



New York Cooperative Liquid Assets Securities System

Request for Proposals

Investment Advisory and Fund Administration Services

March 18, 2024

NYCLASS Request for Proposals

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RFP Information

The Governing Board of the New York Cooperative Liquid Assets Securities System (NYCLASS) is soliciting proposals from qualified firms to serve as Program Administrator, which is responsible for investment advisory, program administration, fund operations, sales, marketing and arranging for custody on behalf of the NYCLASS local government investment pool (LGIP).

NYCLASS is a short-term investment cooperative whose Participants are comprised of eligible municipal corporations. NYCLASS is organized pursuant to New York General Municipal Law (GML), Article 3-A and 5-G via the Municipal Cooperation Agreement, originally established in September of 1989, and most recently Amended and Restated as of March 28, 2019. All NYCLASS investment and custodial policies are in accordance with GML, Sections 10 and 11 (as amended by Chapter 708 of the Laws of 1992).

NYCLASS currently serves more than 1,000 municipal corporations in New York State with average assets of more than \$13 billion.

Questions about this proposal should be made in writing and emailed no later than April 3, 2024 to:

Mr. Tim Hilker, Chairperson of the NYCLASS Contracted Services Committee: thilker@wswheboces.org

Bidders must submit a “Notice of Intent to Respond” notification via email. This notification must be received by 3:00 p.m. EST on April 9, 2024. Notifications should be emailed to Robert Wheeling, NYCLASS Chairperson, rwheeling@mountkisco.gov and Tim Hilker, Chairperson of the NYCLASS Contracted Services Committee, thilker@wswheboces.org. In the event that the Bidder does not wish to prepare a Response to this solicitation, but wishes to remain eligible for future bidding opportunities, the Program requests that the Bidder submit a “No Response” notification e-mail by the notification date described above. The content of such e-mails need only identify the Bidder, the designated Bidder contact for the Response, and a confirmation of the Bidder’s intent not to bid. The Program will acknowledge the receipt of all notification e-mails. Bidder responses will be kept confidential until May 3, 2024.

Completed proposals should be sent electronically to Mr. Hilker at the email address above no later than 3 p.m. EST on April 17, 2024.

I. General NYCLASS Information

NYCLASS is a short-term investment program designed specifically for New York State municipal corporations. Since the contributions of the Participants are public funds temporarily invested, the NYCLASS program seeks to maximize the following characteristics: legality, safety, liquidity, convenience and competitive rates of return.

II. Services Requested

The advisory and administrative services requested are those required for municipal cooperative investment programs by Article 3-A of the New York General Municipal Law and the Agreement. In addition, the Administrator and bid partners should provide, at a minimum, the following services:

- Portfolio management
- Credit analysis & risk management
- Portfolio accounting (fund accounting and transfer agency)
- Portfolio valuation and rate determination
- Reporting capabilities
- Participant client servicing
- Record keeping
- Custodial and safekeeping review
- Broker/dealer review
- Marketing
- Sales and distribution
- Training and continued education
- Cash flow analysis
- Participant bond debt services

III. Requirements for Selection

1. Administrator must be affiliated with or partner with an investment advisor that is a registered Investment Advisor as defined and regulated by the Securities and Exchange Commission (SEC) and be registered in the State of New York.
2. Administrator will be partnered with the NYCLASS custody bank, currently U.S. Bank, to provide a full range of custody banking services as required by NYCLASS and NYS GML.
3. Administrator will be either completely independent of any financial institution or securities brokerage firm or shall fully and continuously disclose any such relationships with such financial institution and/or securities brokerage firm relevant to the firm's relationship with the entity. Administrator should not buy securities for the Program from any affiliated financial institution and/or securities brokerage firm.

4. Administrator/Advisor will have experience managing fixed income assets for municipal corporations in the State of New York and will have a minimum of \$10 billion dollars in cash assets under ongoing or continuous active management.
5. Administrator will have sufficient coverage in errors and omissions insurance or investment advisor professional liability insurance. Administrator will provide proof of this coverage.
6. Administrator/Investment Advisor must be familiar with all applicable statutes within the State of New York with regard to qualified investments for its public agencies.
7. Administrator and all partner firms will certify in writing that no relationship exists that interferes with fair competition or is a conflict of interest, and no relationship exists between the bidding organizations, a competing product or program, and another person or organization that constitutes a conflict of interest with respect to the Program.
8. Administrator must have the ability to provide shareholders with secure, online reporting and transactional capabilities. The selected online platform must be accessible via the NYCLASS Web Site. The system must be deemed a similar user experience to what the shareholders have grown accustomed to and provide a convenient online experience.
9. Firm must adhere to national industry standards of professional and ethical codes of conduct.
10. Firm must not currently manage a local government investment pool in the State of New York.
11. Administrator must qualify for and obtain an eligible letter of credit in accordance with Article 3-A of the General Municipal Law. If a LOC is not deemed necessary, please provide documentation and rationale.

IV. Term of Engagement

The anticipated length of the contract is three (3) years commencing on July 1, 2024.

V. Criteria for Evaluation and Selection

Proposals will be evaluated as follows:

- Responsiveness to the proposal, communicating an understanding of the overall program and services required.
- Experience of the firm and its employees in providing comparable services to institutional cash investors with similar investment objectives and program features.
- Knowledge of New York State Laws pertaining to cooperative investment programs and assurances that all aspects of the proposal and operations comply with such laws.

- Professional experience and qualifications of the individuals assigned to the program.
- Portfolio management resources, track record investment philosophies and approach.
- Reporting and online transactional capabilities.
- Fees – while maintaining quality in product and service, a competitive fee structure will be an important factor in determining the appointment of the Administrator/Investment Advisor.

VI. Time Frame for Selection and Implementation

Date	Activity
March 18, 2024	Release of RFP
April 3, 2024	Questions about RFP Due (3pm EST)
April 9, 2024	Notice of Intent to Respond Due (3pm EST)
April 17, 2024	RFP Responses Due (3pm EST)
April 22-May 3, 2024	Finalist Presentations (if necessary)
May 8, 2024	Notification of Committee Recommendation

VII. Proposals

All costs incurred in the submission of proposals are the responsibility of the Respondent.

Completed proposals should be sent electronically to Mr. Hilker, thilker@wswheboces.org no later than 3 p.m. EST on April 17, 2024.

The NYCLASS Governing Board reserves the right to reject any and all proposals.

Proposal Questionnaire

Please note that respondents must respond to every question.

Section 1: Organization

1. Describe your organization, including date founded, firm ownership, subsidiaries (if applicable) and principal management.
2. Has the firm experienced any significant changes in organizational structure/management during the past three years?
3. Describe any regulatory SEC regulatory issues that the firm has encountered within the past ten years. Please also reference any legal proceeding or lawsuits for your firm, affiliates and parent/holding companies. Please list and explain as necessary.
4. Describe the primary business focuses of your firm, what types of accounts are managed. What are the overall goals and objectives of the firm?
5. Describe your firms experience managing Local government investment pools (LGIPs). Provide a detailed listing of currently managed LGIP accounts, including current assets under management.
6. Does your firm currently manage an AAA rated short term investment program? If so, please describe.
7. Describe the experience of key professionals as it pertains to the management of LGIPs.
8. Disclose the current assets under management (AUM) of the firm. How many local government clients are serviced?
9. Provide a ten-year history of the local government accounts gained/lost. Has the firm ever resigned from managing a Local government investment pool? Please list and explain as necessary.
10. Does your firm act as a broker or primary dealer in securities?
11. Please provide five (5) references, including name, primary contact(s), address, phone numbers, email addresses, and if a client, assets under management and services provided.

Section 2: Personnel

1. Provide a complete organizational chart, including senior management, portfolio management, analytical and back office support staff.
2. Identify the individuals who will serve as the primary contacts for fund administration, portfolio management, sales and marketing, information technology and operations/accounting. Please provide detailed biographies for these individuals including their relationship with the firm and their experience managing LGIPs.
3. Identify any other key personnel who would be directly involved under this contract.
4. State whether or not there has been any turnover of key personnel within the past 3 years.

Section 3: Fund Administration

1. Does your firm handle the participant transfer agency functionality? If not, please describe your firm's relationship, including management controls, with the service provider.
2. Please provide the current number of Local government investment pool participant accounts currently serviced by your firm.
3. Please indicate whether there would be additional costs for any of the following:
 - i. Any Transaction Type (Deposits, Withdrawals or Transfers)
 - ii. Additional Participant Sub-Accounts
 - iii. Minimum Balances
4. Does your system allow for participant to participant transfers?
5. Please describe how you would process electronic payments disbursed from the Office of the State Comptroller directly into a Participant's sub-account.
6. Please indicate what forms of media are currently accepted means of participants communicating transactional data.
7. Describe the systems used by your firm? What safeguards do the systems have in place?

8. Does your system have the ability to accrue and pay interest on a daily basis to multiple participant sub-accounts?
9. Please describe how the interest is calculated and distributed.
10. What day of the month are statements available? How are they distributed?
11. Provide examples of reporting and descriptions of their availability.
12. Describe the processes in place should a Participant have necessary changes to their account(s).
13. Describe your firm's internal controls, compliance procedures, record-keeping policies and disaster recovery plans.
14. Has your firm ever been dismissed or terminated prior to the completion of an investment advisory contract? If so please explain.
15. Has your firm ever resigned from managing a local government investment pool?
16. Submit samples of proposed Participant reports and describe their frequency.

Section 4: Investment Management

1. Would your firm handle the investment management duties? If not, please identify the firm used and the management controls in place to ensure safety of funds.
2. Describe your firm's investment management philosophies.
3. Discuss your understanding of the NYCLASS Investment Policies.
4. Describe your firm's credit research philosophy, procedures and risk management.

5. Discuss efforts employed by your firm to increase yield while maintaining maximum safety and liquidity.
6. By what method and how frequently is the NAV monitored and calculated? Does your firm employ a parallel mark-to-market valuation check?
7. Discuss the strategies employed to maintain a \$1.00 NAV at all times. Has your firm ever “broken the buck” on a short term 2a-7 like product? If so please describe.
8. What external resources are used by your firms’ portfolio management, credit research and risk management teams?
9. Describe your firm’s approach to the maintenance of broker dealer relationships and approved issuers.
10. Provide a recent history of investment performance for a similar product type.
11. Describe your firms experience in maintaining a nationally recognized rating for a LGIP?

Section 5: Client Services

1. What hours are kept by your customer service department? What would the daily window be for client transactions?
2. How many full-time client service representatives are employed by the firm? Please briefly describe their experience servicing LGIPs.
3. Describe the capabilities of your online system. Do you have a procedure manual describing the functionality of the system?
4. Does your firm own or license the online system?
5. Describe the system’s security, including login procedures, password protections, encryptions, firewalls etc.

6. Can the system handle future-dated transactions?
7. Is the system available at all times?

Section 6: Accounting

1. Describe your portfolio accounting system.
2. Describe the process by which securities are valued daily.
3. Describe your firms' internal controls and procedures and how often they are reviewed.
4. Does your firm follow U.S. GAAP accounting standards?

Section 7: Sales

1. Briefly describe your firms' sales philosophy in terms of LGIPs. What would the proposed coverage be for NYCLASS in terms of number of employees and territory covered?
2. Will the personnel dedicated to NYCLASS be an existing employee(s) or a new hire(s)?
3. Where would the salespeople be located? Please list your firm's current sales presence in New York State and experience with NYS GML.
4. Describe the first-year sales plan for NYCLASS.
5. Briefly describe how your firm would increase participation in NYCLASS.
6. What entity types would you target? Why?

Section 8: Marketing

1. Please list in detail the marketing features and benefits offered by your firm.
2. Would a NYCLASS web site be maintained that is similar to the one maintained by the current administrator at www.newyorkclass.org?
3. What NYS professional associations does your firm envision partnering with? Do any of your current employees have active memberships with these professional organizations?
4. What marketing tools would your firm use in support of NYCLASS?
5. What additional educational and training opportunities would your firm offer NYCLASS Participants?

Section 9: Board Relations

1. Describe your firm's philosophy toward interacting with a LGIP Boards.
2. What reporting would your firm provide to the NYCLASS Governing Board? What frequency?
3. How would your firm handle Governing Board and general NYCLASS expenses?
4. Detail your firm's experience with handling a Board election. Is your firm capable of electronically conducting the NYCLASS Annual Board Election?

Section 10: Other

1. Identify your firm's preferred partner custodial bank and list the number of clients the bank has in NYS.
2. Describe your current delivery instruction process, systems used and working relationship with the preferred custodian.

3. Does your firm have experience in the development and maintenance of investment policies for LGIPs?
4. If your firm were to be selected, please provide an implementation timeline.
5. Provide copies of the following:
 - i. Current Form ADV, Parts I and II
 - ii. Proof of NYS registration
 - iii. Proof of Insurance
 - iv. Sample proposed contract for investment advisory and administrative services
 - v. Copies of the most recent two years of audited financial statements for the largest LGIP your firm currently manages (if applicable).
 - vi. As mentioned previously, the successful bidder must be able to qualify for and obtain an eligible Letter of Credit (LOC), as required by law. Based on recent portfolio balances, what amount would your organization secure and what methodology would you employ to determine adequate coverage for the LOC? Please indicate how often this calculation would be performed and the frequency of changes to the LOC amount should they be required. If an LOC is not deemed necessary, please provide documentation and rationale.

Section 11: Fees

Please provide a detailed proposed Fee Schedule (in basis points) and include specifically which services the fee will cover. The Administrator/Advisor is expected to provide or pay for the following services:

- Portfolio Management, Credit Research and Risk Management
- Portfolio Accounting and Client Servicing
- Participant Accounting, Reporting and Record keeping
- Letter of Credit
- Custody and Banking Services
- Marketing, Sales and Distribution
- Legal Services
- Auditing Services
- Board Expenses (travel, lodging, meeting costs – at least quarterly)
- Insurance Expenses
- Other Expenses (please specify)