

Grossmont Healthcare District

October 15, 2021



Grossmont Healthcare District (GHD)

REQUEST FOR PROPOSAL
Investment Management Services

Inquiries and proposals should be submitted via email to:

Tom Scaglione, Interim CFO
tscaglione@grossmonthhealthcare.org

Address: 9001 Wakarusa Street, La Mesa, CA 91942

Phone: 619-825-5050/www.grossmonthhealthcare.org

Respondents to this Request-For-Proposal must submit completed proposals in electronic format by email and with the subject "Bid for Investment Advisory Services" and the name of the bidder. Proposals must be received by **5:00 pm on November 3, 2021**.

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REQUEST FOR PROPOSAL FOR INVESTMENT MANAGEMENT SERVICES

I. GENERAL INFORMATION

The Grossmont Healthcare District (GHD, the “District”) is soliciting proposals from investment advisory firms for portfolio management. Investment practices and procedures must comply with Federal and California state law, including California Government Code Sections 53600- 53686 and the District’s [Investment Policy](https://www.grossmonthhealthcare.org/resources/public-information/public-documents/) (<https://www.grossmonthhealthcare.org/resources/public-information/public-documents/>).

The District encourages all prospective investment advisors to examine this request for proposal (RFP) carefully. Qualified advisors are requested to submit proposals to provide the services described in this RFP. The District expects its investment advisor to be highly experienced, a leader and innovator in the management of investments, and is able to provide comprehensive investment advisory and portfolio accounting services.

The investment advisory firm will be expected to:

1. Perform to the Prudent Expert Standard,
2. Provide investment services in a comprehensive manner to handle the day-to-day administration,
3. Provide discretionary investment advisory services to help govern the District’s investment portfolio, and
4. Not receive any fee or compensation based upon the purchase or sale of securities but, rather, be compensated pursuant to the provision of its contract with the Grossmont Healthcare District.

The District’s revenue is primarily derived from property tax. The District’s current investment portfolio is valued at approximately \$30 million including \$25 million in the Local Agency Investment Fund and excluding cash and investments restricted for debt and held in custody with US Bank’s trust department.

As an Independent Special District, GHD is a healthcare district governed by a publicly elected five-member Board of Directors with a CEO who oversees the day-to-day operations. GHD is responsible for the oversight of the public private partnership and lease with Sharp Health Care to ensure access and quality care is delivered to the residents in the Grossmont Healthcare District and beyond. The district also seeks to understand and support suitable services for the approximately 500,000 residents within the districts 750 sq/mi geographic region. Finally, the district operates a community health library and a community center in La Mesa.

II. MINIMUM QUALIFICATIONS

To be considered by the Grossmont Healthcare District, proposing investment advisors must:

1. Currently manage at least \$500 million of domestic fixed income assets for public entities. Assets for which periodic (daily, monthly, or quarterly) advice is provided should be excluded from the calculation of funds under management.
2. Assign a knowledgeable portfolio manager and a relationship manager with experience in providing investment advice to California public entities.
3. Be familiar with all applicable California statutes with regard to qualified investments for public entities.
4. Be registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940.
5. Be financially solvent and appropriately capitalized to be able to provide service for the duration of the contract.
6. Have Errors & Omissions insurance coverage of at least \$10 million.
7. Adhere to the Code of Professional and Ethical Standards as described by the CFA Institute.

III. PROPOSAL SCHEDULE

The District will make efforts to adhere to the following schedule:

Event	Date
RFP Release Date	10/15/2021
Deadline for questions submitted via email	10/25/2021
Proposal Due Date	11/03/2021
Finalist Interviews, if necessary	11/08/2021
Contract Award	11/16/2021

IV. Inquiries

At no time shall any representative of GHD be contacted, unless pre-approved by either Christian Wallis, Chief Executive Officer or Tom Scaglione, Interim Chief Financial Officer. Inquiries regarding this RFP shall be in written form only. All inquiries must include contact person, address, and email address. Responses to questions will be provided to all prospective offers. Questions should be submitted to:

Tom Scaglione, Interim CFO
Grossmont Healthcare District
9001 Wakarusa Street, La Mesa, CA 91942
tscaglione@grossmonthealthcare.org

V. PROPOSAL SUBMISSION REQUIREMENTS AND RESPONSE FORMAT

The Consultant 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. Responses should 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 or information. Failure to provide any of the information requested below may be cause for the proposal to be rejected.

A) Cover letter introducing the Firm and the individual who will be the primary contact person.

B) Firm Background and Organization

1. Describe the organization, date founded, and ownership of your firm. Has your firm experienced a material change in organizational structure, ownership or management during the past five years and, if so, please describe. Please provide number and location of affiliated offices.
2. Identify the types of accounts primarily sought by your firm.
3. How is your firm compensated for the services it provides? Does your firm act as a broker/dealer, or receive any other form of additional compensation (including soft dollars) for the client transactions aside from the direct fee paid by clients?
4. Describe the firms' sources of revenue (e.g., investment management, institutional research, etc.) and comment on your firm's financial condition. Describe any major claims, settlements or other exposures pending against your company or finalized or otherwise resolved in the last five years.
5. Is your firm a registered investment advisor under the Investment Advisor's Act of 1940 as amended?

6. Describe any SEC, FINRA, or regulatory censure or litigation involving your firm or its employees at any time.
7. 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.
8. Specify if your firm has a dual registration.
9. Describe any other business affiliations. Describe your firm's policy on soft dollars.
10. Describe any potential conflicts of interest you may have working with the District.
11. Outline the errors and omissions (professional liability) and fidelity bond coverage your firm carries. Provide a valid, current Certificate of Insurance.
12. If you are hired, will your firm serve as a fiduciary in your role as an investment adviser to the District while providing the investment management services we are seeking? If no, describe your objections or limitations.

C) Experience

1. Describe your firm's experience in managing fixed income portfolios for public funds and governmental entities including California Special Districts.
2. What is your firm's experience in developing policies and portfolio management guidelines for government portfolios?
3. Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by your firm.
4. Describe your firm's experience and or involvement, if any, in the San Diego County region.

D) Personnel

1. 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(s).
2. Identify the investment professionals (portfolio managers, analysts, and researchers) employed by your 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?
3. Describe whether portfolios are managed by teams or by one individual.

4. Provide resumes and biographical information on key investment professionals that will be directly involved in the decision-making process for the portfolio. Include the number of years at your firm, total years of experience, and professional licenses and designations. Include the number of accounts managed and any limits on this.
5. Indicate which of your firm’s professionals would be delegated as the primary client contact(s).
6. Describe your firm’s compensation policies for investment professionals.
7. Describe your firm’s training and education efforts to keep portfolio managers informed of developments relevant to government investment managers.
8. Has there been any turnover of professional staff in the firm in the last five years who were assigned to public sector clients?

E) Assets Under Management

1. Provide the number and types of accounts, total asset value and composition of portfolios currently being managed by your firm for government agencies. Summarize your assets under management (institutional only) over the past five years and average assets per client.
2. Summarize your institutional investment assets under management by category as shown below for your latest reporting period:

	Governmental	Non-Governmental
Operating/Bond Funds	\$	\$
Pension Funds	\$	\$
Foundations/Endowments	\$	\$
Equity Funds	\$	\$
Other (specify)	\$	\$
Total	\$	\$

3. Provide GIPS (Global Investment Performance Standards) compliant performance statistics on a comparable portfolio and compare with industry averages or benchmarks for the last one, three, five, ten years and/or since inception. If unable to provide GIPS statistics please state reason.

4. In the past five years, has your firm purchased and held any security that was subsequently downgraded below the minimum credit ratings required for purchase under the California Government Code? What were the circumstances? What actions were taken?
5. How many accounts have you gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

F) Investment Management Approach and Discipline

1. Briefly describe your firm's investment management philosophy, including your approach to managing governmental portfolios.
2. How frequently do you formulate and review your investment management philosophy? How is that carried out and who is involved?
3. Indicate what is distinctive about your philosophy. What are your primary strategies for adding value to portfolios?
4. How are portfolios managed (e.g., by team, individual manager)? What is the backup when the manager is away? What oversight is provided to portfolio managers?
5. Describe your firm's in-house technical and research capabilities and/or outside sources used by the firm on a regular basis. What percentage of your research is conducted in-house?
6. Describe your credit review process.
7. Describe your firm's portfolio management decision making process.
8. Describe the ongoing daily investment procedures proposed for the District, including procedures for trades, security choice, controls, etc.
9. Can your staff meet quarterly and on an ad-hoc basis as requested by the Finance or Investment Committee?
10. In connection with our investment policy, would you recommend there be any policy restrictions or other changes?

G) Reporting

1. Describe the investment accounting and reporting system used by your firm. Indicate whether your returns are calculated and compiled in accordance with GIPS standards. If not, please explain why and how the presentation differs from the GIPS standards.
2. Describe the frequency and format of reports that you would provide. Attach a sample of monthly, quarterly, and annual reports.
3. What performance benchmarks would you suggest for this portfolio? Provide recommendations regarding performance benchmarks for a portfolio similar to that of the District. What experience has the firm had in developing benchmarks for public operating portfolios?

H) Fees

1. Provide the complete fee schedule that would apply to this account.
2. Indicate whether fees would be charged for management of cash, money-market funds and funds held in the Local Agency Investment Fund (LAIF).
3. What additional expenses not covered through the fee structure will be expected in order to implement your investment advisory services?

I) References

List the name, address, telephone number, and email of references from at least three (3) current clients similar in size and scope to the District. Include a brief description of the work provided for each reference. California Health Care districts, special districts or local governments are preferred. You may offer more than three recent similar projects if desired. The references should include the dates for the investment advisory/management services provided.

J) Additional Information

1. Provide a list of custodial services utilized by other State and Local government portfolios managed by your firm.
2. Briefly describe any additional features, attributes, or conditions which the District should consider in selecting your firm. Describe any other services your firm can provide.
3. Describe your firm's business continuity plan and how often it is updated.
4. Provide a copy of your firm's most recent ADV Part 2 as on file with the SEC.

5. Provide any contract language your firm requests or requires to be included in a contract for this service.
6. Provide a description of your firm's cyber security protocols and liability insurance.

K) The signature of an authorized individual to bind the firm.

The proposal must be a firm offer good for a ninety (90) calendar-day period beginning on November 1, 2021.

L) Submit a signed PDF copy of the proposal via email to Tom Scaglione, Interim CFO, tscaglione@grossmonthealthcare.org.

M) Proposers maintain during the entire term of the agreement insurance pertaining to the activities associated with the agreement.

Proposers will be required to obtain, at its own cost and expense, all insurance endorsements required below and shall provide evidence of such insurance and endorsements to the District prior to commencing work.

By submitting a proposal, the Contractor is verifying they have the following insurance coverage:

- Workers' Compensation
- Commercial General Liability
 - o Personal injury & property damage liability
 - o Contractual liability,
 - o Independent contractor's liability
 - o Automobile liability insurance
 - Minimum combined liability limits of One Million Dollars (\$1,000,000) per occurrence, and a maximum deductible of Five Thousand Dollars (\$5,000) per occurrence
 - o District will be named as Additional Insured with all the appropriate endorsements
- Professional Liability (Outline the errors and omissions and fidelity bond coverage).

VI. SCOPE OF SERVICES

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

1. Manage on a daily basis the GHD's separate investment portfolios pursuant to the specific, stated investment objectives. Place all orders for the purchase and sale of securities, communicate settlement information to District staff and coordinate security settlement.
2. Serve as a general resource to GHD staff for information, advice and training regarding fixed-income investments.
3. Work with GHD staff to understand cash flow projections to ensure that the investment strategy is consistent with GHD's liquidity requirements.
4. Provide monthly statements with all the information required by the California Government Code and GASB. These reports must include a mark-to-market valuation and credit ratings. The selected investment manager must maintain accurate reports of investments including the diversity of investments and compliance with applicable investment policies of GHD and State of California statutes.
5. Provide quarterly investment reports including a description of market conditions, investment strategies employed performance and suggested changes to investment strategy. The performance numbers shall be presented as required by the CFA Institute's Global Investment Performance Standards "GIPS."
6. The firm(s) must annually assist in the review of the District's investment policy. The proposed changes to the investment policy will be presented in final draft form to the District's Interim CFO and Investment Committee prior to submission to the Board.

The District reserves the right to expand or diminish the scope of the work subject to negotiation with the successful bidder.

VII. SELECTION PROCESS

In Accordance with the goals of the District, the following criteria will be used as the weighting basis for evaluation of the proposals and the award recommendation:

1. Understanding of the District's overall investment needs, investment objectives and unique constraints
2. Experience, resources, and qualifications of the firm and individuals assigned to this account
3. Experience of the firm in managing California state/local government portfolios. In evaluating the firm's experience, past performance data will be evaluated in the context of portfolio objectives and constraints, as well as risks
4. Local community involvement and experience.
5. Recommended approach to management of the portfolio
6. Responsiveness to the RFP
7. Responses from references
8. Fees

The respondents 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 District.

Award may not be made to the respondent submitting the lowest price proposal. The Grossmont Healthcare District will choose the firm submitting the best and most responsive overall proposal to satisfy its needs.

This request for proposal does not obligate the District to award a contract or complete the project, and the District reserves the right to cancel the solicitation if it is considered to be in its best interest.

Thank you very much for responding to this Request For Proposal.