



## **Request for Proposals No. 2021-050 Investment Broker Services**

**Due Date:** March 16, 2021  
**Time:** 2:00 PM EST  
**Receipt Location:** Union County Government Center  
Procurement Department  
500 N. Main Street, Suite 709  
Monroe, NC 28112

**Procurement Contact:**

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## 1 NOTICE OF ADVERTISEMENT

### Union County, North Carolina Request for Proposals No. 2021-050 Investment Broker Services

Electronic proposals will be received by the Union County's Procurement Department at the Union County Government Center, 500 North Main Street, Monroe, NC 28112 until **2:00 PM EST on March 16, 2021.** Late submittals will not be accepted.

Union County, through its Finance Department, is soliciting proposals from experienced and qualified Firms to provide Investment Broker Services.

Copies of the solicitation may be obtained from the locations listed below:

1. Download the Proposal Documents from the Union County website:  
<https://www.unioncountync.gov/departments/bids-procurement/current-bids>
2. Download the Solicitation Documents from the State of North Carolina IPS website:  
[www.ips.state.nc.us](http://www.ips.state.nc.us) (Bid by Departments, search County of Union).

Union County reserves the right to reject any or all proposals, to waive technicalities and to make such selection deemed in its best interest.

Union County reserves the right to award to multiple vendors.

Offerors are required to comply with the non-collusion requirements set forth in the Solicitation Documents.

Union County encourages good faith effort outreach to Minority Businesses (HUB Certified) and Small Businesses.



## 2 Submittal Details

### 2.1 PROPOSAL SUBMISSION DEADLINE AND DELIVERY ADDRESS

All Proposal Submittals are to be received by the Union County Procurement Department no later than **2:00 PM EST on Tuesday, March 16, 2021** per the instructions below. Any submittals received after this date and time shall be rejected without exception.

### 2.2 PROPOSAL SUBMISSION REQUIREMENTS

The proposal must be submitted electronically using the following link: <https://portal.unioncountync.gov/Forms/procurementsubmit>. Select the Solicitation drop down arrow and choose this RFP from the list. Complete the form, upload your proposal, and select submit. An email will be sent to the address listed on the form as your confirmation of receipt.

The proposal package **must be signed** by a person who is authorized to bind the proposing Company. Instructions for preparing the proposal are provided herein.

#### **Paper submissions will not be accepted.**

There is no expressed or implied obligation for Union County to reimburse Offerors for any expenses incurred in preparing proposals in response to this request.

Union County reserves the right to:

- Reject any or all proposals, to waive technicalities and to make such selection deemed in its best interest;
- Cancel this solicitation; and
- Award to multiple vendors.

### 2.3 PROPOSAL QUESTIONS

Proposal questions will be due on or before **March 8, 2021 at 2:00 PM EST**. The primary purpose is to provide participating Offerors with the opportunity to ask questions, in writing, related to the RFP.

Submit questions by e-mail to Vicky Watts at [vicky.watts@unioncountync.gov](mailto:vicky.watts@unioncountync.gov) by the deadline shown above. The email should identify the proposal number and project title. All questions and answers may be posted as addenda on [www.unioncountync.gov](http://www.unioncountync.gov) and [www.ips.state.nc.us](http://www.ips.state.nc.us).

### 2.4 PROPOSAL ADDENDUM

Union County may modify the RFP prior to the date fixed for submission of proposals by the issuance of an addendum.

Should an Offeror find discrepancies or omissions in this RFP or any other documents provided by Union County, the Offeror should immediately notify the County of such potential discrepancy in writing via email as noted above.



Any addenda to these documents shall be issued in writing. No oral statements, explanations, or commitments by anyone shall be of effect unless incorporated in the written addenda. Receipt of Addenda shall be acknowledged by the Offeror on Appendix C - Addendum and Anti-Collusion form.

## **2.5 COMMUNICATION**

All communications, any modifications, clarifications, amendments, questions, responses or any other matters related to this Request for Proposals must be made only through the Procurement Contact noted on the cover of this RFP. A violation of this provision is cause for the County to reject a Company's proposal. No contact regarding this document with other County employees is permitted and may be grounds for disqualification.

## **3 PURPOSE**

### **3.1 INTRODUCTION**

Union County, through its Finance Department, is soliciting proposals from experienced and qualified Firms to provide Investment Broker Services.

### **3.1 COUNTY**

The County (estimated population 239,859) is located in the central, southern piedmont. The County provides its citizens with a full array of services that include public safety, water/wastewater utilities and sanitation, human services, cultural and recreational activities, and general government administration.

## **4 OVERVIEW**

The Finance Department maintains a list of financial institutions authorized to provide investment services. In addition, a list is maintained of approved security Broker-Dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). An annual review of the financial condition and registration of qualified financial institutions and Broker-Dealers is conducted by the finance officer. It shall be the responsibility of each financial institution to submit a request to Finance if they desire to offer investments to Union County. The finance officer will have the authority to approve financial institutions.

## **5 SPECIFICATIONS AND REQUIREMENTS**

Finance maintains two portfolios that are rebalanced at the beginning of each month. The portfolios are the Optimizer 1-3 and Optimizer 3-5. The Optimizer 1-3 portfolio is made up of federal agency securities that mature within 1-3 years with a balance of \$33,000,000 and the Optimizer 3-5 portfolio is made up of federal agency securities that mature within 3-5 years with a balance of \$ 20,000,000. These portfolios are rebalanced each month to mirror the Merrill Lynch 1-3- and 3-5-year portfolios. The average amount of securities bought each month is \$1.5 million and the average amount of securities sold each month is \$1.5 million.



In addition to the monthly rebalancing trades, the County has investment trades that are held in a separate portfolio for cash flow needs. The investments are purchased on an as needed basis depending on additional cash flow. The investments mature on a cash flow ladder basis. The amount of trades for this portfolio varies. During the months of October - December (peak season for revenue collection of property taxes) these trades range from \$20 million to \$50 million and at all other times of the year these trades are normally no more than \$10 million.

The County's Sr. Accountant determines what the cash flow needs are for the County and what type of investment securities should be traded. All securities purchased and/or sold are done so in accordance with NC GS 159-30 and the Union County Investment Policy. The Sr. Accountant actively manages these portfolios on a daily basis. All trades are approved by the Assistant Finance Director and CFO.

## **5.1 GOALS AND OBJECTIVES**

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield.

### **5.1.1 SAFETY**

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.

#### **5.1.1.1 Credit Risk**

Union County will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:

1. Limiting investments to the safest types of securities;
2. Pre-qualifying the financial institutions and Broker-Dealers with which Union County will do business; and
3. Diversifying the investment portfolio so that potential losses on individual securities will be minimized.

#### **5.1.1.2 Interest Rate Risk**

Union County will minimize the risk that the market value of securities in the portfolio will fall, due to changes in general interest rates, by:

1. Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity; and
2. Investing operating funds primarily in shorter-term securities.

### **5.1.2 LIQUIDITY**

The investment portfolio shall remain sufficiently liquid to meet all operating



requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.

### **5.1.3 YIELD**

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

1. A security with declining credit may be sold early to minimize loss of principal;
2. A security swap would improve the quality, yield, or target duration in the portfolio;
3. Liquidity needs of the portfolio require that the security be sold.

A secondary objective is to ensure all financial institutions and Broker-Dealers who desire to become qualified for investment transactions are able to provide the following as appropriate:

1. Audited financial statements;
2. Proof of registration to conduct business in North Carolina;
3. Proof of membership in either the FDIC or FSLIC;
4. Proof of National Association of Securities Dealers (NASD) certification;
5. A properly executed Investment Trading Relationship Agreement.

Authority to manage the investment program is granted to the County Finance Officer and is derived from G.S.159-30. The finance officer (or designee) will have the authority to approve financial institutions. The finance officer shall have the authority to remove any institution from the authorized list for failure to comply with County policy or any just cause. The decision to return the institution to the list shall be left to the discretion of the finance officer.

## **5.2 REQUIREMENTS**

All financial institutions and Broker-Dealers who desire to become qualified for investment transactions shall submit the following as appropriate:

1. Audited financial statements;

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2. Proof of registration to conduct business in North Carolina;
  3. Proof of membership in either the FDIC or FSLIC; and
  4. Proof of National Association of Securities Dealers (NASD) certification;

As a condition of the County's acceptance of a firm's request to offer investments, the firm shall be required to sign and execute Appendix C – Investment Trading Agreement prior to any actual trading.

### 5.3 DOCUMENTS

The following documents are provided to clarify the County's process. These documents are included as appendices:

1. Investment Trading Agreement – a sample of the form to be signed and executed *after* the County accepts the firm's request to be included on the authorized investment list.
2. Bid Rate Sheet – a sample of the bid sheet used by the County.,
3. Union County Investment Policy – for information and certification purposes only.

## 6 DETAILED SUBMITTAL REQUIREMENTS AND INSTRUCTIONS

### 6.1 TERMS OF SUBMISSION

All material received in response to this RFP shall become the property of Union County and will not be returned to the vendor. Any and all costs incurred by vendors in preparing, submitting or presenting proposals are the vendor's sole responsibility and Union County shall not reimburse any vendor for such costs. All responses to this solicitation become public record after award and are subject to all public information request laws.

Therefore, proposals should include very little to no "trade secret" (proprietary/confidential) information to avoid such information being released. Any necessary response page containing "trade secret" (proprietary/confidential) information must be clearly stamped as such. The County will make final judgment as to the validity of the claim based on the definitions of Trade Secrets as contained in North Carolina General Statute and will attempt to restrict such information from disclosure. In no case shall Union County be held responsible for, bear liability for, or pay damages of any sort caused by, the release of information contained in any document submitted in response to this solicitation regardless of how marked. No proposal is to be marked "TRADE-SECRET", "PROPRIETARY" or "CONFIDENTIAL" in its entirety.

Resulting contract documents including all terms and conditions, cost, payments, percentages to be paid, etc., are deemed public information as per NC General Statute and are subject to release upon request.

### 6.2 PROPOSAL FORMAT

**The County desires all responses to be identical in format in order to facilitate comparison.** While the County's format may represent a departure from the vendor's



preference, the County requests adherence to the format. All responses are to be in the format described below.

Offerors should prepare their proposals in accordance with the instructions outlined in this section. Each proposer is required to submit the proposal electronically – Refer to page 4, 2.2. Each section should be identified as described below. Proposals should be prepared as simply as possible and provide a straightforward, concise description of the proposer's capabilities to satisfy the requirements of the RFP.

The successful Offeror's proposal must include all responses to the requirements contained within this RFP and all appendices (if applicable) must be completed in their entirety.

By submitting a proposal, the successful Offeror's Offeror agrees to all applicable provisions, terms and conditions associated with this RFP. This solicitation, the successful bidder's submitted proposal, all appendices and attachments (if applicable), and stated terms and conditions may become part of the resulting contract.

Utmost attention should be given to accuracy, completeness, and clarity of content. All parts, pages, figures, or tables should be numbered and clearly labeled. Response information should be limited to pertinent information only. Marketing and sales type information is not to be included.

Omissions and incomplete answers may be deemed unresponsive. Please initial any corrections.

**The proposal should be organized and identified by section as follows:**

- **Section A** – Cover Letter
- **Section B** – Company Background and Experience
- **Section C** – Staff Information
- **Section D** – Methodology
- **Section E** – References
- **Section F** – Schedule of Fees
- **Section G** – Required Forms
  - Appendix A – Proposal Submission (signed)
  - Appendix B – Certification (signed)
  - Appendix C – Addenda Receipt and Anti-Collusion (signed)

**6.2.1 SECTION A – COVER LETTER**

Provide the following information about your company. Respond to each item and provide supporting documentation and/or exhibits as requested or desired.

1. Legal Company Name and DBA (if applicable)  
Address  
Telephone Number  
Website Address

- 
2. Name of Single Point of Contact  
Title  
Telephone Number  
Email Address  
CRD No.
  3. Name of Person with Binding Authority  
Title  
Address  
Telephone Number  
Email Address  
CRD No.
  4. Stipulate that the proposal price will be valid for a period of 180 days.
  5. Make the following representations and warranty in the cover letter, the falsity of which might result in rejection of its proposal: "The information contained in this proposal or any part thereof, including any exhibits, schedules, and other documents and instruments delivered or to be delivered to the County, is true, accurate, and complete. This proposal includes all information necessary to ensure that the statements therein do not in whole or in part mislead the County as to any material facts."

#### **6.2.2 SECTION B – COMPANY BACKGROUND AND EXPERIENCE**

This section provides each vendor with the opportunity of demonstrating how its history, organization, and partnerships differentiate it from other entities. Careful attention should be paid to providing information relevant to Union County needs.

Provide a concise profile of the Proposer's organization to include the following:

- Corporate history, and number of years in business under the current organizational name, structure and services offered.
- Proof of registration to conduct business in North Carolina.
- Assets available to meet County service requirements.
- Is your firm a primary dealer in U.S. Government Securities?
  - If yes, for how long has the firm been a primary dealer?
  - If no, does your firm meet the minimum Net Capital Requirements of SEC Rule 15c3-1?
- What instruments are offered regularly by your firm?
  - Treasury Bills
  - Treasury Notes and Bonds
  - FFCB
  - FNMA
  - FHLB
  - NC Governments
  - Commercial Paper
  - BA's Domestic
  - BA's Foreign Mortgage Backed Securities (Specify)

- o Others (Specify)

### 6.2.3 SECTION C – STAFF INFORMATION

Provide brief resumes of staff who will be offering/bidding and/or quoting securities and include the following:

- Name
- Title
- Phone No.
- Email Address
- CRD No.

### 6.2.4 SECTION D – METHODOLOGY

Provide a detailed description of the approach and methodology to be used to provide Investment Broker Services to Union County including, but not limited to the following:

1. Have any of your public-sector clients ever sustained or claimed a loss on a securities transaction or loss of principal arising from a misunderstanding or misrepresentation of the risk characteristics of a recommended instrument purchased through your firm?
2. Does your firm have any pending litigation with public-sector clients, or have you been subject to any within the last five years
3. Has your firm or staff listed, ever been subject to a regulatory, state or federal agency investigation for alleged improper, fraudulent, disreputable or unfair activities related to the sale of government securities or money market instruments?
4. Has your firm consistently complied with the capital adequacy guidelines of the Federal Reserve Bank and Securities Exchange Commission? At the date of this proposal, is your firm in compliance with these guidelines?
5. Is your firm and are all its representatives registered with NASD? Provide proof of National Association of Securities Dealers (NASD) certification.
6. Is your firm and are all its representatives registered with the Securities Division of the NC Secretary of State?
7. Provide proof of membership in either the FDIC or FSLC.
8. Does your firm participate in the SIPC program?
9. How many and what percentage of your transactions failed?
  - a. January, 2021 \_\_\_\_\_%
  - b. Year – 2020 \_\_\_\_\_%

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10. Please attach a statement describing your custody and delivery process. Who audits these fiduciary systems?
  11. Describe the precautions taken by your firm to protect the interest of the public when dealing with government agencies as investors?
  12. Please provide your wiring and delivery instructions. All transactions will be delivery versus payment.
  13. What confirmations, reports and documentation will be provided for transactions? What monthly and annual reports will be provided? Provide samples.
  14. What research reports and market information does your firm regularly provide to public-sector clients? Provide samples.
  15. Provide the following financial information for your firm and, if a subsidiary, for your parent firm:
    - a. Most recent annual report and Form 10-K filed with the SEC;
    - b. Most recent quarterly report and Form 10-Q filed with the SEC;
    - c. Most recent proxy statement;
    - d. Audited financial statements; and
    - e. Any additional information necessary to provide a full disclosure of your financial condition.

#### **6.2.5 SECTION E – REFERENCES**

Provide, at a minimum, four (4) comparable clients with whom your firm and staff listed has an established relationship and include the following:

- Company Name
- Contact Name and Title
- Address
- Phone Number
- Email Address
- Length of Relationship

#### **6.2.6 SECTION F – SCHEDULE OF FEES**

Provide a complete schedule of fees and charges for your various services and transactions.

#### **6.2.7 SECTION G – REQUIRED FORMS**

Offerors must include signed copies of the following documents:

- Appendix A – Proposal Submission (signed)
- Appendix B – Certification (signed)
- Appendix C – Addenda Receipt and Anti-Collusion (signed)

## 7 EVALUATION CRITERIA AND SELECTION PROCESS

### 7.1 SELECTION PARTICIPANTS

1. Maintaining the integrity of the RFP process is of paramount importance for the County. To this end, please do not contact any members of Union County or its staff regarding the subject matter of this RFP until a selection has been made, other than the County's designated contact person identified in the introduction to this RFP.
2. Representatives of Union County will read, review, and evaluate the RFP independently based on the evaluation criteria. Failure to abide by this requirement shall be grounds for disqualification from this selection process.
3. The County will establish an RFP Evaluation Team to review and evaluate the RFPs. The RFP Evaluation Team will assess the RFPs independently in accordance with the published evaluation criteria. Union County reserves the right to conduct interviews with a shortlist of selected respondents.
4. At its sole discretion, the Owner may ask written questions of Offerors, seek written clarification, and conduct discussions with Offerors on the RFPs.
5. The County reserves the right to determine the suitability of proposals on the basis of a proposal meeting scope and submittal criteria listed in the RFP. Evaluation criteria and other relevant RFP information will be used to assist in determining the finalist Vendor.

### 7.2 EVALUATION SELECTION PROCESS

A weighted analysis of the evaluation criteria will be utilized to determine the Vendor that represents the best value financing solution for the County.

In the evaluation and scoring/ranking of Offerors, the County will consider the information submitted in the RFP as well as the meetings (if applicable) with respect to the evaluation criteria set forth in the RFP.

The initial evaluation criteria/factors and relative weights listed below will be used to recommend selection of the Proposed Offeror or for the purpose of selecting Short-Listed Offerors. The County may choose to award without engaging in interview discussions.

RFP Criteria	Weights
Company Background and Experience	50%
Company Staff Experience	40%
Compliance with Submittal Requirements	10%

Vendors may be invited to give a demonstration of the capabilities of the proposed solution to the Union County evaluation team. The successful bidder's demonstration (if requested), along with questions and answers, will be a critical component of the overall vendor evaluation.

After identification of Short-Listed Offerors, the County may or may not decide to invite Short-Listed Offerors to vendor demonstration/interviews. If interviews are scheduled with the Short-Listed Offerors, previous evaluation and rankings are not carried forward. For the purpose of selecting a Preferred Offeror, the evaluation criteria will be given the following relative weights:

Interview Criteria	Weights
Proposed Approach and Staff	65%
Quality and Relevance of Interview as it Relates to the Scope of the RFP	35%

Additional meetings may be held to clarify issues or to address comments, as deemed appropriate. Proposers will be notified in advance of the time and format of such meetings.

### 7.3 AWARD PROCEDURE

Union County has the right to reject any or all proposals, to engage in further negotiations with any Company submitting a proposal, and/or to request additional information or clarification. The County is not obligated to accept the lowest cost proposal. The County may accept the proposal that best serves its needs, as determined by County officials in their sole discretion.

The County reserves the right to make an award without further discussion of the proposals received. Therefore, it is important that the proposal be submitted initially on the most favorable terms.

A proposal may be rejected if it is incomplete. Union County may reject any or all proposals and may waive any immaterial deviation in a proposal.

More than one proposal from an individual, Offeror, partnership, corporation or association under the same or different names, will not be considered.

The County reserves the right to enter into negotiations with the top ranked Offeror. However, negotiations with the top ranked Offeror does not signify a commitment by Union County to execute a contract or to continue discussions.

The County reserves the right to terminate negotiations at any time and for any reason.

The County may select and enter into negotiations with the next most advantageous Proposer if negotiations with the initially chosen Proposer are not successful.

The award shall be made in the best interest of the County. This Request for Proposal is not subject to any competitive bidding requirements of North Carolina law. The County reserves the right to accept other than the most financially advantageous proposal.

The award document will be a Contract incorporating, by reference, all the requirements, terms and conditions of the solicitation and the Offeror's proposal as negotiated.



## **7.4 CONFLICT CERTIFICATION**

The Offeror must certify that it does not have any actual or potential conflicts of interest with, or adversarial litigation against the County or any of its officers or employees. During the course of the contractual relationship formed pursuant to this solicitation, any such conflict of interest, whether newly arising or newly discovered, must be disclosed to the County in writing.

## **8 GENERAL CONDITIONS AND REQUIREMENTS**

### **8.1 TERMS AND CONDITIONS**

The term of this contract will begin when properly executed and will continue until terminated by either party upon not less than five (5) days' written notice. Pursuant to the County Investment Policy, an annual review of the financial condition and registration of qualified financial institutions and Broker-Dealers will be conducted by the financial officer. Additionally, the financial officer may review the number of bids received from a firm and those firms that responded to less than 50% of the available bid opportunities may be considered for removal from the list.

All payroll taxes, liability and worker's compensation are the sole responsibility of the Offeror. The Offeror understands that an employer/employee relationship does not exist under this contract.

All proposals submitted in response to this request shall become the property of Union County and as such, may be subject to public review.

### **8.2 CONTRACTUAL OBLIGATIONS**

The contents of this Proposal and the commitments set forth in the selected Proposal(s) shall be considered contractual obligations, if a contract ensues. Failure to accept these obligations may result in cancellation of the award. All legally required terms and conditions shall be incorporated into final contract agreements with the selected Service Provider(s).

### **8.3 SUB-CONTRACTOR/PARTNER DISCLOSURE**

If the proposal by any Company requires the use of sub-contractors, partners, and/or third-party products or services, this must be clearly stated in the proposal. The Company submitting the proposal shall remain solely responsible for the performance of all work, including work that is done by sub-contractors.

### **8.4 EXCEPTION TO THE PROPOSAL**

An "exception" is defined as the Service Provider's inability or unwillingness to meet a term, condition, specification, or requirement in the manner specified in the Proposal. All exceptions taken must be identified and explained in writing in the proposal and must specifically reference the relevant section(s) of this Proposal. Other than exceptions that are stated in compliance with this Section, each proposal shall be deemed to agree to comply with all terms, conditions, specifications, and requirements of this Proposal. If the Service Provider provides an alternate solution when taking an exception to a requirement,



the benefits of this alternate solution and impact, if any, on any part of the remainder of the Service Provider's solution, must be described in detail.

### **8.5 MODIFICATION OR WITHDRAWAL OF PROPOSAL**

Prior to the scheduled closing time for receiving proposals, any Vendor may withdraw their proposal. After the scheduled closing time for receiving proposals, no proposal may be withdrawn for 180 days. Only written requests for the modification or correction of a previously submitted proposal that are addressed in the same manner as proposals and are received by the County prior to the closing time for receiving proposals will be accepted. The proposal will be corrected in accordance with such written requests, provided that any such written request is in a sealed envelope that is plainly marked "Modification of Proposal" – with solicitation number and name on the front of the envelope. Oral, telephone, or fax modifications or corrections will not be recognized or considered.

### **8.6 EQUAL EMPLOYMENT OPPORTUNITY**

All Offerors will be required to follow Federal Equal Employment Opportunity (EEO) policies. Union County will affirmatively assure that on any project constructed pursuant to this advertisement, equal employment opportunity will be offered to all persons without regard to race, color, creed, religion, national origin, sex, and marital status, status with regard to public assistance, membership or activity in a local commission, disability, sexual orientation, or age.

### **8.7 MINORITY BUSINESSES (MBE) OR DISADVANTAGED BUSINESSES (DBE)**

It is the policy of Union County that Minority Businesses (MBEs), Disadvantaged Business Enterprises (DBEs) and other small businesses shall have the opportunity to compete fairly in contracts financed in whole or in part with public funds. Consistent with this policy, Union County will not allow any person or business to be excluded from participation in, denied the benefits of, or otherwise be discriminated against in connection with the award and performance of any contract because of sex, race, religion, or national origin.

### **8.8 LICENSES**

The successful Offeror(s) shall have and maintain a valid and appropriate business license (if applicable), meet all local, state, and federal codes, and have current all required local, state, and federal licenses.

### **8.9 E-VERIFY**

E-Verify is the federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program, used to verify the work authorization of newly hired employees pursuant to federal law. Vendor/Offeror shall ensure that Offeror and any Sub-Contractor performing work under this contract: (i) uses E-Verify if required to do so; and (ii) otherwise complies with applicable law.



## **8.10 DRUG-FREE WORKPLACE**

During the performance of this Request, the Offeror agrees to provide a drug-free workplace for their employees; post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the workplace and specify the actions that will be taken against employees for violations of such prohibition; and state in all solicitations or advertisements for employees placed by or on behalf of the Offeror that the Offeror maintains a drug-free workplace.

For the purposes of this section, “drug-free workplace” means a site for the performance of work done in connection with a specific contract awarded to a Offeror/Offerors in accordance with this chapter, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Request.

## **8.11 INDEMNIFICATION**

Contractor agrees to protect, defend, indemnify and hold Union County, its officers, employees and agents free and harmless from and against any and all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to any and all claims, liens, demands, obligations, actions, proceedings, or causes of action of every kind in connection with or arising out of this agreement and/or the performance hereof that are due, in whole or in part, to the negligence of the Contractor, its officers, employees, subcontractors or agents. Contractor further agrees to investigate, handle, respond to, provide defense for, and defend the same at its sole expense and agrees to bear all other costs and expenses related thereto.

*Intentionally Left Blank*



**9 APPENDIX A – PROPOSAL SUBMISSION**

**RFP 2021-050 Investment Broker Services**

*This Proposal is submitted by:*

Company Legal Name: \_\_\_\_\_

Representative Name: \_\_\_\_\_

Representative Signature: \_\_\_\_\_

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

Address: \_\_\_\_\_

County/State/Zip: \_\_\_\_\_

Email Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_

Website Address: \_\_\_\_\_

**It is understood that Union County reserves the right to reject any and all proposals, to make awards according to the best interest of the County, to waive formalities, technicalities, to recover and re-advertise this project. Proposal is valid for 180 days. Proposal is submitted by an executive of the company that has authority to contract with Union County, NC.**

Name: \_\_\_\_\_

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

Signature: \_\_\_\_\_

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



## 10 APPENDIX B – CERTIFICATION

### RFP 2021-050 Investment Broker Services

We certify that we have received and read the Investment Policy of Union County and the laws and regulations of the state of North Carolina pertaining to the investment of public funds and agree to comply with both. All sales and other personnel transacting business with Union County will be routinely informed of its Investment Policy; its investment objectives, horizon, outlook, strategies and risk constraint; and the applicable North Carolina laws and regulations.

Provide names and signatures for all individuals designated in Sections 6.1.1 Section A – Cover Letter and 6.1.3 Section C – Staff Information.

***Authorized Executive with Binding Authority:***

Name	Title	Signature	Date
------	-------	-----------	------

***Single Point of Contact:***

Name	Title	Signature	Date
------	-------	-----------	------

***Staff:***

Name	Title	Signature	Date
------	-------	-----------	------

Name	Title	Signature	Date
------	-------	-----------	------

Name	Title	Signature	Date
------	-------	-----------	------

Name	Title	Signature	Date
------	-------	-----------	------



**11 APPENDIX C – ADDENDUM AND ANTI-COLLUSION**  
**RFP 2021-050 Investment Broker Services**

Please acknowledge receipt of all addenda by including this form with your Proposal. Any questions or changes received will be posted as an addendum on [www.co.union.nc.us](http://www.co.union.nc.us) and/or [www.ips.state.nc.us](http://www.ips.state.nc.us). It is your responsibility to check for this information.

Addendum No.	Date Downloaded
_____	_____
_____	_____
_____	_____
_____	_____

**I certify that this proposal is made in good faith and without collusion with any other offeror or officer or employee of Union County.**

Company Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

Email Address: \_\_\_\_\_

Signature: \_\_\_\_\_

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



**12 APPENDIX D – SAMPLE INVESTMENT TRADING AGREEMENT**

**RFP 2021-050 Investment Broker Services**

**Informational Purposes Only - Do not submit with proposal.**

STATE OF NORTH CAROLINA

INVESTMENT TRADING AGREEMENT

COUNTY OF UNION

This Agreement is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 2020, by and between UNION COUNTY, a political subdivision of the State of North Carolina hereinafter referred to as the “County,” and, \_\_\_\_\_, a corporation duly licensed and authorized to conduct business in North Carolina hereinafter referred to as the “Firm.”

W I T N E S S E T H:

WHEREAS, the County has the need to invest idle cash in short term investments; and

WHEREAS, the Firm has the infrastructure in place to provide for the brokering and delivery of these investment vehicles.

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth, the parties hereto do each contract and agree with the other as follows:

1. The Firm shall provide investment services to the County upon request. The Firm certifies that it is either a “primary dealer” or regional dealer qualifying under Securities and Exchange Commission (SEC) Rule 15C3-1, or a North Carolina Bank or Savings and Loan. The Firm shall offer for purchase by the County only those investments which the County is authorized to purchase pursuant to the North Carolina General Statutes (the “General Statutes”) and Union County policy, a copy of which policy will be provided to the Firm upon request. Although the County will endeavor to select only such investments authorized by the General Statutes, the Firm shall be solely liable for selling to the County any instrument or investment not so authorized. In the event the Firm sells to the County an investment not authorized by the General Statutes, the Firm shall locate a buyer of such instrument and replace it with an authorized instrument within two (2) business days. The Firm shall reimburse the County for all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to the County’s purchase of unauthorized investments through the Firm.
2. The Firm shall be compensated for services provided pursuant to this Agreement solely through profits realized from the spread between the price paid by the Firm for securities and the price paid to the Firm by the County for such securities. The spread is a gross profit margin that compensates the Firm for administrative and paperwork costs, as well as the financial risks of taking a position in securities the value of which may decline in a rising rate market. The County will not be assessed any fees or charges of whatever kind or nature for services provided by the Firm pursuant to this Agreement.
3. The Firm agrees that a confirmation of every transaction will be mailed to the following address:

Union County Finance  
500 North Main Street  
Suite 709  
Monroe, NC 28112

The Firm understands and agrees that the County uses “delivery versus payment” to transact business and that payment will not be made until securities are delivered to the County’s safekeeping agent. A copy of the standard delivery instructions is included as Exhibit A, attached and incorporated herein by reference.

4. The Firm agrees that only the following individuals are authorized to transact business with the County. Additions or deletions from this list must be made in writing to the County and approved by the appropriate manager.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

5. The County agrees that only the following individuals are authorized to place trades on behalf of the County. Additions or deletions from this list must be approved by the Union County Finance Director, and will be provided in writing to the appropriate manager of the Firm.

Beverly Liles  
\_\_\_\_\_  
Daniel Purser  
\_\_\_\_\_  
Amy Hollingsworth  
\_\_\_\_\_

6. The Firm agrees to supply the County with its annual audited financial statements within 120 days of the close of the Firm’s fiscal year.
7. The term of this agreement will begin when properly executed and will continue until terminated by either party upon not less than five (5) days’ written notice.
8. The Firm understands that an annual review will take place by the County to determine the number of bids received from the Firm. The Firm is expected to respond to at least 50% of the available bid opportunities. If the Firm responds to less than 50% of the available bid opportunities the County may consider terminating this agreement.
9. The Firm agrees to protect, defend, indemnify and hold Union County, its officers, employees and agents free and harmless from and against any and all losses, penalties, damages, settlements, costs, charges, professional fees or other expenses or liabilities of every kind and character arising out of or relating to any and all claims, liens, demands, obligations, actions, proceedings, or causes of action of every kind in connection with or arising out of this agreement and/or the performance hereof that are due, in whole or in part, to the negligence of the Firm, its officers, employees, subcontractors or agents. The Firm further agrees to investigate, handle, respond to, provide defense for, and defend the same at its sole expense and agrees to bear all other costs and expenses related thereto.

10. E-Verify is the federal program operated by the United States Department of Homeland Security and other federal agencies, or any successor or equivalent program, used to verify the work authorization of newly hired employees pursuant to federal law. The Firm shall ensure that the Firm and any subcontractor performing work under this Agreement: (i) uses E-Verify if required to do so by North Carolina law; and (ii) otherwise complies with the requirements of Article 2 of Chapter 64 of the North Carolina General Statutes. A breach of this provision by the Firm will be considered a breach of this Agreement, which entitles Union County to terminate this Agreement, without penalty, upon notice to the Firm.
  
11. Pursuant to Article 6A of Chapter 143C of the North Carolina General Statutes, the County must require most entities with which it contracts, which would include the Firm under this Agreement, to certify that the entity is not identified on a list created by the State Treasurer pursuant to N.C.G.S. § 143C-6A-4 (the "Final Divestment List"). This requirement is related to ensuring that entities with which local governments contract are not involved in investment activities in Iran. The Firm certifies that: (i) it is not listed on the Final Divestment List; and (ii) it will not utilize any subcontractor performing work under this Agreement which is listed on the Final Divestment List.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed, this the day and year first above written.

**UNION COUNTY**

**BY:** \_\_\_\_\_  
 County Manager

**ATTEST:** \_\_\_\_\_

**BY:** \_\_\_\_\_

**BY:** \_\_\_\_\_



### 13 APPENDIX E – SAMPLE BID RATE SHEET

RFP 2021-050 Investment Broker Services

**Informational Purposes Only - Do not submit with proposal.**





## 14 APPENDIX F – SAMPLE BROKER BID FORM

RFP 2021-050 Investment Broker Services

**Informational Purposes Only - Do not submit with proposal.**

# C2 Investment Group

## BROKER BID FORM

704.987.8730

Phone: 704.987.8728 / Fax:

CLIENT: Union County  
 BID DATE: 1/5/21

Broker/Dealer:

Trade Date: 1/5/21  
 Settlement 1/6/21  
 Date:  
 Time:

Phone:  
 Fax:

UNION COUNTY SELLS			Security			Benchmark Treasury	
Description	CUSIP	Sell Face	Price	Spread	Yield	Description	Yield
<b>OPTIMIZER 1-3</b>							
FHLB 1.875 11/29/21	3130AABG2	1,505,000					
<b>OPTIMIZER 3-5</b>							
FHLB 2.50 2/13/24	3130AFW94	1,340,000					

UNION COUNTY BUYS			Security			Benchmark Treasury	
Description	CUSIP	Buy Face	Price	Spread	Yield	Description	Yield
<b>OPTIMIZER 1-3</b>							
FNMA .25 11/27/23	3135G06H1	1,530,000					
<b>OPTIMIZER 3-5</b>							
FNMA .50 11/07/25	3135G06G3	1,435,000					



**15 APPENDIX G – UNION COUNTY INVESTMENT POLICY**  
**RFP 2021-050 Investment Broker Services**

**Informational Purposes Only - Do not submit with proposal.**

## UNION COUNTY INVESTMENT POLICY (revised 03/13/13)

### I. Scope

This policy applies to the investment of short-term operating funds (those with maturities of five years or less). It is the general policy of Union County to co-mingle all available aforementioned cash into a common investment portfolio with interest and/or investment earnings allocated to the various funds on a pro-rata basis. Specifically exempted from this policy are Social Services and Jail Inmate Fund trust accounts, (whereby Union County serves as the trustee for assets belonging to others) and bond and /or note proceeds. Regulations established by the Internal Revenue Service require local governments to exercise special treatment in the investment of bond and/or note proceeds, including the implementation of procedures designed to separately track investment earnings on the bond and/or note proceeds for arbitrage and rebate calculations.

### II. General Objectives

The primary objectives, in priority order, of investment activities shall be safety, liquidity, and yield:

- A. **Safety** - Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk and interest rate risk.
1. **Credit Risk** - Union County will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
    - a) Limiting investments to the safest types of securities
    - b) Pre-qualifying the financial institutions and broker/dealers with which Union County will do business
    - c) Diversifying the investment portfolio so that potential losses on individual securities will be minimized.
  2. **Interest Rate Risk** - Union County will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
    - a) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
    - b) Investing operating funds primarily in shorter-term securities
- B. **Liquidity** - The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). A portion of the portfolio may be placed in money market mutual funds or local government investment pools which offer same-day liquidity for short-term funds.
- C. **Yield** - The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:
1. A security with declining credit may be sold early to minimize loss of principal.
  2. A security swap would improve the quality, yield, or target duration in the portfolio.

3. Liquidity needs of the portfolio require that the security be sold.

### III. Standards of Care

- A. Prudence** - The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy. Investments shall 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.
- B. Ethics and Conflicts of Interest** - Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of Union County.
- C. Delegation of Authority** - Authority to manage the investment program is granted to the Finance officer and is derived from G.S.159-30. The responsibility for the operation of the investment program is hereby delegated to the Finance officer (or designee), hereinafter referred to as "Investment Officer", who shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the investment officer. The investment officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

### IV. Safekeeping and Custody

- A. Authorized Financial Dealers and Institutions** - A list will be maintained of financial institutions authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule). An annual review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the investment officer. It shall be the responsibility of each financial institution to submit a request to the finance department if they desire to offer investments with Union County. The finance director will have the authority to approve financial institutions. All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:
  1. Audited financial statements

2. Proof of registration to conduct business in North Carolina
3. Proof of membership in either the FDIC or FSLIC
4. Proof of National Association of Securities Dealers (NASD) certification
5. A properly executed Investment Trading Relationship Agreement

B. **Internal Controls** - The investment officer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of Union County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are being met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. Accordingly, the investment officer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures. The internal controls shall address the following points:

1. Control of collusion
2. Separation of transaction authority from accounting and recordkeeping
3. Custodial safekeeping
4. Avoidance of physical delivery securities
5. Clear delegation of authority to subordinate staff members
6. Written confirmation of transactions for investments and wire transfers
7. Development of a wire transfer agreement with the lead bank and third-party custodian

C. **Delivery vs. Payment** - 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. Securities will be held by a third-party custodian and evidenced by safekeeping receipts.

## V. Suitable and Authorized Investments

A. **Investment Types** – Permitted investments are those which are qualified under Section 159-30 of the General Statutes of North Carolina, as amended from time to time.

B. **Collateralization** - Collateralization is a means of providing a guarantee that pledged securities are being held to repay Union County in the event of a failure or bankruptcy of a financial institution in which the Union County has invested funds. Certificates of deposit (CD) or demand deposits in excess of the \$250,000 Federal Deposit Insurance Corporation (FDIC) or Federal Savings & Loan Insurance Corporation (FSLIC) insurance protection must be fully collateralized as required by G.S. 159-31 (b). All financial institutions used by the county will comply with the requirements of Title 20, Chapter 7 of the North Carolina Administrative Code (20 NCAC 7) which details procedures to collateralize deposits in excess of FDIC or FSLIC insurance amounts. Eligible securities which may be pledged as collateral are itemized in 20 NCAC 7. Two options for collateralization of excess funds are described in 20 NCAC 7 and are commonly known as "Option 1" and "Option 2" as described below.

1. Option 1 allows financial institutions to set up a separate escrow account with a third party for each local government unit into which all pledged securities are held. This option places the responsibility of monitoring the value of pledged collateral and the reviewing of the reports involved, upon the finance director.
2. Option 2 requires the financial institution to first establish an escrow account with an authorized escrow agent, in the name of the State Treasurer. This option transfers the responsibility for monitoring the collateralization from the county finance director to the State Treasurer. Each financial institution is required to furnish certain reports to the State Treasurer, quarterly and annually, reflecting the collateralization of all

local government units. Option 2 relieves the financial institutions of the need to have a separate escrow account for each local government unit and enables it to deal only with the State Treasurer's Office in pledging and releasing securities. Due to the alleviation of administrative duties and the reduction of time requirements on the finance director, all financial institutions are encouraged to use Option 2 when possible.

## VI. Investment Parameters

- A. **Diversification** - The investments shall be diversified by:
1. Limiting investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
  2. Limiting investment in securities that have higher credit risks,
  3. Investing in securities with varying maturities, and
  4. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools (LGIPs), money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
  5. Specific Diversification Criteria – the following guidelines are suggested as a means of diversification. It is not intended that these guidelines be rigidly enforced, as percentages can vary due to purchases, maturities, interest, etc. Rather, they are designed to provide the framework for a well-diversified portfolio.
    - a) Diversification by Financial Institution – no more than 25% of the total portfolio may be invested in instruments which are a direct obligation of any one financial institution. Direct obligations include Banker's Acceptances and Commercial Paper sponsored by the financial institution. This percentage may be further constrained by the restriction on commercial paper as stated below.
    - b) Diversification by Issuer – no more than 10% of the portfolio may be invested in the commercial paper of a single issuer. There will be no restrictions placed upon Federal Agency instruments.
- B. **Maximum Maturities** - To the extent possible, Union County shall attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Union County will not directly invest in securities maturing more than five (5) years from the date of purchase or in accordance with state and local statutes and ordinances. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of funds. The intent to invest in securities with longer maturities shall be disclosed in writing to the Board of County Commissioners. Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LGIPs, money market funds, or overnight repurchase agreements to ensure that appropriate liquidity is maintained to meet ongoing obligations.
- C. **Methodology for Calculating Rate of Return** – Investments are often quoted using the “discount” rate. This is calculated by dividing the dollar amount of the discount by the face value. This is not the same as yield. Yield is calculated by dividing the discount by the purchase price or principal. The yield is calculated and quoted using a 360-day year. This is then converted to the “bond equivalent yield” by using a 365-day year.
- D. **Performance Standards** - The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates.

## VII. Procedures

- A. **Investment Decision** – All investment decisions will be made by the investment officer.
  - 1. The cash position will be reviewed on a daily basis. Maturing investments and other large cash inflows may produce idle funds. These funds are then invested based upon anticipated future cash needs.
  - 2. Once idle cash has been identified and quantified, a review will be made to determine desired maturity dates, based upon future cash needs.
  - 3. Bids for investments will be requested from any or all of the approved financial institutions. Once contacted by Union County, the financial institution will be given one hour to respond with offerings. However, the investment officer is authorized to override this requirement due to time constraints, either to allow time for transfer of cash, or in order to take advantage of superior investment offerings, which tend to trade quickly.
  - 4. All bids are compared and selection is made based upon safety, liquidity, yield, maturity and all other factors pursuant to this policy.
  - 5. If two or more tie bids are received on the exact offering, the investment officer may contact both institutions and inform them that their bid is the same as another institution, giving them the option to increase their bid. However, this is not a requirement and the ultimate decision will be left to the discretion of the investment officer.
- B. **Removal of Financial Institution** – the finance director shall have the authority to remove any institution from the authorized list for failure to comply with this policy or any just cause. The decision to return the institution to the list shall be left to the discretion of the finance director.

## VIII. Reporting

- 1. The investment officer shall submit on a monthly basis but no later than quarterly an investment report that summarizes current economic developments and anticipated investment conditions. The report shall summarize the investment strategies employed in the most recent month or quarter, the amount of investment income earned, and describe the portfolio in terms of investment securities.
- 2. Each quarterly report shall indicate any areas of policy concern and suggested or planned revision of investment strategies.
- 3. On an annual basis the County will disclose the investments and maturities in the Comprehensive Annual Financial Report as required. This disclosure includes all deposits and investments held at June 30<sup>th</sup> of each fiscal year at market value, interest rate risk, credit risk, custodial credit risk, and concentration of credit risk.

## IX. Policy Considerations

- A. **Exemption** - Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy. In addition, all institutions with which Union County transacts business will be given a reasonable amount of time to comply with this policy.
- B. **Amendments** - This policy shall be reviewed on an ongoing basis. Any changes must be approved by the finance officer and approved by the Board of County Commissioners.

## Appendix 1: Glossary of Cash Management Terms

**Accrued Interest** - The accumulated interest due on a bond as of the last interest payment made by the issuer.

**Agency** - A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of federal agency is the Government National Mortgage Association (GNMA). An example of a FSA is the Federal National Mortgage Association FNMA).

**Average Life** - The average length of time that an issue of serial bonds and/or term bonds with a mandatory sinking fund feature is expected to be outstanding.

**Basis Point** - A unit of measurement used in the valuation of fixed-income securities equal to 1/100 of 1 percent of yield, e.g., "1/4" of 1 percent is equal to 25 basis points.

**Bid** - The indicated price at which a buyer is willing to purchase a security or commodity.

**Callable Bond** - A bond issue in which all or part of its outstanding principal amount may be redeemed before maturity by the issuer under specified conditions.

**Cash Sale/Purchase** - A transaction which calls for delivery and payment of securities on the same day that the transaction is initiated.

**Collateralization** - Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security.

**Commercial Paper** - An unsecured short-term promissory note issued by corporations, with maturities ranging from 2 to 270 days.

**Coupon Rate** - The annual rate of interest received by an investor from the issuer of certain types of fixed-income securities. Also known as the "interest rate."

**Credit Risk** - The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

**Delivery Versus Payment (DVP)** - A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

**Discount** - The amount by which the par value of a security exceeds the price paid for the security.

**Diversification** - A process of investing assets among a range of security types by sector, maturity, and quality rating.

**Duration** - A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.

**Federal Funds (Fed Funds)** - Funds placed in Federal Reserve banks by depository institutions in excess of current reserve requirements. These depository institutions may lend fed funds to each other overnight or on a longer basis. They may also transfer funds among each other on a same-day basis through the Federal Reserve banking system. Fed funds are considered to be immediately available funds.

**Federal Funds Rate** - Interest rate charged by one institution lending federal funds to the other.

**Government Securities** - An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See "Treasury Bills, Notes, and Bonds."

**Interest Rate** - See "Coupon Rate."

**Interest Rate Risk** - The risk associated with declines or rises in interest rates which cause an investment in a fixed-income security to increase or decrease in value.

**Internal Controls** - An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

- ◆ Control of collusion - Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
- ◆ Separation of transaction authority from accounting and record keeping - By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
- ◆ Custodial safekeeping - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
- ◆ Avoidance of physical delivery securities - Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
- ◆ Clear delegation of authority to subordinate staff members - Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
- ◆ Written confirmation of transactions for investments and wire transfers - Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via fax if on letterhead and if the safekeeping institution has a list of authorized signatures.
- ◆ Development of a wire transfer agreement with the lead bank and third-party custodian - The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

**Investment Company Act of 1940-** Federal legislation which sets the standards by which investment companies, such as mutual funds, are regulated in the areas of advertising, promotion, performance reporting requirements, and securities valuations.

**Investment Policy** - A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

**Investment-grade Obligations** - An investment instrument suitable for purchase by institutional investors under the prudent person rule. Investment-grade is restricted to those obligations rated BBB or higher by a rating agency.

**Liquidity** - An asset that can be converted easily and quickly into cash.

**Local Government Investment Pool (LGIP)** - An investment by local governments in which their money is pooled as a method for managing local funds.

**Market Risk** - The risk that the value of a security will rise or decline as a result of changes in market conditions.

**Market Value** - Current market price of a security.

**Maturity** - The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder. See "Weighted Average Maturity."

**Money Market Mutual Fund** - Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

**Mutual Fund** - An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

- ◆ Report standardized performance calculations.
- ◆ Disseminate timely and accurate information regarding the fund's holdings, performance, management and general investment policy.
- ◆ Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
- ◆ Maintain the daily liquidity of the fund's shares.

- ◆ Value their portfolios on a daily basis.
- ◆ Have all individuals who sell SEC-registered products licensed with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
- ◆ Have an investment policy governed by a prospectus which is updated and filed
- ◆ by the SEC annually.

**Mutual Fund Statistical Services** - Companies that track and rate mutual funds, e.g., IBC/Donoghue, Lipper Analytical Services, and Morningstar.

**National Association of Securities Dealers (NASD)** - A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

**Net Asset Value** - The market value of one share of an investment company, such as a mutual fund. This figure is calculated by totaling a fund's assets which includes securities, cash, and any accrued earnings, subtracting this from the fund's liabilities and dividing this total by the number of shares outstanding. This is calculated once a day based on the closing price for each security in the fund's portfolio. (See below.)  $[(\text{Total assets}) - (\text{Liabilities})] / (\text{Number of shares outstanding})$

**No Load Fund** - A mutual fund which does not levy a sales charge on the purchase of its shares.

**Nominal Yield** - The stated rate of interest that a bond pays its current owner, based on par value of the security. It is also known as the "coupon," "coupon rate," or "interest rate."

**Offer** - An indicated price at which market participants are willing to sell a security or commodity. Also referred to as the "Ask price."

**Par** - Face value or principal value of a bond, typically \$1,000 per bond.

**Premium** - The amount by which the price paid for a security exceeds the security's par value.

**Primary Dealers** - banks and securities broker/dealers that trade in United States government securities directly with the Federal Reserve System.

**Prime Rate** - A preferred interest rate charged by commercial banks to their most creditworthy customers. Many interest rates are keyed to this rate.

**Principal** - The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

**Prospectus** - A legal document that must be provided to any prospective purchaser of a new securities offering registered with the SEC. This can include information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements.

**Prudent Person Rule** - An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

**Repurchase Agreement (repo or RP)** - An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

**Reverse Repurchase Agreement (Reverse Repo)** - An agreement of one party to purchase securities at a specified price from a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

**Rule 2a-7 of the Investment Company Act** - Applies to all money market mutual funds and mandates such funds to maintain certain standards, including a 13-month maturity limit and a 90-day average maturity on investments, to help maintain a constant net asset value of one dollar (\$1.00).

**Safekeeping** - Holding of assets (e.g., securities) by a financial institution.

**Serial Bond** - A bond issue, usually of a municipality, with various maturity dates scheduled at regular intervals until the entire issue is retired.

**Swap** - Trading one asset for another.

**Term Bond** - Bonds comprising a large part or all of a particular issue which come due in a single maturity. The issuer usually agrees to make periodic payments into a sinking fund for mandatory redemption of term bonds before maturity.

**Treasury Bills** - Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of

three- and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

**Treasury Notes** - Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

**Treasury Bonds** - Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

**Uniform Net Capital Rule** - SEC Rule 15C3-1 outlining capital requirements for broker/dealers.

**Volatility** - A degree of fluctuation in the price and valuation of securities.

**"Volatility Risk" Rating** - A rating system to clearly indicate the level of volatility and other non-credit risks associated with securities and certain bond funds. The ratings for bond funds range from those that have extremely low sensitivity to changing market conditions and offer the greatest stability of the returns ("aaa" by S&P; "V-1" by Fitch) to those that are highly sensitive with currently identifiable market volatility risk ("ccc-" by S&P, "V-10" by Fitch).

**Yield** - The current rate of return on an investment security generally expressed as a percentage of the security's current price.



**16 APPENDIX H – SAMPLE VENDOR PAYMENT NOTIFICATION**  
**RFP 2021-050 Investment Broker Services**

**Informational Purposes Only - Do not submit with proposal.**

**ATTENTION: ACCOUNTS PAYABLE VENDORS**

As part of our Fraud Prevention Program, Union County now prefers two methods for payments to vendor accounts. These methods allow for faster and easier payments to vendors.

The first and preferred method available is to accept a VISA card payment from the County. If you accept payment via VISA, payment is made at the time of the transaction or upon receipt and approval of the invoice.

The second method is an Electronic Funds Transfer. (EFT) This means that you will receive payment of invoices due directly into your bank account. With this method, you will get an email confirmation giving you the date, invoice numbers, and total amount paid. Your payment will be available to you on Monday (or the first banking day if Monday is a bank holiday) following receipt of an approved invoice from the County department invoiced.

An EFT Enrollment Form to enroll in the program is attached for your convenience. You can also visit the Union County website at [www.unioncountync.gov](http://www.unioncountync.gov) at any time to get a new form if your banking information changes. If the banking information changes and you do not notify us, it will delay receipt of payment for invoices.

If you wish to receive payment via the County's VISA card, please contact Alex Whitaker at 704-283-3538 or Christi Climbingbear at 704-283-3543, or send an email to [alex.whitaker@unioncountync.gov](mailto:alex.whitaker@unioncountync.gov) and you will be added to the list of vendors accepting the VISA card method of payment.

Union County prefers all vendors participate in one of the two methods described above.

Thank you in advance for your participation.



Please return this completed form and supporting documents to:



Union County -Finance Office  
Suite 714, 7th Floor, 500 N. Main Street, Monroe NC 28112

Phone: (704) 283-3886 Fax: (704) 225-0664

Email: ap@unioncountync.gov

**Authorization for payment via Electronic Funds Transfer (EFT)**

Initial Enrollment

Change Information

Today's Date \_\_\_\_\_

Company Name \_\_\_\_\_

Street Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

By signing below, I hereby authorize Union County to electronically deposit funds into the account indicated below. I understand that if my banking information changes and Union County is not made aware of this change, then payment may be delayed.

Bank Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Routing/ABA # \_\_\_\_\_ Bank Acct No. \_\_\_\_\_

**Payment Notification:** I hereby authorize the following individual to receive an email notification of payment details for all funds deposited to the above account by Union County.

Name & Title \_\_\_\_\_

Email Address \_\_\_\_\_

Phone Number \_\_\_\_\_

Officer Name & Title \_\_\_\_\_

Phone Number \_\_\_\_\_

Signature: \_\_\_\_\_

**FOR ACCOUNT VERIFICATION, PLEASE ATTACH A VOIDED CHECK.**

This authorization will remain in effect until Union County has received written notice to discontinue.

Print Form