

City of Fayetteville Staff Review Form

2021-0940

Legistar File ID

12/21/2021

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Deborah Smallwood

11/30/2021

ACCOUNTING & AUDIT (131)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Request approval of a five year contract with First Security Bank for investment management services

Budget Impact:

Account Number		Fund	
Project Number		Project Title	
Budgeted Item?	<u>No</u>	Current Budget	\$ -
		Funds Obligated	\$ -
		Current Balance	\$ -
Does item have a cost?	<u>Yes</u>	Item Cost	\$ -
Budget Adjustment Attached?	<u>No</u>	Budget Adjustment	\$ -
		Remaining Budget	\$ -

V20210527

Purchase Order Number: _____

Previous Ordinance or Resolution # _____

Change Order Number: _____

Approval Date: _____

Original Contract Number: _____

Comments:



MEETING OF DECEMBER 21, 2021

TO: Mayor and City Council
THRU: Paul Becker, Chief Financial Officer *PB*
FROM: Deborah Smallwood, Accounting Manager *DS*
DATE: November 22, 2021
SUBJECT: Investment Management Services

RECOMMENDATION:

Staff recommends approval of a five year contract with First Security Bank for investment management services.

BACKGROUND:

In 1999, the State of Arkansas approved Act 1341 which provided for expanded investment opportunities for local municipalities. After the changes to the state law the City's Investment Policy was amended and City staff felt it was prudent to solicit investment management services.

The investment of the City's funds is governed by the City's Investment Policy and City staff works closely with the investment manager to ensure prudent care over the City's assets. There is approximately 140 million dollars in the City's current investment portfolio

DISCUSSION:

In August 2021, the City formed a selection committee and solicited proposals for investment services. Following the applicable rules and regulations of the procurement process, First Security Bank was selected by the committee to provide these services and a contract is being presented at this time for investment management services.

COSTS:

The fee for investment management services with First Security Bancorp is 10 basis points of the value of the account assets if the balance is over \$25,000,000. This is the same price as the past contract.



CITY OF
FAYETTEVILLE
ARKANSAS

City of Fayetteville, Arkansas
Vendor: First Security Bank

Contract: Investment Management Services

Renewable Terms: One year with four automatic one-year renewals

THIS INVESTMENT MANAGEMENT AGREEMENT ("Agreement") is made and entered into by and between the CITY OF FAYETTEVILLE, ARKANSAS, an Arkansas municipal corporation, by its Mayor and City Clerk, duly authorized by action of its City Council (the "City") and FIRST SECURITY BANK, an Arkansas banking corporation, by its Sr. Vice President and Trust Officer, duly authorized by its Board of Directors ("FSB").

WHEREAS, the City of Fayetteville solicited Requests for Statements of Qualifications for Investment Management Services pursuant to its RFQ No. 21-05; and

WHEREAS, First Security Bank submitted a response to the Request for Statements of Qualifications which was, after examination of responses received from other qualified persons, accepted by proper action of the City Council of the City of Fayetteville.

Now THEREFORE, in consideration of the mutual promises and obligations of the parties hereto, for other good and valuable consideration, and intending to be bound, the parties agree as follows:

01. **Appointment of Investment Manager:** The City of Fayetteville hereby appoints First Security Bank to act as investment manager with respect to those financial assets of the City of Fayetteville (the "Account Assets"). First Security Bank will furnish an investment program to maximize the financial returns on the Account Assets while adhering to the City of Fayetteville Investment Policy and consideration of investment risks.
02. **Custody of Account Assets:** First Security Bank will act as custodian for all of the Account Assets acting through its Trust Division. All Account Assets shall remain in the physical possession of First Security Bank as custodian. First Security Bank shall, during the effectiveness hereof, maintain fiduciary liability insurance with limits of liability not less than \$2,000,000. A copy of said policy shall be presented to the City of Fayetteville within ten (10) business days of contract award.
03. **Management Authority:** The City of Fayetteville hereby authorizes First Security Bank to place orders or otherwise give instructions for the purchase, sale, or exchange of securities on behalf of the City of Fayetteville which are included in the Account Assets without prior consultation or ratification by the City of Fayetteville, giving and granting to First Security Bank, complete discretion as to the nature, amount and timing of all securities transactions, subject only to those restrictions, limitations and guidelines which are set out in the City of Fayetteville, Arkansas, Investment Management Policy which is attached hereto as Appendix A and made a part hereof by this reference, which is incorporated in Resolution No. 169-99, duly adopted by the City Council of the City on December 21, 1999 and last revised 08/01/20021 (the "Investment Policy"). The City of Fayetteville reserves the right to revise or modify the Investment Policy at any time, and from time to time, provided that, no such revision or modification shall be binding upon First Security Bank until written notice thereof is received by First Security Bank. All purchases of securities which will become a part of the Account Assets shall be on a delivery versus payment basis.

04. **Fees:** As compensation for its services pursuant hereto, First Security Bank will be paid a fee equal to 14 basis points of the average Account Assets if the average market value of the Account Assets are less than \$25 million during a calendar month; and a fee equal to 10 basis points of the average market value of the Account Assets if the average market value of the Account Assets are greater than \$25 million during a calendar month. The foregoing fees of First Security Bank do not include fees for brokerage services, if incurred, in connection with the purchase or sale of any security which is or is to become a part of the Account Assets. All fees of First Security Bank and any brokerage fees payable with respect to the Account Assets shall be paid from the Account Assets and shall be separately accounted for in all reports provided to the City of Fayetteville.
05. **Changes in Scope or Price:** Changes, modifications, or amendments in scope, price or fees to this contract shall not be allowed without a prior formal contract amendment approved by the Mayor and the City Council in advance of the change in scope, cost or fees.
06. **Brokerage:**
- a. Selection of Broker. The City of Fayetteville authorizes First Security Bank to place orders for purchases and sales of securities and financial assets through any broker or dealer it chooses, including a broker or dealer which is affiliated with or under common control with First Security Bank. In selecting a broker or dealer for any transaction or series of transactions, First Security Bank will consider such factors as net price, execution, availability of research, and other factors which First Security Bank reasonably believes to be appropriate for purposes of making that decision. The fact that the fees paid for brokerage services for the broker or dealer selected by First Security Bank are greater than fees for which similar services could be obtained, shall not be a basis for liability to First Security Bank.
 - b. Aggregation of Purchases. The City of Fayetteville agrees that First Security Bank may aggregate sale and purchase orders of securities with similar orders being made simultaneously for other accounts managed by First Security Bank, or for accounts of affiliates of First Security Bank if, in the judgment of First Security Bank, aggregation of such orders will result in a net savings to the City of Fayetteville with respect to the purchase or sale order for the particular security.
07. **Monthly Reports:** The Custodian shall provide the City of Fayetteville with monthly reports of the Account Assets in a format consistent with the reporting requirements of the Governmental Accounting Standards Board and otherwise reasonably acceptable to the City of Fayetteville. The Custodian and First Security Bank shall provide such other and further information as the City of Fayetteville may reasonably require in connection with the Account Assets.
08. **Voting of Equity Securities:** Unless otherwise directed by the City of Fayetteville, First Security Bank is authorized, in its discretion, to take such action as it deems appropriate with respect to any proxy received with respect to any equity securities which may be or become a part of the Account Assets from time to time.
09. **Investment Risks:** The City of Fayetteville acknowledges that there are risks inherent in all investments, and that some investments will result in profits and some investments will result in loss. First Security Bank shall not be liable to the City of Fayetteville for any error of judgment or mistake of law in the execution of its

responsibilities hereunder, or for any loss suffered with respect to the Account Assets, or any other matter arising out of this Agreement, excepting only losses suffered as a result of negligence, bad faith, or willful misconduct of **First Security Bank**.

10. **Term and Termination:** This Agreement shall be effective upon execution by both parties and shall continue in force until modified by mutual agreement of the parties in writing, or until terminated on thirty (30) days prior written notice by either party to the other. Upon notice to the Custodian of any such termination, the Custodian shall deliver the Account Assets to, or as directed in writing by, the **City of Fayetteville**.

11. **Documents Comprising Contract:** The contract shall include this Agreement for investment management services, as well as the following documents, which are incorporated herein by reference.

- a. **Appendix A:** City of Fayetteville, Policy No. AC-02, City Investment Policy
- b. **Appendix B:** City of Fayetteville's Request for Statements of Qualification (RFQ 21-05) and all of its addenda and attachments;
- c. **Appendix C:** First Security's submitted Statement of Qualification (response to RFQ 21-05)
- d. **Appendix D:** First Security's Certificate of Insurance as required, listing the City as an additional insured, to be added after award of contract

12. **Miscellaneous Provisions:**

- a. **Other Activities of First Security Bank:** Nothing in this Agreement shall be deemed to restrict **First Security Bank** or its affiliates from engaging in any other business or in rendering any other investment agency services to any other person.
- b. **No Assignment:** **First Security Bank** shall not assign this Agreement or delegate its duties hereunder to any non-affiliated third party without the prior written consent of the **City of Fayetteville**.
- c. **Notices:** All notices required or permitted hereunder shall be in writing, and shall be delivered by U.S. Mail, return receipt requested, or via confirmed facsimile, and addressed as listed below. All notices shall be deemed delivered when received, or the first day delivery is refused.

If to the City of Fayetteville:
City of Fayetteville, Arkansas
113 W. Mountain St.
Fayetteville, Arkansas 72701
Attention: Mayor
Facsimile: 479-575-8257

If to First Security Bank:
First Security Bank
314 N. Spring
Searcy, AR 72145-1006
Attn: Frank Faust, President, Trust Division
Facsimile: 501-278-2175

With Copy to First Security Bank:
First Security Bank
1219 E. Joyce Blvd
Fayetteville, Arkansas 72703
Attn: Adam Rutledge

Facsimile: 479-527-7001

- d. Entire Agreement: This Agreement, together with the Exhibit hereto, is the entire agreement of the parties and may be modified only by a writing executed by all parties, except that the City of Fayetteville may modify the Investment Policy at any time, from time to time, without the consent of First Security Bank.
- e. Governing Law: This Agreement has been executed in and shall be construed under the laws of the state of Arkansas, Washington County.
- f. Counterparts: This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall be one and the same instrument.
- g. Severability: If any one or more of the provisions hereof are determined to be invalid, illegal or otherwise unenforceable, such determination shall have no effect upon the remaining provisions hereof, which shall remain valid and enforceable in accordance with their terms.

13. **Freedom of Information Act**: City of Fayetteville contracts and documents prepared while performing city contractual work are subject to the Arkansas Freedom of Information Act. If a Freedom of Information Act request is presented to the City of Fayetteville, the contractor will do everything possible to provide the documents in a prompt and timely manner as prescribed in the Arkansas Freedom of Information Act (A.C.A. 25-19-101 et. Seq.). Only legally authorized photo copying costs pursuant to the FOIA may be assessed for this compliance.

First Security Bank

By: 
Frank Faust, President, Trust Division

ATTEST:


Company Secretary

314 N Spring Street
Business Address

Searcy, AR 72143
City, State & Zip Code

Date Signed: 11-18-21

City of Fayetteville, Arkansas

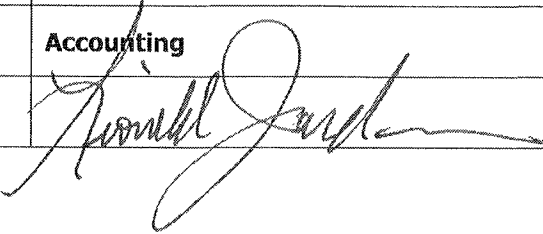
Lionel Jordan, Mayor

ATTEST:

Kara Paxton, City Clerk

Date Signed: _____

CITY OF FAYETTEVILLE, ARKANSAS
POLICY AND PROCEDURE

Subject:	City Investments
Policy Number:	AC-02
Original Policy Date:	December 21, 1999
Effective Date of New/Revised Policy:	August 1, 2021
Revision Dates:	Replaces ACCT-2 December 21, 1999
Custodian: (Division)	Accounting
Mayor's Signature and Date	

AC-2.0 PURPOSE:

The purpose of this policy is to provide guidelines for investment of City of Fayetteville operating funds to preserve the safety of principal, to maintain adequate cash flow, and to maximize interest earnings.

AC-2.1 SCOPE:

This policy applies to the investment of City of Fayetteville operating funds not needed for immediate expenditures. This policy does not govern the investment of employee retirement or pension funds or proceeds of bond issues.

AC-2.2 STANDARDS/OBJECTIVES:

Investments will be made within the constraints of applicable State laws and this policy, taking into consideration liquidity needs of the City.

Investment decisions will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment of the funds of the City of Fayetteville shall be directed to the primary objective of safety of principal; the secondary objective shall be maintaining adequate cash flow; and the final objective shall be maximizing investment yield.

Except for cash in certain restricted and special funds, the City may consolidate moneys from individual funds to maximize interest earnings. Investment income will be allocated to the various funds based on each fund's participation.

AC-2.3 DELEGATION OF AUTHORITY/RESPONSIBILITY:

Management of the investment of City funds regulated by this policy shall be the responsibility of the Mayor and the Finance & Internal Services Director. The Mayor and the Finance & Internal Services Director may delegate authority for investment transactions. The Mayor and the Finance & Internal Services Director may, by proper procurement procedures, contract for the services of an asset manager, an investment advisor, or other expert advisor(s) to invest all or a portion of City funds regulated by this policy. Selection of an independent asset manager or investment advisor will be limited to those candidates who have an office within the City of Fayetteville.

The Mayor and the Finance & Internal Services Director and their designees are authorized to: open and close accounts with financial institutions in the name of the City; make wire transfers of funds for the City; make deposits of funds for the City; execute collateral, depository and investment agreements for the City; and take any other such actions needed to carry out their responsibilities for the depositing and investing of the City's funds as authorized by State Statutes and this policy.

The Mayor, the Finance & Internal Services Director, and other City employees assigned to manage the investment portfolio, acting within the intent and scope of this Investment Policy, shall be relieved of personal responsibility for an individual security's credit risk or market risk. Officers and employees involved in the investment process shall refrain from personal business activities that conflict with proper execution of the investment program or impair their ability to make impartial investment decisions.

The Mayor and the Finance & Internal Services Director shall establish operating procedures to implement this investment policy.

AC-2.4 AUTHORIZED INVESTMENTS:

- A. The City will invest only in book entry securities.
- B. The City may, without limitation, invest in allowable instruments or securities authorized for investment by Arkansas Code Annotated §§ 14-58-309 (Act 1341 of 1999), and further defined in Section 23-47-401 (Investment Powers and Limitations), or by the Local Government Joint Investment Trust Act, Arkansas Code Annotated §§ 19-8-301 et seq., (Local Government Trusts) as amended.

C. Other Provisions

1. The Finance & Internal Services Director may establish an account with the Federal Reserve Bank to purchase U.S. Government Securities directly from the U.S. Treasury.
2. Any Arkansas state legislative action that provides for additional investment vehicles allowed or further restricts investment vehicles shall be incorporated into the City's investment policy and will supersede any previous language in this policy.
3. The City will be allowed to hold to maturity any investments existing at the time of enactment of this policy. Reinvestment of such funds will be in accordance with this policy and State Laws.
4. The Mayor and the Finance & Internal Services Director may set additional limitations on the parameters for various types and concentration of investments. Operating procedures will define requirements to implement this policy

AC-2.5 INVESTING PARAMETERS:

A. Diversification

The City investments regulated by this policy shall be diversified by:

- limiting investments to avoid over concentration in securities from a specific issuer to five percent (5%) of the cost basis of the City's portfolio at the time of purchase, a limit of fifteen percent (15%) of the cost basis of the City's portfolio will apply to each business sector as defined by any recognized rating agency, **except for U.S. Treasury securities and collateralized certificates of deposit,**
- investing in securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained.

B. Maximum Maturities

The City will attempt to match investment maturities with cash flow requirements and will utilize investments in readily available funds, when needed, to meet ongoing obligations. The City anticipates a range of maturities of ninety (90) days to five (5) years. The City can, in rare cases, consider investments with longer maturities if the funds are easily defined to be used after five (5) years.

AC-2.6 ALLOWED INSTITUTIONS:

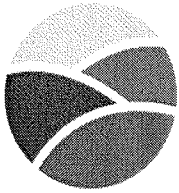
Security transactions on behalf of the City by an asset manager, or the City itself, will be conducted only with financial institutions and broker/dealers who have offices within

Washington County unless otherwise authorized in writing by the Mayor and Finance & Internal Services Director.

A list of authorized financial institutions and broker/dealers to be used by an asset manager, an investment advisor, or the City itself, will be maintained by the City and provided to such asset manager or investment advisor on a mutually agreed upon basis. Security broker/dealers on the list will meet or exceed the capital adequacy standards set by the Federal Reserve Bank of New York and may include dealers designated as primary dealers by the Federal Reserve Bank of New York or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule).

AC-2.7 SAFEKEEPING/COLLATERALIZATION:

- A. Investment of City funds, including cash held for investment, managed under contract of services by an asset manager, investment advisor, or other expert advisor(s) will be placed with a third-party custodian approved by the City. All trades, where applicable, will be executed by Delivery vs. Payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
- B. The custodian will make reports as requested by the City or advisor(s) and will be accountable for the assets held by the custodian for the City's account. The custodian will be required to maintain an office in Washington County, Arkansas.
- C. Collateralization will be maintained as required by State law and procedures established by the City. Demand deposits, time deposits, repurchase agreements, and any other investments requiring collateralization shall be collateralized at a level of 102 percent of the market value of principal and accrued interest, less the amount insured by the FDIC.



CITY OF
FAYETTEVILLE
ARKANSAS

City of Fayetteville, AR
 Purchasing Division, Room 306
 113 W. Mountain Street
 Fayetteville, AR 72701
 Phone: 479-575-8220

TDD (Telecommunication Device for the Deaf): 479.521.1316

RFQ (REQUEST FOR QUALIFICATION)

REQUEST FOR QUALIFICATION: RFQ 21-05, Investment and Management Services

DEADLINE: September 28, 2021 prior to 2:00:00 PM, local time

DELIVERY LOCATION: City's online procurement portal at <http://fayetteville-ar.gov/bids>

PURCHASING MANAGER: Jonathan Smith, jonsmith@fayetteville-ar.gov

DATE OF ISSUE AND ADVERTISEMENT: Sunday, 08/29/2021

REQUEST FOR STATEMENT OF QUALIFICATION
RFQ 21-05, Investment Management Services

Name of Firm: _____

Contact Person: _____ Title: _____

E-Mail: _____ Phone: _____

Business Address: _____

City: _____ State: _____ Zip: _____

Signature: _____ Date: _____

RFQ 21-05
 Contract Documents
 Appendix B
 City's RFQ

Submittals shall be submitted via upload and complete submission on the City's electronic platform at <http://fayetteville-ar.gov/bids>. No physical copies shall be submitted. The City will not accept late or misdirected responses.

All statements of qualification shall be submitted in accordance with the attached City of Fayetteville specifications and documents attached hereto. Each Proposer is required to fill in every blank and shall supply all information requested; failure to do so may be used as basis of rejection. Any bid, proposal, or statements of qualification will be rejected that violates or conflicts with state, local, or federal laws, ordinances, or policies.

The undersigned hereby offers to furnish & deliver the articles or services as specified, at the prices & terms stated herein, and in strict accordance with the specifications and general conditions of submitting, all of which are made a part of this offer. This offer is not subject to withdrawal unless upon mutual written agreement by the Proposer/Bidder and City Purchasing Manager.

City of Fayetteville
RFQ 21-05, Investment Management Services
Advertisement

City of Fayetteville, Arkansas
RFQ 21-05, Investment Management Services
Request for Statement of Qualifications

The City of Fayetteville, Arkansas, is requesting statements of qualifications from firms interested in providing investment management services for a one (1) year term with automatic renewal of four (4) additional one-year terms.

All statements shall be received by Tuesday **September 28, 2021 before 2:00 PM, local time** utilizing the City's electronic platform located at <http://fayetteville-ar.gov/bids>. Late or misdirected proposals shall not be accepted. Submittals will not be accepted after the deadline. The City of Fayetteville shall not be responsible for lost or misdirected RFQ's, or failure of bidder's technical equipment.

Forms & addendums can be downloaded from the City's web site at <http://fayetteville-ar.gov/bids>. All questions regarding the process should be directed to Jonathan Smith at jonsmith@fayetteville-ar.gov or (479)575-8220.

A non-mandatory pre-proposal conference will be held **Wednesday September 8 at 10:00 AM** virtually via Zoom. Information regarding the pre-proposal meeting is available on the project page on the City's electronic bidding platform. All interested parties are encouraged to attend.

Statements of qualification submitted shall be qualified to do business and licensed in accordance with all applicable laws of the state and local governments where the project is located.

Pursuant to Arkansas Code Annotated §22-9-202 the City of Fayetteville encourages all *qualified* small, minority and women business enterprises to bid on and receive contracts for goods, services, and construction. Also, City of Fayetteville encourages all general contractors to subcontract portions of their contract to *qualified* small, minority and women business enterprises.

The City of Fayetteville reserves the right to reject any or all proposals and to waive irregularities therein, and all Proposers shall agree that such rejection shall be without liability on the part of the City of Fayetteville for any damage or claim brought by any Proposer because of such rejection, nor shall the Proposers seek any recourse of any kind against the City of Fayetteville because of such rejections. The filing of any Proposal in response to this invitation shall constitute an agreement of the Proposer to these conditions.

CITY OF FAYETTEVILLE, ARKANSAS

By: Jonathan Smith

Title: Sr. Purchasing Agent

P: 479.575.8220, E-Mail: jonsmith@fayetteville-ar.gov

TDD (Telecommunications Device for the Deaf): (479) 521-1316

Ad date: Sunday August 29, 2021

This publication was paid for by the Purchasing Division of the City of Fayetteville, Arkansas. Amount paid: \$XXX.XX.

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RFQ 21-05
Contract Documents
Appendix B
City's RFQ

1. SUBMISSION OF A STATEMENT OF QUALIFICATION SHALL INCLUDE:

- a. A written narrative describing the method or manner in which the Proposer proposes to satisfy requirements of this RFQ in the most cost-effective manner. The term Proposer shall be in reference to a firm or individual responding to this solicitation. The term proposal is used in this document as equal to statement of qualification.
- b. A description of the Proposer's experience in providing the same or similar services as outlined in the RFQ. This description should include the names of the person(s) who will provide the services, their qualifications, and the years of experience in performing this type of work. Also, include the reference information requested in this RFQ.
- c. Electronic Submittal: Proposers are required to go to www.fayetteville-ar.gov/bids and follow the prompts to submit a statement of qualification within the electronic bidding platform.

Physical submittals are not allowed for this RFQ.

- i. SOQ's shall be prepared simply and economically, providing a straightforward, concise description of its ability to meet the requirements for the project. Fancy bindings, colored displays, and promotional material are not required. Emphasis should be on completeness and clarity of content. All submittals shall be formatted for standard 8 ½" x 11" size documentation. Exceptions would be schematics, exhibits, one-page resumes, and City required forms. Proposals shall be limited to twenty-five (25) pages or less, excluding one-page team resumes, references, and forms required by the City for completion. All proposals shall be uploaded in a PDF format to the City's electronic platform prior to the stated deadline.
- d. Proposals will be reviewed following the stated deadline, as shown on the cover sheet of this document. Only the names of responders will be available as selections will be made all year for various projects.
- e. Proposers shall submit a statement of qualification based on documentation published by the Fayetteville Purchasing Division.
- f. Proposals must follow the format of the RFQ. Proposers should structure their responses to follow the sequence of the RFQ, if provided.
- g. Proposers shall have experience in work of the same or similar nature and must provide references that will satisfy the City of Fayetteville. Proposer may furnish a reference list of clients for whom they have performed similar services and must provide information as requested in this document.
- h. Proposer is advised that exceptions to any of the terms contained in this RFQ or the attached service agreement must be identified in its response to the RFQ. Failure to do so may lead the City to declare any such term non-negotiable. Proposer's desire to take exception to a non-negotiable term will not disqualify it from consideration for award.
- i. Local time shall be defined as the time in Fayetteville, Arkansas on the due date of the deadline. Documents delivered in person shall be received before the deadline time as shown by the atomic clock located in the Purchasing Division Office. Documents submitted in the electronic platform shall be submitted prior to the deadline per the system time of the platform.

2. WRITTEN REQUESTS FOR INTERPRETATIONS OR CLARIFICATION:

No oral interpretations will be made to any firms as to the meaning of specifications or any other contract documents. All questions pertaining to the terms and conditions or scope of work of this proposal must be sent in writing via e-mail to the Purchasing Department. Responses to questions may be handled as an addendum if the response would provide

clarification to the requirements of the proposal. All such addenda shall become part of the contract documents. The City will not be responsible for any other explanation or interpretation of the proposed RFQ made or given prior to the award of the contract.

3. RIGHTS OF CITY OF FAYETTEVILLE IN THIS PROCESS:

In addition to all other rights of the City of Fayetteville, under state law, the City specifically reserves the following:

- a. The City of Fayetteville reserves the right to rank firms and negotiate with the highest-ranking firm. Negotiation with an individual Proposer does not require negotiation with others.
- b. The City of Fayetteville reserves the right to select the proposal that it believes will serve the best interest of the City.
- c. The City of Fayetteville reserves the right to accept or reject any or all proposals.
- d. The City of Fayetteville reserves the right to cancel the entire request.
- e. The City of Fayetteville reserves the right to remedy or waive technical or immaterial errors in the request for statements of qualification or resulting submittal.
- f. The City of Fayetteville reserves the right to request any necessary clarifications, additional information, or proposal data without changing the terms of the proposal.
- g. The City of Fayetteville reserves the right to make selection of the Proposer to perform the services required on the basis of the original proposals without negotiation.

4. EVALUATION CRITERIA:

The evaluation criterion defines the factors that will be used by the selection committee to evaluate and score responsive, responsible and qualified proposals. Proposers shall include sufficient information to allow the selection committee to thoroughly evaluate and score proposals. Each proposal submitted shall be evaluated and ranked by a selection committee. The contract will be awarded to the most qualified Proposer, per the evaluation criteria listed in this RFQ. Proposers are not guaranteed to be ranked.

5. COSTS INCURRED BY PROPOSERS:

All expenses involved with the preparation and submission of proposals to the City, or any work performed in connection therewith, shall be borne solely by the Proposer(s). No payment will be made for any responses received, or for any other effort required of, or made by, the Proposer(s) prior to contract commencement.

6. ORAL PRESENTATION:

An oral presentation and/or interview may be requested of any firm, at the selection committee's discretion.

7. CONFLICT OF INTEREST:

- a. The Proposer represents that it presently has no interest and shall acquire no interest, either direct or indirect, which would conflict in any manner with the performance or services required hereunder, as provided in City of Fayetteville Code Section 34.26 titled "Limited Authority of City Employee to Provide Services to the City".
- b. The Proposer shall promptly notify Jonathan Smith, Sr. Purchasing Agent, in writing, of all potential conflicts of interest for any prospective business association, interest, or other circumstance which may influence or appear to influence the Proposer's judgment or quality of services being provided. Such written notification shall identify the prospective business association, interest or circumstance, the nature of which the Proposer may undertake and request an opinion to the City as to whether the association, interest or circumstance would, in the opinion of the City, constitute a conflict of interest if entered into by the Proposer. The City agrees to communicate with the Proposer its opinion via e-mail or first-class mail within thirty days of receipt of notification.

8. WITHDRAWAL OF PROPOSAL:

A proposal may be withdrawn at any time.

9. LATE PROPOSAL OR MODIFICATIONS:

- a. Proposal and modifications received after the time set for the proposal submittal shall not be considered. Modifications in writing received prior to the deadline will be accepted. The City will not be responsible for misdirected responses. Proposers will receive an email confirmation after successful submission in the electronic submission platform.
- b. The time set for the deadline shall be local time for Fayetteville, AR. All proposals shall be received in the Purchasing Division BEFORE the deadline stated. Local time shall be defined as the time in Fayetteville, Arkansas on the due date of the deadline. Documents delivered in person shall be received before the deadline time as shown by the atomic clock located in the Purchasing Division Office. Documents submitted in the electronic platform shall be submitted prior to the deadline per the system time of the platform.

10. LOCAL, STATE, AND FEDERAL COMPLIANCE REQUIREMENTS:

- a. The laws of the State of Arkansas apply to any purchase made under this request for statements of qualification. Proposers shall comply with all local, state, and federal directives, orders and laws as applicable to this proposal and subsequent contract(s) including but not limited to Equal Employment Opportunity (EEO), Disadvantaged Business Enterprises (DBE), & OSHA as applicable to this contract.
- b. Pursuant to Arkansas Code Annotated §22-9-203 The City of Fayetteville encourages all *qualified* small, minority and women business enterprises to bid on and receive contracts for goods, services, and construction. Also, City of Fayetteville encourages all general contractors to subcontract portions of their contract to *qualified* small, minority and women business enterprises.

11. COLLUSION:

The Proposer, by affixing his or her signature to this proposal agrees to the following: "Proposer certifies that his proposal is made without previous understanding, agreement, or connection with any person, firm or corporation making a proposal for the same item(s) and/or services and is in all respects fair, without outside control, collusion, fraud, or otherwise illegal action."

12. RIGHT TO AUDIT, FOIA, AND JURISDICITON:

- a. The City of Fayetteville reserves the privilege of auditing a vendor's records as such records relate to purchases between the City and said vendor.
- b. Freedom of Information Act. City contracts and documents prepared while performing City contractual work are subject to the Arkansas Freedom of Information Act. If a Freedom of Information Act request is presented to the City of Fayetteville, the (Contractor) will do everything possible to provide the documents in a prompt and timely manner as prescribed in the Arkansas Freedom of Information Act (A.C.A. §25-19-101 et. seq.). Only legally authorized photocopying costs pursuant to the FOIA may be assessed for this compliance.
- c. Legal jurisdiction to resolve any disputes shall be Arkansas with Arkansas law applying to the case.

13. CITY INDEMNIFICATION:

The successful Proposer(s) agrees to indemnify the City and hold it harmless from and against all claims, liability, loss, damage or expense, including but not limited to counsel fees, arising from or by reason of any actual or claimed trademark, patent or copyright infringement or litigation based thereon, with respect to the services or any part thereof covered by this order, and such obligation shall survive acceptance of the services and payment thereof by the City.

14. VARIANCE FROM STANDARD TERMS & CONDITIONS:

All standard terms and conditions stated in this request for statements of qualification apply to this contract except as specifically stated in the subsequent sections of this document, which take precedence, and should be fully understood by Proposers prior to submitting a proposal on this requirement.

15. ADA REQUIREMENT FOR PUBLIC NOTICES & TRANSLATION:

Persons with disabilities requiring reasonable accommodation to participate in this proceeding/event, should call 479.521.1316 (telecommunications device for the deaf), not later than seven days prior to the deadline. Persons needing translation of this document shall contact the City of Fayetteville, Purchasing Division, immediately.

16. PAYMENTS AND INVOICING:

The Proposer must specify in their proposal the exact company name and address which must be the same as invoices submitted for payment as a result of award of this RFQ. Further, the successful Proposer is responsible for immediately notifying the Purchasing Division of any company name change, which would cause invoicing to change from the name used at the time of the original RFQ. Payment will be made within thirty days of invoice received. The City of Fayetteville is very credit worthy and will not pay any interest or penalty for untimely payments. **Payments can be processed through Proposer's acceptance of Visa at no additional costs to the City for expedited payment processing.** The City will not agree to allow any increase in hourly rates by the contract without PRIOR Fayetteville City Council approval.

17. CANCELLATION:

- a. The City reserves the right to cancel this contract without cause by giving thirty (30) days prior notice to the Contractor in writing of the intention to cancel or with cause if at any time the Contractor fails to fulfill or abide by any of the terms or conditions specified.
- b. Failure of the contractor to comply with any of the provisions of the contract shall be considered a material breach of contract and shall be cause for immediate termination of the contract at the discretion of the City of Fayetteville.
- c. In addition to all other legal remedies available to the City of Fayetteville, the City reserves the right to cancel and obtain from another source, any items and/or services which have not been delivered within the period of time from the date of order as determined by the City of Fayetteville.
- d. In the event sufficient budgeted funds are not available for a new fiscal period, the City shall notify the vendor of such occurrence and contract shall terminate of the last day of the current fiscal period without penalty or expense to the City.

18. ASSIGNMENT, SUBCONTRACTING, CORPORATE ACQUISITIONS AND/OR MERGERS:

- a. The Contractor shall perform this contract. No assignment of subcontracting shall be allowed without prior written consent of the City. If a Proposer intends to subcontract a portion of this work, the Proposer shall disclose such intent in the proposal submitted as a result of this RFQ.
- b. In the event of a corporate acquisition and/or merger, the Contractor shall provide written notice to the City within thirty (30) calendar days of Contractor's notice of such action or upon the occurrence of said action, whichever occurs first. The right to terminate this contract, which shall not be unreasonably exercised by the City, shall include, but not be limited to, instances in which a corporate acquisition and/or merger represent a conflict of interest or are contrary to any local, state, or federal laws. Action by the City awarding a proposal to a firm that has disclosed its intent to assign or subcontract in its response to the RFQ, without exception shall constitute approval for purpose of this Agreement.

19. NON-EXCLUSIVE CONTRACT:

Award of this RFQ shall impose no obligation on the City to utilize the vendor for all work of this type, which may develop during the contract period. This is not an exclusive contract. The City specifically reserves the right to concurrently contract with other companies for similar work if it deems such an action to be in the City's best interest. In the case of multiple-phase contracts, this provision shall apply separately to each item.

20. ADDITIONAL REQUIREMENTS:

The City reserves the right to request additional services relating to this RFQ from the Proposer. When approved by the City as an amendment to the contract and authorized in writing prior to work, the Contractor shall provide such additional requirements as may become necessary.

21. SERVICES AGREEMENT:

A written agreement, in substantially the form attached, incorporating the RFQ and the successful proposal will be prepared by the City, signed by the successful Proposer and presented to the City of Fayetteville for approval and signature of the Mayor.

22. INTEGRITY OF STATEMENT OF QUALIFICATION (RFQ) DOCUMENTS:

Proposers shall use the original RFQ form(s) provided by the Purchasing Division and enter information only in the spaces where a response is requested. Proposers may use an attachment as an addendum to the RFQ form(s) if sufficient space is not available on the original form for the Proposer to enter a complete response. **Any modifications or alterations to the original RFQ documents by the Proposer, whether intentional or otherwise, will constitute grounds for rejection of such RFQ response.** Any such modifications or alterations a Proposer wishes to propose shall be clearly stated in the Proposer's RFQ response and presented in the form of an addendum to the original RFQ documents.

23. LOBBYING:

Lobbying or communicating of selection committee members, to City of Fayetteville employees, or elected officials regarding request for proposals, request for qualifications, bids or contracts during the pendency of bid protest, by the bidder/proposer/protestor or any member of the bidder's/proposer's/protestor's staff, and agent of the bidder/proposer/protestor, or any person employed by any legal entity affiliated with or representing an organization that is responding to the request for proposal, request for qualification, bid or contract, or has a pending bid protest is strictly prohibited either upon advertisement or on a date established by the City of Fayetteville and shall be prohibited until either an award is final or the protest is finally resolved by the City of Fayetteville; provided, however, nothing herein shall prohibit a prospective/bidder/proposer from contacting the Purchasing Division to address situations such as clarification and/or questions related to the procurement process. For purposes of this provision lobbying activities shall include but not be limited to, contacting, communicating, influencing or attempting to influence action or non-action in connection with any request for proposal, request for qualification, bid or contract through direct or indirect oral or written communication with an attempt to obtain goodwill of persons and/or entities specified in this provision. Such actions may cause any request for proposal, request for qualification, bid or contract to be rejected.

24. DEBARRED ENTITIES:

By submitting a statement of qualification, vendor states submitting entity is not a debarred contractor with the federal, any state, or local government.

25. OTHER GENERAL CONDITIONS:

- a. Proposers shall provide the City with proposals signed by an employee having legal authority to submit proposals on behalf of the Proposer. The entire cost of preparing and providing responses shall be borne by the Proposer.
- b. The City reserves the right to request any additional information it deems necessary from any or all Proposers after the submission deadline.
- c. The request for statement of qualification is not to be construed as an offer, a contract, or a commitment of any kind; nor does it commit the city to pay for any costs incurred by Proposer in preparation. It shall be clearly understood that any costs incurred by the Proposer in responding to this request for statements of qualification is at the Proposer's own risk and expense as a cost of doing business. The City of Fayetteville shall not be liable for reimbursement to the Proposer for any expense so incurred, regardless of whether or not the proposal is accepted.

- d. If products, components, or services other than those described in this bid document are proposed, the Proposer must include complete descriptive literature for each. All requests for additional information must be received within five working days following the request.
- e. Any uncertainties shall be brought to the attention to Jonathan Smith immediately via telephone (479.575.8220) or e-mail (jonsmith@fayetteville-ar.gov). It is the intent and goal of the City of Fayetteville Purchasing Division to provide documents providing a clear and accurate understanding of the scope of work to be completed and/or goods to be provided. We encourage all interested parties to ask questions to enable all Proposers to be on equal terms.
- f. Any inquiries or requests for explanation in regard to the City's requirements should be made promptly to Jonathan Smith, City of Fayetteville, Sr. Purchasing Agent via e-mail (jonsmith@fayetteville-ar.gov) or telephone (479.575.8220). No oral interpretation or clarifications will be given as to the meaning of any part of this request for statements of qualification. All questions, clarifications, and requests, together with answers, if any, will be provided to all firms via written addendum. Names of firms submitting any questions, clarifications, or requests will not be disclosed until after a contract is in place.
- g. At the discretion of the City, one or more firms may be asked for more detailed information before final ranking of the firms, which may also include oral interviews.
- h. Any information provided herein is intended to assist the Proposer in the preparation of proposals necessary to properly respond to this RFQ. The RFQ is designed to provide qualified Proposers with sufficient basic information to submit proposals meeting minimum specifications and/or test requirements but is not intended to limit a RFQ's content or to exclude any relevant or essential data.
- i. Proposers irrevocably consent that any legal action or proceeding against it under, arising out of or in any manner relating to this Contract shall be controlled by Arkansas law. Proposer hereby expressly and irrevocably waives any claim or defense in any said action or proceeding based on any alleged lack of jurisdiction or improper venue or any similar basis.
- j. The successful Proposer shall not assign the whole or any part of this Contract or any monies due or to become due hereunder without written consent of City of Fayetteville. In case the successful Proposer assigns all or any part of any monies due or to become due under this Contract, the Instrument of assignment shall contain a clause substantially to the effect that is agreed that the rights of the assignee in and to any monies due or to become due to the successful Proposer shall be subject to prior liens of all persons, firms, and corporations for services rendered or materials supplied for the performance of the services called for in this contract.
- k. The successful Proposer's attention is directed to the fact that all applicable Federal and State laws, municipal ordinances, and the rules and regulations of all authorities having jurisdiction over the services shall apply to the contract throughout, and they will be deemed to be included in the contract as though written out in full herein. The successful Proposer shall keep himself/herself fully informed of all laws, ordinances and regulations of the Federal, State, and municipal governments or authorities in any manner affecting those engaged or employed in providing these services or in any way affecting the conduct of the services and of all orders and decrees of bodies or tribunals having any jurisdiction or authority over same. If any discrepancy or inconsistency should be discovered in these Contract Documents or in the specifications herein referred to, in relation to any such law, ordinance, regulation, order or decree, s/he shall herewith report the same in writing to City of Fayetteville.
- l. All interested parties shall understand the City is not utilizing AIA contracts for projects. Standard City contracts will be used for all projects.

26. INSURANCE:

- a. Any project selected under this RFQ shall require professional liability insurance in the amount of \$1 million US dollars, at minimum. Such Certificate of Insurance shall list the City as an additional insured and not be required unless firm is selected.

27. SELECTION CRITERIA:

The evaluation criterion below defines the factors which will be used by the selection committee to evaluate and score responsive, responsible and qualified proposals. The evaluation factors are as follows:

1. **30 Points** – Specialized experience and technical competence of the firm with respect to the type of professional services required
2. **25 Points** – Capacity and capability of the firm the perform the work in question including specialized services, within the time limitations fixed for the completion of the project
3. **25 Points** – Past record of performance of the firm with respect to such factors as control of costs, quality of work, and ability to meet schedules and deadlines
4. **20 Points** – Firm’s proximity to and familiarity with the area in which the project is located

****Note:** Price shall not be a considered factor used to select a vendor. In the event the City is not able to negotiate a successful contract with the selected vendor, the City reserves the right to cease negotiations with such selected vendor and proceed on to the next selected vendor. Statements of Qualification/Proposals shall NOT include prices, hourly fees, consulting rates, etc. of any kind.

RFQ 21-05
Contract Documents
Appendix B
City's RFQ

City of Fayetteville
RFQ 21-05, Investment Management Services
SECTION B: Vendor References

The following information is required from all firms so all statements of qualification may be reviewed and properly evaluated:

COMPANY NAME: _____

NUMBER OF YEARS IN BUSINESS: _____ HOW LONG IN PRESENT LOCATION: _____

TOTAL NUMBER OF CURRENT EMPLOYEES: _____ FULL TIME _____ PART TIME

NUMBER OF EMPLOYEES PLANNED FOR THIS CONTRACT: _____ FULL TIME _____ PART TIME

PLEASE LIST FOUR (4) REFERENCES THAT YOU HAVE PREVIOUSLY PERFORMED CONTRACT SERVICES FOR WITHIN THE PAST FIVE (5) YEARS (All fields must be completed):

1. _____
COMPANY NAME

2. _____
COMPANY NAME

CITY, STATE, ZIP

CITY, STATE, ZIP

CONTACT PERSON

CONTACT PERSON

TELEPHONE

TELEPHONE

FAX NUMBER

FAX NUMBER

E-MAIL ADDRESS

E-MAIL ADDRESS

3. _____
COMPANY NAME

4. _____
COMPANY NAME

CITY, STATE, ZIP

CITY, STATE, ZIP

CONTACT PERSON

CONTACT PERSON

TELEPHONE

TELEPHONE

FAX NUMBER

FAX NUMBER

E-MAIL ADDRESS

E-MAIL ADDRESS

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1. Disclosure Information

Proposer must disclose any possible conflict of interest with the City of Fayetteville, including, but not limited to, any relationship with any City of Fayetteville employee. Proposer response must disclose if a known relationship exists between any principal or employee of your firm and any City of Fayetteville employee or elected City of Fayetteville official.

If, to your knowledge, no relationship exists, this should also be stated in your response. Failure to disclose such a relationship may result in cancellation of a purchase and/or contract as a result of your response. This form must be completed and returned in order for your bid/proposal to be eligible for consideration.

PLEASE CHECK ONE OF THE FOLLOWING TWO OPTIONS, AS IT APPROPRIATELY APPLIES TO YOUR FIRM:

_____ 1) NO KNOWN RELATIONSHIP EXISTS

_____ 2) RELATIONSHIP EXISTS (Please explain): _____

I certify that, as an officer of this organization, or per the attached letter of authorization, am duly authorized to certify the information provided herein are accurate and true; and my organization shall comply with all State and Federal Equal Opportunity and Non-Discrimination requirements and conditions of employment.

2. Additional Information

At the discretion of the City, one or more firms may be asked for more detailed information before final ranking of the firms, which may also include oral interviews. NOTE: Each Proposer shall submit to the City a primary contact name, e-mail address, and phone number (preferably a cell phone number) where the City selection committee can call for clarification or interview via telephone.

Name of Firm: _____

Name of Primary Contact: _____

Title of Primary Contact: _____

Phone#1 (cell preferred): _____ Phone#2: _____

E-Mail Address: _____

TAX ID#: _____ DUNS #: _____ Cage Code: _____

RFQ 21-05
Contract Documents
Appendix B
City's RFQ

3. Please acknowledge receipt of addenda for this invitation to bid, request for proposal, or request for qualification by signing and dating below. All addendums are hereby made a part of the bid or RFQ documents to the same extent as though it were originally included therein. Proposers/Bidders should indicate their receipt of same in the appropriate blank listed herein. Failure to do so may subject vendor to disqualification.

ADDENDUM NO.	SIGNATURE AND PRINTED NAME	DATE ACKNOWLEDGED

4. Pursuant Arkansas Code Annotated §25-1-503, the Contractor agrees and certifies that they do not currently boycott Israel and will not boycott Israel during any time in which they are entering into, or while in contract, with any public entity as defined in §25-1-503. If at any time during contract the contractor decides to boycott Israel, the contractor must notify the contracted public entity in writing.
5. Contractor agrees that no solicitation of City employees will take place.
6. As an interested party on this project, you are required to provide debarment/suspension certification indicating in compliance with the below Federal Executive Order. Certification can be done by completing and signing this form. Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.
7. Signature certifies that neither you nor your principal is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Questions regarding this form should be directed to the City of Fayetteville Purchasing Division.

NAME: _____

COMPANY: _____

TAX ID: _____

PHYSICAL ADDRESS: _____

MAILING ADDRESS: _____

PHONE: _____ FAX: _____

E-MAIL: _____

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Signed by : _____

SIGNATURE: _____

PRINTED NAME : _____

TITLE: _____

DATE: _____

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City of Fayetteville

RFQ 21-05, Investment Management Services

SECTION D: Scope of Services and General Information

1. BACKGROUND:

An amended investment policy was amended on August 01, 2021.

A copy of the City's investment policy is attached (**Attachment A: AC-02, City Investments**) and includes a copy of the applicable statutes. Authorized investments permitted by law are further restricted under Section AC-2.4, Subsection B, lines 1 through 11 of the Policy.

The City's Finance and Internal Services Director, or designee, is committed to working closely with the advisor or manager of the City's investments in the development of information systems and reporting requirements. You are encouraged to work with the Accounting and Audit Division to further develop and achieve the desired results.

2. QUALIFICATIONS:

- a. **Organization:** Provide a general description of your organization including the ownership, subsidiaries and any affiliations relevant to the City.
- b. **Professional Staff:** Provide information identifying the number and type of investment professionals employed by your organization and indicate the average number and type of accounts handled by a portfolio manager. Please provide resumes of the principal(s) who will be responsible for the management of the City's investments.
- c. **Experience:** Provide a general description of investment experience with public and/or private sector customers in managing assets utilizing the same or similar type investment policy. Please list a minimum of four (4) such customers that may be contacted for references.
- d. **Client Base:** Describe your institutional investment management asset portfolio and fixed income portfolio totals separately for Governmental and other institutional entities and identify such assets as operating or pension funds.
- e. **Procedures:** Describe the process you would recommend for establishing the investment objectives and constraints for this account. Describe reporting procedures. Include a proposed action plan to phase in investing of available cash. The City has a current portfolio of approximately \$135,000,000 held with an asset manager.
- f. **Resources:** Describe your organization's research capabilities and credit review process. Describe efforts your firm makes to keep portfolio managers informed of developments relevant to government investment managers.
- g. **Performance:** Provide relevant performance statistics. Specifically, provide performance statistics for similar portfolios, as described by the City's Investment Policy, measured against the Bank of America Merrill Lynch 1 to 5 years US Treasury Index and the Merrill Lynch AAA Agency Master Index for the years 2018, 2019 and 2020.

3. REQUIREMENTS:

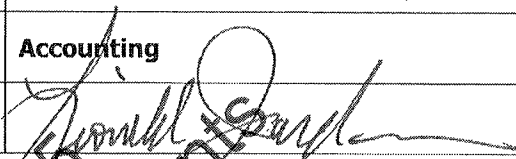
- a. The selected firm will be required to enter into a non-exclusive contract with the City for investing of a portion of the City's operating funds. More than one manager may be selected by the City.
- b. The contract will include a provision for third party custodial services; delivery versus payment provisions; settlement procedures; Term of Agreement; Termination and Rescission provisions; insurance requirements; and other provisions considered necessary and/or advisable. Fees will be negotiated after contract award and will not be part of the evaluation. Records and reporting requirements will include a written quarterly report for Accounting Director an annual report for City Council. The contract will also require conformance with the City's investment policy, with emphasis on principal preservation, and all applicable State regulations.
- c. Provide history of any complaints, censure or litigation by the Securities and Exchange Commission and/or other regulatory agencies involving your organization within the last three (3) years.
- d. Past record (if any) or malpractice claims or professional conduct claims including the outcome & resolution.
- e. The proposed shall maintain in force at all times during the term of the services contemplated herein, insurance for Workers' Compensation, General Liability and Errors and Omissions Liability. Such policies shall be issued by companies authorized to do business in the State of Arkansas.
- f. The proposed is responsible for full and complete compliance with all applicable laws, rules, regulations and licensing requirements imposed by any public authority having jurisdiction. The proposed must be registered with the Securities and Exchange Commission and any other applicable Arkansas State required registration.
- g. For investing, arranging for third party custodial services and providing written reports for a portion of the City of Fayetteville's (City) operating funds not needed for immediate expenditures.
- h. STATEMENTS OF QUALIFICATION SHALL NOT INCLUDE FEES OR PRICING.

4. EXPECTED PROJECT TIMELINE:

Project Advertisement:	Sunday, August 29, 2021
Deadline for Statements of Qualification:	Tuesday, September 28, 2021 before 2:00 PM, local time
Interviews with short listed firms (<i>tentative</i>)	week of October 11, 2021, times TBD
City Council Deadline (deadline for signed contract)	October 27, 2021 by Noon
City Council Agenda Session	November 09, 2021
City Council Meeting	November 16, 2021

5. PERIOD OF CONTRACT: Initial contract period is intended to be for one year, from the date of signed contract by both parties. However, this agreement may be renewed for four (4) consecutive one (1) year terms. Each such annual renewal term shall be subject to budget approval by the City Council. In addition, the City of Fayetteville reserves the right to cancel this contract, at any time, with a thirty (30) day written notice.

**CITY OF FAYETTEVILLE, ARKANSAS
POLICY AND PROCEDURE**

Subject:	City Investments
Policy Number:	AC-02
Original Policy Date:	December 21, 1999
Effective Date of New/Revised Policy:	August 1, 2021
Revision Dates:	Replaces ACCT-2 December 21, 1999
Custodian: (Division)	Accounting
Mayor's Signature and Date	

AC-2.0 PURPOSE:

The purpose of this policy is to provide guidelines for investment of City of Fayetteville operating funds to preserve the safety of principal, to maintain adequate cash flow, and to maximize interest earnings.

AC-2.1 SCOPE:

This policy applies to the investment of City of Fayetteville operating funds not needed for immediate expenditures. This policy does not govern the investment of employee retirement or pension funds or proceeds of bond issues.

AC-2.2 STANDARDS/OBJECTIVES:

Investments will be made within the constraints of applicable State laws and this policy, taking into consideration liquidity needs of the City.

Investment decisions will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Investment of the funds of the City of Fayetteville shall be directed to the primary objective of safety of principal; the secondary objective shall be maintaining adequate cash flow; and the final objective shall be maximizing investment yield.

Except for cash in certain restricted and special funds, the City may consolidate moneys from individual funds to maximize interest earnings. Investment income will be allocated to the various funds based on each fund's participation.

AC-2.3 DELEGATION OF AUTHORITY/RESPONSIBILITY:

Management of the investment of City funds regulated by this policy shall be the responsibility of the Mayor and the Finance & Internal Services Director. The Mayor and the Finance & Internal Services Director may delegate authority for investment transactions. The Mayor and the Finance & Internal Services Director may, by proper procurement procedures, contract for the services of an asset manager, an investment advisor, or other expert advisor(s) to invest all or a portion of City funds regulated by this policy. Selection of an independent asset manager or investment advisor will be limited to those candidates who have an office within the City of Fayetteville.

The Mayor and the Finance & Internal Services Director and their designees are authorized to: open and close accounts with financial institutions in the name of the City; make wire transfers of funds for the City; make deposits of funds for the City; execute collateral, depository and investment agreements for the City; and take any other such actions needed to carry out their responsibilities for the depositing and investing of the City's funds as authorized by State Statutes and this policy.

The Mayor, the Finance & Internal Services Director, and other City employees assigned to manage the investment portfolio, acting within the intent and scope of this Investment Policy, shall be relieved of personal responsibility for an individual security's credit risk or market risk. Officers and employees involved in the investment process shall refrain from personal business activities that conflict with proper execution of the investment program or impair their ability to make impartial investment decisions.

The Mayor and the Finance & Internal Services Director shall establish operating procedures to implement this investment policy.

AC-2.4 AUTHORIZED INVESTMENTS:

- A. The City will invest only in book entry securities.
- B. The City may, without limitation, invest in allowable instruments or securities authorized for investment by Arkansas Code Annotated §§ 14-58-309 (Act 1341 of 1999), and further defined in Section 23-47-401 (Investment Powers and Limitations), or by the Local Government Joint Investment Trust Act, Arkansas Code Annotated §§ 19-8-301 et seq., (Local Government Trusts) as amended.

C. Other Provisions

1. The Finance & Internal Services Director may establish an account with the Federal Reserve Bank to purchase U.S. Government Securities directly from the U.S. Treasury.
2. Any Arkansas state legislative action that provides for additional investment vehicles allowed or further restricts investment vehicles shall be incorporated into the City's investment policy and will supersede any previous language in this policy.
3. The City will be allowed to hold to maturity any investments existing at the time of enactment of this policy. Reinvestment of such funds will be in accordance with this policy and State Laws.
4. The Mayor and the Finance & Internal Services Director may set additional limitations on the parameters for various types and concentration of investments. Operating procedures will define requirements to implement this policy

AC-2.5 INVESTING PARAMETERS:

A. Diversification

The City investments regulated by this policy shall be diversified by:

- limiting investments to avoid over concentration in securities from a specific issuer to five percent (5%) of the cost basis of the City's portfolio at the time of purchase, a limit of fifteen percent (15%) of the cost basis of the City's portfolio will apply to each business sector as defined by any recognized rating agency, **except for U.S. Treasury securities and collateralized certificates of deposit,**
- investing in securities with varying maturities, and
- continuously investing a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained.

B. Maximum Maturities

The City will attempt to match investment maturities with cash flow requirements and will utilize investments in readily available funds, when needed, to meet ongoing obligations. The City anticipates a range of maturities of ninety (90) days to five (5) years. The City can, in rare cases, consider investments with longer maturities if the funds are easily defined to be used after five (5) years.

AC-2.6 ALLOWED INSTITUTIONS:

Security transactions on behalf of the City by an asset manager, or the City itself, will be conducted only with financial institutions and broker/dealers who have offices within

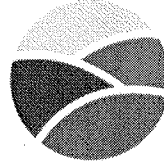
Washington County unless otherwise authorized in writing by the Mayor and Finance & Internal Services Director.

A list of authorized financial institutions and broker/dealers to be used by an asset manager, an investment advisor, or the City itself, will be maintained by the City and provided to such asset manager or investment advisor on a mutually agreed upon basis. Security broker/dealers on the list will meet or exceed the capital adequacy standards set by the Federal Reserve Bank of New York and may include dealers designated as primary dealers by the Federal Reserve Bank of New York or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (Uniform Net Capital Rule).

AC-2.7 SAFEKEEPING/COLLATERALIZATION:

- A. Investment of City funds, including cash held for investment, managed under contract of services by an asset manager, investment advisor, or other expert advisor(s) will be placed with a third-party custodian approved by the City. All trades, where applicable, will be executed by Delivery vs. Payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
- B. The custodian will make reports as requested by the City or advisor(s) and will be accountable for the assets held by the custodian for the City's account. The custodian will be required to maintain an office in Washington County, Arkansas.
- C. Collateralization will be maintained as required by State law and procedures established by the City. Demand deposits, time deposits, repurchase agreements, and any other investments requiring collateralization shall be collateralized at a level of 102 percent of the market value of principal and accrued interest, less the amount insured by the FDIC.

RFQ 21-05, Addendum 1



CITY OF
FAYETTEVILLE
ARKANSAS

Date: Wednesday, September 15, 2021

To: All Prospective Vendors

From: Jonathan Smith – 479.575.8220 – jonsmith@fayetteville-ar.gov

RE: RFQ 21-05, Investment Management Services

This addendum is hereby made a part of the contract documents to the same extent as though it were originally included therein. Bidders should indicate their receipt of same in the appropriate blank of the Bid Form. *BIDDERS SHOULD ACKNOWLEDGE THIS ADDENDUM ON THE DESIGNATED LOCATION ON THE BID FORM.*

1. The following questions were submitted regarding RFQ 21-05:

Question	City Response
1. Can the City provide a current holdings report for the portfolio?	Yes, this information will be attached in this addendum.
<p>2. SECTION D: Scope of Services and General Information, 2. QUALIFICATIONS, Letter g states "Performance: Provide relevant performance statistics. Specifically, provide performance statistics for similar portfolios, as described by the City Investment Policy, measured against the Bank of America Merrill Lynch 1 to 5 years US Treasury Index and the Merrill Lynch AAA Agency Master Index for the years 2018, 2019 and 2020." Are these the current benchmarks for the portfolio? If not, what are the portfolio's current benchmark(s)? Can the proposer present performance statistics for benchmarks similar to the BoAML 1-5 YR US Treasury Index and/or the ML AAA Agency Master Index (i.e. Bloomberg indices) or is the City requesting the proposer present performance against these stated benchmarks?</p>	Yes

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<p>3. What is the current and/or expected mandate size? Is there a portion of the City's portfolio managed internally that is not part of the Scope of Services of this mandate for investment management services?</p>	<p>There is no guaranteed size of the portfolio. The City uses the funds to cash flow the operations of the City. There is no portion managed internally at this time.</p>
<p>4. Does the City have a current investment firm managing the portfolio? If so, who is the incumbent?</p>	<p>First Security Bank</p>
<p>5. Can the City provide the fees/fee schedule paid to the current investment manager(s) to provide investment management services for the portfolio?</p>	<p>The current fees are 10 basis points on the average market value of the account assets if the Assets are greater than \$25,000,000.</p>
<p>6. POLICY AND PROCEDURE, Policy Number AC-02, AC-2.5 INVESTING PARAMETERS states: "The City investments regulated by this policy shall be diversified by: limiting investments to avoid over concentration in securities from a specific issuer to five percent (5%) of the cost basis of the City's portfolio at the time of purchase, a limit of fifteen percent (15%) of the cost basis of the City's portfolio will apply to each business sector as defined by any recognized rating agency, except for U.S. treasury securities and collateralized certificates of deposit." What does the City define as the "business sector"? Does "business sector" refer to the BICS Level 1 or Level 2? Does "business sector" refer to sector or industry limits?</p>	<p>BICS Level 1</p>
<p>7. POLICY AND PROCEDURE, Policy Number AC-02, AC-2.6 ALLOWED INSTITUTIONS states: "Security transactions on behalf of the City by an asset manager, or the City itself, will be conducted only with financial institutions and broker/dealers who have offices within Washington County unless otherwise authorized in writing by the Mayor and Finance & Internal Services Director." Can the City provide a current list of approved broker/dealers? Is the City open to authorizing broker/dealers with offices outside of Washington County if the broker/dealer meets the City's other qualifications to "meet or exceed the capital adequacy standards set by the Federal Reserve Bank of New York and may include dealers designated as primary dealers by the Federal Reserve Bank of New York or regional dealers</p>	<p>No</p>

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<p>that qualify under Securities and Exchange Commission (SEC) Rule 15C3-I (Uniform Net Capital Rule)”?</p>	
<p>8. AC-2.4 AUTHORIZED INVESTMENTS, Letter B references Arkansas Code Section 23-47-401 (Investment Powers and Limitations). Can the City clarify letter (b), number (1) that states: “A state bank may invest no more than twenty percent (20%) of its capital base in any single investment of the following types: (1) Corporate debt obligations, including commercial paper, of any corporation that is not an affiliate or subsidiary of the bank”. Is 20% the corporate sector maximum of the total portfolio inclusive of the 15% “business sector” limit? What is the corporate sector maximum for the portfolio?</p>	<p>The City takes a very conservative approach to investing and would only allow a very limited amount in corporate or business bond</p>
<p>9. Are investment grade floating rate corporate notes that meet all issuer restrictions an allowable investment?</p>	<p>No</p>
<p>10. Who is the City’s current custodian?</p>	<p>First Security Bank</p>
<p>11. The RFP states: “Pursuant to Arkansas Code Annotated §22-9-203 the City of Fayetteville encourages all qualified small, minority and women business enterprises to bid on and receive contracts for goods, services, and construction.” Although our firm is over 51% minority-owned and operated, we do not qualify for the state’s Minority and Women-Owned Business Enterprise Certification program because the firm’s majority owners are not legal permanent residents of Arkansas and do not file state income tax returns with the Arkansas Department of Finance and Administration? Does the City accept MBE certifications from other states and cities?</p>	<p>No</p>
<p>12. Please provide a copy of the service agreement.</p>	<p>A copy of the service agreement is included in this Addendum.</p>

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<p>13. Page 11 of the RFQ requests four references we previously performed contract services for and page 15 (under line item c.) requests four customers who may be contacted for references. Is page 11 requesting four former clients and page 15 is requesting 4 current clients or can the references include on page 11 also be used on page 15?</p>	<p>This RFQ only requires a total of 4 references. Those references can be either previous clients or current clients.</p>
<p>14. SECTION D: Scope of Services and General Information, 3. Requirements, Letter b. states "The contract will include a provision for third party custodial services...". Letter g states "For investing, arranging for third party custodial services..." Can the City provide clarification on whether the mandate Scope of Services includes custodial services and/or assisting the City in arranging custodial services? Our firm only provides investment management services and does not provide or arrange custodial services. Would our proposal still be considered for this mandate?</p>	<p>No</p>
<p>15. As part of our response/submission, do proposers need to address, answer, and/or include all or part of SECTION A - General Terms & Conditions? For example, 1. SUBMISSION OF A STATEMENT OF QUALIFICATION SHALL INCLUDE has several letters (a., b., e., h., etc.) that request information, some of which is covered in SECTION D: Scope of Services and General Information</p>	<p>Yes, proposers need to address, answer, and/or include all of Section A, even if it is a duplication of a different section requirement.</p>

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 City's RFO
 PFO 21-05

2. A non-mandatory pre-proposal conference was held virtually via Zoom on September 8, 2021. The listing of attendees via Zoom is attached for disclosure to all interested parties.
 - a. Attendees:
 - i. Andrea Foren
 - ii. Liliana Ferman
 - iii. David Calvert
 - iv. Jonathan Smith
 - v. Madison Lancaster
 - vi. 17175744240
 - vii. Chafen DeLao
 - viii. 15012793408
 - ix. 18328688841

Note: Copy of previous contract included with the issuance of Addendum 1 which was removed during contract document preparation

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Pre-Proposal Conference: RFQ 21-05, Investment

Management Services Date: 09/08/2021 at 10:00 AM

Meeting ID 852989536 55

Topic Pre-Proposal Conference: RFQ 21-05, Investment Management Services

Start Time 9/08/21 at 9:55 AM

End Time 9/08/21 at 10:11 AM

User Email aforen@fayetteville-ar.gov

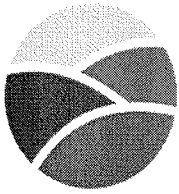
Duration (Minutes) 17

Participants 9

Name (Original Name)	User Email	Total Duration (Minutes)	Guest
Andrea Foren	aforen@fayetteville-ar.gov	17	No
Liliana Ferman	lilianamicaela0521@gmail.com	18	Yes
David Calert (PFM)	Unknown	17	Yes
Jonathan Smith	jonsmith@fayetteville-ar.gov	16	No
Madison Lancaster	Unknown	16	Yes
17175744240	Unknown	15	Yes
Chafen DeLao	Unknown	13	Yes
15012793408	Unknown	12	Yes
18328688841	Unknown	1	Yes

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CITY OF
FAYETTEVILLE
ARKANSAS

City of Fayetteville, AR
Purchasing Division, Room 306
113 W. Mountain Street
Fayetteville, AR 72701
Phone: 479-575-8220

TDD (Telecommunication Device for the Deaf): 479.521.1316

RFQ (REQUEST FOR QUALIFICATION)

REQUEST FOR QUALIFICATION: RFQ 21-05, Investment and Management Services

DEADLINE: September 28, 2021 prior to 2:00:00 PM, local time

DELIVERY LOCATION: City's online procurement portal at <http://fayetteville-ar.gov/bids>

PURCHASING MANAGER: Jonathan Smith, jonsmith@fayetteville-ar.gov

DATE OF ISSUE AND ADVERTISEMENT: Sunday, 08/29/2021

REQUEST FOR STATEMENT OF QUALIFICATION RFQ 21-05, Investment Management Services

Name of Firm: First Security Bank

Contact Person: Frank Faust Title: President Trust Division

E-Mail: ffaust@fsbank.com Phone: 501.279.3408

Business Address: 314 North Street

City: Searcy State: AR Zip: 72143

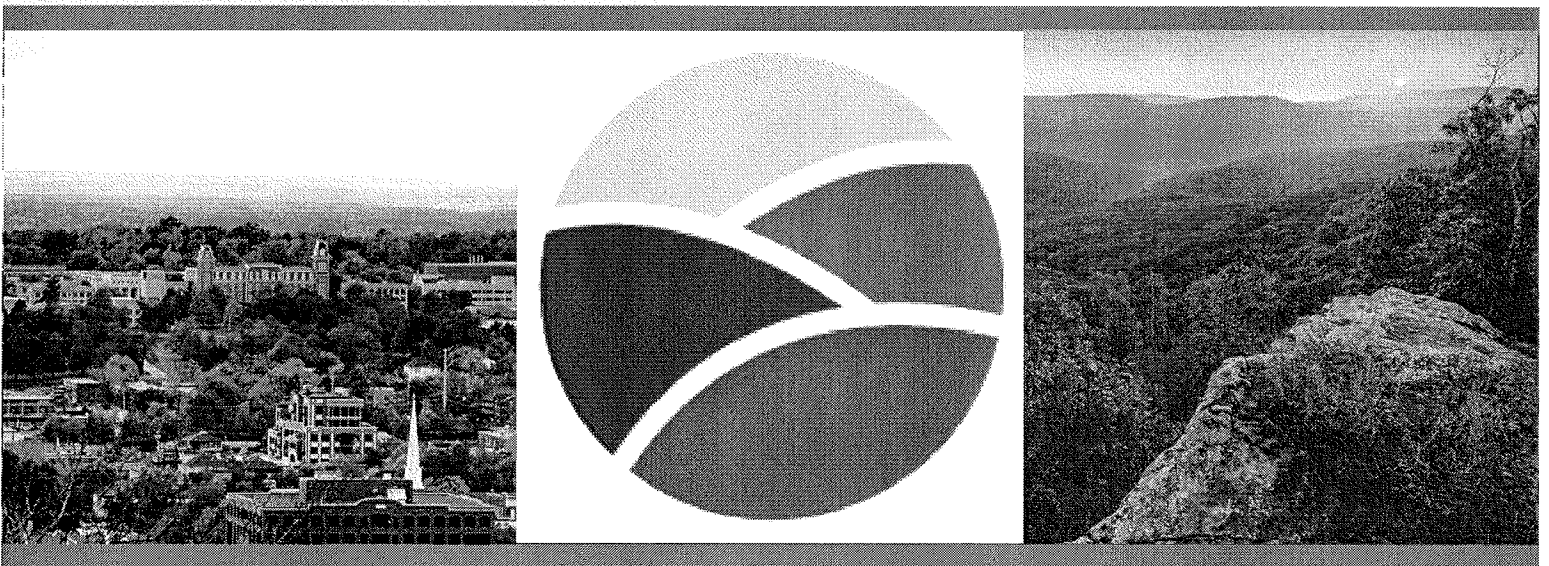
Signature: *Frank Faust* Date: 9/28/2021

Submittals shall be submitted via upload and complete submission on the City's electronic platform at <http://fayetteville-ar.gov/bids>. No physical copies shall be submitted. The City will not accept late or misdirected responses.

All statements of qualification shall be submitted in accordance with the attached City of Fayetteville specifications and documents attached hereto. Each Proposer is required to fill in every blank and shall supply all information requested; failure to do so may be used as basis of rejection. Any bid, proposal, or statements of qualification will be rejected that violates or conflicts with state, local, or federal laws, ordinances, or policies.

The undersigned hereby offers to furnish & deliver the articles or services as specified, at the prices & terms stated herein, and in strict accordance with the specifications and general conditions of submitting, all of which are made a part of this offer. This offer is not subject to withdrawal unless upon mutual written agreement by the Proposer/Bidder and City Purchasing Manager.

Response to Provide
Investment Management Services
(RFQ 21-05)
to the
City of Fayetteville, Arkansas
September 28, 2021





September 28, 2021

Jonathan Smith, Sr. Purchasing Agent
City of Fayetteville, AR
Purchasing Division, Room 306
113 W. Mountain
Fayetteville, AR 72701
<https://www.fayetteville-ar.gov/bids>

RE: Response for Qualifications (RFQ 21-05), Investment Management Services

Dear Mr. Smith:

On behalf of the First Security Bank's Trust and Wealth Management Department and Crews & Associates, Inc., an affiliate of First Security Bank, we respectfully submit this proposal to the City of Fayetteville (the "City") to serve as its Investment Manager. It is our intention through this joint proposal to provide the City with an investment account whose performance and trading philosophy will provide value to the citizens of the City.

First Security is an Arkansas-based financial services company headquartered in Searcy, Arkansas. Our investment banking affiliate, Crews & Associates, Inc., ("Crews") is a wholly-owned subsidiary of First Security Bancorp. Headquartered in Little Rock, Arkansas, Crews was incorporated in 1979. First Security Bank maintains an extensive footprint in northwest Arkansas, especially in Fayetteville. First Security and our affiliate organizations are proud of our Arkansas heritage and the expertise and business acumen our trust bankers and financial experts offer our clients.

We appreciate the opportunity to submit our qualifications and we look forward to working with the City.

Sincerely,

A handwritten signature in black ink that reads 'Frank Faust'.

Frank Faust
President Trust Division
First Security Bank

A handwritten signature in black ink that reads 'Dennis Clay'.

Dennis Clay
Chief Executive Officer
Crews & Associates, Inc.

Crews & Associates, Inc.

521 President Clinton Avenue, Suite 800 | Little Rock, AR 72201
501.907.2000 (local) | 800.766.2000 (toll free) | 501.907.4000 (fax) | crewsfs.com

NOT FDIC INSURED • MAY LOSE VALUE • NOT BANK GUARANTEED • NOT A DEPOSIT
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY • MEMBER FINRA & SIPC



Executive Summary

RFQ 21-05, Investment Management Services

First Security Bank and Crews & Associates, Inc. (the "Financing Team") have provided the City of Fayetteville Investment Management Services for over fifteen years. When we received the assets in this portfolio on November 30, 2006, the account market value was \$69,668.733. Pursuant to RFQ 11-08, the Financing Team was awarded a five-year term and pursuant to RFQ 16-03, the Financing Team was awarded another five-year term. Currently the portfolio has a market value of over \$135,000,000. In addition, over the last fifteen years, \$26,676,698 of distributions have been made from the portfolio and \$72,413,500 of contributions have been made to the portfolio.

It has been the Financing Team's desire and focus to provide the best execution cost for the securities that are permissible within the City's Investment Policy. That Investment Policy lists the objectives, in order, as: 1) safety of principal, 2) maintaining adequate cash flow, and 3) maximizing investment yield.

Analysis

During our fifteen years serving as the City's Investment Manager, we have never once experienced a defaulted bond. Each month, we have specifically reviewed the investments held in the account to make sure no investment in the account had an increased risk of default. Over the last fifteen years, the portfolio has maintained cash flow to the City, as evidenced by distributions totaling \$26.6 million, with \$72.4 million in contributions during that same period. Lastly, we have maximized investment yield. We have paid 25 bps on the money market in the First Security Bank Investment Account and always sought out the required investments within the 1 to 5-year maturity term. We recognize that the yield has decreased over the period but submit to the committee that was due to the Fed's Monetary Policy of lowering interest rates to jump start the economy since COVID-19 was discovered. We believe that once COVID-19 is ameliorated and the Fed modifies its monetary policy, interest rates will recalibrate to the market and without the Fed's significant intervention in the bond market, bond rates will rise. The current portfolio is perfectly placed with a very short average maturity of 2.39 years. This is an important tactical strategy as we anticipate rising rates and we want to be in position to take advantage of those rising rates as opposed to holding onto longer term bonds whose market value will erode and returns dwindle as compared to future market rates.

We thank you for your past confidence in our Financing Team and hope that you will continue to place the faith and confidence in us for the next five years.

Thank you.



Qualifications

The following response is submitted on behalf of First Security Bank's Trust and Wealth Management Department (the "Trust Department") and Crews & Associates, Inc., ("Crews", collectively with the Trust Department, the "Financing Team"). The Financing Team does not foresee a possible conflict of interest with any employee of the City or elected City official.

A. Organization: Provide a general description of your organization including the ownership, subsidiaries, and any affiliations relevant to the City.

First Security Bancorp

Based in Searcy, Arkansas, the privately-held First Security Bancorp has the most complete and diverse product offering of any Arkansas-based financial services holding company. Supported by the strength of \$1.3 billion in total capital and \$7.96 billion in assets, First Security has the ability to meet any financing need - right here in Arkansas. With more than 1,000 employees covering locations throughout the state, we offer solutions for the financial needs of individuals, businesses, and the public sector, including a network of local community banks, respected investment banking and wealth management services, public finance, real estate development and revitalization, leasing, and mortgage services.

Affiliate Organizations

- First Security Bank
- Crews & Associates
- First Security Beardsley

First Security Trust and Wealth Management Department

With assets of more than \$2.43 billion, the Trust Department of First Security Bank is headquartered in Searcy, Arkansas. The Trust Department provides the following services:

- Wealth Management
- Employee Retirement Services
- Estate Management
- Living and Personal Trusts
- Court-Appointed Guardianships
- Corporate Bond Issues
- Agencies
- Escrow Services
- Self-Directed IRAs

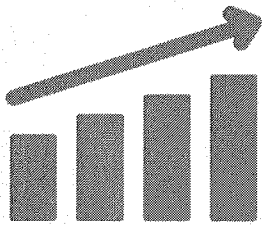


Crews & Associates

As a full-service investment banking firm, Crews provides funding and advice to help transform our clients' ideas and goals into reality. Founded in 1979 in Little Rock, Crews was acquired by Arkansas-based First Security in 2000. Through a wealth of additional resources and support, this strategic relationship assisted Crews in being recognized as a top underwriter* of Arkansas bonds for the last five years and strengthened our reputation as a nationally respected firm in the fixed-income industry.

The professionals at Crews are creative thinkers and pride themselves in developing the best solutions to meet specific needs. We have a proven expertise and the commitment our clients seek in a long-term partner. Our team is known for hard work, integrity, stability and customer service – and we are all ready to serve you.

ABOUT CREWS



Subsidiary of First Security, a financial services holding company with

\$1.4+ billion in total capital

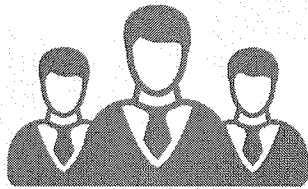
\$7+ billion in assets

Crews finances transactions from less than \$1 million to nearly

\$200 MILLION

Participated in underwriting 3500+ bond issues totaling

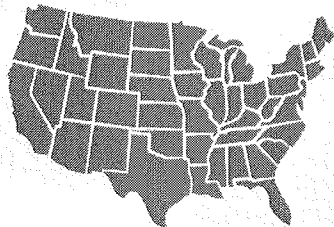
\$44+ billion in the last 5 years



40+ years experience

180+ employees

130+ registered sales representatives



Clients in all **50** states

Capital Markets Group specialists in **8** states

Arizona, Arkansas, Alabama, Georgia, Louisiana, Mississippi, New York and West Virginia

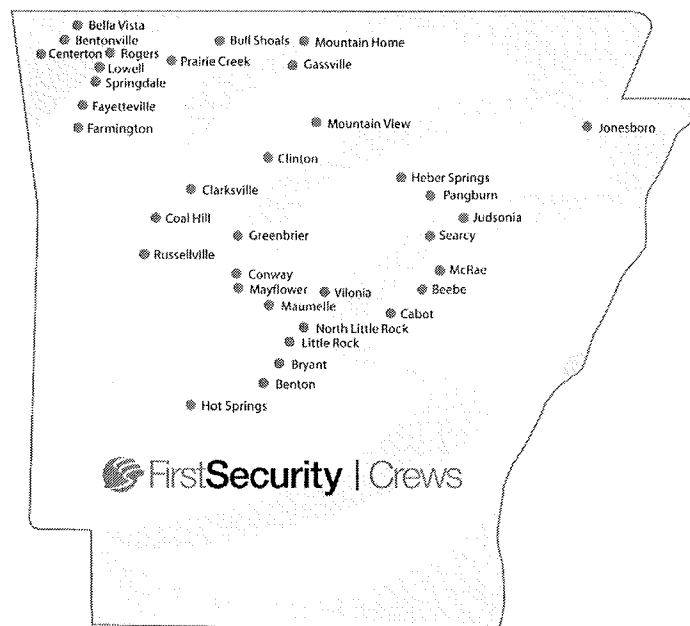
*Source: Bloomberg



Crews was founded 40 years ago. Fixed income securities and public finance are our primary focus and our expertise in this segment of the market sets us apart from others in our industry. Our firm has an incredible depth of stable distribution - a team of 130+ experienced investment sales specialists representing the **largest** centralized fixed income sales force in the State. These professionals are constantly accessing the most efficient cost of capital to help our clients fund their projects. All sales and trading operations are administered from our headquarters in Little Rock.

Crews is an Arkansas-based, full-service investment banking firm. Our parent company, First Security, is a \$7+ billion asset bank holding company. Our partnership with First Security enhances our company's management team, our access to capital and our access to the most advanced technology.

Crews is headquartered in Little Rock with more than 160 employees working from this location. We also have investment sales representatives located in Springdale, Rogers, Fayetteville, Maumelle, Searcy, Clarksville, Conway, and Mountain Home. Additionally, we have an established public finance office in Fayetteville.





- Investment banking
- Public finance
- Sales and trading
- Financial advisory services
- Lease financing

We understand that trust is a priority when choosing a financial partner. Crews has an impressive record of staff continuity, so you always know who you're working with. What's more, our professionals are eager to communicate with clients, answer questions and develop solutions. This level of personal support contributes to high customer satisfaction and the incredible longevity of our client relationships.



Building on a solid foundation of long-term client relationships, the Crews team holds fast to a proven combination of financial experience, work ethic, integrity and extraordinary service. This strategy has served our firm – and our clients – very well, inspiring confidence and positioning Crews as an industry leader with a respected reputation for strength and reliability.



B. Professional Staff: Provide information identifying the number and type of investment professionals employed by your organization and indicate the average number and type of accounts handled by a portfolio manager. Please provide resume(s) of the principal(s) who will be responsible for the management of the City's investments.

First Security Trust and Wealth Management Department

- 7 Trust Officers
- 3 Wealth Strategists
- 3 Trust Accountants
- 8 Trust Assistants

Assets Under Management (AUM) make up 1,260 Trust Department accounts totaling \$2.43 billion. Of these accounts, the Trust Department is responsible for investment management agencies, trust accounts, estate accounts, IRA accounts, retirement plans, bond issues, and guardianships. On average, a trust officer and/or wealth strategist handles 180 accounts.

Crews & Associates, Inc.

- **Sales/Trading**
 - 130+ Registered Representatives Nationally
 - 17 Fixed Income Traders
- **Capital Markets**
 - 33 Registered Representatives
 - 5 Non-Registered (Clerical/Ministerial) Employees
 - 12 Offices Nationally
- **Compliance**
 - 3 Registered Principals
- **Accounting/Operations/Human Resources**
 - 3 Registered Representatives
 - 27 Non-Registered (Clerical/Ministerial) Employees
- **Information Technology**
 - 2 Registered IT Employees
 - 7 Non-Registered IT Employees



Financing Team Resumes

Frank Faust, President Trust Division

Head of Trust & Wealth Management
First Security Bank - Trust Department
314 North Spring Street • Searcy, AR 72143
501.279.3408 • ffaust@fsbank.com

Frank Faust is President of Trust Division and Head of Trust & Wealth Management at First Security Bank. He has been with the Bank for over 25 years. Frank received his Bachelor's Degree in Finance/Banking from the University of Arkansas, Fayetteville. He received his Juris Doctor degree, with honors, from the University of Arkansas School of Law, Fayetteville. After practicing law in Little Rock, Arkansas for six years, Frank joined First Security Bank to head its Trust Department. He has extensive experience in managing fixed income securities.

Nathan Nailling, CPA, CTFA

Senior Vice President & Trust Officer
First Security Bank - Trust & Wealth Management
2500 W. Sunset Ave. • Springdale, AR 72762
479.750.5665 • nnailling@fsbank.com

Nathan Nailling is a Senior Vice President & Trust Officer serving Northwest Arkansas in Trust and Wealth Management. He has been with First Security Bank for over 10 years, where he administers trusts, estates, qualified retirement plans and taxable investment accounts. He received both his Bachelor's Degree in Accounting and Masters of Accountancy from the University of Arkansas, Fayetteville. Prior to joining First Security Bank, Nathan spent approximately 5 years at one of the top ten accounting firms in the country. Nathan is a certified Public Accountant (CPA) and Certified Trust & Financial Advisor (CTFA).

Adam Rutledge

President and CEO

First Security Bank (Northwest Arkansas)
2863 West Sunset • Springdale, AR 72762
Direct: 479.750.5602 • Adam.Rutledge@fsbank.com

Adam Rutledge, a third-generation banker, began his career as a teenager at First Security Bank in Searcy, Arkansas. Having served in multiple banking roles throughout his career not only provided him with an extensive knowledge of consumer and commercial banking, but also a genuine passion for community banking. Now president of First Security's thriving Northwest Arkansas market, Adam supports both business and personal clients with an exceptional ability in determining financial needs and providing banking solutions instrumental to their growth. Adam received his bachelor's degree in Finance/Banking from the University of Arkansas, Fayetteville in 2004.

**Dennis Clay**

CEO

Crews & Associates, Inc.

521 President Clinton Ave., Suite 800 • Little Rock, AR 72201

501.978.8697 • dclay@crewsfs.com

Dennis Clay, chief executive officer, drives the strategic direction and operational performance of the Crews team as it assists clients in Arkansas and across the country in navigating financial markets. Dennis and the team adhere to the guiding principles of stewardship and service while delivering reliable value to investors and bond issuers. This commitment to reliability positions the organization to deliver consistent performance long-term.

Dennis is a veteran of the financial services industry with more than 30 years of experience. Before becoming CEO in 2020, he was head of sales and trading. His background includes serving as a municipal underwriter for 28 years with two large regional firms and underwriting over \$100 billion in municipal bonds. Over the years, his responsibilities have included developing a dedicated municipal sales force, building a super-regional competitive underwriting group that covered the entire country and constructing an internal system that pre-markets and distributes negotiated municipal bonds to numerous class investors to make sure the client always receives the lowest bond issuance cost.

Dennis' expertise and vast knowledge allows us to serve the financial needs of clients in all levels of government, business and private industry.

Andy Edwards

Senior Vice President/Head Government Trader

Crews & Associates, Inc.

521 President Clinton Ave., Suite 800 • Little Rock, AR 72201

501.978.7963 • aedwards@crewsfs.com

Andy joined Crews in the summer of 1983. He has a B.S. in Business from Ouachita Baptist University. Andy's institutional client base is primarily made up of insurance companies, banks and trust departments. With experience in all aspects of the fixed income market, Andy is able to focus on each client's individual needs. Customer service and attention to detail have contributed to his success over the years. In fact, most of his long-term clients have become personal friends.



C. Experience: Provide a general description of investment experience with public and/or private sector customers in managing assets utilizing the same or similar type investment policy. Please list a minimum of four (4) such customers that may be contacted for references.

The Trust Department has over 87 governmental and other institutional entities for which we manage Fixed Income Portfolios. Listed below are references that may be contacted.



Stuart Hill
CFO
Unity Health
3214 E. Race Ave.
Searcy, AR 72143
P: 501.380.1004
F: 501.380.1011
E: stuart.hill@unity-health.org
Manage Equity & Fixed Income Portfolio



Wyman Morgan
Director of Finance & Administration
City of Springdale
201 Spring St.
Springdale, AR 72764
P: 479.750.8152
F: 479.750.8559
E: wmorgan@springdalear.gov
Manage Construction Fund



Dan Eckels
CFO
Washington Regional Medical Center
3215 North Hills Blvd.
Fayetteville, AR 72703
P: 479.463.6026
F: 479.463.5977
E: deckels@wregional.com



Jeff Mascagni
CFO
Central Arkansas Water
221 East Capitol Ave.
Little Rock, AR 72203
P: 501.377.1339
F: 501.377.1218
E: jeff.mascagni@carkw.com



Diane Newton
VP for Finance & Administration
University of Central Arkansas
201 Donaghey Ave., Wingo Hall 312
Conway, AR 72035
P: 501.450.3184
F: 501.450.5168
E: dnewton@uca.edu
Bond Underwriting



Gina Terry
CFO
University of Arkansas System
1 University of Arkansas
Fayetteville, AR 72701
P 501.686.2923
E: rterry@uark.edu
Bond Underwriting



Scott Massanelli
Treasury Manager
City of Little Rock
500 West Markham
Little Rock, AR 72201
P: 501.371.4532
E: smassanelli@littlerock.gov



Karen Scott
CFO
Benton Utilities
1827 Dale Ave.
Benton, AR 72015
P: 501.776.8074
F: 501.776.5954
E: kscott@bentonutilities.com



D. Client Base: Describe your institutional investment management asset portfolio and fixed income portfolio totals separately for Governmental and other institutional entities and identify such assets as operating or pension funds.

Client Base				
Governmental and Other Institutional Entities				
	Market Value	Number of Accounts	Percent Operating Fund	Percent Pension Fund
Investment Management Asset Portfolios	\$338,000,000	28	47%	53%
Fixed Income Portfolios	\$417,000,000	65	100%	0%

E. Procedures: Describe the process you would recommend for establishing the investment objectives and constraints for this account. Describe reporting procedures. Include a proposed action plan to phase in investing of available cash. The City has a current portfolio of approximately \$135,000,000 held with an asset manager.

The Financing Team began the portfolio management process by establishing client objectives and constraints in compliance with the City's existing Policies and Procedures (AC-02). We feel the objectives established in AC-2.2 of 1) "safety of principal" (Principal Preservation), 2) "maintaining adequate cash flow" (Current Income), and 3) "maximizing investment yield" (Capital Appreciation) are qualified in context to City's Policies and Procedures.

Investment constraints such as liquidity needs, time horizon, authorized investments (AC-2.4), prohibited investments (AC-2.5), and parameters (AC-2.6) are clearly presented and are in agreement with established objectives.

Investment Objectives and Constraints were then used to create the Client Risk Profile (CRP). The CRP was the foundation for the Strategic Allocation. The Strategic Allocation was the "most efficient" use of asset classes within the CRP. Tactical adjustments were then made to the Strategic Allocation to take advantage of the current economic and rate environment.



F. Resources: Describe your organization's research capabilities and credit review process. Describe efforts your firm makes to keep portfolio managers informed of developments relevant to government investment manager.

The Trust Department has \$2.43 billion Assets Under Management (AUM). Our size and fiduciary obligation as a trust department creates value for our clients in the form of research, technology, staffing, quantitative, and qualitative analysis.

Resources:

- 21 Employees with FSB Trust & Wealth Management
- 180 Employees with Crews & Associates
- 85 In-House Bloomberg Users
- 17 In-House Fixed-Income Traders
- Subscribers of Thomson Reuters, S&P, Moody's, and Fitch, and several private research firms

G. Performance: Provide relevant performance statistics. Specifically, provide performance statistics for similar portfolios, as described by the City's Investment Policy, measured against the Merrill Lynch 1 to 5 years US Treasury Index and the Merrill Lynch AAA Agency Master Index for the years 2018, 2019, and 2020.

The Trust Department derives 100% of its revenue from the management fee charged to the client. Therefore, client satisfaction and investment performance are paramount to our business model. Benchmarking our portfolios against an established index is one of our many metrics for evaluating our progress.

The City of Fayetteville RFQ 21-05 requests that we use the current Bank of America Merrill Lynch 1-5 Year Treasury Index and the Bank of America Merrill Lynch 1-5 Year AAA Agency Master Index to analyze relative performance. The Bank of America Merrill Lynch 1-5 Year US Treasury Index is a sub-index of the Bank of America Merrill Lynch US Treasury Master Index, which tracks the performance of the direct Sovereign debt of the US Government. The index includes securities with a maturity from 1 up to (but not including) 5 years. In addition, we have included the Bank of America Merrill Lynch 1-5 Year Treasury and Agency Index, which we feel is also an appropriate index to compare performance. The table on the following page presents performance comparison for years 2018, 2019 and 2020.



Similar Accounts	2020	2019	2018
Similar Portfolios Net Fees	1.43%	2.50%	1.50%
BofAML 1-5 Year AAA Agency Master Index	3.35%	3.78%	1.72%
BofAML 1-5 Year Treasury Index	4.25%	4.20%	1.53%
BofAML 1-5 Year Treasury/Agency Index	4.22%	4.18%	1.54%

*Performance reporting is net of all fees, expenses and total returns.

**By design, the City's portfolio has an average maturity of 2.39 years and that reflects in the returns when compared to the above Bank of America benchmarks. Ideally, the City's portfolio should be compared to a 1 to 3 treasury/agency benchmark.

Highlights for each year:

2018: The 5-year Treasury started the year at 2.25% and ended the year at 2.51%

2019: The 5-year Treasury started the year roughly at 2.49% due to higher rate expectations and finished at 1.69%.

2020: [COVID-19 began in 2020] The 5-year Treasury started at 1.67% and ended the year at .36%.

2021: The 5-year Treasury started at .36% and as of September 14, 2021, it was .79%.

The 5-year Treasury rate increased in 2018, began to fall in 2019, and hit an all-time low of .19% in 2020. Since then, the Treasury rate has been increasing.

Portfolio Characteristics

Amount of Bonds	121,964,000
Average Maturity Years	2.39
Current Yield	0.31
AA+	100%
MM Balance	13,664,000
MM Rate	.03%

US Treasury	vs.	COF Current Yld	Margin
1-Year	0.06%	0.27%	0.21%
2-Year	0.20%	0.27%	0.07%
3-Year	0.40%	0.27%	- 0.13%
5-Year	0.77%	0.27%	- 0.50%

Tactical Portfolio Strategy

The Financing Team has adopted a short/intermediate term tactical strategy to take advantage of a volatile interest rate environment. We feel a portfolio with an average maturity of 2.39 years has the liquidity necessary to capitalize on opportunities and provide price stability in the next 12-24 months. Conversely, we feel the duration(s) necessary to achieve higher yields will be counterproductive to portfolio returns during the next 5-year period. As a consequence of the COVID-19 pandemic and the government's policies in dealing with the pandemic, the bond market has weakened. The Financing Team believes that once COVID-19 is better under control or behind us and the federal government reduces quantitative easing, that market rates will adjust up and begin to rise, thus increasing the yield of the portfolio.



Operations, Pricing, Reporting

The Trust Department will be responsible for providing monthly statements of all activity in the fund. The bonds will be safe kept at Northern Trust Company or a nationally recognized custodian and pricing will be provided by the Trust Department. Pricing will be taken from month-end pricing provided by S&P Valuation and Risk Strategies, IDC, or Bloomberg.

Other

The Financing Team shall, upon request, attend meetings with representatives of the City to discuss the Account, their investment outlook, and their strategy both past and looking forward. The Financing Team agrees that securities are to be purchased and sold through such brokers as, in the Financing Team's best judgment, shall offer the best combination of price and execution. The Financing Team, in seeking best execution, may consider the quality and reliability of the brokerage services as well as the research and investment information and other services provided by broker dealers. However, it should be the primary factor in determining with whom to execute a specific trade. The Financing Team anticipates a significant amount of trading activity with Crews. Any activity with Crews will be executed at prices that are fair, reasonable, and representative of market. Crews will document prices to buy or sell securities from at least two broker dealers on secondary market purchases or sells of securities. The trades will be executed at the best price and Crews will charge no fee or commission on the execution of the trade. On new issues where bonds must be purchased at the "public offering price", all trades will be executed at the initial public offering price that is offered to all purchasers. A quarterly record of all purchases and sales of securities will be maintained and provided upon request.

City of Fayetteville
RFQ 21-05, Investment Management Services
SECTION B: Vendor References

The following information is required from all firms so all statements of qualification may be reviewed and properly evaluated:

COMPANY NAME: First Security Bank

NUMBER OF YEARS IN BUSINESS: 84 HOW LONG IN PRESENT LOCATION: 45

TOTAL NUMBER OF CURRENT EMPLOYEES: 783 FULL TIME 71 PART TIME

NUMBER OF EMPLOYEES PLANNED FOR THIS CONTRACT: 5 FULL TIME 0 PART TIME

PLEASE LIST FOUR (4) REFERENCES THAT YOU HAVE PREVIOUSLY PERFORMED CONTRACT SERVICES FOR WITHIN THE PAST FIVE (5) YEARS (All fields must be completed):

1. Unity Health

COMPANY NAME

Searcy, AR 72143

CITY, STATE, ZIP

Stuart Hill

CONTACT PERSON

501.380.1004

TELEPHONE

501.380.1011

FAX NUMBER

stuart.hill@unity-health.org

E-MAIL ADDRESS

2. Washington Regional Medical Center

COMPANY NAME

Fayetteville, AR 72703

CITY, STATE, ZIP

Dan Eckels

CONTACT PERSON

479.463.6026

TELEPHONE

479.463.5977

FAX NUMBER

deckels@wregional.org

E-MAIL ADDRESS

3. City of Springdale

COMPANY NAME

Springdale, AR 72764

CITY, STATE, ZIP

Wyman Morgan

CONTACT PERSON

479.750.8152

TELEPHONE

479.750.8559

FAX NUMBER

wmorgan@springdalear.gov

E-MAIL ADDRESS

4. Central Arkansas Water

COMPANY NAME

Little Rock, AR 72203

CITY, STATE, ZIP

Jeff Mascagni

CONTACT PERSON

501.377.1339

TELEPHONE

501.377.1218

FAX NUMBER

jeff.mascagni@carkw.com

E-MAIL ADDRESS

City of Fayetteville
RFQ 21-05, Investment Management Services
SECTION B: Vendor References

The following information is required from all firms so all statements of qualification may be reviewed and properly evaluated:

COMPANY NAME: Crews & Associates, inc.

NUMBER OF YEARS IN BUSINESS: 42 HOW LONG IN PRESENT LOCATION: 16

TOTAL NUMBER OF CURRENT EMPLOYEES: 170 FULL TIME 10 PART TIME

NUMBER OF EMPLOYEES PLANNED FOR THIS CONTRACT: 5 FULL TIME PART TIME

PLEASE LIST FOUR (4) REFERENCES THAT YOU HAVE PREVIOUSLY PERFORMED CONTRACT SERVICES FOR WITHIN THE PAST FIVE (5) YEARS (All fields must be completed):

1. University of Central Arkansas

COMPANY NAME

Conway, AR 72035

CITY, STATE, ZIP

Diane Newton

CONTACT PERSON

501.450.3184

TELEPHONE

501.450.5168

FAX NUMBER

dnewton@uca.edu

E-MAIL ADDRESS

2. University of Arkansas System

COMPANY NAME

Fayetteville, AR 72701

CITY, STATE, ZIP

Gina Terry

CONTACT PERSON

501.686.2923

TELEPHONE

FAX NUMBER

rterry@uark.edu

E-MAIL ADDRESS

3. City of Little Rock

COMPANY NAME

Little Rock, AR 72201

CITY, STATE, ZIP

Scott Massanelli

CONTACT PERSON

501.371.4532

TELEPHONE

FAX NUMBER

smassanelli@little rock.gov

E-MAIL ADDRESS

4. Benton Utilities

COMPANY NAME

Benton, AR 72015

CITY, STATE, ZIP

Karen Scott

CONTACT PERSON

501.776.8074

TELEPHONE

FAX NUMBER

kscott@bentonutilities.com

E-MAIL ADDRESS

City of Fayetteville
RFQ 21-05, Investment Management Services
SECTION C: Signature Submittal

1. Disclosure Information

Proposer must disclose any possible conflict of interest with the City of Fayetteville, including, but not limited to, any relationship with any City of Fayetteville employee. Proposer response must disclose if a known relationship exists between any principal or employee of your firm and any City of Fayetteville employee or elected City of Fayetteville official.

If, to your knowledge, no relationship exists, this should also be stated in your response. Failure to disclose such a relationship may result in cancellation of a purchase and/or contract as a result of your response. This form must be completed and returned in order for your bid/proposal to be eligible for consideration.

PLEASE CHECK ONE OF THE FOLLOWING TWO OPTIONS, AS IT APPROPRIATELY APPLIES TO YOUR FIRM:

1) NO KNOWN RELATIONSHIP EXISTS

2) RELATIONSHIP EXISTS (Please explain): _____

I certify that; as an officer of this organization, or per the attached letter of authorization, am duly authorized to certify the information provided herein are accurate and true; and my organization shall comply with all State and Federal Equal Opportunity and Non-Discrimination requirements and conditions of employment.

2. Additional Information

At the discretion of the City, one or more firms may be asked for more detailed information before final ranking of the firms, which may also include oral interviews. NOTE: Each Proposer shall submit to the City a primary contact name, e-mail address, and phone number (preferably a cell phone number) where the City selection committee can call for clarification or interview via telephone.

Name of Firm: First Security Bank

Name of Primary Contact: Frank Faust

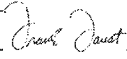
Title of Primary Contact: President Trust Division

Phone#1 (cell preferred): 501.279.3408 Phone#2: 501.279.3420

E-Mail Address: ffaust@fsbank.com

TAX ID#: 71-0159420 DUNS #: 007963143 Cage Code: 3EWP1

3. Please acknowledge receipt of addenda for this invitation to bid, request for proposal, or request for qualification by signing and dating below. All addendums are hereby made a part of the bid or RFQ documents to the same extent as though it were originally included therein. Proposers/Bidders should indicate their receipt of same in the appropriate blank listed herein. Failure to do so may subject vendor to disqualification.

ADDENDUM NO.	SIGNATURE AND PRINTED NAME	DATE ACKNOWLEDGED
1	 Frank Faust	9/28/2021

4. Pursuant Arkansas Code Annotated §25-1-503, the Contractor agrees and certifies that they do not currently boycott Israel and will not boycott Israel during any time in which they are entering into, or while in contract, with any public entity as defined in §25-1-503. If at any time during contract the contractor decides to boycott Israel, the contractor must notify the contracted public entity in writing.
5. Contractor agrees that no solicitation of City employees will take place.
6. As an interested party on this project, you are required to provide debarment/suspension certification indicating in compliance with the below Federal Executive Order. Certification can be done by completing and signing this form. Federal Executive Order (E.O.) 12549 "Debarment and Suspension" requires that all contractors receiving individual awards, using federal funds, and all sub-recipients certify that the organization and its principals are not debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal department or agency from doing business with the Federal Government.
7. Signature certifies that neither you nor your principal is presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.

Questions regarding this form should be directed to the City of Fayetteville Purchasing Division.

NAME: Frank Faust

COMPANY: First Security Bank

TAX ID: 71-0159420

PHYSICAL ADDRESS: 314 North Street; Searcy, AR 72413

MAILING ADDRESS: _____

PHONE: 501.279.3408 FAX: 501.278.2175

E-MAIL: ffaust@fsbank.com

Signed by : Frank Faust

SIGNATURE: Frank Faust

PRINTED NAME : Frank Faust

TITLE: President Trust Division

Date: 9/28/2021

RFQ 21-05, Investment Management Services - Proposal Data

Show/Hide Search

Supplier Pursuant Arkansas Code Annotated §25-1-503, the Contractor agrees and certifies that they do not currently boycott Israel and will not boycott Israel during any time in which they are entering into, or while in contract, with any public entity as defined in §25-1-503, if at any time during contract the contractor decides to boycott Israel, the contractor must notify the contracted public entity in writing

Acansa Investment Management Group Yes

Scorecard Open...

BOK Financial Yes

Scorecard Open...

Federated Hermes Yes

Scorecard Open...

First Security Bank Yes

Scorecard Open...

Garrison Asset Management Yes

Scorecard Open...

PFM Asset Management Yes

Scorecard Open...

Wells Fargo Advisors Yes

Scorecard Open...

Arkansas Secretary of State Filing #

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