

**CITY OF ROCKVILLE  
ROCKVILLE, MARYLAND**

**REQUEST FOR INFORMATION #11-11**

**BROKER/DEALER  
INVESTMENT SERVICES**



**CITY OF ROCKVILLE  
DEPARTMENT OF FINANCE**

**111 Maryland Avenue  
Rockville, MD 20850**

**AUGUST 2010**

## **SECTION I: INTRODUCTION**

### **PURPOSE**

The City of Rockville “City” is currently seeking information from Investment Firms (Firms) interested in providing investment services and products to the City. The purpose of this solicitation is to establish an eligibility list of qualified Firms who will be authorized to provide investment services and sell investment securities to the City. Firms shall be selected by the City Council in accordance with the City’s Investment Policy based on a number of factors which are further described below.

Selection does not constitute any type of guarantee that the City will purchase any securities from any particular qualified firm. Interested firms shall limit contact to the Director of Finance. Any direct contact with elected officials or other attempts to influence this process are basis for disqualification.

The City will update the list of firms authorized to do business with the City periodically. Interested Firms not yet qualified may submit information for consideration through this process. The City will not transact business with any Firms not pre-qualified through this process. The City shall not transact business with an authorized Broker-Dealer until all of the documentation that both parties require, has been executed and delivered.

The City will notify all Broker-Dealer candidates, in writing, on whether their request for being an authorized City vendor has been approved or denied. If a candidate’s request is denied or if its RFI is rejected for being incomplete or late, then that candidate shall not be eligible to reapply for three years.

### **BACKGROUND**

The City of Rockville (City) is a local governmental agency that operates under the laws of the State of Maryland. The City has a portfolio of approximately \$40 million, primarily which is currently invested in money market liquid assets. The City’s Investment philosophy is conservative, emphasizing prudent management of the excess funds, most of which are programmed for current or future capital projects.

A copy of the City’s adopted investment policy can be found on the City’s website at [http://www.rockvillemd.gov/government/finance/investments/Investment\\_Policy.pdf](http://www.rockvillemd.gov/government/finance/investments/Investment_Policy.pdf)

### **MINIMUM QUALIFICATIONS**

Respondents to the RFI must meet the following minimum qualifications. Failure to satisfy the following qualifications may result in the rejection of the Respondent’s proposal.

1. Have a net capital position in excess of \$10 million
2. Have been in business for more than five years
3. Are qualified under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule)
4. Are headquartered or have a branch office in the State of Maryland
5. Must carry adequate insurance coverage, including liability, errors and omissions, and workers’ compensation (if applicable)
6. Member of National Association of Dealers (NASD).

## SECTION II: ADMINISTRATIVE PROCEDURES

### PERTINENT DATES

The following timeline applies to this RFI.

Request Issued	August 2010
Responses Due	September 27, 2010
Selection of Qualified Firms	October 4, 2010
City Council Approval	October 18, 2010

### SUBMISSION PROCEDURES AND DEADLINE

All proposals must be delivered to the below office on or before **5:00pm on Monday, September 27, 2010**. **Proposals received after the above date and time will not be considered.**

Interested parties must submit three (3) copies of all required documents to:

City of Rockville  
City Hall – Purchasing Division  
Attention: Eileen Morris, Purchasing Manager  
111 Maryland Avenue  
Rockville, MD 20850

Responses to this RFI are subject to Freedom of Information Act (FOIA) requests.

Responses to this RFI will not be returned.

### PREPARATION GUIDELINES

Submittals shall be prepared simply and economically avoiding the use of elaborate promotional materials beyond those sufficient to provide a complete, accurate and reliable presentation.

All questions/certifications in Sections IV, V and VI must be answered in the order, manner and format stipulated after each question. Each question must be restated before your response. If printed matter is supplied as supplemental information, please make sure that the supplemental information is appropriately marked with the corresponding question to which it applies. (To assist in preparation of responses the above sections are also provided in Word format.)

### RIGHT OF REJECTION BY CITY OF ROCKVILLE

Notwithstanding any other provisions of this Request for Information, the City of Rockville reserves the right to limit the number of firms authorized to do business with the City, regardless of the qualifications of any particular firm. For instance, although every primary dealer applying may be highly qualified to provide investment services, the City intends to limit authorized primary dealers to one firm. The primary firm judged best qualified based on the criteria described herein will be selected and recommended to the City Council for approval. The decision of City Council is final.

### QUESTIONS RELATED TO THIS REQUEST FOR INFORMATION

In order to avoid any potential conflicts, and to minimize the burden on City staff, the City requires that all questions relating to this RFI be directed to:

Gavin Cohen, Chief Financial Officer  
Telephone: (240) 314-8402  
Email: [gcohen@rockvillemd.gov](mailto:gcohen@rockvillemd.gov)

**Any proposer found to be soliciting other members of City staff or officials during this RFI process will be disqualified from any further consideration. Subsequent discovery of unauthorized solicitation may be grounds for cancellation of the existing contract, at the sole discretion of the City.**

### SECTION III: EVALUATION AND AWARD CRITERIA

Selection of a limited number firms for the eligibility list will be made of the most highly qualified and best suited among the proposing firms on the basis of the evaluation factors listed below:

- Understanding of the needs and operational requirements of the City of Rockville
- The experience, resources, and qualifications of the Firm and the individuals assigned to this account.
- Amount and quality of relevant experience managing similar relationships with public sector clients
- Familiarity and knowledge of Maryland State Statutes and Investment Regulations
- Scope and quality of additional services provided to the City
- Demonstration of commitment to the Industry including continuing education and service to professional organizations
- Financial strength, financial controls and adequacy of insurance coverage
- Quality and conciseness of proposal

**SECTION IV: SUBMITTAL OF GENERAL INFORMATION FROM BROKER-DEALER CANDIDATE**

1. Please provide a general description of your organization, date founded, ownership, and business affiliations. Provide a list of all firm personnel who will service this account, with a brief description of their background, education, length of service and their role in servicing the City of Rockville.
2. Provide the name of the primary contact/sales representative of the Firm. Provide complete biographical information on this individual, including professional background, number of years in the industry, number of years with the firm, and experience serving municipal clients, particularly in Maryland.
3. Please provide confirmation that the personnel who are referenced in Question 2 above have read the City's Investment Policy as adopted in May 2006.
4. Please provide information on the history, details, and status or disposition of any disciplinary actions or complaints, arbitration, or litigation involving the above listed personnel.
5. What professional organizations do the sales representative and the Firm belong to? Describe your Firm's commitment to the industry, focusing specifically on the Firm's commitment to continuing education, and your record of service to recognized professional organizations such as MGFOA. Pay particular attention to the Firm's familiarity with and knowledge of Maryland State Statutes.
6. Please provide a complete listing of Maryland public sector clients that have established relationships (more than one year) with the sales representative who are listed in Question 2. Indicate: (a) name of governmental agency; (b) contact person; (c) address; (d) telephone number, and (e) length of relationship.
7. What percentage of the sales representative's Book is direct service to municipal accounts? What percentage of those clients are Maryland municipalities?
8. Is your firm: *(check one)*  
 A Dealer       A Broker       A Broker/Dealer
9. Does your firm regularly report to the Market Reports Division of the Federal Reserve Bank of New York as a "primary dealer"? *(check one)*  
 Yes       No  

If yes, how long has your firm been a primary dealer?
10. Please answer the following questions. For each yes answer, please provide any/all information that will allow the City to verify.
  - a. Does your firm have a net capital position in excess of \$10 million? *(check one)*  
 Yes       No
  - b. Has your firm been in existence for more than five years? *(check one)*  
 Yes       No

- c. Is your firm qualified under SEC Commission Rule 15C3-1 (Uniform Net Capital Rule)? (*check one*)  
 Yes                       No
- d. Is your firm headquartered or does it have a branch office in Maryland? (*check one*)  
 Yes                       No
- e. Does your firm carry adequate insurance coverage including liability, errors and omissions and workers' compensation? (*check one*)  
 Yes                       No

Provide a list of the current insurance coverages and limits your firm carries applicable to this RFI.

11. Is your firm a member of the National Association of Securities Dealers? (*Check one*)  
 Yes                       No If "no", provide explanation.
12. Which of the following entities has the authority to oversee the operation of your firm, in terms of examinations, rules, and regulations? (*Check appropriate choices*)  
 FDIC     SEC     NYSE  
 Comptroller of Currency                       Federal Reserve System  
 Other (example: state regulatory agency) (*specify*) Multistate firms please note: It is not necessary to include regulatory agencies that do not have jurisdiction over your firm's activities in Maryland.

13. Is your firm owned by a holding company? (*check one*)  
 Yes                       No  
 If "yes", what is the holding company's name and its net capitalization?

14. Has your firm consistently complied with the Federal Reserve Bank's capital adequacy guidelines? (*check one*)  
 Yes                       No If "no", please explain.

15. What was your firm's total volume in United States Treasury and Agency securities trading last year?  
 Firm Wide:        \$    # of Transactions:  
 Your Office:     \$    # of Transactions:

16. Which of the following instruments are regularly offered by your Firm's trading desk? (*Check appropriate choices*)  
 T-Bills     Banker's Acceptances (Domestic)  
 T-Notes     Banker's Acceptances (Foreign)

- |  |  |
|--|--|
| <input type="checkbox"/> T-Strips                    | <input type="checkbox"/> Certificates of Deposit     |
| <input type="checkbox"/> Commercial Paper            | <input type="checkbox"/> Corporate Medium-Term Notes |
| <input type="checkbox"/> Agencies ( <i>specify</i> ) | <input type="checkbox"/> Money Market Mutual Funds   |

17. Which of the financial instruments that are described in Question 16 does your firm specialize in marketing?
18. Is your firm a member of the Securities Investor Protection Corporation (“SIPC”)?  
(*check one*)     Yes     No
- If “no” does your firm participate in any program that provides securities insurance coverage for a public sector clients? Please provide complete information on all of your insurance coverages relating to this contract, including liability, errors and omissions, and workers’ compensation etc.
19. What trade documentation (e.g., transaction information, confirmations, statements, etc.) would your firm provide to the City?
20. What services do you provide to your municipal clients, in addition to the execution and processing of securities trades? What types and level of service distinguish your Firm from its competitors? What advantage would the City gain by trading with your firm?
21. Describe your approach to client service and your philosophy regarding the investment of public funds. State specifically how you intend to service the City of Rockville’s account, and how that approach will benefit the City.
22. How do you set prices for the sale of securities? Are you willing to disclose the commissions earned on the trades actually executed with the City? Do you allow verification of this information by outside auditors?

**SECTION V: REQUEST FOR BROKER-DEALER CANDIDATE DISCLOSURE**

23. Have any of your firm’s public sector clients sustained a loss on a securities transaction within the last five years, arising from a misunderstanding or misrepresentation of the risk characteristics of a financial instrument that was recommended by and purchased through your firm? (*check one*)
- Yes     No    If “yes”, please describe each matter briefly.
24. Have any of your firm’s public sector clients claimed, in writing, within the last five years, that your firm was responsible for any investment losses? (*Check one*)
- Yes     No    If “yes”, please describe each matter briefly.
25. Has your firm been subject to any litigation, arbitration, or regulatory proceedings, either pending, adjudicated, or settled, within the last five years, that involved allegations of improper, fraudulent, disreputable or unfair activities related to the sale of securities to or the purchase of securities from institutional clients? (*Check one*)

Yes       No If "yes", please describe each matter briefly.

26. Has your firm been subject to a regulatory, state, or federal agency investigation, within the last five years, for alleged improper, fraudulent, disreputable, or unfair activities related to the purchase or sale of securities? (*Check one*)

Yes       No If "yes", please describe each matter briefly.

**SECTION VI: CERTIFICATION**

We hereby certify that we have read and that we understand the investment policies and objectives of the City of Rockville as reflected in the City's Investment Policy, as amended May 2006. Our firm will ensure that all affected sales personnel will be routinely informed of the City's investment objectives, horizon, outlook, strategies, and risk constraints, as the City provides such information.

Our firm will notify the Chief Financial Officer immediately, by telephone, and, in writing, in the event of a material adverse change in its financial condition, or of any violation of Municipal Securities Rulemaking Board Rule G-37.

Our firm pledges to exercise due diligence in informing the Chief Financial Officer of all foreseeable risks associated with any financial transactions that our firm undertakes with the City. We attest to the accuracy of our firm's response to the City's Request For Information.

**Completion of this Request For Information is only part of the City of Rockville's review process, and DOES NOT guarantee that the candidate will be authorized to provide financial services to the City.**

This section must be signed by the sales representative who is listed in Question 2 above.

Firm: \_\_\_\_\_

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

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

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

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

This section must be countersigned by the Managing Director or by the most senior person in charge of the government securities operations section.

Firm: \_\_\_\_\_

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

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

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

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