



RICHMOND METROPOLITAN TRANSPORTATION AUTHORITY
REQUEST FOR PROPOSALS
INVESTMENT ADVISOR SERVICES

RFP Number: 2022-INV
Issue Date: January 27, 2022
Deadline for Questions: 2:00PM EST, February 7, 2022
Question Addenda Posted: February 11, 2022
Proposal due Date and Time: 2:00PM EST, February 25, 2022

The Richmond Metropolitan Transportation Authority is requesting proposals from qualified and interested firms to provide a range of investment advisor services, including but not limited to investment policy and strategy development and ongoing portfolio management.

Questions regarding this RFP should be sent to the attention of Paula Watson at Paula.watson@rmtaonline.org by the Deadline for Questions above. All questions received and responses will be posted as an Addenda to this RFP on the Authority's web site, www.rmtaonline.org.

Proposals should be submitted by email to:

Paula Watson at Paula.watson@rmtaonline.org Reference RFP 2022-INV in the subject line.

Proposals must be received by the Proposal due Date and Time above. Request a response to your submittal to ensure it was received. Any proposal received after the deadline shall be deemed non-responsive and returned unopened.

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I. General Information

- A. The Richmond Metropolitan Transportation Authority (the “Authority” or “RMTA”) is requesting proposals from qualified and interested firms to provide a range of investment advisor services as detailed in the Scope of Services section of this RFP.
- B. The Authority owns and operates an expressway system serving the metropolitan Richmond, Virginia area. The Virginia General Assembly created the Authority in 1966 and its enabling legislation is set forth in Virginia Code §§ 33.2-2901 et seq. (the “Enabling Act”). Authority funds shall be invested in accordance with the Code of Virginia, including but not limited to the Enabling Act, the Investment of Public Funds Act, Virginia Code §§ 2.2-4500 et seq; Local Government Investment Pool Act, Virginia Code §§ 2.2-4600 et seq; and the Virginia Security for Public Deposits Act, Virginia Code §§ 2.2-4400 et seq. Appendix B outlines the current investment policy as approved by the Authority’s Board of Directors. In addition, the Authority has issued its Expressway Revenue Bonds under the provisions of an Amended and Restated Bond Resolution (the “Bond Resolution”). Appendix C sets forth the investment provisions of the Bond Resolution.
- C. Additional information on the Authority’s operations is available in the Authority’s annual budget and Annual Comprehensive Financial Report, which can be obtained via the Authority’s web site at www.rmtaonline.org.

II. Scope of Services

- A. Investment Policy and Strategy Development
 - i. Review and recommend changes to the Authority’s existing investment policy, with ongoing reviews at least annually.
 - ii. Assist in developing and implementing investment strategies that will enhance portfolio performance under current and anticipated changes in market conditions within the parameters of the investment policy and cash flow needs.
 - iii. Make presentations to the Authority’s executive staff, and/or Board of Directors or designated Board committee, as needed, to support recommendations relating to the Authority’s investment policy or strategy.
- B. Ongoing Portfolio Management
 - i. Provide non-discretionary management of the Authority’s investment portfolio by acting solely in an advisory and administrative capacity within the guidelines of the Authority’s investment policy.
 - ii. Provide timely assessments of the market including market reaction to economic events.
 - iii. Execute securities purchases/sales upon written instructions from authorized Authority staff. After a trade is executed, all details of the trade including the dealers contacted and prices received must be sent to the Authority. An official trade confirmation must be sent to the Authority within one business day of the transaction.
- C. Reporting
 - i. Provide detailed monthly reports, in a format acceptable to the Authority, needed to properly account for the activities of the portfolio.

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- ii. Provide quarterly performance reports which shall include current information grading the creditworthiness of investment in the portfolio, total return comparisons of the Authority's portfolio to established benchmarks, and market commentary and future outlook as it pertains to the Authority's portfolio.
- iii. Provide for other reporting requirements as needed, including but not limited to fiscal-year end reporting disclosures.
- iv. Meet with the Authority's staff at least quarterly to review the previous quarter's performance and discuss the upcoming quarter.
- v. Meet with the Authority's Board of Directors or designated Board committee at least annually to provide an overview of the Authority's investment strategy and portfolio performance.

III. Proposal Format

- A. Each Offeror is responsible for examining and understanding this RFP prior to submitting a proposal. Offerors assume all risk of errors contained in this Procurement process and no contract awarded will be increased to cover costs that should have been anticipated by the Offeror.
- B. Responses should be prepared simply and economically, and should provide straightforward and concise responses that satisfy the requirements of this RFP. Emphasis should be placed on completeness and clarity of content, presentation in a non-technical format, and a response tailored specifically to the Authority and the requirements and scope of services set forth in this RFP.
- C. Expensive bindings, color displays, promotional materials, demo CDs, etc. is not needed. All costs directly or indirectly related to the preparation of the proposal, response, and presentations relative to this RFP shall be borne by the Offeror.
- D. Proposals shall be limited to 25 pages in length, exclusive of items requested as an appendix, cover sheets, tables of content, etc. Materials submitted in excess of the specified page maximum will not be reviewed. Preprinted brochure material may be included in the submittal and will not be counted in the page maximum.
- E. The Authority reserves the right to waive any informality in procedure and/or a proposal.

IV. Proposal Requirements: To facilitate comparisons between responding firms, format your response to this request in the following order:

- A. Table of Contents, which cross-references the RFP requirements
- B. Cover Page with a signature of an authorized representative of your firm to:
 - i. Acknowledge any addenda issued
 - ii. Expressly affirm the Offeror meets all of the minimum qualifications applicable under Section IV.I-iii, 1-5 of this RFP (list each and specifically describe how your firm meets each item)
- C. Firm History and Organization
 - i. Provide a brief history of your firm, including year founded and a description of its ownership structure as well as any subsidiaries and affiliates.

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- ii. Provide a five-year history of assets under management and an explanation for any significant year-to-year changes.
- iii. Describe the experience of your firm in serving as investment advisor for municipalities and other public entities. Highlight any experience with state authorities, particularly transportation agencies.
- iv. Describe your firm's compensation and incentive program.
- v. Describe any SEC or regulatory censure or litigation involving institutional business your firm conducts with governmental investors at this time or within the past five years.

D. Firm Personnel

- i. Identify the size of your firm's staff commitment to the public sector and the credentials of key personnel.
- ii. Identify the investment professionals who would be directly involved in providing services to the Authority. Describe their relationship to your firm, their responsibilities, their experience in the investment business (specifically with public sector investment management), the number of years they have been associated with your firm, and years experience working with public entities. Include any certifications the person has as well as current clients served by this individual.
- iii. Have any of the above personnel ever been investigated for alleged improper, fraudulent or unfair activities related to the sale of securities? If so, please provide details.

E. Investment Management Approach

- i. Describe your firm's approach to managing risk.
- ii. Describe your capabilities and recent experiences in reviewing and/or working with your clients to prepare investment policy statements and investment guidelines.
- iii. Describe the policies and procedures you have established to ensure compliance with your clients' investment policy statements and guidelines to assure quality control of the portfolio management process.
- iv. Describe the types of investment research utilized and the methods for making investment decisions, including maturity and selection.
- v. What are the primary strategies for adding value to portfolios?
- vi. Describe how benchmarks are chosen or developed and how performance is compared with similar portfolios. Describe your custom benchmark capabilities.

F. Reporting

- i. Describe and include a monthly and quarterly client reporting package (sample reports may be included as an appendix). Include the methods and formulas used to calculate yield and performance.

G. Fees

- i. Provide a fee schedule for the next five years, including a list of all services that would be included in the fee and services that would result in additional fees. Separately show one-time fees vs. ongoing fees.
- ii. Explain all fees associated with your services.
- iii. Indicate how often and on what basis fees are adjusted.

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H. Ethics

- i. Does your firm, its principals and affiliates subscribe to a professional Code of Ethics? Describe how you address conflicts of interest in providing advice to your clients.
- ii. Does your firm carry professional liability or any other relevant insurance? If so, please describe the insurer, the type of insurance coverage, the beneficiary or such coverage, the limits of such coverage, and the deductible amount under coverage.
- iii. Is your organization currently aware of any claims or notices of potential claims that have been made or are being made with respect to such policies?
- iv. Does your firm accept soft dollars as a method of payment for services provided? If so, how do you prevent conflicts of interest? Please list the advantages and disadvantages you see in the use of soft dollars.
- v. If hired, will your firm receive any other form of compensation (including commissions) from working with this account that has not yet been revealed? If yes, what is the form of compensation?
- vi. Does your firm provide other services that would conflict with unbiased advice, such as providing Actuarial, Brokerage, and Custodial Services? If so, please clarify why this would not be a conflict.

I. Representations and Warranties

- i. Respondent warrants that it will not delegate its fiduciary responsibilities.
- ii. Respondent warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by government or governmental authorities.
- iii. Respondent warrants that it meets the following minimum qualifications:
 1. Be a registered investment advisor under the Investment Company Act of 1940;
 2. Certify that your firm will serve in a full, fiduciary capacity placing the Authority's interest first at all times;
 3. Have been in business for minimum of ten (10) years; if the firm has not been in business for at least ten (10) years, the senior principals of the firm must have at least ten (10) years of experience with institutional clients at an investment consulting firm;
 4. Have provided similar investment consulting services to other governmental entities of at least similar asset size to the Authority;
 5. Have individuals assigned to the Authority with a minimum of five (5) years professional experience in the investment consulting field; and disclose all conflicts of interest, all sources of revenue and all affiliation.
- iv. Respondent warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to the Authority or any of its board members, officers, employees, or agents, or any third party except as disclosed to the Authority with its response to this RFP or otherwise, including, but not limited to, a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

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- v. Respondent warrants that it has established ethics and conflicts of interest policies and procedures, and proper internal compliance controls are in place.
- vi. Respondent warrants that it will inform the Authority of any personnel changes in leadership positions immediately.

J. References

- i. Provide a list of your five largest public sector clients, including contact persons, e-mail, and telephone. Indicate the length of your relationship and services provided.

K. Appendix

- i. Provide a copy of your firm's formal ethics or conflicts of interest policy.
- ii. Provide a sample monthly and quarterly client reporting package.
- iii. Provide audited financial statements for the most recent year.
- iv. Provide copies of your ADV Parts I and II, as on file with the SEC, and proof of registration with the Virginia State Corporation Commission.
- v. Provide a current certificate of insurance confirming relevant insurance coverage is currently in effect.
- vi. Provide a draft investment advisory services contract for review, as well as information regarding the fiduciary liability insurance and fidelity bonding that your firm would maintain for this account if hired.

V. Submittal Instructions

- A. Each Offeror shall submit five (5) copies of its proposal.
- B. An authorized representative of the Offeror shall sign proposals. All required information must be submitted, and failure to submit all required information may result in the Authority rejecting the proposal or giving a lower evaluation.
- C. Proposals should be organized in the order in which the requirements are presented in the RFP. All pages of the proposal should be numbered. It is helpful to repeat the text of the requirement as it appears in the RFP.
- D. Information which the Offeror desires to present that does not fall within any of the requirements of the RFP should be inserted at an appropriate place or be attached at the end of the proposal and designated as additional material. Proposals that are not organized in this manner risk lower scores or elimination from consideration if the evaluators are unable to find where the RFP requirements are specifically addressed.

VI. Evaluation and Selection Criteria

- A. In addition to the Authority's right to reject unacceptable proposals as provided in this RFP, the Authority reserves the right to reject any and all proposals, and to waive minor irregularities in the proposal documents. Upon rejection of proposals, the Authority may re-advertise or otherwise award the desired engagement. The Authority reserves the right to request additional information from any and all Offeror(s) to assist it in its evaluation and selection process. The Authority reserves the right to negotiate the terms and conditions of any contract or engagement letter with the selected Offeror, including the scope of services to be provided, the fees therefore and the terms and conditions of the resulting agreement.

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- B. The review and evaluation of proposals and the interviews, discussions and negotiations with Offerors are to be conducted by a selection committee formed by the Authority.
- C. The Offeror will be evaluated and ranked based on the following evaluation criteria
 - i. Overall completeness, clarity and quality of proposal
 - ii. Demonstrated ability in providing similar services to public entities
 - iii. Professional qualifications and experience
 - iv. Recommended approach to portfolio management
 - v. Cost
- D. Once each member of the committee has independently reviewed each proposal, based on the criteria listed above, the committee will conduct interviews with the top ranked firm(s) as deemed necessary by the committee. Once these interviews and discussions are complete, the committee will finalize the rankings. The Authority reserves the right to request a Best and Final Offer (“BAFO”) to determine the successful respondent.
- E. Final negotiations will begin with the top ranked firm. If a contract acceptable to the Authority cannot be negotiated at a price considered fair and reasonable, negotiations shall be terminated with the top ranked firm and negotiations will then proceed with the next highest ranked firm until an agreement is reached.
- F. In addition, should the Authority determine that only one Offeror is fully qualified, or that one respondent is clearly more highly qualified than the others under consideration, it may proceed to negotiate a contract with that Offeror.
- G. All Offerors will be notified in writing of the Authority’s award decision resulting from this RFP. In addition, public notice of award will be made by publication on the Authority’s web site at <http://www.rmtaonline.org>.

VII. Contract Award

- A. The Authority intends to enter into a contract for an initial term not to exceed three (3) years, terminable without cause by either party at any time upon thirty (30) days prior written notice, provided, however, that the Offeror may not so terminate if it will result in a substantial inconvenience, burden, delay, or hardship upon the Authority, as reasonably determined by the Authority. The contract may be renewable for two (2) additional one (1) year periods solely at the Authority’s option.

VIII. Public Information

- A. Disclosure of any information submitted in response to this RFP is governed by applicable Virginia law, including the provisions of the Virginia Freedom of Information Act (“FOIA”), and the Authority makes no representations as to the avoidance of disclosure if a proper FOIA request is made. To the extent an Offeror wishes to protect trade or proprietary information from disclosure, it must identify the data or other materials to be protected and state the reasons why protection is necessary. Failure to mark the data or other materials as stated may result in information, data or other materials being released to another proposer, offeror or public or private person. An Offeror may not mark every page of the proposal as proprietary information.

- B. The Authority shall undertake to advise the Offeror of any request for disclosure under FOIA for any material designated by the Offeror as a trade secret or proprietary to allow the Offeror opportunity to take steps to prevent disclosure. By submitting its proposal, however, the Offeror agrees to release the Authority from any liability for disclosures made in response to a FOIA request.

IX. General Conditions

- A. The Authority strongly encourages the submission of proposals by firms whose principal business operations are located in the Richmond metropolitan area and further strongly encourages such firms to utilize the services of local subcontractors if needed.
- B. The Authority is committed to increasing the opportunities for participation of small businesses and businesses owned by women, minorities, and service disabled veterans and businesses located in the Richmond metropolitan area in all facets of the Authority's activities, including procurement transactions, and to ensure diversity in its procurement and contract activities. The Authority welcomes and encourages the participation of small businesses and businesses owned by women and minorities in procurement transactions made by the Authority, and the Authority actively solicits both small business, women-owned and minority (SWAM) businesses to respond to all Invitations for Bids and Requests for Proposals. All solicitations are posted on the Authority's web site. These businesses are encouraged to respond to all solicitations. In addition, the Authority strongly encourages each Offeror and/or supplier with which the Authority contracts to actively solicit small businesses and businesses owned by women, minorities, and service disabled veterans, and businesses located in the Richmond metropolitan area as subcontractors/suppliers for their projects. Respondents shall submit a summary of the firm's inclusion program and current firm profile with its responses to this RFP. Upon award/completion of work, the Authority may require the selected Offeror to furnish additional data regarding subcontractor/supplier activity with small businesses, minority-owned businesses, women-owned businesses, businesses owned by service disabled veterans and businesses located in the Richmond metropolitan area on a certification form to be provided by the Authority to the selected Offeror. This information will enable the Authority to document the dollar level of activity and measure the success of its purchasing and contracting efforts.
- C. The Authority reserves the right to reject any and all proposals and to waive any irregularities in order to award the concession that is in the best interests of the Authority. The Authority reserves the right to modify, change, amend or withdraw this RFP. Any such change to this RFP will be made in writing. The Authority will notify all potential respondents of amendments by issuance of an addendum, and will, if necessary, adjust the due date of the Proposal submission. If the Authority issues an addendum, amendment or supplement to this RFP, each Offeror shall initial a copy of such amendment and attach it to its Proposal. By initialing and submitting a copy of the addendum, amendment or supplement, the Offeror agrees to the terms of the addendum. The Authority shall have the right to refuse

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to consider a Proposal if an Offeror fails to initial and submit a copy of such amendment prior to or at the date and time established for receipt of Proposals.

- D. Each Offeror assumes all responsibility for complying with all federal, state and local laws and regulations pertaining to the preparation and completion of the proposal.
- E. During the term of the engagement, each Offeror shall agree as follows:
 - i. The Offeror will not discriminate against any employee or applicant for employment because of race, religion, color, sex, disability or national origin except where religion, sex, disability or national origin is a bona fide occupational qualification reasonably necessary to the normal operation of the Offeror. The Offeror agrees to post in a conspicuous place, available to employees and applicants for employment, notices setting forth provisions on this nondiscrimination clause.
 - ii. The Offeror, in all solicitations or advertisements for employees placed by or on behalf of the Offeror, will state that such Offeror is an equal opportunity employer.
 - iii. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation will be deemed sufficient for the purpose of meeting the foregoing requirements. The Offeror will include the provisions of the foregoing paragraphs (1) and (2) and this paragraph (3) in every subcontract or purchase order of over \$10,000 so that the provisions will be binding upon each subcontractor or vendor.
 - iv. The Offeror, by signing the Proposal, certifies that it does not and will not during the performance of the work violate the provisions of the Federal Immigration Reform and Control Act of 1986, which prohibits employment of illegal aliens, or otherwise knowingly employ an unauthorized alien (as defined in such legislation).
 - v. The Offeror agrees to (a) provide a drug-free workplace for its employees; (b) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Offeror's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (c) state in all solicitations or advertisements for employees placed by or on behalf of the Offeror that the Offeror maintains a drug-free workplace; and (d) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor. A "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contractor in accordance with the Virginia Public Procurement Act, the employees of who are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the contract.
- F. All Offerors are hereby placed on notice that neither the Authority nor its employees or agents or members of its Board of Directors shall be lobbied either

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individually or collectively regarding this RFP. Offerors, consultants and their agents are hereby advised that they are not to contact members of the Authority or staff members for such purposes as holding meetings of introduction, dinners, etc., if they intend to submit, or have submitted a Proposal. ANY FIRM CONTACTING INDIVIDUALS MENTIONED HEREIN SHALL BE IN VIOLATION OF THIS WARNING AND SHALL AUTOMATICALLY BE DISQUALIFIED FROM FURTHER CONSIDERATION FOR THIS REQUEST FOR PROPOSALS.

- G. The Authority, in its discretion, will commence the engagement on a date that best accommodates the schedule of the successful Offeror and the Authority and any transition hereunder.
- H. This RFP and each and all parts, exhibits and appendices thereof shall in all respects be and constitute a part of the agreement to be entered into with the successful Offeror.
- I. No Proposal shall be withdrawn except with the consent of the Chief Executive Officer of the Authority (or her designee) for a period of ninety (90) days following the receipt date of proposals (subject to earlier acceptance). Proposals may be withdrawn by written notice received at any time before the deadline for submitting Proposals.
- J. Unacceptable Proposals -- The Authority, in its discretion, may refuse to consider or evaluate a Proposal for any of the following reasons:
 - i. Evidence of collusion.
 - ii. Unsatisfactory performance record, including but not limited to, failure to faithfully comply with lease or contract terms and obligations, conduct, workmanship, progress, as shown by past or current contracts or agreements with the Authority or any other entity.
 - iii. Uncompleted contracts, whether with the Authority or otherwise, that might hinder or prevent compliance with the requirements of this RFP and the Agreement.
 - iv. If an Offeror has previously defaulted in the performance of, or failed to complete a public contract, or has been convicted of a crime arising from or in connection with the negotiation, execution or performance of a previous public contract.
 - v. Any other apparent inability, financial or otherwise, to fulfill the requirements of the engagement.
- K. The Authority reserves the right not to award a contract to any person, firm or corporation that does not comply with applicable laws.
- L. Ethics in Public Contracting - Pursuant to Virginia Code 18.2-498.4, the Offeror hereby certifies that, by submitting a proposal, such proposal is not the result of, or affected by, any act of collusion with another person engaged in the same line of business or commerce, or any act of fraud punishable under the Virginia Government Frauds Act. By submitting its proposal, Offerors certify that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than normal value, present or promised unless consideration of substantially equal or greater value was exchanged.

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- M. Indemnification of Authority - The successful Offeror shall defend, indemnify and hold harmless the Authority, its directors, officers, agents, employees and representatives from any and all claims, demands, suits, actions or judgments, including attorney fees, alleged or claimed to have been caused whole or in part by or through the performance by the successful Offeror, or by reason of any actions or activities of the successful Offeror whether or not such damage is caused by or attributable to a party indemnified hereunder. In any and all claims against the Authority or against any of its Commissioners, officers, agents or employees by the successful Offeror or any employee of the successful Offeror, anyone directly or indirectly employed by any of them or anyone whose acts any of them may be liable, the indemnification obligation under this section shall not be restricted by any limitation on the amount or type of damage, compensation or benefits payable by or for the successful Offeror under Workers' Compensation Acts, disability acts or other employee benefit acts.
- N. Laws and Courts - Any contract resulting from this RFP shall be governed in all respects by the laws of the Commonwealth of Virginia and any litigation with respect thereto shall be brought in the Circuit Court of the City of Richmond. The successful Offeror shall comply with all applicable federal, state and local laws and regulations.
- O. Antitrust - By entering into a contract, the Offeror conveys, sells, assigns, and transfers to the Authority all rights, title and interest in and to all causes of the action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by the Authority under such Contract.
- P. Insurance - The successful Offeror shall maintain, at its own expense, insurance coverage for its operations, with terms and limits agreeable to the Authority, and shall name the Authority as an additional insured with respect to the work performed under this RFP, and shall provide the Authority with a certificate of insurance prior to execution of a contract. The insurance will protect the successful Offeror and the Authority from claims that may arise out of or result from the Offeror's execution of the work, whether such execution be by the firm, its, employees, agents, subcontractors, or by anyone for whose acts any of them may be liable, with coverage as shall fully protect the Authority, the firm and the public from any and all claims for injury and damage resulting by actions on the part of the Offeror or its agents, etc. Unless otherwise agreed to by the Authority, errors and omissions/professional liability limits may not be less than \$1,000,000, commercial general liability limits may not be less than \$1,000,000 per accident/\$2,000,000 aggregate, business automobile liability limits may not be less than \$500,000 combined single limit, per occurrence, and worker's compensation/employer's liability as prescribed by statutory limits.
- Q. Assignment of Contract - The contract shall not be assigned by the Offeror in whole or in part without the prior written consent of the Authority.
- R. Ownership of Material - Ownership of all data, materials and documentation originated and prepared for the Authority pursuant to the RFP shall belong exclusively to the Authority.

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- S. Faith-Based Organizations - The Authority does not discriminate against faith-based organizations.
- T. Contractor's Authorization To Transact Business - In accordance with § 2.2-4311.2 of the Code of Virginia, any Offeror organized as a stock or non-stock corporation, limited liability company, business trust, or limited partnership or registered as a registered limited liability partnership shall be authorized to transact business in the Commonwealth as a domestic or foreign business entity if so required by Title 13.1 or Title 50 of the Code of Virginia, or as otherwise required by law. Any Offeror organized or authorized to transact business in the Commonwealth of Virginia pursuant to Title 13.1 or Title 50 of the Code of Virginia shall include in its proposal the identification number issued to it by the State Corporation Commission. Any Offeror that is not required to be authorized to transact business in the Commonwealth as a foreign business entity under Title 13.1 or Title 50 of the Code of Virginia, or as otherwise required by law, shall include in its proposal statement describing why the Offeror is not required to be so authorized. Failure to provide the required information may result in the rejection of the Proposal.

X. Appendix A: Current Portfolio Composition

The Authority’s investment portfolio totaled \$69.7 million as of June 30, 2021. Certain funds are held as restricted investments because their use is limited by the terms of applicable bond covenants. The Authority’s investments are classified as follows:

Purpose	Restricted	Unrestricted	Total
Bond retirement principal and interest	\$ 11,432,850	\$ -	\$ 11,432,850
Debt service reserves	12,780,969	-	12,780,969
Repair and Contingency	19,304,732	-	19,304,732
Reserve funds	3,870,194	22,263,145	26,133,339
	<u>\$ 47,388,745</u>	<u>\$ 22,263,145</u>	<u>\$ 69,651,890</u>

The accounts and structure of the Authority’s investments are largely defined by requirements of existing bond agreements:

Bond retirement principal and interest: monthly transfer of 1/12th annual principal (July) and 1/6th of semi-annual interest (December and July).

Debt service reserves: required per bond indenture, fully funded.

Repair and Contingency (long-term capital): our financial policies state our goal is to have funds on hand as of June 30th to fully fund the next fiscal year’s capital plan; a portion of these funds are held as investments.

Reserve funds: any revenue remaining after annual operating costs, debt service payments, replenishment of required reserves, and capital plan funding is held in reserves. Any expense paid from these reserves requires Board approval.

The Authority’s portfolio as of June 30, 2021 and their weighted average maturity was as follows:

Investment Type	Fair Value	Weighted Average Maturity (Years)	% of Total Portfolio
U.S. Treasuries	\$ 22,111,154	0.77	31.8%
U.S. Federally Insured Money Market	16,372,548	0.01	23.5
Federal National Mortgage Association	10,877,854	0.70	15.6
Federal Home Loan Mortgage Corporation	9,846,167	0.38	14.1
Federal Home Loan Bank	9,447,937	0.28	13.6
Federal Farm Credit Bureau	966,230	0.01	1.4
	<u>\$ 69,651,890</u>	2.15	

XI. Appendix B: Investment Policy

**RESOLUTION APPROVING GUIDELINES
FOR THE INVESTMENT OF FUNDS OF THE AUTHORITY**

March 21, 1995

WHEREAS, the Richmond Metropolitan Authority has under its control or subject to its direction funds derived through the issuance of its bonds, notes and other obligations and the operations of its several facilities; and

WHEREAS, it is desirable that the funds of the Authority be properly invested in appropriate and legally authorized investments pending their use for their intended purposes; and

WHEREAS, the Directors of the Authority desire to adopt guidelines for the investment of such funds to the end that such investments shall be consistent with the requirements of law and the principle of maintaining the safety, security and integrity of such funds;

NOW, THEREFORE, BE IT HEREBY RESOLVED by the Directors of the Richmond Metropolitan Authority that funds of the Authority under its control or subject to its direction may, pending their use for their intended purposes, be invested only in investments lawfully permitted for public sinking funds and other public funds, as the case may be, under the provisions of Chapter 18 of Title 2.1 of the Code of Virginia (1950), as amended from time to time or any successor provisions of law; provided, that if the resolutions or indentures applicable to the issuance of bonds, notes or other obligations of the Authority are more restrictive in the investments permitted to be made with the funds related thereto, such more restrictive provisions shall control.

BE IT HEREBY FURTHER RESOLVED that the permitted investments in which such funds are so invested shall mature, or be subject to redemption at the option of the holder thereof, not later than the time or times such funds are needed for their intended purposes; provided, however, no such funds shall be invested in permitted investments maturing or being subject to redemption at the option of the holder thereof later than five years from the date such investment is made.

XII. Appendix C: Applicable Bond Resolution Excerpts

Section 102. Definitions.

“Permitted Investments” shall mean and include any of the following, if and to the extent, the same are at the time legal for the investment of the Authority’s money:

(a) Government Obligations, including (in the case of direct, general obligations) evidences of ownership of proportionate interests in future interest or principal payments of such obligations. Investments in such proportionate interests must be limited to circumstances wherein (i) a bank or trust company acts as custodian and holds the underlying Government Obligations; (ii) the owner of the investment is the real party in interest and has the right to proceed directly and individually against the obligor of the underlying Government Obligations; and (iii) the underlying Government Obligations are held in a special subaccount, segregated from the custodian’s general assets, and are not available to satisfy any claim of the custodian, any person claiming through the custodian, or any person to whom the custodian may be obligated;

(b) Bonds, notes and other evidences of indebtedness of the Federal National Mortgage Association, Federal Home Loan Banks, Federal Farm Credit Banks, Student Loan Marketing Association and Federal Home Loan Mortgage Corporation;

(c) Bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia and securities unconditionally guaranteed as to the timely payment of principal and interest by the Commonwealth of Virginia;

(d) Bonds, notes and other evidences of indebtedness that are direct general obligations of any county, city, town, district, authority or other public body of the Commonwealth of Virginia upon which there is no default, and revenue bonds issued by agencies or authorities of the Commonwealth of Virginia or its political subdivisions upon which there is no default, which in either case are rated Aaa by Moody’s, AAA by Standard & Poor’s or AAA by Fitch;

(e) Time deposits, certificates of deposit or other interest bearing accounts of any commercial bank within the Commonwealth of Virginia that is approved for the deposit of funds of the Commonwealth of Virginia or any political subdivision thereof, provided that (1) such investments are secured in the manner required by the Virginia Security for Public Deposits Act or any successor provision of law, or (2) such investments are fully insured by the Federal Deposit Insurance Corporation or any successor Federal agency;

(f) Savings accounts and certificates of savings and loan associations which are under the supervision of the Commonwealth of Virginia and are approved for the deposit of funds of the Commonwealth of Virginia or any political subdivision thereof, or Federal associations organized under the laws of the United States of America which are under Federal supervision that are approved for deposit of funds of the Commonwealth of Virginia or any political subdivision thereof, provided that (1) such investments are secured in the manner required by the Virginia Security for Public Deposits Act or any successor provision of law, or (2) such investments are fully insured by the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation or any successor Federal agency; and

(g) Any other investment authorized for investment of public sinking funds by Chapter 45 of Title 2.2 of the Virginia Code or any successor provision of law.

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Any investments described in Subsections (a) and (b) of this Section may be held directly or in the form of securities of any open-end or closed-end management company or investment trust registered under the Investment Company Act of 1940, as amended, provided that the portfolio of such investment company or investment trust is limited to evidences of such types of investments.

Section 602. Investment of Moneys Held by the Trustee and the Authority.

(a) Moneys held in the Bond Funds and any of the Accounts therein, shall, as nearly as may be practical and reasonable, be invested and reinvested by the Trustee, at the direction of the Authority, solely in, and obligations deposited in said Fund shall be (i) bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, and securities unconditionally guaranteed as to the payment of principal and interest by the Commonwealth of Virginia, and (ii) bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States. Said obligations shall mature or be subject to redemption at the option of the holders thereof not later than five (5) days prior to the respective dates when the moneys held therein will be required for the purposes intended. Such moneys may also be deposited as time deposits or in certificates of deposits as authorized under Section 2.2-4500 of the Virginia Code, provided that such deposits are secured by the same securities hereinabove provided for the investment of moneys in the Bond Funds. The Authority shall direct the Trustee as to the manner in which such moneys may be invested or deposited. The Trustee shall not be liable for any depreciation in the value of any such investments made or deposited at the direction of the Authority. Income resulting from the investment or reinvestment of moneys in the Bond Funds shall accrue to and be deposited in said Funds.

(b) Moneys held in the Improvement Project Fund pending the application thereof as provided in this Resolution or in any Series Resolution shall be subject to a prior and paramount lien and charge in favor of the holders of the Bonds, and the holders of the Bonds shall have a valid claim on such moneys for the further security of said Bonds until paid out or transferred as herein provided. Moneys in the Improvement Project Fund not required for immediate disbursement for the purposes hereinabove provided shall be invested and reinvested by the Trustee at the direction of the Authority in the manner provided for the investment and deposit of moneys in subsection 602(c) below. All interest earned by reason of such investments shall accrue to the Improvement Project Fund. The Trustee shall not be liable for any depreciation in the value of any of such investments or deposits made at the direction of the Authority.

(c) Moneys under the management and control of the Authority in the Revenue Fund, the Operating Fund and the Repair and Contingency Fund not required for immediate disbursement for the purposes for which said moneys have been accumulated shall, to the fullest extent practicable, be invested and reinvested by the Authority solely in Permitted Investments, maturing or subject to redemption at the option of the holder thereof, at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from said moneys. All income resulting from the investment or reinvestment of such moneys shall accrue to and be deposited in the Revenue Fund.

All moneys held or set aside by the Authority in the Revenue Fund, the Operating Fund and the Repair and Contingency Fund shall, until otherwise invested or applied as provided in this

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Resolution, be deposited by the Authority in its name, for the account of the Revenue Fund, the Operating Fund and the Repair and Contingency Fund, as the case may be, in such depository or depositories as the Authority shall at any time or from time to time appoint for the purpose. All moneys so deposited shall be secured by the same Permitted Investments hereinabove provided for the investment of moneys in said Funds.

(d) Moneys held by the Trustee in the Reserve Funds and moneys held by the Authority in the Excess Balances Fund and the Rebate Fund shall be invested and reinvested in Permitted Investments at the direction of the Authority. All income resulting from the investment or reinvestment of such moneys in the Reserve Funds shall be applied as provided in Section 506(e) and Section 508(d) as applicable. All income resulting from the investment or reinvestment of such moneys in the Excess Balances Fund shall accrue to and be deposited in the Revenue Fund. All income resulting from the investment or reinvestment of such moneys in the Rebate Fund shall be retained therein as provided in Section 511.

(e) The Trustee may make any investment permitted by this Section, through or with its own commercial banking or investment departments unless otherwise directed by the Authority.

(f) Except as otherwise specifically provided herein, in computing the amount in any Fund, Permitted Investments purchased as an investment of moneys therein shall be valued at the current market value thereof or at the redemption price thereof, if then redeemable at the option of the holder, in either event inclusive of accrued interest.

(g) The Authority and the Trustee, as applicable, shall sell at the market price, or present for redemption, any Permitted Investment in any Fund or Account held by either of them whenever it shall be necessary to provide moneys to meet any payment or transfer from such Fund or Account for which such investment was made.

(h) Neither the Trustee nor the Authority shall knowingly use or direct or permit the use of any moneys of the Authority in its possession or control in any manner which would cause any Tax-Exempt Bond to be an “arbitrage bond” within the meaning ascribed to such term in Section 148 of the Code, or any successor section of the Code.

(i) Notwithstanding any provision of this Resolution, the Authority and the Trustee shall observe their covenants and agreements contained herein, to the extent that and for so long as such covenants and agreements are required by law.