

# **Fairfax Water**

8570 EXECUTIVE PARK AVENUE  
FAIRFAX, VIRGINIA 22031

## **Request for Proposals**

**Number:** RFP 16-12

**Title:** Investment Adviser and Portfolio Management Services

**Date Issued:** November 17, 2016

**Deadline for Questions:** 2:00 p.m., Thursday, December 1, 2016

**Deadline for Submitting Proposals:** 2:00 p.m., Thursday, December 15, 2016

**Proposals to Be Delivered to:** Procurement Department  
Fairfax Water  
8570 Executive Park Avenue  
Fairfax, Virginia 22031

**Procurement Contact:** Mary Pennington, CPPB  
Buyer II  
Telephone: 703-289-6263  
Facsimile: 703-289-6262  
E-Mail: [Procmp@fairfaxwater.org](mailto:Procmp@fairfaxwater.org)

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**SECTION 1**

**1. SUMMARY INFORMATION**

**1.1 Introduction and Objective**

The Fairfax County Water Authority (doing business as “Fairfax Water” and hereafter referred to as either “Fairfax Water” or “FW”) was created under the Virginia Water and Waste Authorities Act pursuant to resolutions adopted by Fairfax County, on September 26, 1957. Fairfax Water is managed by a ten member Board of Directors appointed for three-year terms by the Fairfax County Board of Supervisors. The Board has established a Finance and Audit Committee comprised of five of its members to review and advise on matters relating to the financial activities of Fairfax Water.

Fairfax Water maintains an investment portfolio of approximately \$160 million which is used to fund the following activities: (1) the operation and maintenance of the water system, (2) capital improvements to the system, and (3) annual debt service and reserve requirements. Authorized investments under FW’s investment policy are made in accordance with Sections 2.2-4500 through 2.2-4514 of the Code of Virginia and currently consist of US government obligations, certificates of deposit, corporate notes, and money market funds.

The objective of this RFP is to establish a five-year, annually renewable contract with a firm with public sector experience (Virginia experience preferred) to provide Fairfax Water with Investment Adviser and Portfolio Management Services. The Offeror must be registered with the Securities and Exchange Commission (SEC) under the Investment Adviser Act of 1940 and be properly licensed to perform these services in Virginia.

**1.2 Contract Award**

The Contract will be awarded to the Offeror whose proposal is determined to be the most advantageous to FW. Proposals will be evaluated on the quality of the proposals received and how well they meet Fairfax Water’s needs. Public notice of award will be posted on the official FW web site: ([http://www.fairfaxwater.org/procurement/notice\\_of\\_award.htm](http://www.fairfaxwater.org/procurement/notice_of_award.htm)).

**1.3 Definitions**

Whenever used in this solicitation or in the contract documents, the following terms have the following meanings, which are applicable to both the singular and plural and the male and female gender thereof:

**Acceptance** – FW’s acceptance of the project from the contractor upon confirmation from the Project Manager and the contractor that the project is totally complete in accordance with the contract requirements and that all defects have been eliminated. Final acceptance is confirmed by the making of final payment of the contract amount including any change orders or adjustment thereto.

**Award** – means the decision by FW to execute a contract after all necessary approvals have been obtained.

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**Committee** – means the Evaluation Committee.

**Contract** – means the formal written acceptance of an offer by FW.

**Contractor** – The person, firm or corporation with whom FW has entered into a contractual agreement and includes the plural number and the feminine gender when such are named in the contract as the contractor.

**Cost Proposal** – The portion of the Offeror's proposal containing cost information. The words "cost" and "price" are interchangeable.

**Default** – means that the Contractor has failed to fulfill its contractual obligations properly and on time.

**Desirable** – The term "desirable" or "it is desirable" is used to identify features that are desired but are not mandatory.

**Evaluation Committee** – The Evaluation Committee is the group of individuals appointed to review, evaluate, and rank each proposal, and make a recommendation for award.

**Liquidated Damages** – A sum stated in a contract to be paid as ascertained damages for failure to perform in accordance with the contract. The damage figure stipulated must be a reasonable estimate of the probable loss, and not calculated simply to impose a penalty on the contractor.

**Must** – The term "must" or "shall" is used throughout this document to indicate mandatory requirements. It means that the Offeror will provide the goods and/or services specified in the RFP.

**Notice** – The term "Notice" or the requirement to notify means all Notices, demands, instructions, claims, approvals, and disapprovals required to obtain compliance with the contract requirements. Any Notice by either party to the contract shall be sufficiently given if delivered to the last known business address of the person, firm or corporation constituting the party to the contract, or to his, their or its authorized agent, representative or officer, by certified or registered mail, FedEx, or UPS, to the individual or firm, or to an officer of the Contractor for whom it is intended.

**Offeror** – means any person submitting a response to an RFP.

**Performance Bond** – A contract of guarantee executed in the full sum of the contract amount subsequent to award by a successful Offeror to protect the government from loss due to his/her inability to complete the contract in accordance with its terms and conditions.

**Professional Services** – Work performed by an independent contractor within the scope of the practice of accounting, actuarial services, architecture, land surveying, landscape architecture, law, dentistry, medicine, optometry, pharmacy or professional engineering.

**Project Manager** – means the FW employee assigned to this Project for purposes of oversight of the project. The Project Manager is responsible for all aspects of the contract (excluding contract

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modifications) after contract award, including but not limited to approving design changes, and authorizing payment for completed work, etc.

**Proposal** – means the response by an Offeror to a Request for Proposals issued by a procurement agency to obtain goods or labor. The response may include but is not limited to an Offeror's price and terms for the proposed contract, a description of technical expertise, work experience, and other information requested in the solicitation.

**RFP** – means Request for Proposals which means any document, whether attached or incorporated by reference, used for soliciting proposals from Offerors under any method allowed under current Virginia Procurement regulations.

**Shall** – Has the same meaning as the word must.

**Specifications** – The term “Specifications” refers to the written technical description of materials, equipment, construction systems, standards, and workmanship to be applied to the Work and certain administrative details applicable thereto.

**Technical Proposal** – An unpriced proposal that sets forth in detail that which a vendor proposes to furnish in response to a solicitation.

**Work** – The various separately identifiable parts thereof required to be furnished under the contract documents. Work is the result of performing services, furnishing labor, and furnishing and incorporating materials, all as required by the contract documents. Work means the same as Project.

#### **1.4 Term of Contract and Contract Renewal**

The Contract shall cover the period of one year or an equivalent period depending upon date of Contract award. Initial prices or rates and subsequent renewal prices or rates are guaranteed for a minimum of twelve (12) months. This Contract may be renewed at the expiration of the initial term at the request of FW. The renewal may be for up to four (4) additional one-year periods. Unless otherwise agreed to by the parties or as may be required by law, any renewal shall be based on the same prices, terms and conditions as the initial term. Any price adjustment shall be mutually agreed on.

**END OF SECTION 1**

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**SECTION 2**

**2. SCOPE OF WORK**

**2.1 General Description of Summary and Requirements**

- A. Work with Fairfax Water's staff in the selection, purchase and sale of investments in accordance with Fairfax Water's investment policy (Attachment D). The Investment Adviser will have discretionary authority over the portfolio and will be expected to place all orders for the purchase and sale of securities, coordinate security settlement with FW's custodian, and communicate settlement information to FW staff after the trade has been executed.
- B. Actively manage the buy or sell transactions with dealers from an approved list. The Investment Adviser is responsible for maintaining an appropriate approved list of brokers/dealers and providing FW a detailed description of the criteria used for selecting brokers/dealers.
- C. Monitor Fairfax Water's portfolio in relation to the investment market to determine if investments should be repositioned.
- D. Provide monthly statements of investment activity, earnings and value of the investment portfolio. All statements must provide necessary data to meet GASB reporting and disclosure requirements.
- E. Review the composition of Fairfax Water's portfolio to ensure that it is in conformance with Fairfax Water's investment guidelines, investment policy and the Code of Virginia.
- F. Monitor the creditworthiness of all investments and provide Fairfax Water detailed evaluations on significant changes in credit quality. Monthly reports should include an evaluation of credit risk using the standard rating method for each security held in the portfolio.
- G. Provide a quarterly report on the performance of the portfolio relative to the indices as stated in the investment policy. Periodically appear before the Finance and Audit Committee to discuss past performance and future outlook.
- H. The Investment Adviser shall develop and implement appropriate investment strategies that will maintain or enhance portfolio quality and performance within the parameters of FW's investment policy and cash flow needs, taking into consideration the policy objectives of maximizing the safety and return on its investments. The Investment Adviser shall agree to brief FW on a quarterly basis regarding anticipated strategies for the upcoming quarter and to review at that time the portfolio performance for the preceding quarter using standard benchmarks to evaluate the performance of the portfolio.
- I. Review Fairfax Water's investment policy on an annual basis to ensure compliance with the Code of Virginia.
- J. Provide arbitrage rebate compliance services.

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- K. Be available in a timely manner, in person, by telephone or e-mail, for consultation or advice. Meet with and provide information to FW staff and the Finance and Audit Committee members as needed.
- L. The selected firm shall be excluded from participating as an underwriter on any negotiated or competitive sale for the issuance of bonds or other financial instruments.

**2.2 Required Services**

Minimum qualifications

- A. Registered investment adviser
- B. Firm must have been in business for a minimum of five years
- C. Must have a client base of at least \$500 million in assets under advisement
- D. Relationship manager assigned to FW account must have a minimum of ten years relevant Virginia public sector investment experience
- E. Firm must agree to disclose all potential conflicts of interest, all sources of revenue, and all affiliations, and continue to do so on an ongoing basis

**2.3 Sample Contracts**

- A. In the Technical Volume (I) provide a copy of any and all contractual documents your firm requires to be executed. All such documents are subject to the laws of Virginia. It is a requirement of this solicitation that in order to be awarded a contract, the selected Offeror must execute all required contract documents as may be modified by FW to conform to Virginia law and FW policy.
- B. Any exceptions to the terms and conditions contained herein must be submitted in the Technical Volume of your proposal. Failure to do so may result in rejection of your proposal.
- C. If your firm has contract documents that must be executed, a copy must be included in your proposal.
- D. By submitting an offer in response to this solicitation, the Offeror acknowledges that the laws of the Commonwealth of VA control all contract documents.
- E. By submitting an offer in response to this solicitation, Offeror agrees to promptly and faithfully negotiate any exceptions to either party's terms or conditions before the proposed award is submitted to FW's Board of Directors for approval. Failure to do so will result in rejection of your proposal.

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**2.4 Cost Information**

- A. Cost Information (The following information must be submitted in a separate, sealed envelope, see subsection 3.9 B).

**2.5 References**

- A. Provide at least five references where you have provided Investment Adviser and Portfolio Management Services (public agency references, if possible), including client name, contact person, address, phone number, and the length of time your company has worked for the entity. Please complete Attachment A as well.
- B. How many public sector clients in Virginia have terminated services in the last three years?

**NOTE:** FW reserves the right to require additional references from the Offeror, or to obtain additional references from other sources not provided by the Offeror.

**2.6 Insurance Claims Against Offeror**

In addition to the mandatory insurance requirements listed in Section 4.19 (Insurance), and at the request of FW, Offerors shall submit a list of all insurance claims made against it within the past 12 months. FW reserves the right to reject any offer if in FW's opinion the amount or number of claims is deemed to be excessive. Failure to provide this information may result in rejection of your proposal.

**END OF SECTION 2**

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**SECTION 3**

**3. SUBMISSION OF PROPOSALS AND METHOD OF EVALUATION**

**3.1 General**

The following general information is provided and shall be carefully followed by all Offerors to ensure that proposals are properly prepared.

- A. A transmittal letter prepared on the Offeror's business stationery must accompany the proposal.
- B. Each Offeror must furnish all information required by the RFP. The person signing the proposal must initial erasures or other changes. Proposals signed by an agent of the corporation must be accompanied by evidence of his or her authority to bind the corporation to the terms and conditions of this solicitation.
- C. FW reserves the right to conduct discussions with qualified Offerors in any manner necessary to serve the best interest of FW.

**3.2 Proprietary Information**

- A. Except as provided herein or as otherwise set forth in §2.2-4342 of the Virginia Public Procurement Act (Va. Code Ann. §2.2-4300 et seq., the "Act"), all proceedings, records, contracts and other public records relating to procurement transactions shall be open to inspection in accordance with the Virginia Freedom of Information Act (Va. Code Ann. §2.2-3700 et seq., the "Virginia FOIA").
- B. Offeror or Contractor shall have the right to identify data or other materials submitted in connection with this procurement as trade secrets or proprietary information, which shall not be subject to inspection pursuant to either §2.2-4342 of the Act or the Virginia FOIA, by submitting to FW prior to or at the time of submission of its proposal a separate, written notice on its letterhead stationery setting forth the following: (i) a statement indicating that the Offeror or Contractor wishes to invoke the protections of this section; (ii) an identification of the data or other materials for which protection is sought; and (iii) a statement with regard to why protection is necessary.

**3.3 Questions and Communications**

- A. All contact between prospective Offerors and FW with respect to this solicitation will be formally held at scheduled meetings or in writing through the Issuing Office. Questions and comments regarding the meaning or interpretation of any aspect of this solicitation must be submitted in writing to the Procurement Contact identified on the cover page to this solicitation and must be received by the Procurement Contact on or before the deadline for submitting questions that is specified on such cover page. Only written questions will be accepted. Questions and/or comments which are submitted after the deadline set forth on the cover page to this solicitation will not be answered.

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- B. FW shall respond to all timely questions and comments that are properly submitted hereunder and are deemed to address a matter that is relevant and substantive in nature within a reasonable period of time, in the form of a written Addendum that will be transmitted to all prospective Offerors at the addresses furnished to FW for such purpose. Oral communications between FW and any Offeror regarding the interpretation or meaning of any aspect of this RFP are not authorized and may not be relied upon for any purpose.

**3.4 Addenda to the RFP**

- A. FW reserves the right to amend this solicitation at any time prior to the deadline for submitting Bids or Proposals. If it becomes necessary to revise any part of this RFP, notice of the revision will be given in the form of an Addendum that will be provided to all prospective Offerors who are on record with FW as having received this solicitation. If, in the opinion of FW, the deadline for the submission of proposals does not provide sufficient time for consideration of any Addendum, then such deadline may be extended at the discretion of FW.
- B. It shall be the responsibility of each Offeror to contact the Purchasing Contact identified on the cover page to this solicitation prior to submission of a proposal hereunder in order to determine whether any Addenda have been issued in connection with this procurement. Notwithstanding any provision to the contrary, the failure of any Offeror to receive any Addenda shall neither constitute grounds for withdrawal of its proposal nor relieve such Offeror from any responsibility for incorporating the provisions of any Addenda in its proposal.

**3.5 Duration of Proposals**

Proposals shall be valid for a minimum of 120 days following the deadline for submitting offers. If an award is not made during that period, all offers shall be automatically extended for another 120 days. Offers will be automatically renewed until such time as either an award is made or proper notice is given to FW of Offeror's intent to withdraw its offer. Offers may only be withdrawn by submitting Notice at least 15 days before the expiration of the then current 120-day period.

**3.6 Instructions for Submitting Proposals**

- A. The deadline for submitting Proposals is shown on the cover sheet. Offerors mailing proposals should allow sufficient mail delivery time to ensure timely receipt by the Purchasing Department. Proposals will be opened in accordance with the provisions of the Virginia Public Procurement Act. There will be no public proposal opening. The list of prospective Offerors shall be available for public inspection only after Contract award or upon cancellation of the solicitation.
- B. The attached Transmittal Form (Attachment B) must accompany the proposal. The purpose of this form is to formally submit the proposal and bind the Offeror to the terms, conditions and specifications contained in the solicitation. The Form must be signed by an individual who is authorized to bind the Offerors' firm to all items in the proposal including products, services, etc., and prices, contained in the proposal. A transmittal letter may be substituted for the attached form. If used, the transmittal letter must include an affirmative statement that binds the firm to the terms, conditions and specifications contained in the RFP; and also state that the person

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signing the transmittal letter is authorized to bind his/her firm. The letter must also provide all of the information contained on the Transmittal Form.

- C. Submit one (1) original and four (4) copies of your Proposal in two separate, sealed volumes. Volume 1 shall contain the technical portion of your proposal. Volume 2 shall contain the cost portion of your proposal. Offerors shall ensure that technical and price information is not commingled. The set of original signed documents must be uniquely identified on the cover of each volume. Costs are not to be included in the Technical Proposal (Volume 1).
- D. All proposals must be submitted in a sealed package(s). No other form of submission will be accepted (i.e., E-mail, Facsimile, etc.). Proposal packages must be identified on the outside as follows:

<b>From:</b>	_____	_____
	<i>Name of Offeror</i>	<i>Due Date</i>
	_____	_____
	<i>Street</i>	<i>RFP No.</i>
	_____	_____
	<i>City, State, Zip Code</i>	<i>RFP Title</i>

**3.7 Contractor Identification**

All Offerors must include the following in their transmittal letters:

- A. Individual contractors must provide their social security numbers, and
- B. Proprietorships, partnerships, and corporations must provide their federal employer identification numbers.

**3.8 Late Proposals**

Proposals or unsolicited amendments to proposals arriving after the closing date and time will not be considered. Proposals received after the proposal submission deadline will be returned to the Offeror unopened providing that sufficient proposal identification information is shown on the outside of the proposal envelope.

**3.9 Proposal Organization**

- A. Technical Proposal (Volume I): All proposal elements except price shall be included in the Technical Proposal and shall include at a minimum the following:
  - 1. Transmittal Form,
  - 2. Written Narrative: Each Offeror must provide a written narrative that discusses the Offeror's experience in providing the services described in Section 2. Include any special qualifications, experience, awards, and at a minimum the following:

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- a. A brief history of the firm and its organization,
  - b. Resumes of the project team,
  - c. Provide a copy of the firm's most recent Form ADV, Part I and II (including Schedule 1), as on file with the SEC,
  - d. Indicate if the firm is registered in the State of Virginia,
  - e. List examples of your firm's investment advisory services. State the dollar value of the assets and the number of portfolios the firm has under direct and continuous management,
  - f. Who supplies your firm with market value figures,
  - g. Describe the firm's research capability and resources,
  - h. Describe any SEC regulatory censure or litigation related to services that your firm provides,
  - i. Provide performance statistics on investment portfolios currently under your management which are similar to Fairfax Water's portfolio. Describe how returns are calculated and compare with the industry averages or appropriate benchmarks,
  - j. Describe your firm's investment management process. Describe the strategies that will be used to enhance the performance of FW's investment portfolio while complying with FW's investment policy,
  - k. Describe your firm's procedures for portfolio review, investment management and client contact,
  - l. Describe the frequency and nature of the reports you provide and enclose examples. Include methods and formulas used to calculate return and performance,
  - m. Describe your firm's online reporting system, including electronic reporting, file transmission and history retrieval,
  - n. Describe what investment vehicle your firm uses/recommends for short-term cash (money market account, etc).
3. Confirmation of Compliance with the Specification(s): The Offeror shall describe how the proposal meets FW's Specification. If any portion of the specification cannot be met, the Offeror must identify the discrepancy in detail and describe an alternative solution.
4. References (Attachment A).
- B. Cost Proposal (Volume II): The cost of the proposal shall be described in sufficient detail to allow the Committee to understand all cost elements (materials, labor, design fees, etc.). Any related costs such as travel, housing, food, etc. must be included. Include as part of the cost proposal a list of all employees by position/title, hourly pay rate and number of hours the person will be working on this project. This information is for informational purposes and for budget planning in the event that additional services are required. FW reserves the right to expand or contract the scope of the project and project costs may increase or decrease accordingly. The FW Project Manager must approve changes proposed by the Contractor in writing prior to implementation. The Contractor will be given reasonable advance notice of any changes in the scope of the contract by FW.

### **3.10 Evaluation Process**

- A. Evaluation Committee: FW will establish an Evaluation Committee (the "Committee") to review and rank each proposal. The Committee will be composed of the Purchasing Contact

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identified on the cover page and other individuals designated by FW. The Committee may request additional technical assistance from other sources.

- B. **Qualifying and Evaluating Proposals:** Each proposal will first be reviewed for compliance with the requirements of this RFP. The Offeror assumes responsibility for addressing all necessary technical and operational issues in order to meet the objectives of the RFP. Each proposal will be evaluated according to the criteria listed below:
- a. Responsiveness and completeness of the proposal,
  - b. Company history and qualifications,
  - c. Past performance,
  - d. Project understanding and approach,
  - e. Project team,
  - f. Written narrative,
  - g. References, and
  - h. Price

**3.11 Oral Presentations**

Finalists may be required to make individual presentations to the Committee as part of the technical evaluation process. Failure to provide a satisfactory presentation will be grounds for a declaration that the offer is non-responsive. Presentations shall be conducted only at FW.

**3.12 Final Ranking and Selection**

After each proposal has been evaluated, they will be ranked. FW may invite up to the four highest ranked Offerors to enter into negotiations with FW. Upon completion of negotiations, the Committee will make a recommendation to the Committee Chair to award the contract to the Offeror(s) whose proposal is determined to be the most advantageous to FW.

**3.13 Negotiation**

After selection, but prior to contract award, the Committee reserves the unilateral right to negotiate any aspect of the proposal or proposed contract in any manner that best serves the needs of FW and is within the scope of the solicitation. FW also reserves the unilateral right to accept the best proposal(s) as submitted without negotiation, and therefore Offerors must not assume that they will be given an opportunity to change any part of their proposal, including the Price Proposal.

**END OF SECTION 3**

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**SECTION 4**

**4. STANDARD TERMS AND CONDITIONS**

The Agreement for Service (“Contract” or “Agreement”) with the successful offeror will contain the following Terms and Conditions. Offerors taking exception to these terms and conditions or intending to propose additional or alternative language must (a) identify with specificity the FW Terms and Conditions to which they take exception or seek to amend or replace; and (b) include any additional or different language with their proposal. Failure to both identify with specificity those terms and conditions the offeror takes exception to or seeks to amend or replace as well as to provide offeror’s additional or alternate Contract terms may result in rejection of the proposal. **While FW may accept additional or different language if so provided with the proposal, the Terms and Conditions marked with an asterisk (\*) are mandatory and nonnegotiable.**

**4.1 Authorization to Do Business in Virginia\***

Each Offeror that is organized or authorized to transact business in the Commonwealth of Virginia pursuant to Title 13.1 or Title 50 of the Virginia Code shall include with its bid the identification number issued to it by the Virginia State Corporation Commission. Any Offeror that is not authorized to transact business in Virginia as a foreign entity under Title 13.1 or title 50 of the Virginia Code or as otherwise required by law shall include in its bid a statement describing why the Offeror is not required to be so authorized.

**4.2 Antitrust**

By entering into a contract, the contractor conveys, sells, assigns, and transfers to FW all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods or services purchased or acquired by FW.

**4.3 Annual Economic Price Adjustment**

- A. In the case of annually renewable contracts, the Contractors may submit a request for contract price increases once annually for each renewal year. Economic increases shall be limited to the increase specified in the Bureau of Labor Statistics (BLS) for the 12 month period ending 90 days prior to the end of the then current contract year. The Offeror may in its proposal substitute the CPI-U with any other BLS price index (e.g. Producer Price Index – metals) providing that the substitute price index constitutes the greatest component of the contract item. No other economic price adjustments will be allowed. Requests for price increase must be submitted within 90 days of publication by the Bureau of Labor Statistics.
- B. Negative BLS index: If the agreed upon index is a negative number the contractor shall immediately reduce contract rates by the same amount for the duration of the contract year.

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**4.4 Arrearage**

By submitting an offer in response to this solicitation, the individual or firm submitting the offer shall be deemed to represent that it is not in arrears in the payment of any obligation due and owing FW, the Commonwealth of Virginia, or any public organization within Virginia. Said representation shall include the payment of taxes and employee benefits. Offeror further agrees that it shall make diligent effort to avoid becoming in arrears during the term of the contract.

**4.5 Assignment of Interest**

The Contractor shall not assign any interest in any resulting Contract and shall not transfer any interest in the same without prior written consent of FW, which FW shall be under no obligation to grant.

**4.6 Availability of Funds**

It is understood and agreed between the parties herein that FW shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this agreement.

**4.7 Cancellation**

FW may cancel this solicitation at any time and for any reason prior to award.

**4.8 Compliance with Laws**

The Offeror hereby represents and warrants that:

- A. It is qualified to do business in the Commonwealth of Virginia and that it will take such action as, from time to time hereafter, may be necessary to remain so qualified;
- B. It is not in arrears with respect to the payment of any monies due and owing FW, the Commonwealth of Virginia, or any department or unit thereof, including but not limited to the payment of taxes and employee benefits, and that it shall not become so in arrears during the term of this Contract;
- C. It shall comply with all federal, State and local laws, regulations, and ordinances applicable to its activities and obligations under this Contract; and
- D. It shall obtain at its expense, all licenses, permits, insurance, and governmental approval, if any, necessary to the performance of its obligations under this Contract.

**4.9 Contract Changes / Change Orders**

- A. No verbal agreement or conversation with any officer, agent or employee of FW either before or after the execution of any Contract resulting from this solicitation or follow-on negotiations, shall affect or modify any of the terms, conditions, specifications, or obligations contained in the

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solicitation, or resulting Contract. No alterations to the terms and conditions of the Contract shall be valid or binding upon FW unless made in writing and signed by the purchasing / designee contact identified on the cover page. In any event and in all circumstances, the Contractor shall be solely liable and responsible for any Contract changes, deviations, etc., made without first receiving written authorization to deviate from the Contract.

B. Changes can be made to the contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the contract. An increase or decrease in the price of the contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the contract.
2. FW may order changes within the general scope of the contract at any time by Notice to the Contractor. Changes within the scope of the contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give FW a credit for any savings. Said compensation shall be determined by one of the following methods:
  - a. By mutual agreement between the parties in writing; or
  - b. By agreeing upon a unit price or using a unit price set forth in the contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to FW's right to audit the Contractor's records and/or to determine the correct number of units independently; or
  - c. By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present FW with all vouchers and records of expenses incurred and savings realized. FW shall have the right to audit the records of the Contractor, as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by Notice to the Purchasing Department. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this contract shall excuse the Contractor from promptly complying with the changes ordered by FW or with the performance of the contract generally.

#### **4.10 Debarment Status**

By submitting their proposals, Offerors certify that they are not currently debarred by the Commonwealth of Virginia from submitting offers or proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

#### **4.11 Drug-free workplace to be maintained by Contractor**

During the performance of this contract, the contractor agrees to (i) provide a drug-free workplace for the contractor's employees; (ii) 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

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contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the contractor that the contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

**4.12 Employment Discrimination By Contractor Prohibited; Required Contract Provisions**

The following provision is required to be in every contract of more than \$10,000 (Virginia Public Procurement Act, § 2.2-4311)

A. During the performance of any ensuing contract, the Contractor agrees as follows:

1. The contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the contractor. The contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
2. The contractor, in all solicitations or advertisements for employees placed by or on behalf of the contractor, will state that such contractor is an equal opportunity employer.
3. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting the requirements of this section.

B. The contractor will include the provisions of the foregoing paragraphs 1, 2 and 3 in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

**4.13 Ethics in Public Contracting\***

Offeror hereby certifies that it has familiarized itself with Article 4 of Title 11 of the Virginia Public Procurement Act, Section 11-72 through 80, Virginia Code Annotated, and that all amounts received by it, pursuant to a contract resulting from this solicitation, are proper and in accordance therewith.

**4.14 Examination of Records**

The Contractor agrees that in any resulting contract, either FW or its duly authorized representative shall have access to and the right to examine and copy any directly pertinent books, documents, papers, and records of the Contractor involving transactions related to any resulting contract. This obligation shall expire five years after the final payment for the final service performed as a result of any and all contract(s) awarded pursuant to this solicitation, or until audited by FW, whichever is sooner. Contractor will provide reasonable access to any and all necessary documents and upon demand provide copies of documents if so required by FW or its representative(s). FW will reimburse the Contractor for any reasonable expenses it incurs as a result of such a request.

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**4.15 Familiarity with Specifications**

Each Offeror shall bear responsibility for thoroughly examining this solicitation in its entirety. In the event that an Offeror has any questions or comments regarding the proper meaning or intent of any aspect of this solicitation, then such Offeror shall submit all such questions and comments in writing to the Procurement Contact identified on the cover sheet of this solicitation in accordance with the provisions of Paragraph 3.3 (Questions and Communications) hereof.

The submission by an Offeror of a Proposal in response to this solicitation shall be deemed to constitute a representation on the part of such Offeror that it has thoroughly examined this solicitation and has submitted any and all questions and comments it may have regarding the meaning or interpretation of this solicitation to FW in the manner prescribed herein.

**4.16 Formation of Contract with Successful Offeror**

- A. The contract to be entered into as a result of this RFP shall be by and between the Offeror as Contractor and FW. It shall include the following items, which are listed in order of precedence:
1. The fully executed contract between the parties, or FW Purchase Order,
  2. The RFP and any Addenda to the RFP,
  3. The Offeror's response to the RFP (including any drawings and submittals), and
  4. All correspondence between the parties regarding this RFP.
- B. Anything called for by one of the contract documents and not called for by the others shall be of like effect as if required or called for by all, except that a provision clearly designed to negate or alter a provision contained in one or more of the other contract documents shall have the intended effect.
- C. By submitting an offer in response to this solicitation, the Offeror agrees to all Terms, Conditions and to the Specification section contained herein, unless and except as otherwise noted as an exception in the Offeror's proposal. Any terms and conditions that the Offeror proposes to use must be submitted as part of the proposal. Terms and conditions submitted by an Offeror after the solicitation closing date shall not be accepted and will not be considered for incorporation into the terms of the awarded contract.
- D. All time limits stated in the contract documents, including but not limited to the time for completion of the work, are of the essence.

**4.17 Governing Law; Venue; Waiver of Jury Trial**

Notwithstanding any provision to the contrary, this solicitation and any resulting contract shall be governed in all respects by the laws of the Commonwealth of Virginia. Any dispute arising hereunder which is not otherwise resolved by the parties shall be resolved by a court of competent jurisdiction in the Commonwealth of Virginia. The Contractor and FW hereby waive any right such party may have to a trial by jury in connection with any such litigation.

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**4.18 Incorporation by Reference**

- A. This solicitation is issued in accordance with, and controlled by, the Virginia Public Procurement Act (VPPA), which is incorporated into and made part of the solicitation. By submitting a proposal in response to this solicitation, all Offerors acknowledge the VPPA and agree to be bound by it. The VPPA may be accessed via the Virginia Department of General Services, Department of Purchases and Supply Website:  
(<http://www.eva.virginia.gov/buyers/pages/vppa.htm>).
- B. The terms, conditions and specifications contained herein including any attachments or addenda are incorporated into any contract issued as a result of this solicitation.

**4.19 Indemnification and Responsibility for Claims and Liability**

With respect to any contract that results from this solicitation, Offeror is bound by the following:

- A. The Contractor shall indemnify, save harmless and defend FW, or any employee of FW, against liability for any suits, actions, or claims of any character whatsoever arising from or relating to the performance of the Contractor or its subcontractors under this contract.
- B. FW has no obligation to provide legal counsel or defense, or pay attorney's fees to the Contractor or its subcontractors in the event that a suit or action of any character is brought by any person not party to the contract, against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this contract.
- C. FW has no obligation for the payment of any judgments or the settlement of any claims against the Contractor or its subcontractors as a result of or relating to the Contractor's obligations under this contract.
- D. The Contractor shall immediately notify FW of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or related to the Contractor's obligations under the contract. If such a claim or suit is brought, the Contractor will cooperate, assist, and consult with FW in the defense or investigation of any suit or action made or filed against FW as a result of or relating to the Contractor's performance under this contract.
- E. The Contractor shall pay all royalties and license fees necessary for performance of the contract. The Contractor shall defend all suits or claims for infringement of any patent rights or other proprietary rights arising from or related to performance of the resulting contract and shall save FW harmless from any and all loss, including Attorneys' fees arising out of any such claim.

**4.20 Insurance**

- A. In addition to the mandatory insurance requirements listed in this Section and, at the request of FW, any Offeror may be required to provide a list of all insurance claims made against it within the past 36 months. FW reserves the right to reject any bid if in FW's opinion the amount or number of claims is deemed to be excessive. An Offeror's failure to comply with this requirement may result in rejection of its bid. If no claims have been made, then the Offeror shall

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so state in its bid. Fairfax Water may require such information from the Contractor as it deems necessary to assess the Contractor's financial ability to pay any deductibles with respect to the insurance policies required hereunder.

- B. Before commencing the work, the Contractor shall procure and maintain at its own expense, minimum insurance in forms and with insurance companies acceptable to FW to cover loss or liability arising out of the Work. All insurance policies must be underwritten by insurers authorized to conduct business within the Commonwealth of Virginia and must have a Best's rating of at least A- and a financial size of class VIII or better in the latest edition of Best's Insurance Reports.
- C. The Contractor shall immediately notify FW of any claim or suit made or filed against the Contractor or its subcontractors regarding any matter resulting from or related to the Contractor's obligations under the contract. If such a claim or suit is brought, the Contractor will cooperate, assist, and consult with FW in the defense or investigation of any suit or action made or filed against FW as a result of or relating to the Contractor's performance under this contract.
- D. With the exception of Workers' Compensation and Employers' Liability Insurance, all additional insurance policies specified herein shall name FW as an additional insured with regard to work performed under any subsequent Contract
- E. The Contractor will provide FW with copies of certificates of insurance coverage and proof of payment of all premiums. Each certificate of insurance must include: (a) an endorsement from the insurer that certifies that the Contractor maintains the referenced policy in full force and effect; (b) where applicable, a statement indicating that FW is included as an additional insured; and (c) a provision requiring that not less than 30 days written notice will be given to FW before any policy or coverage is canceled or modified in any material respect. Without limiting the requirements set forth above, the insurance coverages will include a minimum of:
1. Workers' Compensation and Employers' Liability Insurance: Statutory requirements and benefits as required by the Commonwealth of Virginia; and
  2. Required Commercial General Liability Insurance: This insurance must be written on an "occurrence" basis and shall be endorsed to include FW as an additional insured and shall provide at a minimum the following:

◆ General Aggregate Limit (Other than Products-Completed Operations)	\$1,000,000
◆ Products-Completed Operations Aggregate Limit	\$ 500,000
◆ Personal & Advertising Injury Limit	\$ 500,000
◆ Each Occurrence Limit	\$ 500,000
- F. Business Automobile Liability Insurance: This insurance coverage must extend to any motor vehicles or other motorized equipment regardless of whether it is owned, hired, or non-owned and must cover Bodily Injury and Property Damage with a combined single limit of at least \$1,000,000 each accident. This insurance must be written in comprehensive form and must protect the Contractor and FW against claims for injuries to members of the public and/or damage to the property of others arising from the Contractor's use of motor vehicles or other equipment and must cover both on-site and off-site operations.

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- G. Nothing contained herein will be deemed to operate as a waiver of FW's sovereign immunity under the law.

**4.21 Partial Invalidity**

Neither any payment for, nor acceptance of, the whole or any part of the services by FW, nor any extension of time, shall operate as a waiver of any provision of any Contract resulting from this RFP, nor of any power herein reserved to FW, or any right to damages herein provided, nor shall any waiver of any breach of any Contract be held to be a waiver of any other or subsequent breach. Failure of FW to require compliance with any term or condition of any Contract shall not be deemed a waiver of such term or condition or a waiver of the subsequent enforcement thereof.

**4.22 Payment**

- A. Invoices: All invoices are to be sent directly to FW Accounts Payable department by mail, fax or e-mail. Invoices shall include the FW Purchase Order / Contract number and the contractor's FEIN. Invoices are not to be sent to the contract Project Manager, or other departmental reps. Failure to comply may result in late payments for which FW will not be liable.
- B. Terms: All payments will be Net 30 from the date of receipt of a valid invoice at the FW Finance Department. Payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- C. Invoices: Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/contract. Invoices shall show the FW Purchase Order or contract number and either the social security (for individual Contractors) number or the federal employer identification number (for proprietorships, partnerships, and corporations) and are subject to review and approval by the FW Project Manager.
- D. Partial Payments: Requests for partial payments or advanced payments must be submitted as part of the Price Offer along with a justification. FW reserves the right to accept, reject or negotiate requests for partial payments. If the request is rejected, the Offeror must waive the requirement in order to remain in consideration.
- E. Unreasonable Charges: Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, final payment is contingent on a determination of reasonableness with respect to all invoiced charges. Charges that appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, FW shall promptly notify the Contractor, in writing, as to those charges that it considers unreasonable and the basis for the determination.

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**4.23 Payment Clauses Required in All Contracts\***

Section § 2.2-4352 of the Virginia Public Procurement Act requires the following:

A. That any contract awarded by FW include the following clauses:

1. The Contractor shall take one of the two following actions within seven days after receipt of amounts paid to the contractor by FW for work performed by any subcontractor(s) under the contract:
  - a. The Contractor shall pay its subcontractor(s) for the proportionate share of the total payment received from FW attributable to the work performed by the subcontractor under that contract; or
  - b. Notify FW and any subcontractor(s), in writing, of his intention to withhold all or a part of the subcontractor's payment with the reason for nonpayment.
2. Offerors shall include in their offer submissions either: (i) if an individual contractor, their social security numbers; and (ii) proprietorships, partnerships, and corporations to provide their federal employer identification numbers.
3. The contractor shall pay interest to the subcontractor(s) on all amounts owed by the Contractor that remain unpaid after seven days following receipt by the Contractor of payment from FW for work performed by the subcontractor under the contract, except for amounts withheld as allowed in subdivision 1.
4. Unless otherwise provided under the terms of this contract, interest shall accrue at the rate of one percent per month.

B. The contractor shall include in each of its subcontracts a provision requiring each subcontractor to include or otherwise be subject to the same payment and interest requirements with respect to each lower-tier subcontractor.

C. A contractor's obligation to pay an interest charge to a subcontractor pursuant to the payment clause in this section shall not be construed to be an obligation of FW. A contract modification shall not be made for the purpose of providing reimbursement for the interest charge. A cost reimbursement claim shall not include any amount for reimbursement for the interest charge.

**4.24 Precedence of Terms**

By submitting a proposal in response to this solicitation, the Offeror agrees that the terms and conditions contained in this solicitation shall control any contract arising from this solicitation. Any proposed terms and conditions, including any for a contract that the Offeror proposes to use, shall be submitted as part of the Offeror's proposal. Terms and conditions submitted by an Offeror after the deadline for submitting proposals will be rejected and the Offeror will be held to the terms and conditions contained herein. Contract award is contingent on the Offeror and FW agreeing on mutually acceptable terms and conditions. Failure to do so will automatically disqualify the Offeror from contract award. To the extent that a conflict arises or is found to exist between the Offerors' proposal and this solicitation, including any addenda thereto, the terms, conditions and specifications contained in this solicitation and any addenda thereto shall in all cases prevail.

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**4.25 Price Firm Period**

Proposal Prices: Pricing shall be firm and fixed as originally offered and accepted for the first 12 months of the contract.

**4.26 Rider Clause**

Subject to the mutual agreement between the parties, any contract awarded on the basis of this solicitation may be used by any public entity (to include jurisdictions comprising the Metropolitan Washington Council of Governments), to enter into a contract for the services described and defined herein. For single purchases, the contract may be used for up to 12 months from the actual date of contract award. For multi-year contracts, the contract may be used throughout the effective period of the contract. Contracts awarded as a result of this solicitation will be subject to these terms and conditions, and/or such terms and conditions as may be required by the controlling body for the public agency using the contract. Pricing shall be as offered by the successful Offeror and subsequently accepted by FW.

**4.27 Tax Exemption**

FW is exempt from Federal Excise Taxes, Virginia State Sales and Use Taxes, and the District of Columbia Sales Taxes and Transportation Taxes. FW's tax exempt number is 54-6025290.

**4.28 Termination of Contract**

- A. For Cause. In the event that the Contractor: (1) fails to deliver any Commodity or Service in accordance with the time period established therefore in the Contract; or (2) fails to furnish any Commodity or Service which conforms in all respects to the requirements of the Contract; then FW, without prejudice to any other rights or remedies it may have at law or in equity (including its right to seek damages from the Contractor), shall have the right to terminate the Contract and any outstanding Purchase Orders by issuing a written notice of termination to the Contractor. Such notice of termination shall describe in reasonable detail the grounds for the termination and shall take effect immediately upon receipt by the Contractor.
- B. If, after issuance of a notice of termination under this Section it is determined for any reason that cause for such termination did not exist, then the rights and obligations of the parties shall be the same as if the notice of termination had been delivered under the provisions of subsection B (termination for convenience) hereof; provided, however, that the Contractor in such event shall be deemed to have received seven days prior written notice of such termination. Any compensation due the Contractor pursuant to subsection B shall be offset by the cost to FW of remedying the default by the Contractor. The Contractor shall in no event be entitled to receive any consequential damages or any anticipated profits with respect to Commodities not yet furnished to, and accepted by, FW as of the effective date of any such termination.
- C. For Convenience. FW shall have the right to terminate the Contract and/or any outstanding Purchase Orders issued hereunder at its own convenience for any reason by giving seven business days prior written notice of termination to the Contractor. In such event, the

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Contractor shall be paid an amount equal to the actual cost of any Commodity delivered to, and accepted by, FW and the actual cost of any equipment, goods or materials ordered by the Contractor hereunder in good faith which could not be canceled, less the salvage value thereof, provided sufficient substantiation is furnished to FW. Any subcontract entered into by the Contractor in connection with the transactions contemplated hereby shall contain a similar termination provision for the benefit of the Contractor and FW. The Contractor shall in no event be entitled to receive anticipated profits on any Commodities not yet furnished to and accepted by FW as of the effective date of any such termination.

**4.29 Unit Prices Prevail**

The Price Proposal shall include a complete listing of all prices (e.g., annual maintenance, labor, materials, training, etc.). Any work performed beyond the scope of the contract and within the first 12 months after contract award shall be at the prices specified in Volume II. In the event of a conflict between unit prices and extended prices, the unit price shall prevail. All proposals shall be complete and accurate as submitted.

**4.30 Virginia Freedom of Information Act**

Except as provided herein, all proceedings, records, contracts and other public records relating to procurement transactions shall be open to the inspection of any citizen, any interested person, firm, or corporation, in accordance with the Virginia Freedom of Information Act.

**4.31 Contractual Disputes\***

Contractual claims, whether for money or for other relief, will be submitted in writing not later than 60 days after final payment; provided however, that written notice of the Consultant's intention to file such claim must:

Be delivered to the attention of FW's Procurement Representative assigned to this contract at the address shown on the cover sheet of this RFP, not later than five days after the occurrence or of the beginning of the Work upon which the claim is based; and

Contain a reasonably detailed description of the basis of the claim otherwise the claim will be deemed to have been waived. FW will make a written decision upon any such claim within 60 days after submittal of the claim. The Consultant will not institute legal action prior to receipt of FW's decision on the claim unless FW fails to render such decision within 90 days after submittal of the claim. The decision of FW will be final, unless the Consultant initiates legal action as provided in Section 2.2-4364 of the Virginia Code. Failure of FW to render a decision within 90 days will not result in the Consultant being awarded the relief claimed, nor will it result in any other relief or penalty. The sole result of FW's failure to render a decision within the time allotted will be the Consultant's right to immediately institute legal action. No administrative appeals procedure pursuant to Section 2.2-4365 of the Virginia Code has been established for contractual claims under this Agreement.

No claim of any nature will be made against FW by or on behalf of a subcontractor unless the Consultant has first: (a) evaluated such claim thoroughly and determined it to be meritorious; (b) issued a written notice to the subcontractor finding the subcontractor's claim to be meritorious and

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setting forth any additional compensation or additional days to be paid or granted to the subcontractor on account of such claim; and (c) paid the subcontractor in full for such claim. In presenting such a claim, the Consultant will provide FW with a copy of the written notice to the subcontractor and with evidence of payment in full of the subcontractor's claim. No such claim will exceed the amount actually paid to the subcontractor.

**4.32 No Employment of Unauthorized Aliens\***

The Consultant hereby covenants and agrees that it does not, and will not during the term of the Contract, knowingly employ an unauthorized alien (as such term is defined in the federal Immigration Reform and Control Act of 1986).

**4.33 Faith Based Organizations\***

FW does not discriminate against faith-based organizations

**END OF SECTION 4**

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**Investment Adviser and Portfolio Management Services**

**ATTACHMENT A**

**REFERENCES**

**OFFERORS' NAME:** \_\_\_\_\_

1. COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TELEPHONE: (    ) - \_\_\_\_\_ - \_\_\_\_\_

FAX: (    ) - \_\_\_\_\_ - \_\_\_\_\_

E-MAIL: \_\_\_\_\_

2. COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TELEPHONE: (    ) - \_\_\_\_\_ - \_\_\_\_\_

FAX: (    ) - \_\_\_\_\_ - \_\_\_\_\_

E-MAIL: \_\_\_\_\_

3. COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TELEPHONE: (    ) - \_\_\_\_\_ - \_\_\_\_\_

FAX: (    ) - \_\_\_\_\_ - \_\_\_\_\_

E-MAIL: \_\_\_\_\_

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**OFFERORS' NAME:** \_\_\_\_\_

4. COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TELEPHONE: (\_\_\_\_) - \_\_\_\_\_ - \_\_\_\_\_

FAX: (\_\_\_\_) - \_\_\_\_\_ - \_\_\_\_\_

E-MAIL: \_\_\_\_\_

5. COMPANY NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

CONTACT PERSON: \_\_\_\_\_

TELEPHONE: (\_\_\_\_) - \_\_\_\_\_ - \_\_\_\_\_

FAX: (\_\_\_\_) - \_\_\_\_\_ - \_\_\_\_\_

E-MAIL: \_\_\_\_\_

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**ATTACHMENT B**

**TRANSMITTAL FORM**

In compliance with this Request for Proposal and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the goods and/or services described herein in accordance with the attached proposal and as may be mutually agreed upon by subsequent negotiation.

In compliance with this Request for Proposal and to all the conditions imposed therein and hereby incorporated by reference, the undersigned offers and agrees to furnish the goods and/or services described herein in accordance with the attached proposal and as may be mutually agreed upon by subsequent negotiation.

<b>Company Name (printed)</b>	<b>Federal ID Number</b>
<b>Street (printed)</b>	<b>Telephone:</b>
<b>City, State, Zip (printed)</b>	<b>Facsimile:</b>
<b>Printed</b>	<b>Title</b>
	<b>E-mail:</b>
<b>Signed</b>	<b>Dated</b>
	<b>F.O.B.:</b> (Shipments are FOB Destination unless otherwise specified)
<p>Pursuant to Title 13.1 or Title 50 of the Virginia Code provide the identification number issued to your firm by the Virginia State Corporation Commission (VSCC) in the space provided below, If your firm is not required to be authorized to transact business under Title 12.1 or Title 50, or any other law; provide a statement why your firm is not required to be so authorized.</p> <p>VSSC ID Number: _____</p>	
<p>If you do not have a VSCC identification number, explain why it is not required in the space below:</p> <p>_____</p> <p>_____</p> <p>_____</p>	



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**ATTACHMENT D**  
**INVESTMENT POLICY**



(FAIRFAX COUNTY WATER AUTHORITY)

INVESTMENT  
POLICY

ADOPTED  
September 20, 2012

# FAIRFAX WATER INVESTMENT POLICY

The purpose of this Investment Policy is to establish guidelines for the safeguarding and management of Fairfax County Water Authority ("Fairfax Water") funds and for the purchase and sale of investment instruments.

## 1. *Policy*

It is the policy of Fairfax Water to invest its funds in a manner which will provide safety of principal, maximize security, meet daily cash flow demands, conform to the laws of the Commonwealth of Virginia governing the investment of public funds, and, consistent with the foregoing, achieve the highest investment return.

## 2. *Scope*

This Investment Policy applies to the following funds of Fairfax Water:

- Revenue Fund
- Debt Service Fund
- General Fund
- Improvement Fund
- Rebate Fund
- Reserve Fund

The above referenced funds are referred to herein generally as the "Funds".

## 3. *Prudence*

Investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of funds entrusted to them in a fiduciary capacity, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard to be used by the Investment Officer (hereinafter defined), or designee, shall be the "prudent person" standard and it shall be applied in the context of managing an overall portfolio. The Investment Officer 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 manner and appropriate action is taken to control adverse developments.

#### **4. *Investment Objective***

The primary objectives, in the following priority order, of Fairfax Water's investment activities shall be as follows:

- A. ***Safety:*** Investments shall be executed in a manner that seeks to ensure the preservation of principal in the overall portfolio.
- B. ***Liquidity:*** Investments shall remain sufficiently liquid to enable Fairfax Water to meet all operating requirements.
- C. ***Return on Investment:*** Investments shall be selected with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account Fairfax Water's investment risk constraints and the cash flow characteristics of the portfolio.

#### **5. *Delegation of Authority***

Management responsibility for the investment program is delegated by Fairfax Water to the Director, Finance Division (the "Investment Officer") under the general supervision of the General Manager. The Investment Officer shall establish written procedures for the operation of the portfolio consistent with this Investment Policy. Procedures should include reference to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. 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 investment transactions and shall establish a system of controls to regulate the activities of subordinate officials.

#### **6. *Authorized Financial Dealers and Institutions***

The Investment Officer and/or the Investment Advisor shall maintain a list of approved security brokers/dealers selected by creditworthiness who are authorized to provide investment services in the Commonwealth of Virginia. These may include primary dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1. No deposit shall be made except in an institution that is a qualified public depository as established by the Commonwealth of Virginia.

To the extent that Fairfax Water uses the services of an outside Investment Advisor, it shall be the responsibility of the Investment Advisor to maintain an appropriate approved list of brokers. The Investment Advisor shall provide Fairfax Water with a complete list of approved brokers and will provide a detailed description of the criteria used for selecting brokers.

## **7. *Authorized and Suitable Investments***

In accordance with Sections 2.2-4500 through 2.2-4514 of the Code of Virginia and other applicable law, including regulations promulgated by the Treasury Board of Virginia, Fairfax Water shall be permitted to invest in any of the following securities (hereinafter referred to as "Permitted Investments"):

- A. U.S. Government Obligations.** Bonds, notes and other obligations of the United States, and securities unconditionally guaranteed as to the payment of principal and interest by the United States, or any agency thereof, provided that the obligation is backed by the full faith and credit of the U.S. Government or the issuer is rated at least "AA" by a Nationally Recognized Statistical Rating Organization ("NRSRO").
- B. Repurchase Agreements.** Contracts for the present purchase and subsequent resale at a specified time in the future of specific securities at specified prices at a price differential representing the interest income to be earned by Fairfax Water. Such contracts shall be invested in only if the following conditions are met:
- 1) the repurchase agreement has a term to maturity of no greater than ninety (90) days or 5 (5) years in the case of a flexible repurchase agreement;
  - 2) the contract is fully secured by deliverable U.S. Government obligations as described in (A) above (without limit to maturity), having a market value at all times of at least one hundred two percent (102%) of the amount of the contract;
  - 3) a master repurchase agreement or specific written, repurchase agreement governs the transaction;
  - 4) the securities are held free and clear of any lien by a independent third party custodian acting solely as agent for Fairfax Water, provided such third party is not the seller under the repurchase agreement;
  - 5) a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1 et seq. in such securities is created for the benefit of Fairfax Water;
  - 6) for repurchase agreements with terms to maturity of greater than one (1) day, Fairfax Water will value the collateral securities continuously and require that if additional collateral is required then that collateral must be delivered within one business day (if a collateral deficiency is not corrected within this time frame, the collateral securities will be liquidated.);
  - 7) the counterparty is a:
    - a) primary government securities dealers who reports daily to the Federal Reserve Bank of New York, or
    - b) a bank, savings and loan association or diversified securities broker-dealer having \$5 billion in assets and \$500 million in capital and subject to regulation of capital standards by any state or federal regulatory agency; and

- 8) the counterparty meets the following criteria:
    - a) have long-term credit rating of at least "AA" by Standard & Poor's or "Aa" by Moody's Investors Services,
    - b) have been in operation for at least 5 years, and
    - c) be reputable among market participants.
- C. Commercial Paper.** Unsecured short-term debt of U.S. corporations may be purchased if the following conditions are met:
- 1) the maturity is no greater than two hundred-seventy days (270) days;
  - 2) no more than thirty-five percent (35%) of the total funds available for investment (based on book value on the date of acquisition) may be invested in commercial paper;
  - 3) the amount invested in any single issuing corporation will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition);
  - 4) the issuing corporation, or its guarantor, has a net worth of at least \$50 million;
  - 5) the net income of the issuing corporation, or its guarantor, has averaged \$3 million per year for the previous five years; and
  - 6) the issuing corporation, or its guarantor, has a short-term debt rating of no less than "A-1" (or its equivalent) by at least two of the following: Moody's Investors Service, Standard & Poor's, and Fitch Ratings.
- D. Bankers' Acceptances.** Bankers' acceptances issued by a domestic bank or a federally chartered domestic office of a foreign bank, which are eligible for purchase by the Federal Reserve System, may be purchased if the following conditions are met:
- 1) the maturity is no greater than two hundred-seventy days (270) days;
  - 2) the short-term paper of the issuing bank is rated not lower than "P-1" by Moody's Investors Service and "A-1" by Standard & Poor's; and
  - 3) the amount invested in any single bank will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).
- E. Corporate Notes.** Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States which meet the following requirements:
- 1) the maturity is no greater than five (5) years at the time of purchase;
  - 2) the issuer has a minimum "Aa" long-term debt rating by Moody's Investors Service and a minimum "AA" long-term debt rating by Standard & Poor's; and
  - 3) the amount invested in any single issuing corporation will not exceed five percent (5%) of the total funds available for investment (based on book value on the date of acquisition).

- F. Municipal Obligations.** Bonds, notes and other evidences of indebtedness of the Commonwealth of Virginia, or of any county, city, town, district, authority or public body of the Commonwealth of Virginia upon which there is no default that meet the following criteria:
- 1) the maturity is no greater than five (5) years at the time of purchase; and
  - 2) the issuer is rated in either of the two highest rating categories by a NRSRO.
- G. Negotiable Certificates of Deposit and Bank Deposit Notes.** Instruments of domestic banks and domestic offices of foreign banks with:
- 1) a rating of at least "A-1" by Standard & Poor's and "P-1" by Moody's Investor Service, for maturities of one (1) year or less;
  - 2) and a rating of at least "AA" by Standard & Poor's and "Aa" by Moody's Investor Service for maturities over one (1) year and not exceeding five (5) years.
- H. State Pool.** The pooled investment fund (known as the Virginia Local Government Investment Pool) as provided for in Section 2.2-4600 et seq. of the Code of Virginia.
- I. Registered Investment Companies (Money Market Mutual Funds).** Shares in open-end investment funds, provided such funds are: 1) registered under the Federal Investment Company Act of 1940 and operated in accordance with 17 C.F.R. 270.2a.7; 2) invested exclusively in the securities specifically permitted under this Investment Policy; 3) similarly diversified, provided that the fund is rated "AAAm" or "AAAm-G" or better by Standard & Poor's, or equivalent by other rating agencies; and 4) properly registered for sale under the Securities Act (Section 13.1-501 et seq.) of the Code of Virginia.
- J. Savings Accounts, Time Deposits and Certificates of Deposit.** Instruments of national banks located within the Commonwealth and of banks organized pursuant to Chapter 2, Title 6.1 of the Code of Virginia, provided that such deposits are secured as provided by the Virginia Security for Public Deposits Act.

In addition, Fairfax Water's policy with respect to the maximum maturity of investments in each of its Funds shall be as follows:

<u>Fund</u>	<u>Maximum Maturity</u>
Revenue Fund	1 year
Debt Service Fund	1 year
General Fund	5 years
Improvement Fund	5 years
Rebate Fund	5 years
Reserve Fund	5 years

Subject to the above maturity limitations, the Investment Officer will attempt to match investments with anticipated cash flow requirements of each Fund. Fairfax Water will diversify its investments by security type and institution.

The maximum percentage of the portfolio (book value at the date of acquisition) permitted in each eligible security is as follows:

U.S. Government Obligations	100% maximum
Repurchase Agreements	50% maximum
Commercial Paper	35% maximum
Bankers' Acceptances	40% maximum
Corporate Notes	20% maximum
Municipal Obligations	20% maximum
Negotiable Certificates of Deposit/Bank Notes	20% maximum
State of Virginia LGIP	50% maximum
Registered Money Market Mutual Funds	50% maximum
Savings Accounts, Time Deposits, Certificates of Deposit	20% maximum

The combined amount of bankers' acceptances, commercial paper, negotiable certificates of deposit/bank notes and corporate notes shall not exceed sixty percent (60%) of the total book value of the portfolio at the date of acquisition.

Fairfax Water's Portfolio will be further diversified to limit the exposure to any one issuer. No more than 5% of Fairfax Water's Portfolio will be invested in the securities of any single issuer with following exceptions:

U.S. Treasury	100% maximum
Each Federal Agency	40% maximum
Each Repurchase Agreement Counterparty	25% maximum

## **8. *Securities Lending***

The Investment Officer may lend the securities in Fairfax Water's portfolio (other than those in the Debt Service Fund, Rebate Fund, and Reserve Fund) under the following conditions:

- A. Fairfax Water may engage a Securities Lending Agent (the "Agent") to assist with the management of the securities lending program.
- B. Borrowers must meet the repurchase agreement counterparty requirements specified in Section 7.B.(7) and 7.B.(8) of this Investment Policy.
- C. Borrower must have signed a Securities Loan Agreement with Fairfax Water.
- D. No loan shall extend for a period longer than ninety (90) days.
- E. All loans shall be secured by collateral equal to 102% of market value of principal and accrued interest consisting of either cash, U.S. Government Obligations, irrevocable letters of credit, or such other forms as Fairfax Water

may from time to time agree in writing with a maturity date of not more than five (5) years and which will be marked to market on a daily basis.

- F. Cash collateral will be invested in accordance with this Investment Policy. The term of any security purchased with cash collateral will not differ from the loan term by more than 30 days.
- G. Collateral will always be held by an independent third party with whom Fairfax Water has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to Fairfax Water and retained. The right of collateral substitution is granted.

## **9. *Safekeeping and Custody***

All security transactions, including collateral for repurchase agreements, entered into by Fairfax Water shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a Third Party Custodian designated by the Investment Officer and evidenced by safekeeping receipts. For purposes of this Investment Policy, a "Third Party Custodian" shall mean a financial institution qualified to do business in the Commonwealth of Virginia and authorized by the Commonwealth to provide custodial and associated fiduciary functions.

## **10. *Ethics and Conflicts of Interest***

Officers and employees of Fairfax Water involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment programs of Fairfax Water or which could impair their ability to make impartial investment decisions.

## **11. *Internal Control***

The Investment Officer shall establish an annual independent review by Fairfax Water's auditor. This review will assure compliance with policies and procedures.

## **12. *Advisory Services***

The Investment Officer may use the services of Fairfax Water's Financial Advisor, any other registered Investment Advisor or Fairfax Water staff in formulating investment strategy and in executing investment transactions. However, in all such cases, the Investment Officer will have final responsibility for all investment decisions.

**13. *Performance Standards***

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account Fairfax Water's investment style, risk constraints and cash flow needs. Given this strategy, the basis used by the Investment Officer to determine whether appropriate yields are being achieved shall be indices provided by Fairfax Water's Financial Advisor from time to time.

**14. *Reporting***

The Investment Officer shall provide a quarterly overview report to the Finance Committee. The report will show the investments in each Fund at the end of the most recent calendar quarter and the quarter and year-to-date performance of the portfolio.

**15. *Investment Policy Review***

Fairfax Water's Investment Policy shall be reviewed on an annual basis by the Finance Committee and any modifications made thereto shall be approved by Fairfax Water.

### ***CHRONOLOGICAL REVISIONS***

<b>Fairfax Water Meeting</b>	<b>Action</b>
(1) June 29, 1995	Fairfax Water adopts Investments policy
(2) February 15, 1996	Paragraph 7 f. added to permit money market investments. Paragraph 8 c. and d. revised to permit collateral with 5-year maturity.
(3) June 22, 2000	Modify permitted investments to parallel Virginia statute. Delegate responsibility for broker selection to the Investment Advisor.
(4) July 27, 2000	Paragraph 8 revised to have language regarding selection of Borrower firms' match the language used by the Commonwealth of Virginia.
(5) July 27, 2002	Paragraphs 7, 7A and 7B amended to match language used by the Commonwealth of Virginia regarding permitted investments.
(6) September 20, 2012	Set minimum credit standard for Government Obligations and diversification limits for credit sensitive securities. Modify securities lending section to tighten controls and limit the term to maturity of cash collateral investments.

**RFP # 16-12**  
**Investment Adviser and Portfolio Management Services**

**ATTACHMENT E**

**INVESTMENT PORTFOLIO AS OF OCTOBER 31, 2016**

**FAIRFAX WATER  
INVESTMENT PORTFOLIO**

October 31, 2016

	Issue	Maturity Date	Purchase Date	Coupon %	Par Value \$	Cost \$	Yield to Maturity (%)
<b>REVENUE FUND</b>							
(1)	PFM Funds	On Demand	Various	Variable	959,221	959,220.87	Variable
					959,221	959,220.87	
<b>GENERAL FUND</b>							
(1)	PFM Funds	On Demand	Various	Variable	0	0.00	Variable
(2)	Svenska NY CD	08/24/17	11/24/15	0.828	3,500,000	3,500,000.00	0.83
(3)	US Bank Negotiable CD	09/11/17	09/11/14	1.375	2,135,000	2,131,562.65	1.43
(4)	HSBC Bank USA CD	11/17/17	11/18/15	0.954	2,750,000	2,750,000.00	0.95
(5)	Johnson & Johnson Corp	11/21/17	11/21/14	1.125	1,450,000	1,448,854.50	1.15
(6)	Chevron Corp.	12/05/17	12/05/12	1.104	795,000	795,000.00	1.10
(7)	General Electric	12/06/17	11/03/14	5.250	2,300,000	2,563,051.00	1.46
(8)	IBM Corp Notes	02/06/18	02/06/15	1.125	2,650,000	2,641,917.50	1.23
(9)	Berkshire Hathaway	02/09/18	02/11/13	1.550	1,000,000	998,610.00	1.58
(10)	Exxon Mobil Corp Notes	03/06/18	03/06/15	1.305	2,095,000	2,095,000.00	1.31
(11)	Royal Bank of Canada CD	03/09/18	03/15/16	1.700	1,650,000	1,650,000.00	1.98
(12)	Toronto Dominion CD	03/14/18	03/16/16	1.720	3,500,000	3,500,000.00	1.72
(13)	FHLB	03/19/18	02/18/16	0.875	730,000	729,773.70	0.89
(14)	FHLMC	04/09/18	04/07/16	0.750	2,935,000	2,930,392.05	0.83
(15)	FNMA GTD REMIC	04/25/18	04/30/15	1.550	510,000	515,098.16	1.21
(16)	Apple Inc.	05/03/18	05/03/13	1.000	1,560,000	1,554,243.60	1.08
(17)	Chevron Corp.	06/24/18	06/24/13	1.718	2,315,000	2,315,000.00	1.72
(18)	Toyota Motor Credit Corp	07/13/18	07/13/15	1.550	1,370,000	1,368,835.50	1.58
(19)	3M Company Corp Note	08/07/18	08/07/15	1.375	1,845,000	1,841,715.90	1.44

**FAIRFAX WATER  
INVESTMENT PORTFOLIO**

October 31, 2016

	Issue	Maturity Date	Purchase Date	Coupon %	Par Value \$	Cost \$	Yield to Maturity (%)
(20)	FNMA	10/19/18	09/01/15	1.125	4,430,000	4,422,823.40	1.18
(21)	FNMA	11/27/18	10/08/14	1.625	2,475,000	2,483,514.00	1.54
(22)	FNMA	11/27/18	10/08/14	1.625	925,000	933,787.50	1.39
(23)	FNMA GTD REMIC	01/25/19	11/30/15	1.898	485,000	489,849.95	1.57
(24)	FNMA	01/28/19	01/08/16	1.375	2,940,000	2,938,177.20	1.40
(25)	FNMA	01/28/19	02/16/16	1.375	460,000	465,552.20	0.96
(26)	FNMA	02/26/19	02/23/16	1.000	1,000,000	997,640.00	1.08
(27)	FNMA	02/26/19	03/04/16	1.000	1,720,000	1,716,147.20	1.08
(28)	Berkshire Hathaway	03/15/19	03/15/16	1.700	285,000	284,783.40	1.70
(29)	FHLMC	04/15/19	03/21/16	1.125	1,055,000	1,054,651.85	1.14
(30)	FHLMC	05/30/19	02/11/15	1.750	2,475,000	2,499,601.50	1.51
(31)	FHLMC	05/30/19	07/22/15	1.750	3,840,000	3,878,668.80	1.48
(32)	FNMA	08/02/19	08/02/16	0.875	2,685,000	2,680,489.20	0.93
(33)	FHILB	08/05/19	08/04/16	0.875	3,640,000	3,633,011.20	0.94
(34)	Berkshire Hathaway	08/15/19	08/15/16	1.300	480,000	479,534.40	1.33
(35)	Toyota Motor Corp	10/18/19	10/18/16	1.550	715,000	714,642.50	1.57
(36)	FNMA	01/21/20	04/27/15	1.625	2,465,000	2,488,811.90	1.41
(37)	USTN	01/31/20	03/04/16	1.250	2,000,000	2,001,093.75	1.24
(38)	Apple Inc.	02/07/20	02/25/15	1.550	1,000,000	987,200.00	1.82
(39)	Microsoft Corp	02/12/20	02/18/15	1.850	2,000,000	2,003,640.00	1.81
(40)	USTN	02/29/20	11/09/15	1.250	6,800,000	6,715,000.00	1.55
(41)	USTN	04/30/20	02/03/16	1.375	3,250,000	3,267,138.67	1.25
(42)	USTN	05/15/20	05/29/15	3.500	3,075,000	3,367,485.35	1.51

**FAIRFAX WATER  
INVESTMENT PORTFOLIO**

October 31, 2016

	Issue	Maturity Date	Purchase Date	Coupon %	Par Value \$	Cost \$	Yield to Maturity (%)
(43)	USTN	05/31/20	12/04/15	1.375	3,470,000	3,442,212.89	1.56
(44)	FNMA	06/22/20	07/06/15	1.500	2,470,000	2,434,185.00	1.80
(45)	USTN	10/31/20	01/11/16	1.750	2,490,000	2,497,683.98	1.68
(46)	USTN	01/31/21	05/27/16	1.375	2,190,000	2,191,710.94	1.36
(47)	USTN	04/30/21	07/08/16	1.375	2,900,000	2,954,118.98	0.97
(48)	FHLB	07/14/21	07/15/16	1.125	3,600,000	3,578,108.40	1.25
(49)	FHLB	07/14/21	09/02/16	1.125	3,500,000	3,464,160.00	1.34
(50)	FNMA	08/17/21	08/19/16	1.250	785,000	782,314.52	1.32
(51)	FNMA	08/17/21	08/19/16	1.250	2,545,000	2,534,692.75	1.33
	Subtotal				<u>109,240,000</u>	<u>109,711,485.99</u>	
<b>IMPROVEMENT FUND - NET REVENUES</b>							
(1)	PFM Funds	On Demand	Various	Variable	233,264	233,264.29	Variable
(2)	FNMA GTD REMIC	09/25/19	10/30/15	1.646	1,010,000	1,020,114.04	1.19
	Subtotal				<u>1,243,264</u>	<u>1,253,378.33</u>	
	Total - Operating Fund				<u>111,442,485</u>	<u>111,924,885.19</u>	

**FAIRFAX WATER  
INVESTMENT PORTFOLIO**

October 31, 2016

	Issue	Maturity Date	Purchase Date	Coupon %	Par Value \$	Cost \$	Yield to Maturity (%)
<b>DEBT SERVICE FUND</b>							
(1)	First American Treasury	On Demand	Various	Variable	308,657	308,656.60	Variable
(2)	USTN	01/31/17	02/16/16	0.875	2,078,000	2,084,899.61	0.53
(3)	USTN	02/28/17	03/15/16	3.000	4,816,000	4,920,221.25	0.74
(4)	USTN	03/31/17	04/15/16	3.250	4,285,000	4,394,468.36	0.58
(5)	USTN	03/31/17	05/17/16	1.000	4,765,000	4,783,241.02	0.56
(6)	USTN	03/31/17	06/15/16	0.500	5,295,000	5,292,724.80	0.55
(7)	USTN	03/31/17	07/15/16	1.000	5,621,000	5,641,639.61	0.48
(8)	USTN	03/31/17	08/15/16	1.000	3,910,000	3,922,829.69	0.47
			Subtotal		<u>31,078,657</u>	<u>31,348,680.94</u>	
<b>RESERVE FUND</b>							
(1)	First American Treasury	On Demand	Various	Variable	168,618	168,618.00	Variable
(2)	USTN	09/30/17	05/07/15	0.625	1,529,000	1,521,295.27	0.84
(3)	USTN	09/30/17	05/07/15	0.625	695,000	691,497.85	0.84
(4)	FNMA Notes	02/08/18	03/15/13	0.875	2,200,000	2,199,956.00	0.88
(5)	USTN	03/31/18	05/07/15	2.875	2,390,000	2,517,435.55	1.01
(6)	USTN	03/31/18	05/07/15	2.875	1,180,000	1,242,917.97	1.01
(7)	USTN	03/31/18	05/19/15	0.750	625,000	622,241.21	0.91
(8)	FHLMC	06/13/18	08/25/16	4.875	1,855,000	1,988,819.70	0.84
(9)	FHLMC	06/13/18	08/25/16	4.875	220,000	235,870.80	0.84
(10)	FHLMC	06/13/18	08/26/16	4.875	275,000	294,838.50	0.84
(11)	USTN	06/15/18	11/10/15	1.125	2,200,000	2,202,578.13	1.08
(12)	USTN	06/15/18	11/10/15	1.125	995,000	996,166.02	1.08

**FAIRFAX WATER  
INVESTMENT PORTFOLIO**

October 31, 2016

Issue	Maturity Date	Purchase Date	Coupon %	Par Value \$	Cost \$	Yield to Maturity (%)
(13) USTN	06/15/18	11/10/15	1.125	520,000	520,609.38	1.08
Subtotal				<u>14,852,618</u>	<u>15,202,844.38</u>	
Total - All Funds				<u>157,373,760</u>	<u>158,475,610.51</u>	

**FAIRFAX WATER  
OPERATING FUND INVESTMENTS  
DISTRIBUTION OF MATURITIES**

October 31, 2016

<u>Maturities</u>	<u>Par Value</u> \$	<u>Percent</u> <u>of Portfolio</u>
On Demand	1,192,485	1.1
2016	0	0.0
2017	12,930,000	11.6
2018	29,990,000	26.9
2019	22,790,000	20.5
2020	29,020,000	26.0
2021	15,520,000	13.9
	<u>111,442,485</u>	<u>100.0</u>
		**

\*\* Maturity calculations above do not include investments held within the Reserve Fund or Debt Service Fund

**FAIRFAX WATER  
DEBT SERVICE FUND & RESERVE FUND INVESTMENTS  
DISTRIBUTION OF MATURITIES**

October 31, 2016

<u>Maturities</u>	<u>Par Value</u> \$	<u>Percent</u> <u>of Portfolio</u>
On Demand	477,275	1.0
2016	0	0.0
2017	32,994,000	71.9
2018	12,460,000	27.1
2019	0	0.0
	<u>45,931,275</u>	<u>100.0</u>