

CITY OF LAWRENCE, KANSAS

RFP Q1610 FOR INVESTMENT MANAGEMENT SERVICES

Individual Evaluation of Proposals

Respondent: Columbia Capital Municipal Advisors – Overland Park, KS

Checklist of Required Documents:

- | | | |
|---|---|--|
| 1. Signed Letter of Transmittal on Letterhead | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 2. Signed Minimum Qualification Certification | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. SEC Federally Registered Investment Advisor
(They are also registered Municipal Advisors
under Dodd Frank) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. ADV Part II | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| c. Act as Fiduciary | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| d. Agrees to provide services per RFQ | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 3. Questionnaire (Body of Proposal #1-3) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Questions answered in order? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. Attachments included? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 4. Fee Proposal (the greater of \$80,000 or
9 bps on total portfolio) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Custodial Services Included
(Does not provide custodial services, but
recommends TD Ameritrade-\$25/per security
delivered. Very economical compared to big
custodians. Ask if TDA could provide mark-to-
market services.) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| b. Transaction Fees Included
(see contract where it states that transaction fees
are the City's responsibility) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| c. Investment Policy Review* (see below) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| d. Additional Charges? (additional services provided
e. at \$250/hour) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 5. Sample Contract | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 6. 3 References Provided | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Kansas references? All three Kansas | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

COMMENTS:

Excellent response. All questions answered thoroughly and directed specifically to the City. They were very precise about what they do, how they do it. I like the way they recommend subdividing into 4 portfolios – day-to-day liquidity, secondary liquidity, income and long-term capital and bond. The individuals assigned to the City have close up experience, as Jeff White was himself a City Administrator in various capacities. This indicates that they have an intimate understand of the concerns of local governments.

Columbia is based in Kansas and has mostly Kansas public clients. Of all the proposers, they are probably the most familiar with Kansas investment laws. They have \$434 million of assets under management with 13 clients. It appears from their proposal that their experience dates from 2012.

Columbia's proposal appears to envision taking control of all the City's funds and bank accounts and providing all mark to market services. The City should carefully consider the amount of control given to Columbia. They're even proposing to value your collateral that is posted by the banks. If Columbia is selected, the City will need to be specific about the breadth of their involvement.

Columbia recommends TD Ameritrade as custodian. TDA charges \$25 per security. This is a very economical recommendation. Services provided by TDA are minimal – again, you would be relying on Columbia to value the securities in your portfolio. I would ask if TDA offered that service at an additional charge to provide some checks and balances.

Columbia's response to providing performance data was weak. It did not provide sufficient data to evaluate the performance.

CITY OF LAWRENCE, KANSAS
RFP Q1610 FOR INVESTMENT MANAGEMENT SERVICES

Individual Evaluation of Proposals

Respondent: Sterling Capital Management LLC (subsidiary of BB&T Corporation)

Checklist of Required Documents:

- | | | |
|---|---|--|
| 1. Signed Letter of Transmittal on Letterhead | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 2. Signed Minimum Qualification Certification | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. SEC Federally Registered Investment Advisor | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. ADV Part II | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| c. Act as Fiduciary | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| d. Agrees to provide services per RFQ | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 3. Questionnaire (Body of Proposal #1-3) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Questions answered in order? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. Attachments included? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 4. Fee Proposal (around 8.3 bps) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Custodial Services Included | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| (Does not provide custodial services. They made recommendations of outside banks) | | |
| b. Transaction Fees Included | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| c. Investment Policy Review | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| d. Additional Charges? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 5. Sample Contract | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 6. 3 References Provided | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Kansas references? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

COMMENTS:

Sterling is a very professional organization with an excellent reputation. They have billions of assets under management and systems (analytical and reporting) that could be beneficial to the City. They appear to focus on client service. Their proposal was well done, taking care to answer the questions thoughtfully and thoroughly. Negatives for Sterling are their location in Charlotte, North Carolina and having no Kansas governmental experience (they have several corporate clients in Kansas and a couple of schools in neighboring Missouri). If these criteria are important to the City (and its constituents), they need to be weighed appropriately.

As a point of disclosure, SIA conducts business with BB&T as a provider of open market securities for advance refunding escrows. Our experience with BB&T has been a good one.

CITY OF LAWRENCE, KANSAS
RFP Q1610 FOR INVESTMENT MANAGEMENT SERVICES

Individual Evaluation of Proposals

Respondent: U.S. Bank (Municipal Advisory Group)

Checklist of Required Documents:

- | | | |
|--|---|--|
| 1. Signed Letter of Transmittal on Letterhead | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 2. Signed Minimum Qualification Certification | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. SEC Federally Registered Investment Advisor
(registered as municipal advisor under Dodd Frank) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| b. ADV Part II (nationally chartered bank exempt from
filing an ADV) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| c. Act as Fiduciary | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| d. Agrees to provide services per RFQ | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 3. Questionnaire (Body of Proposal #1-3) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Questions answered in order? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b. Attachments included? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 4. Fee Proposal (Guaranteed for 3 years – 9.2 basis points) | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| a. Custodial Services Included (3 basis pts. Quarterly) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| b. Transaction Fees Included | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| c. Investment Policy Review | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| d. Additional Charges? (minimum annual relationship
fee \$25,000. Clarify if this is the minimum fee) | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |
| 5. Sample Contract | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| 6. 3 References Provided | Yes <input checked="" type="checkbox"/> (4) | No <input type="checkbox"/> |
| a. Kansas references? | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> |

COMMENTS:

Overall, it does not appear that USB took much (any) initiative to address the City of Lawrence specifically. Their material appeared “canned” and cut and pasted from past proposal material. Little to no effort was expended. If this is the energy they put into the proposal, what are the odds they will perform thoughtful work. They did not read the RFP instructions, beginning with the requirement that the proposer submit a “signed” letter of transmittal (on letterhead). RFP stated that “an unsigned response shall be rejected”. Very poorly done. I would not recommend considering USB.