



**Request for Qualifications**  
**For**  
**Portfolio Management Services**

Proposals Due Friday, November 9, 5:00 PM

Silicon Valley Clean Energy  
333 W. El Camino Real  
Suite 330  
Sunnyvale, CA 94087

## **I. INTRODUCTION**

Silicon Valley Clean Energy (SVCE) is a local Community Choice Energy (CCE) Joint Powers Authority (JPA) located in Sunnyvale, CA. Members of the JPA include the cities of Campbell, Cupertino, Gilroy, Los Altos, Los Gatos, Milpitas, Monte Sereno, Morgan Hill, Mountain View, Saratoga, and Sunnyvale, the Town of Los Altos Hills, and unincorporated Santa Clara County. Besides offering clean energy choices to residents and businesses, SVCE also offers programs for local partners to reduce carbon emissions locally from transportation and the built environment.

SVCE is seeking proposals from qualified firms to provide investment management services for SVCE's portfolio. The investment of SVCE's funds is guided by State Law, including but not limited to, the California Government Code Sections 6509.5 to 53601 and SVCE's Investment Policy. SVCE's current Board-approved Investment Policy is attached (Attachment A). The policy will be updated based on the strategies proposed by the investment manager after discussions with SVCE and the Board.

SVCE's investment portfolio is currently managed by the Director of Administrative Services/Chief Financial Officer. Funds are currently held at SVCE's bank, River City Bank. The portfolio size fluctuates throughout the year primarily depending on the amount of energy purchases and sales. As of July 31, 2021, cash on hand was approximately \$155 million.

After reviewing what other peer California Community Choice Aggregator (CCA) entities are using for their investments, SVCE is considering the value added of using the services of an outside portfolio advisor/manager compared to simply investing its funds in California's Local Agency Investment Fund (LAIF) and in an Insured Cash Sweep (ICS). (SVCE understands that investing in an ICS will require an update to SVCE's investment policy, which will be done after the selection of a portfolio manager).

## **II. PROPOSER QUALIFICATIONS**

All Proposers must meet or exceed the following minimum qualifications:

1. Be a registered Investment Advisor as defined and regulated by the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 and be registered to provide investment advisory services in the State of California.
2. Be familiar with all applicable California statutes regarding qualified investments for California public agencies.
3. Be independent of any financial institution or securities brokerage firm, or fully disclose any relationships with such financial institution and/or securities brokerage firm relevant to the firm's relationship with SVCE.
4. Have a minimum of ten (10) years of experience in managing municipal investment portfolios.
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 by the firm.
6. Agree to the terms and meet the insurance requirements set forth in the attached sample agreement (Attachment B). SVCE is willing to discuss reasonable modifications to the sample agreement with the selected firm but is not obligated to make any modifications.

### **III. SCOPE OF SERVICES**

Specific responsibilities of the selected investment adviser will include, but are not limited to the following:

1. Review in detail SVCE's current Investment Policy and discuss areas for improvement with staff that meet SVCE's risk tolerance.
2. Assist SVCE staff in preparing an updated and revised Investment Policy for review by the Finance and Administration Committee and for approval by the Board of Directors. This step will include a study session with either the Finance and Administration Committee or the full Board.
3. Manage SVCE's investment portfolio as SVCE's fiduciary and pursuant to the specific investment objectives stated in the adopted Investment Policy. Place all orders for the purchase and sale of securities, communicate settlement information to SVCE's staff and coordinate security settlement. Execute all approved trades through competitive bidding processes. Utilize a third party custodial bank to safeguard SVCE's securities.
4. Provide assistance in developing and implementing an investment strategy that will maintain or enhance portfolio quality and performance within the parameters of SVCE's Investment Policy and cash flow needs.
5. Ensure the portfolio complies with all applicable laws and SVCE's Investment Policy including resolutions relating to the investment of public funds.
6. Provide SVCE with investment reports that shall include, but not be limited to the following:
  - a. Monthly statements with all the information required by the California Government Code and Governmental Accounting Standards Board (GASB). These reports must include, but not limited to detailed portfolio holdings including purchase price, accrued interest, amortized cost, market and book values, purchase date, maturity date, next upcoming potential call date, assigned security ratings by a nationally recognized statistical rating organization (NRSRA), principal and interest payments, effective earnings rate, yield to maturity, days to maturity, and portfolio summary statistics.
  - b. Quarterly investment reports including a description of market conditions, investment strategies employed, performance, and suggested changes to investment strategy.
  - c. Annual portfolio performance reports, based on SVCE's fiscal year, including, but not limited to local and national economy, SVCE's portfolio holdings, performance objectives, and policy compliance.
7. Perform broker/dealer due diligence and maintain relations with the broker/dealer community.
8. Continually monitor market conditions and circumstances and report on any recommended changes to policies, strategies, and specific positions.
9. Annually, or more often, if necessary, review the Investment Policy and recommend changes as needed per California Government Code Section 53601 or to incorporate best practices

as provided by relevant statewide and national organizations. The Investment Policy will be submitted to the Finance and Administration Committee and the Board for approval on an annual basis.

10. Attend Finance and Administration Committee and Board of Directors meetings as required.
11. Serve as a general resource to SVCE’s staff for information, advice, and training regarding fixed-income investments. Communicate as necessary with SVCE staff to understand SVCE’s investment operations.

**IV. TENTATIVE RFQ SCHEDULE**

Issue RFQ	October 12, 2021
Proposer questions on RFQ not later than	October 22
Responses to questions back to Proposer(s)	October 27
Proposals due by	5:00 PM November 9, 2021
Interviews via Zoom with Finalists	Week of November 15
Recommendation by Staff to Finance Committee	December 6
Present finalist to Board of Directors	January 2022

**V. QUESTIONS ON RFQ**

Inquiries regarding this RFQ are due by email on or before 5:00 p.m. PT on October 22, 2021. All inquiries must include contact person, address, and email address. Questions and answers will be consolidated and provided to all firms who provide an email address and contact name. Questions should be addressed to:

Jim Steele  
Management Partners  
[jsteele@managementpartners.com](mailto:jsteele@managementpartners.com)

**VI. PROPOSAL SUBMISSION**

Proposals shall be submitted via email bearing the subject heading: Request for Qualifications for Investment Management Services and addressed to:

Jim Steele  
Management Partners  
[jsteele@managementpartners.com](mailto:jsteele@managementpartners.com)

All proposals must be emailed no later than 5:00 p.m. on November 9, 2021. Late submissions will

not be accepted. The proposal must be signed by a designated official of the proposing firm.

SVCE will endeavor to administer the proposal process in accordance with the terms and dates described in this RFQ, however, SVCE reserves the right to modify the timeline, or any other aspect of the process at any time, in SVCE's sole discretion. By requesting proposals, SVCE is in no way obligated to award a contract or pay the expenses of proposing firms in connection with the preparation or submission of a proposal. SVCE reserves the right to request additional information or clarifications from proposers. All costs directly or indirectly related to the presentation of a response to the RFQ, any oral presentations required to supplement or clarify a proposal, and/or reasonable demonstrations which may, at the discretion of SVCE, be required of you shall be at your sole cost and responsibility. All proposals submitted to SVCE in response to this RFQ for investment management services will be considered non-proprietary and subject to disclosure under the Public Records Act upon the completion .

SVCE reserves the right to terminate the awarded contract in accordance with the provisions of the contract.

## **VII. 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 RFQ 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 the ability or inability to provide, each service. Failure to provide any of the information requested below may be cause for the proposal to be rejected.

### **A. Transmittal Letter (2 pages maximum)**

A Transmittal Letter shall be included with the proposal, and must contain the following:

1. Identification of firm, including name, address, email address, and telephone number;
2. Name, title, email address, and telephone number of the firm's contact person during period of proposal evaluation;
3. A statement to the effect that the proposal shall remain valid for a period of not less than 120 days from the due date of the proposal;
4. A statement of your intentions to bid on all sections of the Scope of Services.

### **B. Firm Background and Organization**

1. Describe the firm, date founded, and ownership of the firm. Specify the number of years your organization has been providing municipal investment advisory services. Indicate if it has experienced a material change in organizational structure, ownership or management during the past three years and, if so, please describe.
2. Describe any other business affiliations and related business arrangements (e.g., subsidiaries, joint ventures, "soft dollar" arrangements with brokers). Describe your firm's policy on soft dollars.
3. Describe the firm's sources of revenue, categorized by retail and institutional accounts.

4. Is your firm a registered investment advisor under the Investment Advisor's Act of 1940? Please attach Part 2A of your most recent Form ADV as an appendix.
5. Describe any SEC, FINRA, or any other regulatory censure or litigation involving the firm or its employees within the past three years.
6. Did, you, or will you, pay a finder's fee to any third party for business related to this account? Specify the recipients of any fee.
7. State the amount of fidelity bond coverage, errors and omissions, employee dishonesty, workers' compensation, fiduciary liability insurance, or other fiduciary coverage your firm carries. Provide a current Certificate of Insurance.
8. If you are hired, will your firm serve as a fiduciary in your role as an investment adviser to SVCE while providing the investment management services we are seeking? If no, describe any objections or limitations.

### C. Experience and Approach

1. Describe the firm's experience in managing fixed income portfolios for public funds and governmental entities.
2. Discuss what value added your firm would provide to SVCE as an alternative to SVCE choosing to simply invest in LAIF, in Insured Cash Sweeps, and in the County Investment Pool.
3. Describe your firm's experience in developing policies and portfolio management guidelines for government portfolios. Do you have any comments on SVCE's current Investment Policy?
4. Describe your firm's approach to managing fixed-income portfolios for governmental entities, including how you manage risk, ensure liquidity, and generate performance for client portfolios.
5. What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?
6. Describe the process utilized by your firm in competitively bidding securities from broker/dealers.
7. How are brokers/dealers selected? What process do you have in place to monitor brokers/dealers after they have been approved? How many broker/dealers are on your firm's approved list?
8. Describe the policies and procedures used to ensure that portfolios comply with client investment objectives and policies. What oversight is provided to portfolio managers?

9. Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by your firm.

D. Personnel

1. Please describe your proposed team, including the role each member will play, their title, and years at the firm. Identify the primary portfolio manager and client contacts assigned to work with SVCE.
2. Provide biographical information on the proposed team members, including education, experience, applicable professional credentials, and number of years at the firm.
3. Describe your firm’s training and education efforts to keep portfolio managers informed of developments relevant to government investment managers.
4. Describe the firm’s in-house investment research and analytical capabilities. What outside investment and market resources are used by the firm on a regular basis? What computer/market platforms do you subscribe to?
5. How frequently would you suggest your staff meet with SVCE staff? Who will attend these meetings?

E. Asset Under Management

1. Identify the types of accounts managed by your firm. Provide the total dollar amount and percentage managed (exclude accounts for which your services is providing periodic oversight or advice) for each of the past five years.
2. For your latest reporting period, provide the amount managed (exclude accounts for which your services is providing periodic oversight or advice) for:

a. Each of the following categories:

Public Agency	\$ _____
Corporate	\$ _____
Individual	\$ _____
Other	\$ _____

b. California Local Agencies	\$ _____
Cities	\$ _____

c. Each of the following sectors:

U.S. Treasury securities	_____ %
Federal Agency obligations	_____ %
Municipal Securities	_____ %
Asset-Backed/Mortgage-Backed	_____ %

Corporate securities rated AAA-A	_____	%
Corporate securities rated BBB or lower	_____	%
Other (CP, CD, etc.)	_____	%

3. Please provide a performance composite showing performance for the last one, three, five and ten years. The composite should consist of a minimum of ten current accounts comprising securities that are permitted under the California Government Code Section 53601. NO SAMPLE PORTFOLIOS. The duration of the composite should be comparable to the Bank of America Merrill Lynch 1-3 Year or 1-5 Year U.S. Treasury Indices. Provide information about the composition and duration of the data used, including the number of portfolios making up the composite, for your presentation of performance history. The composite should be prepared and presented in compliance with the CFA Institute's Global Investment Performance Standards (GIPS®).
4. What performance benchmarks would you suggest for this portfolio? Provide recommendations regarding performance benchmarks for a portfolio similar to that of SVCE. What experience has the firm had in developing such benchmarks for the portfolios of public agencies?

#### F. Reporting

1. Describe your firm's investment accounting department, the firm's investment accounting and reporting system, and its ability to assist SVCE with investment accounting in accordance with GASB requirements.
2. Describe the frequency and format of reports that would be provided to SVCE. Do your reports contain all information needed for State reporting standards? As an appendix, attach a sample report SVCE can expect to receive.
3. What type of reporting data is available online to clients?
4. Are you willing to develop customized reports to meet SVCE's needs and objectives?
5. How will you keep City staff apprised of investment activity? Are confirmations of investment transactions sent directly by the broker/dealer to SVCE?
6. How will you report portfolio performance? Include a sample performance report in an appendix.
7. SVCE does not currently invest in medium term corporate notes. Do you recommend they be included in the Investment Policy? Why or why not?
8. Include a discussion on the language you would suggest for the Investment Policy if you do recommend medium term corporate notes. What language would you recommend for dealing with rating downgrades?



## G. Fees

1. Provide a complete fee schedule that would apply to this portfolio to accomplish the requirements of the full Scope of Services outlined in Section III for items 1-11.
2. SVCE may decide after the review process that it will not secure the full services of an outside Portfolio Manager but may still want to obtain the services of an expert investment advisory firm to provide only items 1 and 2 from the Scope of Services in Section III. What would be the standalone fee for this alternative Scope of Services containing only the two items immediately below (a and b):
  - a. Review in detail SVCE's current Investment Policy and discuss areas for improvement with staff that meet SVCE's risk tolerance.
  - b. Assist SVCE staff in preparing an updated and revised Investment Policy for review by the Finance and Administration Committee and for approval by the Board of Directors. This step will include a study session with either the Finance and Administration Committee or the full Board. What additional expenses not covered through the proposed fee structure will be expected in order to implement your investment advisory services?
3. Does the firm act as a broker or as a dealer in securities or receive any other form of additional compensation (including soft dollars) related to your services aside from the direct fee to be paid by SVCE?

## H. Additional Information

1. Briefly describe any additional features, attributes, or conditions which SVCE should consider in the selections process.
2. Describe any other services your firm can provide that may be applicable to SVCE's needs, accounts or portfolio.
3. Provide any contract language changes to SVCE's sample agreement that your firm requests or requires to be included in a contract for this service.

## I. References

Please provide at least five current client references in California. Include client name and contact information, amount of assets under management and nature of the funds, length of engagement, and services provided. References should be public agencies with portfolio size and investment objectives similar to SVCE.

## **VIII. EVALUATION CRITERIA**

Proposals will be reviewed by the Administrative Services Department. The purpose of this

RFQ is to identify a firm to serve as the investment advisor to SVCE. The firm that best meets the needs and requirements of SVCE will be selected. No single factor will determine the final award decision. The evaluation criteria that will be used to determine the successful proposer are listed below.

- A. Relevant experience managing public agency funds.
- B. The firm's understanding of the scope of services required by SVCE and the firm's ability to provide those services.
- C. The experience, resources, and qualifications of the investment advisor and individuals assigned to this account.
- D. The proposed fees and the value they represent for the services to be provided.
- E. The firm's ability to provide comprehensive portfolio accounting services and performance reporting.
- F. The firm's investment philosophy and strategy and demonstrated investment performance.

#### **V. GENERAL TERMS AND CONDITIONS**

1. Proposals must be valid for 120 calendar days commencing on the proposal's due date.
2. This RFQ does not commit SVCE to accept any proposal or to enter into a contract. SVCE expressly reserves the right to reject all proposals at its sole discretion, without indicating any reason(s) for such rejection. If all proposals are rejected, SVCE may or may not request additional proposals. SVCE may withdraw this RFQ at any time without advance notice.
3. SVCE reserves the right to remedy technical errors in the RFQ process or waive informalities and irregularities in proposals. Proposals should be verified before submission. SVCE is not responsible for any errors or omission on the part of the Proposer in preparation of a proposal. SVCE will not return any proposals.
4. SVCE may investigate the qualifications of any Proposer under consideration, require confirmation of information furnished by the Proposer, and require additional information or qualifications to perform the Services described in this RFQ.
5. SVCE reserves the right to expand or reduce the scope of services subject to negotiation with the successful Proposer.
6. Investment Management Services are professional services that are not required to be based on cost.
7. Other than the contact information provided in this proposal, do not contact any SVCE employee, Board member, vendor or customer to gather information regarding this RFQ. Any violation of the above conditions or effort that indicates that the Proposer is attempting to gather information or influence the selection process will automatically disqualify the firm from the process.
8. This contract, if awarded, will be implemented in approximately 120 days. The contract term may

be for up to three (3) years with the option to renew for two (2) additional years.

9. A copy of SVCE's Standard Consulting Agreement is included as Attachment B, and by submitting a proposal a Proposer is agreeing to all provisions of the Agreement. If there are provisions that the proposer objects to, please identify which sections, and what alternative language you propose.

**ATTACHMENT A**

Current Investment Policy

**ATTACHMENT B**

Sample Agreement