

RHODE ISLAND TURNPIKE AND BRIDGE AUTHORITY

INVITATION TO BID

INVESTMENT MANAGEMENT & ADVISORY SERVICES

CONTRACT 11-12

Sealed bids, in triplicate, plainly marked, "Sealed Bid – INVESTMENT MANAGEMENT & ADVISORY SERVICES" will be received until **1:30 PM December 28, 2011**, at the Office of the Executive Director of the Rhode Island Turnpike and Bridge Authority in the Administrative Building Toll Plaza, 1 East Shore Road, Jamestown, Rhode Island 02835. Bids will be opened publicly at 1:30 P.M. **Bids must be received by RITBA no later than 1:30 pm on December 28th.**

Copies of specifications may be obtained at the above office or via e-mail on or after Wednesday, **November 30, 2011**, between the hours of 8:30 AM and 4:00 PM, EST.

No bid may be withdrawn for a period of sixty (60) days subsequent to the opening thereof without written permission of the Executive Director. All bids may be withdrawn upon written request prior to bid opening.

RITBA reserves the right to reject any or all bids, waive any informality in the bidding or accept the bid deemed to be in the best interests of the Authority.

PURPOSE

The Rhode Island Turnpike and Bridge Authority is seeking bids for Investment Management and Advisory Services at the Rhode Island Turnpike and Bridge Authority facility in Jamestown, Rhode Island. **The contract is for a two-year period with a mutual option for 2 additional one-year extensions (2+1+1).** Responses will be considered bid as such.

CONTACT PERSON

Buddy Croft, Executive Director for further information.
Telephone: (401) 423-0800

Buddy Croft
Executive Director, RITBA

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CONTRACT 11-12

GENERAL TERMS AND CONDITIONS

1. RECEIPT AND OPENING OF BIDS:

Sealed bids will be accepted and time stamped upon receipt in the office of the RITBA Executive Director, 1 East Shore Road, Jamestown, RI until the time indicated on the attached Invitation for Bids, for the commodity, equipment or services listed in the Specifications and will be publicly opened and read in the Office of the Executive Director.

2. FORM OF BIDS:

Bids shall be submitted on the forms provided in accordance with instructions given in the specifications below.

3. SUBMISSION OF BIDS:

- a. Envelopes containing bids must be sealed and addressed to the Executive Director of the Rhode Island Turnpike and Bridge Authority and marked with the name and address of the bidder date and hour of opening and the name of the item in the bid call.
- b. Bids will be accepted until 1:30 pm, **December 28, 2011**. No bid received thereafter will be considered.
- c. A bidder may withdraw his bid by written request at any time prior to the advertised time for bid opening. E-mailed bids, amendments or withdrawals will not be accepted.
- d. Unless otherwise specified, no bid may be withdrawn for a period of sixty (60) days from time of bid opening.
- e. Negligence on the part of the bidder in preparing the bid confers no rights for the withdrawal of the bid after it has been opened.
- f. Bids received prior to the time of opening will be securely kept, unopened. No responsibility will be attached to an officer or person for the premature opening of a bid not properly addressed and identified.
- g. Any deviation from the Specification must be noted in writing and attached as part of the bid. The bidder shall indicate the item or part with the deviation and indicate how the bid will deviate from the Specifications.
- h. IRS Form W-9, must be completed and submitted with the bid if the bidder falls under IRS requirements to file this form.

4. RHODE ISLAND SALES TAX:

The Rhode Island Turnpike and Bridge Authority is exempt (RITBA tax exempt # 984) from the payment of Rhode Island Sales Tax under the 1956 General Laws of the State of Rhode Island, 44-18-30, Paragraph I, as amended.

5. FEDERAL EXCISE TAX:

The Authority is exempt from the payment of any excise tax or Federal Transportation taxes. The prices proposed must be exclusive of taxes and will be so construed.

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INTRODUCTION:

Rhode Island turnpike & Bridge Authority (RITBA or Authority) is seeking proposals from “qualified” firms that can provide investment management and advisory services. The information provided must demonstrate to the RITBA that the firms would be “qualified” and competent to provide the services requested. To be considered “qualified”, firms must demonstrate the skills and experience necessary to provide, at a minimum, the services listed in this Request for Proposal. Services shall be undertaken in a manner consistent with the prevailing accepted standards for similar services with respect to projects of comparable function and complexity and with the applicable laws and regulations published and in effect at the time of performance of the services.

The Authority is soliciting proposals from qualified Investment Management and Advisory firms to assist the Authority in connection with cash management and investment strategy related to assets held by the Authority that are designated for the ongoing repair, replacement, and maintenance of the Authority’s fixed assets. The firm or firms will be chosen based on the experience of the individuals with whom the Authority will work, and the demonstrated ability of the firm to carry out the Authority’s investment strategy.

The RITBA is looking to engage firms and advisors that are registered with the Securities and Exchange Commission and licensed as a broker-dealer and /or investment adviser by the Rhode Island Department of Business Regulation to provide agree-upon portfolio management and advisory services for the Authority’s close to \$30,000,000 investment portfolio. The Authority reserves the right to choose one or multiple advisors as it deems prudent, and allocate the pool of funds accordingly.

This Request for Proposals (RFP) is designed to present interested firms with the description of the Authority’s current investment program, the services we require and a format for responding to our request.

BACKGROUND

The investment of the Authority funds is set forth in the covenants of the Rhode Island Turnpike and Bridge Authority Master Trust Indenture dated July 31, 2003 Amended and Restated as of April 1, 2010 in Article I, Section 101 – Definitions defined in “Permitted Investments”(Exhibit A).”

The Authority’s primary investment objective in order of importance are the preservation of principal, maintenance of sufficient liquidity and a reasonable and competitive return.

We are, therefore, seeking advisors who demonstrate extensive experience with fixed-income securities, to provide certain services related to the investment of the Authority’s funds, including the execution of securities purchases/sales for the Authority’s Renewal and Replacement Fund and Operation and Maintenance Reserve Fund, investment advice and investment reporting.

SELECTION CRITERIA

- Proposal responsiveness
- Demonstrated ability in providing similar services to other quasi public entities
- Professional qualifications and experience
- Recommended approach to management of the Authority's portfolio
- Reporting and communication process
- Cost
- Additional investment or financial serviced offered or available through affiliation

INTERVIEWS

If selected, interviews will be held on Monday, January 16, 2012.

MINIMUM SERVICE REQUIREMENTS

The Investment Advisor shall:

1. Be a registered Investment Advisor as defined and regulated by the Securities and Exchange Commission and be licensed as a broker-dealer and/or investment adviser by the Rhode Island Department of Business Regulation.
2. Take custody of the certain funds and investments and execute agreed-upon trades thereof, always subject, however, to the order of the Authority.
3. Provide security or other assurance protecting the Authority's funds and investments regardless of financial, credit, legal, or other circumstances affecting the proposer.
4. Assist in developing and implementing investment strategies that will enhance portfolio performance under current and anticipated changes in market conditions within the parameters of the established investment policies and cash flow needs. When requested, make presentations to the Board of Directors, Executive Director and/or Chief Financial Officer to support recommendations relating to investment strategy.
5. Provide detailed monthly reports, in a format acceptable to the Authority, which include the following information on each security: par value, cost value, book value, market value etc.

RESPONSE FORMAT

To facilitate comparisons between responding firms, please format your response to this request in the following order:

1. REFERENCES
 - a) Provide a list of your five public sector clients, including contact person and telephone numbers.
2. ORGANIZATION

- a) Describe the organization, date founded, and ownership of your firm as well as any subsidiaries and affiliates relevant to the Authority.
- b) Describe the experience of the firm in serving as investment advisor for quasi public agencies.
- c) Identify the types of accounts primarily sought by your firm.
- d) Describe any SEC or regulatory censure or litigation involving institutional business your firm conducts with government investors at this time or within the past three years.
- e) Describe why accounts, if any have dropped the firm in the past three years.
- f) Provide copies of your ADV Parts I and II, as on file with the SEC, and proof of registration with the Rhode Island Department of Business Regulation.
- g) Provide audited financial statements for the past 3 years.
- h) Identify the size of the firm's staff commitment to the public sector and the credentials of key personnel
- i) Identify the investment professionals who would be directly involved in providing services to the Authority. Describe their relationship to your firm, their responsibilities, and their experience in the number of years they have been associated with your firm.
- j) Have any of the above personnel ever been investigated for alleged improper, fraudulent or unfair activities related to the sale of securities?
- k) What efforts does your firm make to keep its investment professionals informed of developments relevant to government investment managers?

3. INVESTMENT MANAGEMENT APPROACH

- a) Outline the steps that would be taken to ensure the Authority's objectives of safety, liquidity and yield.
- b) What is your firm's experience in developing investment policies and portfolio strategies for governmental operating funds?
- c) Describe the types of investment research utilized and the methods for making investment decisions, including maturity and selection.
- d) What are the primary strategies for adding value to portfolios?
- e) What performance benchmarks would you suggest for the portfolio?
- f) Describe the daily procedures for portfolio review and client contact.

4. REPORTING

- a) Describe and submit samples of reports that would be provided and their frequency. Include the methods and formulas used to calculate yield and performance.

5. OTHER SERVICES

- a) Describe additional investment or financial services offered or available through affiliation.
- b) Describe how client accounts are protected from adverse circumstances affecting the proposer.

6. FEES

- a) Describe the proposed compensation for services either as a flat annual fee or as a per trade fee with an annual cap.

Please address any questions regarding this offering to Ms. Nancy Parrillo in writing or by e-mail (nparrillo@ritba.org) and follow up with a telephone call at (401) 423-0800.

Please submit your quotation to:

Rhode Island Turnpike and Bridge Authority
Buddy Croft
Executive Director
P.O. Box 437, Jamestown, Rhode Island 02835
P. (401) 423-0800; F. (401) 423-0830

Via UPS or FedEx:

Rhode Island Turnpike and Bridge Authority
Buddy Croft
Executive Director
One East Shore Road
Jamestown, Rhode Island 02835
P. (401) 423-0800; F. (401) 423-0830

The Authority reserves the right to reject any or all bids.

Company

Authorized signature

Title

Date

Exhibit A

**Rhode Island Turnpike & Bridge Authority
Revenue Bonds, Series 2010A dated April 8, 2010
Permitted Investments**

"Permitted Investments" shall mean and include any of the following, if and to the extent the same are at the time legal for the investment of the Authority's money, except as may be provided in the applicable Supplemental Indenture:

- (a) Government Obligations and Government Certificates.
- (b) Obligations issued or guaranteed by any of the following:
 - (i) Federal Home Loan Bank System;
 - (ii) Export-Import Bank of the United States;
 - (iii) Federal Financing Bank;
 - (iv) Government National Mortgage Association;
 - (v) Fanners' Home Administration;
 - (vi) Federal Home Loan Mortgage Company;
 - (vii) Federal Housing Administration;
 - (viii) Private Export Funding Corp;
 - (ix) Federal Farm Credit Bank;
 - (x) Resolution Trust Company, and
 - (xi) Student Loan Marketing Association,
- (c) Senior debt obligations of the Federal National Mortgage Association, participation certificates of the General Services Administration, guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration, local authority bonds of the U.S. Department of Housing & Urban Development, guaranteed Title XI financings of the U.S. Maritime Administration, and guaranteed transit bonds of the Washington Metropolitan Area Transit Authority.
- (d) Pre-refunded municipal obligations rated in the highest rating category by at least two Rating Agencies and meeting the following conditions:
 - (i) such obligations are (A) not to be redeemed prior to maturity or the trustee for such municipal obligations has been given irrevocable instructions concerning their calling and redemption and (B) the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

- (ii) such obligations are secured by Government Obligations or Government Certificates that may be applied only to principal, premium payments and interest of such obligations;
 - (iii) the principal of and interest on such Government Obligations or Government Certificates (plus any cash in the escrow fund with respect to such prerefunded obligations) are sufficient to meet the liabilities of the obligations;
 - (iv) the Government Obligations or Government Certificates serving as security for the obligations are held by an escrow agent or trustee; and
 - (v) such Government Obligations or Government Certificates are not available to satisfy any other claims, including those against the trustee or escrow agent.
- (e) Direct and general long-term obligations of any state of the United States of America or the District of Columbia to the payment of which the full faith and credit of such state is pledged and that are rated in either of the two highest rating categories by at least two Rating Agencies.
- (f) Direct and general short-term obligations of any state, to the payment of which the full faith and credit of such state is pledged and that are rated in the highest rating category by at least two Rating Agencies.
- (g) Interest-bearing demand or time deposits with, or interests in money market portfolios rated AAA-m by Standard & Poor's issued by, state banks or trust companies or national banking associations, including the Trustee if otherwise eligible, that are members of the Federal Deposit Insurance Corporation ("FDIC"). Such deposits or interests must be (i) continuously and fully insured by FDIC, (ii) if they have a maturity of one (1) year or less, with or issued by banks that are rated in one of the two (2) highest short term rating categories by at least two (2) Rating Agencies, (iii) if they have a maturity longer than one (1) year, with or issued by banks that are rated in one (1) of the two (2) highest rating categories by at least two (2) Rating Agencies, or (iv) fully secured by Government Obligations and Government Certificates. Such Government Obligations and Government Certificates must have a market value at all times at least equal to the principal amount of the deposits or interests. The Government Obligations and Government Certificates must be held by a third party (who shall not be the provider of the collateral), or by any Federal Reserve Bank or depository, as custodian for the institution issuing the deposits or interests. Such third party should have a perfected first lien in the Government Obligations and Government Certificates serving as collateral, and such collateral is to be free from all other third party liens.
- (h) Eurodollar time deposits issued by a bank with a deposit rating in one of the top two (2) short-term deposit rating categories by at least two (2) Rating Agencies.
- (i) Long-term or medium-term corporate debt guaranteed by any corporation that is rated by at least two Rating Agencies in one of their two (2) highest rating categories.
- G) Repurchase agreements including those of the Trustee in its corporate capacity, (i) the maturities of which are thirty (30) days or less or (ii) the maturities of which are longer than thirty (30) days provided the collateral subject to such agreements are marked to market weekly, entered into with financial institutions such as banks or trust companies organized under State law or national banking associations, insurance companies, or government bond dealers reporting to, trading with, and

recognized as a primary dealer by, the Federal Reserve Bank of New York or with a dealer or parent holding company that is rated investment grade ("A" or better) by at least two (2) Rating Agencies. The repurchase agreement shall be collateralized with Government Obligations and Government Certificates or obligations described in paragraph (b) of this definition (the "Collateral"). The repurchase agreement securities and, to the extent necessary, Government Obligations and Government Certificates or obligations described in paragraph (b), exclusive of accrued interest, shall be maintained in an amount at least equal to the amount invested in the repurchase agreements. In addition, the provisions of the repurchase agreement shall meet the following additional criteria:

- (i) the third party (who shall not be the provider of the collateral) has possession of the Collateral;
- (ii) failure to maintain the requisite collateral levels will require the third party having possession of the securities to liquidate the securities immediately.
- (k) Prime commercial paper of a corporation, finance company or banking institution rated in the highest short-term rating category by at least two (2) Rating Agencies.
- (l) Public housing bonds issued by public agencies. Such bonds must be: fully secured by a pledge of annual contributions under a contract with the United States of America; temporary notes, preliminary loan notes or project notes secured by a requisition or payment agreement with the United States of America; or state or public agency or municipality obligations rated in the highest credit rating category by at least two Rating Agencies.
- (m) Shares of a diversified open-end management investment company, as defined in the Investment Company Act of 1940, or shares in a regulated investment company, as defined in Section 851(a) of the Code, that is a money market fund that has been rated in the highest rating category by at least two Rating Agencies.
- (n) Money market accounts of any state or federal bank, or bank whose holding parent company is, rated in the two highest short-term or long-term rating categories by at least two Rating Agencies.
- (o) Investment agreements, the issuer of which is rated in one of the two highest rating categories, by at least two Rating Agencies.
- (p) Any debt or fixed income security, the issuer of which is rated in the highest rating category by at least two Rating Agencies.

Contract document available for review upon request.