTACHMENT B
VILLAGE OF ANTIOCH INVESTMENT POLICY

**VILLAGE OF ANTIOCH
INVESTMENT POLICY**

SUBJECT: **INVESTMENT POLICY**

- Official Village Policy Approved by Village Board of Trustees
- Administrative Regulation Issued by Village Administrator
- Departmental Procedure Applying to All Departments
- New Policy or Procedure
- Amends or Supersedes _____

ISSUED BY: Administration & Finance

DATE APPROVED: **March 20, 2006**

Introduction:

This statement is intended to outline the policies for maximizing the efficiency of the Village's Cash Management System and for prudent investment of the Village Funds, and to provide guidelines for suitable investments. The ultimate goal is to enhance the economic status of the Village while protecting its funds.

The Village's Cash Management System is designed to monitor and forecast expenditures and revenues accurately, thus enabling the Finance Director (Treasurer) to invest funds to the fullest extent possible. The Finance Director (Treasurer) shall attempt to obtain the highest yield, provided that all investments meet the criteria established for safety and liquidity.

The investment policies and practices of the Finance Director (Treasurer) for the Village of Antioch are based upon Federal, State, and Local law and prudent money management. The primary goals of these policies are:

1. To assure compliance with all Federal, State and Local laws governing the investment of monies under the control of the Finance Director (Treasurer),
2. To protect the principal monies entrusted to this Office, and
3. To generate the maximum amount of investment income within the parameters of this Investment Policy and the guidelines for suitable investments.

All participants in the Village's investment process shall act responsibly as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust.

Scope:

This investment policy applies to the investment of available assets of all Village funds under the direct management of the Board of Trustees.

The policy for the Police Pension Fund will be as determined by the Police Pension Board and not covered by this Policy.

Prudence:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of their capital, as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall apply in the context of managing an overall portfolio.

Objective:

The primary objective, in order of priority, shall be:

- *Legality* - conformance with federal, state and other legal requirements
- *Safety* - preservation of capital and protection of investment principal
- *Liquidity* - maintenance of sufficient liquidity to meet operating requirements
- *Yield* - attainment of market rates of return

The portfolio will be reviewed periodically as to its effectiveness in meeting the Village's needs for safety, liquidity, rate of return, diversification and its general performance. It is intended that the Village's policy will be reviewed on an annual basis.

Delegation of Authority:

Management and administrative responsibility for the investment program is hereby delegated to the Finance Director (Treasurer). In the absence of the Finance Director (Treasurer), the Village Administrator shall be responsible for the investment program.

Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Authorized Financial Dealers and Institutions:

Authorized financial institutions will be approved by the Board in the Ordinance of Authorized Depositories. In addition, a list also will be maintained of approved security brokers/dealers selected by credit worthiness. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule).

Employees of any firm or financial institution offering securities or investments to the Village are expected to be trained in the precautions appropriate to public-sector investments and are expected to familiarize themselves with the Village's investment objectives, policies, and constraints. These firms and financial institutions are expected to make reasonable efforts to preclude imprudent transactions involving the Village's funds.

At the request of the Village, the financial institutions and firms performing investment services for the Village shall provide their most recent financial statements or Consolidated Report of Condition ("call report") for review.

Each financial institution and broker/dealer shall acknowledge that they have read and will adhere to this investment policy.

Authorized and Suitable Investments:

Investments may be made in certain types of securities as detailed in 30 ILCS 235/2 regarding the investment of public funds.

Among the authorized investments are:

1. Non-negotiable certificates of deposit and other collateralized evidence of deposits with qualified public depositories
2. Obligations of the U.S. Government, its agencies and instrumentalities. However, this authorization shall specifically exclude Collateralized Mortgage Obligations (CMOs), Real Estate Mortgage Investment Conduits (REMICs), and other Principal Only (PO) and Interest Only (IO) obligations that are secured with mortgages issued by any federal agency, instrumentality or private firm
3. Prime bankers' acceptances purchased on the secondary market with ratings of A1/P1
4. Repurchase agreements for securities listed above, provided the transaction is structured so that the Village obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the bank or dealer
5. State of Illinois Public Treasurer's Investment Pool (The Illinois Funds)
6. Bonds of the State of Illinois and any local government in the State of Illinois, which bonds have at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency
7. Any investments authorized by the Public Funds Investment Act. (30ILCS 235.0.01seq)

Investments shall be made that reflect the cash flow needs of the fund type being invested.

Collateralization:

Funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of The Village of Antioch and evidenced by periodic reports to the Village by the third party.

To anticipate market changes and provide an adequate level of security for all funds, the collateralization level will be 110% of market value of principal and accrued interest. Collateral is limited to U. S. Treasuries. As an alternative, insurance/surety bonds may be used as collateral to ensure certificates of deposit payments of principal and interest at the date of maturity. Insurance/surety bonds may also be used to ensure replacement on checking and money market accounts in case of a financial institution's default.

Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the Village of Antioch, shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by an independent, third-party custodian designated by the Finance Director (Treasurer) and evidenced by safekeeping receipts and a written custodial agreement.

Diversification:

The Village of Antioch shall diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. Diversification can be by type of investment, number of institutions invested in, and length of maturity.

Maximum Maturities:

To the extent possible, the Village of Antioch shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the Village of Antioch will not directly invest in securities maturing more than two years from the date of purchase.

Reserve funds, not otherwise restricted by Bond Ordinance, may be invested in securities exceeding two years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

Internal Control:

The Finance Director (Treasurer) is responsible for establishing and maintaining an internal control structure designed to ensure that assets of the Village are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting
- Custodial safekeeping
- Written confirmation of telephone transactions for investments and wire transfers

The Village Treasurer is authorized to establish financial accounts for the Village with the advice and consent of the Village Board. The Village Treasurer, Village Clerk, Village Administrator and Mayor are authorized signatories of the financial accounts of the Village. All transactions must be jointly approved by two of the aforementioned persons. Investment officials shall be bonded to protect the Village against loss due to possible embezzlement and malfeasance.

Performance Standards:

This investment portfolio will be managed in accordance with the parameters specified within this policy. The Village's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the Village's investment risk constraints and cash flow needs. Portfolio performance should be compared to benchmarks with similar maturity, liquidity and credit quality as the portfolio. Portfolio performance shall be compared to the current Illinois Funds Money Market rate, or other appropriate benchmark such as the average three (3) month U.S. Treasury Bill return, to determine whether market average yields are being achieved. The investment program shall seek to augment returns above this threshold, consistent with prudent investment principles and the risk limitations identified herein.

Reporting:

Monthly Treasurer Reports shall be provided to the Board of Trustees, showing the monthly cash and investment transactions.

A statement of the market value of the investment portfolio shall be issued by the Finance Director (Treasurer) to the Board of Trustees quarterly. The report should be available to the public upon request. The report will be in a format suitable for review by the general public. A report will also be provided to the Board of Trustees on an annual basis.

Savings Clause:

In the event any state or federal legislation or regulation should further restrict instruments or institutions authorized by this policy, such restrictions shall be deemed to be immediately incorporated into this policy.

If new legislation or regulation should liberalize the permitted instruments or institutions, such changes shall be available and included in this policy only after written notification to the Village Board and their subsequent approval of said changes.

Investment Policy Adoption:

The Village's investment policy shall be adopted by resolution of the Village Board. The policy shall be reviewed annually by the investment officer and any modifications made thereto must be approved by the Village Board.

This policy supersedes all prior investment policies.