



**Central Coast Community Energy**

**70 GARDEN CT  
MONTEREY, CA 93940  
(831) 641-7222**

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# **REQUEST FOR PROPOSALS FOR:**

## **Investment Management & Liquidity Solutions Services**

**Proposals are due by 11:59 PM (PST) on April 21, 2022**

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**SOLICITATION DETAILS SECTION**

## 1.0 INTENT

- 1.1 Central Coast Community Energy, hereinafter referred to as CCCE, is soliciting proposals from a qualified organization(s), hereinafter referred to as “CONTRACTOR(S),” to provide investment management services to support CCCE in its management of its cash balances.
- 1.2 This solicitation is not intended to create an exclusive service agreement and multiple awards may be made. CCCE retains the ability, at its sole discretion, to add qualified CONTRACTORS at any time.

## 2.0 BACKGROUND

- 2.1 CCCE is a Community Choice Aggregator (“CCA”) established in 2017 pursuant to Public Utilities Code Section 366.2 and operating as a joint powers authority pursuant to Government Code section 6500 et seq. CCCE currently serves residential, commercial and agricultural/industrial customers in communities located within the unincorporated areas of the Monterey, San Benito, Santa Cruz, and Santa Barbara Counties, as well as the cities of Arroyo Grande, Buellton, Capitola, Carmel, Carpinteria, Del Rey Oaks, Gonzales, Greenfield, Goleta, Grover Beach, Guadalupe, Hollister, Marina, Monterey, Morro Bay, Pacific Grove, Paso Robles, Pismo Beach, Salinas, Santa Maria, San Juan Bautista, San Luis Obispo, Sand City, Santa Cruz, Scotts Valley, Seaside, Soledad, Solvang, Watsonville.
- 2.2 CCCE has approximately \$175 MM in cash on hand. Of that, approximately \$125 MM is in a Rate Stabilization Fund (RSF) which buffers CCCE’s customers from market volatility. The RSF is currently forecast to exceed \$175 MM by December 2024 and does not require daily liquidity.
- 2.3 CCCE is exploring investing up to \$130 MM (“Investment Portfolio”) in safe liquid investments with higher yields than those offered by conventional bank accounts. CCCE’s investment policy (Exhibit A) governs the range of instruments in which it can currently invest. The policy prioritizes safety of principal, liquidity, and a market rate of return.
- 2.4 CCCE may allocate tranches of the Investment Portfolio by liquidity need, such as monthly, quarterly, annual, and 18-month tranches.
- 2.5 CCCE is soliciting offers from qualified Investment Advisors (“IAs”) to provide investment management and advisory services, including but not limited to discretionary investment management of the Investment Portfolio in accordance with the investment policy and under CCCE staff oversight. A detailed Statement of Work is provided in Section 5 of this RFP.

### 3.0 CALENDAR OF EVENTS

- |     |  |                            |
|-----|--|----------------------------|
| 3.1 | Issue RFP  | March 29, 2022             |
| 3.2 | Deadline for Written Questions   | 11:59 pm, April 7, 2022    |
| 3.3 | CCCE provides responses to questions on CCCE's website                 | April 14, 2022             |
| 3.4 | Deadline to submit proposals   | April 21, 2022             |
| 3.5 | In-person interviews of top 3 candidates                               | Week ending April 28, 2022 |
| 3.6 | Anticipated date CCCE will notify the finalist of contingent selection | May 5, 2022                |

Selection will be contingent on approval of the finalist as CCCE's Investment Advisor by CCCE's Board Audit & Finance Committee and its Policy Board of Directors. An updated schedule will be provided to the finalist.

*This schedule is subject to change as necessary.*

3. **FUTURE ADDENDA:** CONTRACTORS, who received notification of this solicitation by means other than through a Central Coast Community Energy email, shall contact the person designated in Central Coast Community Energy herein to request to be added to the mailing list. Inclusion on the email contact list is the only way to ensure timely notification of any addenda and/or information that may be issued prior to the solicitation submittal date.

**IT IS THE CONTRACTORS' SOLE RESPONSIBILITY TO ENSURE THAT THEY RECEIVE ALL ADDENDA FOR THIS RFP** by either informing Central Coast Community Energy of their contact information or by regularly checking Central Coast Community Energy's Solicitations webpage at: [Central Coast Community Energy Solicitations](#). Addenda will be posted on the website the day they are released.

## 4.0 CCCE POINTS OF CONTACT & SUBMISSION

- 4.1 Questions and correspondence regarding this solicitation shall be directed to:

Primary Contact for Central Coast Community Energy

*Jaya Bajpai*  
**Chief Financial Officer**  
70 Garden CT  
Suite 300  
Monterey, CA 93940  
PHONE: (831) 641-7210  
Email: FinRFP@3ce.org

- 4.2 All questions regarding this solicitation shall be submitted digitally via email to FinRFP@3ce.org. The questions will be researched, and the answers will be communicated to all known interested CONTRACTORS after the deadline for receipt of questions. CONTRACTOR should include the title of this solicitation in the subject line.
- 4.3 The deadline for submitting written questions regarding this solicitation is indicated in the **CALENDAR OF EVENTS** herein. Questions submitted after the deadline will not be answered.
- 4.4 Only answers to questions communicated by formal written addenda will be binding.
- 4.5 Prospective CONTRACTOR shall not contact CCCE employees with questions or suggestions regarding this solicitation except through the primary contact person listed above. **Any unauthorized contact may be considered undue pressure and cause for disqualification of the CONTRACTOR.**

## 5.0 SCOPE OF WORK

- 5.1.1 Develop and implement sound investment strategies which will maximize the portfolio's performance within the parameters of CCCE's current Investment Policy and California codes.
- 5.1.2 Evaluate market risk and develop strategies that minimize the impact on the portfolio.
- 5.1.3 Assume the management of CCCE's Investment Portfolio in accordance with CCCE's Investment Policy and California codes.
- 5.1.4 Provide technical and fundamental market and economics research, including but not limited to yield curve analysis. This research may take the form of providing regular economic and market reports.
- 5.1.5 Assist CCCE with cash flow/maturity analysis.
- 5.1.6 Provide credit and risk analysis of investment instruments in portfolio as well as the overall Investment Portfolio itself. Monitor the creditworthiness of financial institutions and the investments in the portfolio.
- 5.1.7 Provide online access to and reporting on Investment Portfolio holdings, risk profile, and

performance. Provide regular monthly, quarterly, and annual reports that cover a range of topics, including but not limited to: CCCE's portfolio performance, composition, risk, sector analysis, weighted average maturity, performance objectives, and policy compliance.

- 5.1.8 Attend quarterly meetings with staff, as well as Board meetings as requested. Provide research, insight, and data to staff as needed in connection with the services provided herein.
- 5.1.9 Provide assurance of portfolio compliance with applicable policies and laws.
- 5.1.10 Propose an appropriate performance benchmark as part of reporting requirements. CCCE will set performance benchmarks in its sole discretion
- 5.1.11 Assist with monthly, quarterly, and annual financial statement preparation as they relate to the Investment Portfolio. Assist with annual audit inquiries and reporting.
- 5.1.12 Any and all other services customarily provided by IAs in Investment Portfolio Management.

## **6.0 CONTRACT TERM**

- 6.1 The term of the services requested anticipated to be for a period of Two (2) years with the option to extend for one (1) additional two (2) year term at CCCE's discretion.
  - 6.1.1 CCCE is not required to state a reason if it elects not to renew.
- 6.2 If the final service agreement ("AGREEMENT") awarded pursuant to this Request for Proposals ("RFP") includes options for renewal or extension, CONTRACTOR must commence negotiations for any desired rate changes a minimum of ninety days (90) prior to the expiration of the AGREEMENT.
  - 6.2.1 Both parties shall agree upon rate extension(s) or changes in writing.
- 6.3 The AGREEMENT shall contain a clause that provides that CCCE reserves the right to cancel the AGREEMENT, or any extension of the AGREEMENT, without cause, with a thirty day (30) written notice, or immediately with cause.

## **7.0 LICENSING/QUALIFICATION REQUIREMENTS**

- 7.1 Qualified organizations must meet the following minimum criteria to respond to this RFP:
  - 7.1.1 Have a minimum of \$5 billion in Assets under Management (AUM) in institutional fixed income and liquidity solutions portfolios
  - 7.1.2 Have a minimum of 10 years of experience managing institutional fixed income and liquidity solutions portfolios
  - 7.1.3 Be registered with the US Securities and Exchange Commission (SEC)
  - 7.1.4 Maintain their principal place of business in the United States
- 7.2 Universal Banking Capability: CCCE is exploring contracting for transaction banking services and for select investment banking services over the next three years. Preference will be given to respondents whose parent, subsidiaries, affiliates, parents' other subsidiaries and/or related entities can provide such services. Highest preference will be given to those prepared to detail discounts for such services.



7.3 CONTRACTOR is to ensure that the insurance, licensing, qualifications, and requirements herein are current during the full term of the AGREEMENT.

## 8.0 PROPOSAL PACKAGE REQUIREMENTS

8.1 **CONTENT AND LAYOUT:** CONTRACTOR should provide the information as requested and as applicable to the proposed services. The proposal package shall be organized as per the table below. Proposals packages shall include at a minimum, the following information:

**Proposal Package Layout:**  
**Organize and Number Sections as Follows:**

	COVER LETTER (INCLUDING CONTACT INFO)
Section 1	TABLE OF CONTENTS
Section 2	LICENSING & QUALIFICATION REQUIREMENTS
Section 3	PROJECT EXPERIENCE AND REFERENCES
Section 4	PROPOSED SCOPE-OF-WORK
Section 5	FEE SCHEDULE
Section 6	EXCEPTIONS
Section 7	APPENDIX

**Section 1 - Requirements:**

**Cover Letter:** All proposals must be accompanied by a cover letter not exceeding two pages and should provide firm information and Contact information as follows:

**Contact Info:** The name, address, telephone number, and email address of CONTRACTOR’s primary contact person during the solicitation process through to potential contract award.

**Firm Info:** Description of the type of organization (e.g., corporation, partnership, including joint venture teams and subcontractors) and how many years it’s been in existence.

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**Section 2 - Licensing & Qualification Requirements:**

CONTRACTOR must acknowledge and provide documentation that it meets the qualifications required as set forth in Section 7.0 herein. If the CONTRACTOR chooses to submit Form ADV and/or other documents to verify qualifications, these documents may be attached as exhibits. The following details must be included in Section 2 for proposals to be considered complete:

1. Describe the organization, date founded, and ownership of the CONTRACTOR. Indicate if it has experienced a material change in organizational structure, ownership, or management during the past three years and, if so, please describe.

2. Describe the CONTRACTOR's sources of revenue, categorized by retail and institutional accounts.
3. Describe any significant SEC, NASD, or regulatory censure or litigation involving the CONTRACTOR or its employees within the past three years.
4. Did, or will, the CONTRACTOR pay a finder's fee to any third party for business related to this account? Specify the recipients of any fee.
5. List any pending administrative proceedings, investigations and civil suits against CONTRACTOR relating to the performance of its professional duties.
6. List all litigation or proceedings to which CONTRACTOR is a party which would either (a) materially impair its ability to perform the services enumerated herein for which this RFP was issued, or (b) if decided in an adverse manner, materially affect the financial condition of the CONTRACTOR.
7. Describe any known or perceived actual or potential conflicts of interest with CCCE, its Board, individual Board Directors, or staff.

### **Section 3 - Experience & References:**

**Key Staff Persons:** CONTRACTOR shall identify all key staff and subcontractors and include their titles, qualifications, and a summary of their experience as it is relevant to services identified herein.

**References:** CONTRACTOR shall describe up to 3 public sector entities for which it provides services like the scope of work described herein. Please include phone numbers (and email addresses if possible) of key contacts as CCCE may conduct reference checks using this information.

The following details must be provided for proposals to be considered complete.

### **Investment Management Expertise & Capabilities**

1. Describe CONTRACTOR experience in managing fixed income and liquidity solutions portfolios.
2. Summarize CONTRACTOR assets under management (institutional only) over the past five years and average assets per client.
3. Provide the number and types of accounts, total asset value, and investment priorities of public sector portfolios currently being managed by CONTRACTOR
4. How is CONTRACTOR compensated for the services it provides?
5. Provide up to 3 sample model portfolios that comply with CCCE's current investment policy; include relevant performance statistics and compare with industry averages or benchmarks for the last one, three, five, ten-year periods and/or since inception. Note whether these performance statistics are reported based on GIPS (Global Investment Performance Standards) formerly known as AIMR (Association for Investment Management and Research).
6. Briefly describe CONTRACTOR investment management philosophy, including its approach to managing public sector portfolios.
7. How frequently does CONTRACTOR formulate and review fixed income strategy? How is that carried out and who is involved?

8. Describe CONTRACTOR allocation and investment management process for initial allocations, subsequent deposits, and rebalancing. How frequently does CONTRACTOR review portfolios to ensure compliance with investment policies? How frequently does CONTRACTOR rebalance?
9. What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?
10. How are portfolios managed (e.g., by team, individual manager)? What is the back-up when the manager is away?
11. How will CONTRACTOR handle fluctuating cash and additional deposits?
12. Describe CONTRACTOR work plan for the first 60 days of the contract.

### **Risk Management & Research Capabilities**

1. What oversight is there of portfolio managers?
2. Describe the manual and electronic controls in place to guarantee that the investments conform to CCCE's policies and to state law.
3. Describe the ongoing daily investment procedures proposed for the portfolio, including procedures for trades, security choice, controls, etc.,
4. Outline the errors and omissions (professional liability) and fidelity bond coverage carried by CONTRACTOR. Provide a valid, current Certificate of Insurance.
5. If CONTRACTOR is hired, will it serve as a fiduciary in its role as an investment advisor to CCCE while providing the investment management services, we are seeking? If no, describe objections or limitations.
6. Describe CONTRACTOR research capability.
7. What percentage of CONTRACTOR research is conducted in-house?
8. What role does research play in CONTRACTOR's evaluation of risks and its allocation and rebalancing actions?

### **Reporting Capabilities**

1. Describe the investment accounting and reporting system used by CONTRACTOR.
2. Is a client portal available? If so, what kind of information is available in the client portal and for how long?
3. CCCE expects a monthly report on CCCE's investment portfolio that can be included in the Monthly Treasurer's Report to its Board. Describe the format of reports that you would provide to CCCE and when. How many days after the end of the month will reports be made available to CCCE?

### **Section 4 - Proposed Scope Of Work:**

CONTRACTOR shall include proposed SCOPE OF WORK as outlined in Section 5.0 herein.

**Section 5 - Fee Schedule:**

1. Provide a comprehensive fee proposal outlining any one-time, up-front fee and ongoing fees for all services including, but not limited to asset allocation recommendations, asset management (including underlying fund or manager fees), funding analysis, trust document and trustee/custodial services including asset-based and fixed fees.
2. Please provide a fee proposal based on Average Assets Under Management of between \$75 million and \$200 million with a breakdown of fees as funds increase. Fund increases should be modeled in \$25 million increments
3. Please describe the account structures associated with fees and different levels of assets under management.
4. Fee quotes for investment services and consulting services (if applicable) should be shown separately.
5. List the expense ratios of funds/portfolios available.
6. Describe in detail any surrender, withdrawal, or deferred sales charges within products. Describe any fee related to transfer of assets and restrictions or costs related to termination of a contract with your firm.
7. Is there a minimum fee requirement? If so, what is the basis for such a fee?
8. Describe in detail any revenue sharing agreements you have with any insurance providers, investment managers and/or sub-advisors and any remuneration you derive for providing services to such entities. Include any 12b-1, service, distributor, or platform fees you derive from the investment managers and/or sub-advisors.
9. Describe any minimum investment periods, surrender, withdrawal, or deferred sales charges within your product
10. If CONTRACTOR, its parent, its subsidiaries, other subsidiaries of its parent and/or its affiliates provide transaction banking and investment banking services, please detail any discounts that may be applicable to those services if CONTRACTOR is retained to manage CCCE's Investment Portfolio

**Section 6 - Exceptions:**

Submit all exceptions to this solicitation on separate pages, and clearly identify the top of each page with "EXCEPTION TO CENTRAL COAST COMMUNITY ENERGY SOLICITATION". Each Exception shall reference the RFP page number and section number, as appropriate. CONTRACTOR should note that the submittal of an Exception does not obligate Central Coast Community Energy to revise the terms of the RFP or AGREEMENT.

**Section 7 - Appendix:**

CONTRACTOR may provide any additional information that it believes to be applicable to this proposal package and include such information in an Appendix section. This may include a "red-lined" CCCE Standard Services Agreement Template.

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8.2 **CONFIDENTIAL OR PROPRIETARY CONTENT:** Any page of the proposal package

that is deemed by CONTRACTOR to be a trade secret by the CONTRACTOR shall be clearly marked “CONFIDENTIAL INFORMATION” or “PROPRIETARY INFORMATION” at the top of the page. CONTRACTOR acknowledges that any other method of marking documents as proprietary will be assumed to be residual and will be disregarded. CONTRACTOR is encouraged to use restraint in marking documents “confidential” or “proprietary” and should be prepared to provide legal authority for any such designation upon request.

## 9.0 SUBMITTAL INSTRUCTIONS & CONDITIONS

- 9.1 Electronic Submission. All proposals must be submitted electronically through email form with the appropriate attached documents combined into a single .pdf document not to exceed 150 MB to the following email address: [FinRFP@3ce.org](mailto:FinRFP@3ce.org). CONTRACTOR should include the title of this solicitation and the name of the organization in the subject line of the email.
- 9.2 Proposal information that is not properly addressed to and not timely received by the Primary Contact will be considered undelivered. Proposals failing to provide complete responses as required may be considered non-conforming. CONTRACTOR should not send, and CCCE will not accept, paper copies of electronic proposals.
- 9.3 Acceptance. Proposals are subject to acceptance at any time within 90 days after opening. Central Coast Community Energy reserves the right to reject all proposal packages, or part of any proposal package, to postpone the scheduled deadline date(s), to make an award in its own best interest, and to waive any informalities or technicalities that do not significantly affect or alter the substance of an otherwise responsive proposal package and that would not affect a CONTRACTOR’S ability to perform the work adequately as specified.
- 9.4 Ownership: All submittals in response to this solicitation become the property of Central Coast Community Energy.
- 9.5 Compliance: Proposal packages that do not follow the format, content, and submittal requirements as described herein, or fail to provide the required documentation, may receive lower evaluation scores, or be deemed non-responsive.

## 10.0 SELECTION & SCORING CRITERIA

- 10.1 The selection of CONTRACTOR and subsequent contract award(s) will be based on the criteria contained in this RFP, as demonstrated in the submitted proposal. CONTRACTOR should submit information sufficient for Central Coast Community Energy to easily evaluate proposals with respect to the selection criteria. The absence of required information may cause the Proposal to be deemed non-responsive and may be cause for rejection.

10.2 The Scoring criteria include the following: **(100 points total)**.

<b>SCORING CRITERIA</b>	<b>Max Possible Score</b>
Institutional Fixed Income & Liquidity Solutions Experience	20
Risk Management & Research Capabilities	20
Reporting Capability	5
Demonstrated capacity to fulfill Scope of Work as outlined	20
Universal Banking Capability	15
Fee structure	15
Small and Local Preference	5
<b>TOTAL</b>	<b>100</b>

10.3 AGREEMENT award(s) will not be based on cost alone.

10.4 The award(s) resulting from this RFP will be made to the CONTRACTOR(S) that submit a response that, in the sole opinion of Central Coast Community Energy, best serves the overall interest of Central Coast Community Energy.

10.5 The award made from this RFP may be subject to approval by Central Coast Community Energy Audit & Finance Committee and Policy Board of Directors.

## **11.0 FEE SCHEDULE**

11.1 CONTRACTOR(s) will complete a fee schedule. All applicable tax shall be included as a separate line item.

11.2 CONTRACTOR prices stated in proposal package shall be effective from the date the proposal is submitted to the day any AGREEMENT is awarded and through the initial term of any AGREEMENT.

11.3 Prior to the start of the work, Central Coast Community Energy and CONTRACTOR(S) will mutually agree upon the budget for the project.

11.3.1 CCCE will provide a defined scope.

11.3.2 Prices quoted for Services must remain in effect for a minimum of sixty (60) days of receipt by CCCE.

11.4 Proposals should include any discounts and/or incentives offered.

## 12.0 PREFERENCE FOR LOCAL CONTRACTORS

- 12.1 CCCE desires, whenever possible, to contract with qualified small and local vendors to provide goods and services to the agency. Each local CONTRACTOR providing goods, supplies, or services funded in whole or in part by CCCE funds, or funds which CCCE expends or administers, shall be eligible for local preference points or percentages as provided in this section.
- 12.2 CCCE's Small and Local Preference Policy ("Policy") establishes a preference for qualified small, local, and diverse businesses in non-power services contract opportunities. This policy requires CCCE to directly identify and solicit small, local, and diverse businesses; reduce barriers to contracting with small, local, and diverse businesses; and incentivize small, local, and diverse businesses to engage with CCCE's contracting process. To view CCCE's Local Preference Policy, in its entirety, use the following link: [Central Coast Community Energy Local Preference Policy](#)
- 12.3 Any vendor seeking to be recognized as a small, local, and diverse business by CCCE shall be required to certify they meet the definition of small and local as set out in the Policy, and to register as a small, local, and diverse business with CCCE. Registering through the vendor registry enables CCCE to track the effectiveness of the Policy and allow CCCE to provide future notifications to its small, local, and diverse businesses concerning other bidding opportunities. To access the CCCE Local Vendor Registration Form, use the following link: [Local Vendor Registry](#)
- 12.4 When CCCE evaluates the responses to a solicitation for goods or services, where best value is the determining basis for the contract award, a five (5) points preference will be applied to the scoring evaluation for qualified small, local, and diverse businesses.
- 12.5 When CCCE evaluates the responses to a solicitation for goods or services, where lowest price, is the determining basis for the contract award, a five percent (5%) preference will be subtracted from the bid price of qualified small, local, and diverse businesses. If application of the five percent (5%) preference results in a qualified small, local, and diverse business' bid being lower than all other bids, the contract shall be awarded to the qualified small, local, and diverse business at that vendor's bid price.
- 12.6 Whenever a responsive qualified small, local, and diverse businesses and a responsive non-small, non-local business have both submitted matching lowest responsive bids, the qualified small, local, and diverse business shall be awarded the contract.
- 12.7 When a contract requires subcontractors or sub-consultants, the selected contractor shall solicit proposals from qualified small, local, and diverse businesses whenever possible. No contract awarded to a small and local business shall be assigned or subcontracted in any manner that permits more than fifty percent (50%) or more of the dollar value of the contract to be performed by an entity that is not a small and local business.

## 13.0 INSURANCE REQUIREMENTS

### 13.1 Evidence of Coverage:

13.1.1 Prior to commencement of an AGREEMENT with CCCE, CONTRACTOR shall provide a "Certificate of Insurance" certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, the CONTRACTOR upon request shall provide a certified copy of the policy or policies. This verification of coverage shall be sent to CCCE.

13.1.2 This verification of coverage shall be sent to CCCE, unless otherwise directed. CONTRACTOR shall not receive a "Notice to Proceed" with the work under any AGREEMENT until it has obtained all insurance required and such insurance has been approved by CCCE. This approval of insurance shall neither relieve nor decrease the liability of CONTRACTOR.

13.2 Qualifying Insurers: All coverages, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- VII, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by CCCE.

### 13.3 Insurance Coverage Requirements:

13.3.1 Without limiting CONTRACTOR'S duty to indemnify, CONTRACTOR shall maintain in effect throughout the term of this AGREEMENT a policy or policies of insurance with the following minimum limits of liability:

- (i) **Commercial General Liability Insurance**, including but not limited to premises and operations, including coverage for Bodily Injury and Property Damage, Personal Injury, Contractual Liability, Broad form Property Damage, Independent Contractors, Products and Completed Operations, and cross-liability with a combined single limit for Bodily Injury and Property Damage of not less than \$1,000,000 per occurrence, and \$2,000,000 in the aggregate. *(Note: any proposed modifications to these general liability insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in red. All proposed modifications are subject to CCCE approval.)*



(ii) Automobile Insurance Threshold:

Business Automobile Liability Insurance, covering all motor vehicles, including owned, leased, non-owned, and hired vehicles, used in providing services under this AGREEMENT, with a combined single limit for Bodily Injury and Property Damage of not less than \$500,000 per occurrence.

*(Note: any proposed modifications to these auto insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in red. All proposed modifications are subject to CCCE approval.)*

(iii) Workers' Compensation Insurance, if CONTRACTOR employs others in the performance of this AGREEMENT, in accordance with California Labor Code section 3700 and with Employer's Liability limits not less than \$1,000,000 each person, \$1,000,000 each accident and \$1,000,000 each disease.

*(Note: any proposed modifications to these workers' compensation insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in red. All proposed modifications are subject to CCCE approval.)*

(iv) Professional liability insurance, if required for the professional services being provided, (e.g., those persons authorized by a license to engage in a business or profession regulated by the California Business and Professions Code), in the amount of not less than \$1,000,000 per claim and \$2,000,000 in the aggregate, to cover liability for malpractice or errors or omissions made in the course of rendering professional services. If professional liability insurance is written on a "claims-made" basis rather than an occurrence basis, the CONTRACTOR shall, upon the expiration or earlier termination of this AGREEMENT, obtain extended reporting coverage ("tail coverage") with the same liability limits. Any such tail coverage shall continue for at least three years following the expiration or earlier termination of this AGREEMENT.

*(Note: any proposed modifications to these insurance requirements shall be attached as an Exhibit hereto, and the section(s) above that are proposed as not applicable shall be lined out in red. All proposed modifications are subject to CCCE approval.)*

13.4 Other Insurance Requirements:

13.4.1 Unless otherwise specified by this AGREEMENT, all such insurance shall be written on an occurrence basis, or, if the policy is not written on an occurrence basis, such policy with the coverage required herein shall continue in effect for a period of three years following the date CONTRACTOR completes its performance of services under this Agreement.

13.4.2 Commercial general liability and automobile liability policies shall provide an endorsement naming CCCE, its Directors, Board members, officers, agents, and employees as Additional Insureds with respect to liability arising out of the

CONTRACTOR'S work, including ongoing and completed operations, and shall further provide that such insurance is primary insurance to any insurance or self-insurance maintained by CCCE and that the insurance of the Additional Insureds shall not be called upon to contribute to a loss covered by the CONTRACTOR'S insurance.

13.4.3 CONTRACTOR shall file a new or amended certificate of insurance within five calendar days after any change is made in any insurance policy, which would alter the information on the certificate then on file. Acceptance or approval of insurance shall in no way modify or change the indemnification clause in an AGREEMENT, which shall continue in full force and effect.

13.4.4 CONTRACTOR shall always during the term of an AGREEMENT maintain in force the insurance coverage required under an AGREEMENT and shall send, without demand by CCCE, annual certificates to CCCE. If the certificate is not received by the expiration date, CONTRACTOR shall have five calendar days to send in the certificate, evidencing no lapse in coverage during the interim. Failure by CONTRACTOR to maintain such insurance is a default of an AGREEMENT, which entitles CCCE, at its sole discretion, to terminate an AGREEMENT immediately.

## 14.0 RESERVATION OF RIGHTS

- 14.1 No Guaranteed Value: CCCE does not guarantee a minimum or maximum dollar value for any AGREEMENT or AGREEMENTS resulting from this solicitation.
- 14.2 Board Approval: The award(s) made from this solicitation may be subject to approval by Central Coast Community Energy Operations Board.
- 14.3 Interview: CCCE reserves the right to interview selected CONTRACTOR before a contract is awarded. The costs of attending any interview are the CONTRACTOR'S responsibility.
- 14.4 Incurred Costs: CCCE is not liable for any cost incurred by CONTRACTOR in response to this solicitation.
- 14.5 Notification: All CONTRACTORS who have submitted a Proposal Package will be notified of the final decision as soon as it has been determined.
- 14.6 In CCCE's Best Interest: The award(s) resulting from this solicitation will be made to the CONTRACTOR that submit(s) a response that, in the sole opinion of CCCE, best serves the overall interest of CCCE.
- 14.7 Multiple Award(s): CCCE has the option to award a portion or portions of this contract to multiple successful CONTRACTORS at the sole discretion of and benefit to CCCE.

## **15.0 SIMULTANEOUS CONTRACT NEGOTIATION**

- 15 CCCE will pursue contract negotiations with the CONTRACTOR(S) who submit(s) the best Proposal or is deemed the most qualified in the sole opinion of CCCE, and which is in accordance with the criteria as described within this solicitation. If the contract negotiations are unsuccessful, in the opinion of CCCE, CCCE may pursue contract negotiations with the entity that submitted a Proposal which CCCE deems to be the next best qualified to provide the services, or CCCE may issue a new solicitation, or take any other action which it deems to be in its best interest.

## **16.0 AGREEMENT TO TERMS AND CONDITIONS**

CONTRACTOR selected through the solicitation process will be expected to execute a formal AGREEMENT with CCCE for the provision of the requested service. The AGREEMENT shall be written by CCCE in a standard format approved by CCCE's General Counsel.

Submission of a bid/proposal will be interpreted to mean CONTRACTOR HAS AGREED TO ALL THE TERMS AND CONDITIONS set forth in the pages of this solicitation and the standard provisions included in the **SAMPLE AGREEMENT** Section herein.

CCCE may but is not required to consider including language from the CONTRACTOR'S proposed AGREEMENT, and any such submission shall be included in the EXCEPTIONS section of CONTRACTOR'S proposal.

## **17.0 COLLUSION**

CONTRACTOR shall not conspire, attempt to conspire, or commit any other act of collusion with any other interested party for the purpose of secretly, or otherwise, establishing an understanding regarding rates or conditions to the solicitation that would bring about any unfair conditions.

## **18.0 RIGHTS TO PERTINENT MATERIALS**

All responses, inquiries, and correspondence related to this solicitation and all reports, charts, displays, schedules, exhibits, and other documentation produced by the CONTRACTOR that are submitted as part of the submittal will become the property of Central Coast Community Energy when received by Central Coast Community Energy and may be considered public information under applicable law. Any proprietary information in the submittal must be identified as such and marked "CONFIDENTIAL INFORMATION" or "PROPRIETARY INFORMATION", in strict conformity with the specific requirements set forth in section 8.2 above. Central Coast Community Energy will not disclose proprietary information to the public, unless required by law; however, Central Coast Community Energy cannot guarantee that such information will be held confidential. As a California government entity, CCCE is subject to the California Public Records Act and other public transparency laws and, as such, cannot guarantee the confidentiality of information marked confidential or proprietary. CCCE will respond to requests for disclosure of

records related to this solicitation in accord with applicable law on disclosure requirements and exemptions to disclosure.

## **19.0 PIGGYBACK CLAUSE**

CONTRACTOR shall indicate in their fee schedule if CONTRACTOR agrees to extend the same prices, terms, and conditions of their proposal to other public agencies that have delivery locations within the State of California limits. CONTRACTOR'S response to this question will not be considered in award of the Agreement resulting from this solicitation. If and when CONTRACTOR extends the prices, terms, and conditions of their proposal to other public agencies, any resulting agreement shall be between CONTRACTOR and the other public agencies and CCCE shall bear no responsibility or liability for any agreements between CONTRACTOR and the other public agencies.

## **SAMPLE AGREEMENT SECTION**

The CCCE STANDARD SERVICE AGREEMENT TEMPLATE with all terms and conditions (which are hereby incorporated by reference as though set forth entirely herein) may be viewed at:

[STANDARD SERVICE AGREEMENT](#)

Vendors may review and provide a "redline" markup as part of the Proposal Package.

*-- End of Sample Agreement Section --*

## Exhibit A

FP11  
Category: FINANCE

### INVESTMENT POLICY

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#### I. PURPOSE

This statement contains guidelines for the prudent investment of CCCE's cash balances in accordance with California Government Code sections 53600, et. seq. The overarching goal of CCCE's Investment Policy is to protect CCCE's pooled cash while producing a reasonable rate of return on investments.

#### II. STANDARD OF CARE

The standard of prudence to be used by investment officials will be the "prudent investor" standard, which states that, "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

#### III. SCOPE

This Investment Policy applies to all funds and investment activities of CCCE. This Policy does not apply to the investment of bond proceeds, which would be governed by any applicable bond documents.

#### IV. OBJECTIVES

The primary objectives, in priority order, of the investment activities of CCCE are:

1. **Safety of Principal** – Preservation of principal is the foremost objective of CCCE.
2. **Liquidity** – CCCE's portfolio will remain sufficiently liquid to enable CCCE to meet its cash flow requirements. It is important that the portfolio contain investments which provide the ability of being easily sold at any time with minimal risk of loss of principal or interest.
3. **Return on Investment** – CCCE's investment portfolio will 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 cash flow needs.

#### Delegation of Authority

Pursuant to California Government Code Section 53607, the Treasurer (and his/her designee, if necessary) is authorized to invest and reinvest money of CCCE, to sell or exchange securities so purchased, and to deposit such securities for safekeeping in accordance with and subject to this investment policy. CCCE may engage the support services of outside investment advisors in regard to its investment program, so long as these services are likely to produce a net financial advantage or necessary financial protection of CCCE's financial resources. Outside investment advisors must be approved by the Chief Executive Officer, the Treasurer, and the Board of Directors. CCCE will be responsible for managing the investment advisors.

#### Conflict of Interest

The authorized employees involved in the investment process will refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to

make impartial decisions.

Pursuant to CCCE's Conflict of Interest Code, the authorized employees will disclose any financial interests and investment holdings that could affect the performance of CCCE's portfolio or the individual's judgement or decisions regarding CCCE's portfolio.

### **Authorized Financial Dealers and Institution**

The purchase by CCCE of any investment other than those purchased directly from the issuer, will be purchased either from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporations Code, which is a member of the Financial Industry Regulatory Authority (FINRA), or a member of a federally regulated securities exchange, a national or state chartered bank, a federal or state association (as defined by Section 5102 of the Financial Code), or a brokerage firm designated as a Primary Government Dealer by the Federal Reserve Bank.

The Treasurer is responsible for the evaluation of all institutions that wish to do business with CCCE, to determine if they are adequately capitalized, staffed by qualified investment professionals, and agree to abide by the conditions set forth in CCCE's Investment Policy and any other guidelines that may be provided. This will be done annually by having the financial institutions:

1. Provide written notification that they have read, and will abide by, CCCE's Investment Policy.
  2. Submit their most recent audited Financial Statements within 120 days of the institution's fiscal year end.
- If CCCE has an investment advisor, the investment advisor may use its own list of authorized broker/dealers to conduct transactions on behalf of CCCE.

Purchase and sale of securities will be made on the basis of best execution.

### **Authorized Investments**

Acceptable investments authorized for purchase or behalf of CCCE are:

1. **Deposits at Bank(s)** – Funds may be invested in non-interest-bearing depository accounts to meet CCCE's operating and collateral needs. Funds not needed for these purposes will be invested in interest-bearing depository or investment accounts such as Public Fund Money Market and Insured Cash Sweep accounts, or Certificates of Deposit.

Banks eligible to receive deposits will be federally or state chartered and will confirm to California Government Code 53635.2.

2. **U.S. Treasury obligations** for which the full faith and credit of the United States are pledged for the payment of principal and interest.

3. **Federal agency or United States government-sponsored enterprise obligations**, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

4. **Obligations of the State of California or any local agency within the state**, including bonds payable solely out of revenues from a revenue producing property owned, controlled, or operated by the state or any local agency, or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of "A" or its equivalent or better by a nationally recognized statistical-rating organization (NRSRO). Purchases of the obligations

described in this subdivision and in subdivision 4 (registered treasury notes or bonds of any of the other 49 states in addition to California) collectively may not exceed 20% of CCCE's portfolio.

**5. Registered treasury notes or bonds of any of the other 49 states in addition to California**, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of these states that is rated in a rating category of "A" or its equivalent or better by an NRSRO. Purchases of the obligations described in this subdivision and in subdivision 3 (obligations of the State of California or any local agency within the state) collectively may not exceed 20% of CCCE's portfolio.

**6. Commercial Paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper must meet all of the following conditions in either paragraph a or paragraph b:

- a. The entity meets the following criteria: (i) is organized and operating in the United States as a general corporation, (ii) has total assets in excess of five hundred million dollars (\$500,000,000), and (iii) has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by an NRSRO.
- b. The entity meets the following criteria: (i) is organized within the United States as a special purpose corporation, trust, or limited liability company, (ii) has program-wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and (iii) has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Eligible commercial paper will have a maximum maturity of 270 days or fewer. No more than 20% of CCCE's portfolio may be invested in commercial paper. CCCE may purchase no more than 10% of the outstanding commercial paper of any single issuer. No more than 5% of the outstanding commercial paper investments can be invested in the Energy industry/sector.

**7. Repurchase Agreements.** Overnight Repurchase Agreements shall be used solely as short-term investments not to exceed 3 days.

**8. Local Agency Investment Fund (State Pool)** - An investment pool managed by the State Treasurer. CCCE can invest up to the maximum amount permitted by the State Treasurer.

**9. County Investment Fund (County Pool)** - Shares of beneficial interest issued by a joint powers authority (Local Government Investment Pools or "Pool") organized pursuant to California Government Code Section 6509.7 that invests in the securities and obligations authorized in subdivisions to (q) of California Government Code Section 53601, inclusive. Each share will represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers Authority. The Pool will be rated in a rating category "AAA" or its equivalent by a NRSRO. To be eligible under this section, the shares will maintain a stable net asset value (NAV) and the joint powers authority issuing the shares will have retained an investment adviser that meets all of the following criteria:

- a. The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- b. The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q) California Government Code Section 53601, inclusive.
- c. The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

### **Restriction on Investment Policies and CCCE Constraints**

Section 53600 et. seq. of the State of California Government Code outlines the collateral requirements for certain types of investments and also limits the percentage of total

investments which can be placed in certain classifications. Investments must meet the time schedules as indicated by the cash flow projections of CCCE. Investments will be purchased with the intent to hold until maturity, however this will not preclude the sale of securities prior to maturity in order to reposition the portfolio's duration, credit quality, or enhance the rate of return.

### **Maturity Limit**

State law requires that the maturity of any given instrument should not exceed five years unless specifically approved by CCCE Board of Directors at least three months before the investment is made. Maximum Maturity for CCCE's investments shall be limited to 2 years.

### **Internal Control**

The Treasurer is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance that the assets of CCCE are protected from loss, theft, or misuse. The CCCE Treasurer or his/her designee shall arrange for an annual audit by an external CPA firm in compliance with the requirements of state law and generally accepted accounting principles as pronounced by the GASB (Governmental Accounting Standards Board). As part of the audit, investment transactions will be tested. The annual audit will be an integral part, but not the sole part of management's program of monitoring internal controls.

### **Performance Standards**

CCCE's portfolio shall be structured to achieve a market-average rate of return through various economic cycles, commensurate with the investment risk constraints and the cash flow needs. Investment performance will be calculated on a gross basis before fees and expenses and tracked monthly for internal use and monitoring.

### **Reporting Requirements**

The Treasurer will provide a year-to-date investment summary to the Board of Directors on a monthly basis. The summary will show the type of investment, the average balance of funds invested, and average annual percentage yield.

### **Policy Review**

This Investment Policy will be reviewed at least annually to ensure its consistency with:

1. The California Government Code sections that regulate the investment and reporting of public funds.
2. The overall objectives of preservation of principal, sufficient liquidity, and a market return.



## **Glossary**

**Broker-Dealer** is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

**Collateral** refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

**Commercial Paper** is a short term, unsecured, promissory note issued by a corporation to raise working capital.

**Duration** is a measure of the sensitivity of the price of a security or a portfolio of securities to a change in interest rates, typically stated in years.

**Federal Agency Obligations** are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills, and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

**Issuer** means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

**Liquidity** refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

**Local Agency Investment Fund (LAIF)** is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$65 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

**Local Government Investment Pools (LGIP)** are investment tools similar to money market funds that allow public entities to invest funds.

**Maturity** is the date upon which the principal or stated value of an investment becomes due and payable.

**Money Market Fund** is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders. Eligible money market funds must strive to maintain a stable net asset value (NAV) of \$1 per share.

**Net Asset Value (NAV)** is the value of an entity's assets minus the value of its liabilities, often in relation to

open-end or mutual funds since shares of such funds registered with the U.S. Securities and Exchange Commission are redeemed at their net asset value. Money Market funds that CCCE is authorized to invest in are required to maintain an NAV of \$1.00 at all times.

**Principal** describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

**Repurchase Agreements** are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

**U.S. Treasury Issues** are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve-month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.