REQUEST FOR PROPOSALS
FOR
Investment of 2019 Bond Proceeds

RFP #19-0702
REQUEST FOR PROPOSALS
INVESTMENT OF BOND PROCEEDS

Walled Lake Consolidated School District (the “School District”) is currently seeking proposals from qualified firms interested in serving as investment manager for proceeds of the Series of 2019 General Obligation Bond Issue in the approximate amount of $54,420,000, that is estimated to settle on June 27, 2019. **The amount to be deposited is estimated at $64,712,279** (i.e. face value of bonds, plus bond premium, less issuance costs and expenses to date).

The School District desires to contract with a manager who will act in a fiduciary capacity to manage these funds in accordance with the Arbitrage Rebate Regulations and in a manner that preserves principal, provides liquidity to meet construction draws and maximizes income.

All funds are to be held in the name of the the School District by a third-party custodian bank of the the School District's choice or approved by the the School District.

I. PERMITTED INVESTMENTS

Only investment securities permitted under applicable state statutes and board policies are eligible investments for the proceeds of the School District’s Bonds. This includes:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or, obligations of the state;
- Securities issued or guaranteed by agencies or instrumentalities of the United States government;
- Certificates of deposit issued by a state or national chartered bank, savings bank or savings and loan association, or share certificates of a state or federal credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this state under the laws of the state or the United States, and is eligible to be a depository of surplus funds belonging to this state under Section 6 of 1855 PA 105, MCL 21.146 of the Michigan Compiled Laws;
- Commercial paper denominated in U.S. dollars and issued by the United States branch or subsidiary of any company that is rated, at a minimum, at the time of purchase, Prime-2 by Moody’s and A-2 by Standard & Poor’s (prime commercial paper), maturing not more than 270 days from the date of purchase, and limited to 5% of the investment portfolio. If the commercial paper is backed by a letter of credit (LOC), the long-term debt of the LOC provider must be rated AA or better by at least two nationally recognized rating agencies.
- Bankers’ acceptances issued by a bank that is a member of the federal deposit insurance corporation;
- Repurchase agreements meeting the standards described in Section III; and
- “AAA” rated money market mutual funds that invest exclusively in the permitted securities described above.
Any security not expressly permitted above is prohibited without written approval from the School District.

II. **REQUIREMENTS**

1. All securities purchased on behalf of the School District for the investment portfolio shall be acquired by competitive bid with a three bid minimum. A report of the bids shall be forwarded to the School District for its records, and the investment manager must keep records on the bids received.

2. All funds are to be held in the name of the School District by a third-party custodian bank which qualifies as a financial institution.

III. **SCOPE OF WORK**

1. Direct the investment and, when appropriate, direct the sale and reinvestment of all assets under management.

2. Place all orders for the purchase, sale, loan or exchange of portfolio securities with brokers or dealers and give instructions to the custodian for delivery or receipt of cash and/or securities. All security purchases must have three disinterested bids, and the firm selected must keep records on the bids received.

3. Provide independent confirmation of all securities transactions to the the School District and the custodian bank.

4. Monitor the creditworthiness of all investments under management.

5. Provide the the School District with regular monthly statements of investment activities and reconcile such statements with records provided by the custodian bank. Provide the School District with monthly reports of interest earnings, investment performance and the market value of all investments.

6. Purchase all investments in compliance with the “fair market value” or “safe harbor” rules of the Arbitrage Rebate Regulations.

7. Provide the necessary documentation needed to the School District or agent to prepare arbitrate rebate computations.

8. Work with the custodian bank to assure coordination of investments, delivery of securities and the availability of funds as needed to pay drawdown requirements.

9. Provide a highly rated money market fund or local government investment pool which exclusively invests in the securities described in Section I. Permitted Investments.
III. PROPOSALS

Proposals should address the respondent's ability to meet the requirements listed in the Scope of Work. Moreover, proposals should address each of the following points:

A. State in succinct terms your understanding of the scope of the engagement and your approach to it. Describe how you propose to carry out each of the responsibilities enumerated in Section II.

B. A proposed investment portfolio based on the attached construction draw schedule and the settlement date of the Bonds. The investment returns should be based on pricing at 3:00 p.m. on June 28, 2019. The School District recognizes that all investment securities are subject to current prices and availability at the time of purchase. The bid should clearly note the projected investment earnings (net of any accrued interest to be paid as part of the price of the securities) to be generated from July 15, 2019 through November 15, 2022.

C. Verify that your proposed portfolio will provide sufficient cash flow to cover projected construction draws, using the exact construction draw dates shown on the attachment. Prepare and attach a cash flow sufficiency table that includes the date of each transaction, the balance of investable funds, cash flows from investments, the disbursement of funds for the project, and any projected reinvestment earnings, including the applied reinvestment rate which shall not be greater than the current rate.

D. Discuss your firm’s approach to managing the proceeds of the Bonds (e.g. active management versus passive management or a buy-and-hold strategy).

E. Discuss the impact of market volatility on your approach to managing these funds.

F. Discuss any custodial arrangements you propose for the proceeds of the the School District’s bonds invested by your firm.

G. Describe available disbursement options and any advance notification requirements for the disbursement of funds.

H. Outline the steps to be taken to reflect the the School District's objectives of safety, liquidity, legality and yield. State how your firm would maximize earnings for the the School District.

I. Describe the investment management organization of your firm/program including the location of the office from which funds are to be managed.

J. Describe the experience of your firm in serving as investment advisor for the proceeds of tax-exempt bonds of Michigan issuers. Include the number of issues and assets
under management of funds currently managed that have similar characteristics to those described in this RFP. Complete the following table as it relates to PUBLIC SECTOR assets under management (AUM) nationally and in Michigan:

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Total Firm AUM</th>
<th>Michigan Total AUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pool</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

K. Identify those individuals who would perform the work in this engagement and their responsibilities assigned and their related experience performing these functions and years of experience.

L. Complete the following personnel table related to key investment functions included in your Form ADV (use full time equivalents focused on each function). Note: Total personnel must equal Form ADV totals.

<table>
<thead>
<tr>
<th>Investment Position</th>
<th># of FTE’s in position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Client Interaction</td>
<td></td>
</tr>
<tr>
<td>Portfolio Management</td>
<td></td>
</tr>
<tr>
<td>Compliance</td>
<td></td>
</tr>
<tr>
<td>Investment Research</td>
<td></td>
</tr>
<tr>
<td>Client Service/ Call Center</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
</tr>
</tbody>
</table>

M. Indicate if your proposal includes assisting with the preparation of annual arbitrage rebate computations and the final arbitrage rebate filing.

N. Provide samples of investment records and reports provided to clients.

O. Describe and itemize the method of compensation you propose and the amount for an engagement of this size. Please describe what portion of the assets will be charged the fee based upon the portfolio proposed. Please be sure to describe all fees, direct and indirect, that may be incurred by the School District, including but not limited to, fees for custody arrangements, arbitrage rebate, and for the disbursement of funds and fees likely to be charged by outside parties. Please acknowledge that there will not be a mark-up in security prices.

P. Provide the names and contacts of at least three K-12 school entities located in Michigan for which your firm has provided services similar to those requested.
Q. All repurchase agreements utilized for the investment of the proceeds of the School District’s bonds must meet the following requirements:

1. The counterparty is a dealer in U.S. Government Securities who is recognized as a “primary dealer” by the Federal Reserve System or is a commercial bank having assets in excess of $1 billion.

2. The securities purchased under the repurchase agreement are obligations of the U.S. Government or its agencies or instrumentalities which are legal investments for the School District.

3. At the time a repurchase agreement is entered into, the underlying securities must have a market value of at least 102% of the amount of the initial purchase price. If the agreement is in effect for more than one day, the investment advisor is responsible for monitoring the value of the underlying securities. In the event their value drops below the amount of the initial purchase price plus the accrued yield, the counterparty is required to provide additional securities or money.

4. All securities are required to be delivered to a third party custodian bank.

IV. RESPONSES

To be considered, proposals must be received electronically by the following no later than 4:00 pm on Tuesday, July 2, 2019 (late proposals will not be accepted):

Teri Les, Assistant Superintendent, Business Services
Walled Lake Consolidated School District
teriles@wlcsd.org

It is the responsibility of the offerer to inquire about and clarify any aspect of this RFP. Questions may be addressed to Teri Les at teriles@wlcsd.org.

The School District reserves the right to reject any or all proposals for whatever reasons the School District deems appropriate. All documents, including the proposed agreement between the School District and the investment advisor, shall be subject to, and contingent upon, review and approval by the attorney for the School District.

The agreement between the School District and the investment advisor shall be governed in all respects by Michigan law. The agreement shall contain a provision which requires that the investment advisor comply with the Revised School Code, MCLA 380.1, eq seq, as amended, and any other Michigan law which relates to the investment of school district funds.
Note: All draws should be assumed to be the 15th of the month.

### Walled Lake Consolidated Schools, 2019 Bond Program

2019 Bond Cash Flow Schedule
Series 1

<table>
<thead>
<tr>
<th>Month</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>$382,684</td>
<td>$262,077</td>
<td>$1,605,125</td>
<td></td>
</tr>
<tr>
<td>February</td>
<td>$2,047,895</td>
<td>$249,598</td>
<td>$1,163,687</td>
<td></td>
</tr>
<tr>
<td>March</td>
<td>$382,684</td>
<td>$287,037</td>
<td>$1,193,379</td>
<td></td>
</tr>
<tr>
<td>April</td>
<td>$382,684</td>
<td>$301,389</td>
<td>$875,085</td>
<td></td>
</tr>
<tr>
<td>May</td>
<td>$825,965</td>
<td>$321,909</td>
<td>$1,418,371</td>
<td></td>
</tr>
<tr>
<td>June</td>
<td>$2,568,648</td>
<td>$426,859</td>
<td>$2,479,414</td>
<td></td>
</tr>
<tr>
<td>July</td>
<td>$828,758</td>
<td>$7,236,208</td>
<td>$612,213</td>
<td>$3,818,355</td>
</tr>
<tr>
<td>August</td>
<td>$382,684</td>
<td>$5,389,481</td>
<td>$740,534</td>
<td>$4,166,141</td>
</tr>
<tr>
<td>September</td>
<td>$347,895</td>
<td>$6,783,089</td>
<td>$1,139,757</td>
<td>$2,291,208</td>
</tr>
<tr>
<td>October</td>
<td>$400,079</td>
<td>$2,568,847</td>
<td>$1,217,309</td>
<td>$998,525</td>
</tr>
<tr>
<td>November</td>
<td>$347,895</td>
<td>$825,965</td>
<td>$1,681,560</td>
<td>$428,048</td>
</tr>
<tr>
<td>December</td>
<td>$347,895</td>
<td>$287,037</td>
<td>$1,757,995</td>
<td>-</td>
</tr>
</tbody>
</table>

Sub Total $2,655,216 $33,874,987 $8,998,237 $20,437,338 Total $65,965,778

*Includes bond proceeds plus estimated investment returns.*