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**REQUEST FOR PROPOSAL**

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**FOR**

**BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

**FOR**

**Redwood Empire Schools' Insurance Group  
(RESIG)**

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**RETURN PROPOSALS TO:**

**Rose R. Burcina  
Executive Director  
[rburcina@resig.org](mailto:rburcina@resig.org)**

**SUBMISSION DEADLINE  
NOON ON APRIL 6, 2018**

REQUEST FOR PROPOSAL  
FOR  
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION  
FOR  
REDWOOD EMPIRE SCHOOLS' INSURANCE GROUP  
(RESIG)

**TABLE OF CONTENTS**

INTRODUCTION.....	3
SCOPE OF SERVICES.....	4
PROPOSAL REQUIREMENTS.....	5
BROKER/DEALER QUESTIONNAIRE.....	6
INSURANCE REQUIREMENTS.....	9
SELECTION PROCESS.....	10
ANTICIPATED TIMETABLE.....	11
CERTIFICATION.....	12

## **INTRODUCTION**

The Board of Directors of the Redwood Empire Schools' Insurance Group (RESIG) is requesting proposals from qualified firms for the provision of investment management services for RESIG's funds and to provide service to the Finance Committee and Board of Directors of RESIG. As of December 31, 2017, RESIG had approximately \$63.7 million on deposit with Sonoma County Treasury. RESIG plans to have the chosen investment firm manage funds in the range of \$20,000,000 to \$40,000,000.

RESIG operates within the provisions of the California Government Code and the Brown Act and is a California public agency organized under Government Code sections 6500-6515. Applicable State statutes guide the investment of RESIG funds. A copy of RESIG's current Investment Policy is attached for your information.

RESIG is one of an estimated 150 Joint Powers self-insurance pools operating in California. RESIG was created in 1979 to develop effective risk management programs to reduce the amount and frequency of losses, to share the losses on a self-insured basis, and to jointly purchase and provide administrative and other services such as claims adjusting, data processing, risk management, loss prevention, accounting services, actuarial services, and legal services in connection with the program.

The governing body of the JPA is the Board of Directors, comprised of one Representative and one Alternate Representative from each Member of the JPA; the Board typically meets twice per year, in November and June. There is also a seven (7) person Executive Committee and a four (4) person Investment Committee.

## **SCOPE OF SERVICES**

The firm selected will be required to provide the following services:

### **Investment of Funds**

The firm must effectively invest RESIG's funds.

### **Written and Oral Reports**

The firm must provide a monthly statement, and a written report on a quarterly basis demonstrating the portfolio performance and the current status of the market. The firm must also be available to make two oral presentations to the Board during the first year and an annual oral report to the Board thereafter. A written report will also be presented in final draft by May 1 annually.

### **Evaluation of Investment Policy**

The firm must annually assist in the review of RESIG's Investment Policy. The proposed changes to the Investment Policy will be presented in final draft form for final edit by May 1 of each year.

### **Cash Flow Projections**

The firm will work with RESIG staff to understand cash flow projections to ensure that the investment strategy is consistent with RESIG's liquidity requirements.

## **PROPOSAL REQUIREMENTS**

Proposals will be evaluated based on the following criteria:

1. Understanding the scope of assignment,
2. Experience and qualifications of SEC registered Broker/Dealer and individuals assigned,
3. Recommended approach to management of RESIG's portfolio,
4. Familiarity with State investment and reporting requirements,
5. Performance history, and
6. Fees.

All proposals must state the period for which the proposal shall remain in effect. Such period shall not be less than 120 days from proposal due date.

**REQUEST FOR PROPOSAL FOR  
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

Please format your response to this Request for Proposal for Broker/Dealer Questionnaire and Certification in the following manner.

1. Name of Firm:
2. Branch Address:  
Phone:
3. Primary Account Representative (Name, Title, Licenses, Phone, Email Address):
4. Public Fund Account Manager (Name, Title, Licenses, Phone, Email Address):
5. Branch Manager (Name, Title, Licenses, Phone, Email Address):
6. Other Account Representatives (Names, Titles, Licenses, Phone, Email Addresses):
7. National Headquarters Address:
8. Corporate Contact (Name, Title, Licenses, Phone, Email Address):
9. Compliance Officer (Name, Title, Licenses, Phone, Email Address):
10. Is your firm a primary dealer in US Government Securities? Y/N
11. What was your firm's total volume in US Government and Agency securities trading last calendar year: \_\_\_\_\_
12. Which securities are offered by your firm?

- |  |  |
|--|--|
| <input type="checkbox"/> US Treasury Bills             | <input type="checkbox"/> Negotiable CDs              |
| <input type="checkbox"/> US Treasury Notes             | <input type="checkbox"/> Commercial Paper            |
| <input type="checkbox"/> US Treasury Bonds             | <input type="checkbox"/> BAs Foreign/Domestic        |
| <input type="checkbox"/> Agencies (specify)            | <input type="checkbox"/> Corporate Medium Term Notes |
| <input type="checkbox"/> Repurchase Agreements         | <input type="checkbox"/> Other _____                 |
| <input type="checkbox"/> Reverse Repurchase Agreements | <input type="checkbox"/> Other _____                 |

13. List your personnel who have read RESIG's Investment Policy (attached).

_____	_____
_____	_____
_____	_____

14. Please provide references of other Public Fund Clients with which you currently do business. List the agency name, contact person and phone number. (Please list other California JPAs first).
15. Have any of your clients ever sustained a loss on a securities transaction arising from a misunderstanding or misrepresentation of the risk characteristics of the instrument? If so explain.
16. Have any of your public sector clients ever reported to your firm, its officers or employees, orally or in writing, that they sustained a loss exceeding 10% of the original purchase price in a single year on any individual security purchased through your firm? Explain.
17. Has your firm ever been subject to a regulatory or state/federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of securities? Have any of your employees ever been so investigated? Explain.
18. Has a public sector client ever claimed in writing that your firm or members of your firm were responsible for investment losses?
19. Please explain your normal custody and delivery process. Who audits these fiduciary systems?
20. Please provide certified financial statements and other indicators regarding your firm's capitalization.
21. Please include samples of research reports that your firm regularly provides to public sector clients.
22. What training do you provide to investment personnel of public-sector clients?
23. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? As of this date, does your firm comply with the guidelines? Has your capital position ever fallen short? By what factor (1.5x, 2x, etc.) does your firm presently exceed the capital adequacy guidelines, measure of risk? Include certified documentation of your capital adequacy as measured by the Federal Reserve standards.
24. Do you participate in the SIPC insurance program? If not, why?

25. What reports, confirmations and paper trail will we receive?
26. Please enclose a complete schedule of fees and charges for various transactions.
27. How many and what percentage of your transactions failed in the last 24 months? Please explain.
28. Describe the precautions taken by your firm to protect the interest of the public when dealing with governmental agencies as investors.
29. Is your firm licensed by the State of California as a broker/dealer? Y/N
30. Describe whether your firm offers the option of Non-Discretionary versus Discretionary portfolio management. Describe the pros and cons of each approach and how your firm would operate effectively under each option.
31. Include a copy of your firm's fee schedule.
  - a. Indicate whether it includes custodial fees.
  - b. Indicate whether there is a minimum annual fee.
  - c. Indicate whether fees would be charged when there is no activity in the account.
32. Describe how you typically report performance (enclose an example of a typical monthly statement).
33. Indicate whether you are willing to develop reporting procedures in line with our needs and objectives (i.e., monthly, so as to conform to State reporting requirements to management and governing bodies).
34. Indicate whether confirmations of investment transactions are sent directly by the broker-dealer to the client.



## **INSURANCE REQUIREMENTS**

The firm shall take out and maintain, during the entire term of the agreement, insurance pertaining to the activities associated with the agreement. Proposer 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 RESIG prior to commencing work.

Workers' Compensation:	Statutory limits
Employer's Liability:	\$1,000,000 per occurrence
Commercial General Liability:	\$1,000,000 CSL per occurrence
If GL policy has an aggregate:	\$2,000,000 minimum
Professional Liability:	\$10,000,000 per claim

## **SELECTION PROCESS**

Only those proposals which are complete and delivered to RESIG by Noon on April 6, 2018 shall be considered. Our preference is to receive electronic copies of all proposals. Please send your proposal to:

Rose R. Burcina, Executive Director  
[rburcina@resig.org](mailto:rburcina@resig.org)

Upon receipt of the proposal, RESIG staff will review each firm's response to the Request for Proposal. Failure to properly address all the items set forth above may disqualify the prospective proposal. At their discretion, staff and/or the Finance Committee may interview one or more firms to further assist in the review process. The firms selected for interview, if any, will bear their own costs to attend such interviews. RESIG reserves the right to award the contract at its discretion depending upon multiple areas of criteria.

RESIG reserves the right to: reject any and all proposals; to waive any informality, defect, or irregularity in a proposal; to conduct contract negotiations with any proposer (whether or not it has submitted a proposal); to alter the selection process in any way; to postpone the selection process for its own convenience at any time; to accept or reject any individual that a proposer proposes to use; and/or to decide whether or not to engage with any proposer. Nothing in this RFP shall be construed to obligate RESIG to negotiate or enter into an engagement with any particular proposer. This RFP shall not be deemed to be an offer to engage or to enter into a binding contract or agreement of any kind.

All proposals, whether selected or rejected, shall become the property of RESIG. Costs of preparation of proposals will be borne solely by the proposer.

Questions concerning this Request for Proposal should be addressed to:

Rose R. Burcina  
Executive Director  
[rburcina@resig.org](mailto:rburcina@resig.org)

**ANTICIPATED TIMETABLE:**

February 23, 2018	Dissemination of Request for Proposals
April 6, 2018	Proposals due by Noon
April 19, 2018	Interview of selected firms
May 17, 2018	Selection of Firm by Executive Committee
May 18, 2018	Inform selected Firm
June 14, 2018	Formal approval of agreement by Board of Directors

**RESIG reserves the right to cancel and/or modify the above dates at any time or to make a dual appointment.**

**CERTIFICATION**

I hereby certify that I have personally read the Investment Policy of RESIG, and have implemented reasonable procedures and a system of controls designed to preclude imprudent investment activities arising out of transactions conducted between our firm and RESIG. All sales personnel will be routinely informed of your investment objectives, strategies and risk constraints whenever we are so advised. We pledge to exercise due diligence in informing you of all foreseeable risks associated with financial transactions conducted with our firm. I attest to the accuracy of our responses to your questionnaire.

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

Signed: \_\_\_\_\_ Date \_\_\_\_\_

Title: \_\_\_\_\_

This certification is to be signed by the branch manager and any representatives who are authorized to transact business with the Redwood Empire Schools' Insurance Group. Make and include additional copies as necessary.



