Investment Advisory Services RFP

Addendum #1 - 3/3/23

- MHP will waive the qualification that one organization be in Massachusetts. Qualifications, page 5 of RFP

- Minor edits pages 2, 3, 6 and 8

REQUEST FOR PROPOSALS

Introduction

The Massachusetts Housing Partnership (MHP) is requesting proposals from qualified individuals, teams, or firms interested in providing investment advice ("Advisor") to MHP to support its investment strategy in conformance with its Investment Policy (see appendices). MHP desires to contract for services from an individual, team, or firm registered with the Securities and Exchange Commission (SEC) under the Investment Advisor's Act of 1940 who will act in a fiduciary capacity for MHP and shall not act as a broker/dealer. Currently, MHP intends to buy and hold fixed income positions until maturity and does not intend to actively trade within its portfolio except to manage credit risk. Investment purchases will typically be made on a quarterly basis using cash from maturing investments and cash generated from MHP's business activities.

The scope of work for the requested services includes the following:

- Review and provide feedback on MHP's current Investment Policy.
- Serve as a general resource to MHP staff for information, advice and training regarding fixed income securities, investments, and treasury operations.
- Within the parameters of MHP's investment policy and cash flow requirements and considering preservation of principal, assist in developing and implementing investment strategies to maintain or enhance portfolio quality.
- Recommend suitable investments and evaluate proposed orders consistent with the investment policy and MHP's 10-year investment strategy. Assist in coordinating settlements upon request.
- Provide regular market condition updates to MHP, not less than quarterly.
- Meet with MHP staff at least quarterly to develop and update cash flow projections that ensure the investment strategy is consistent with MHP's cash requirements and provide recommendations for investment changes or policy revisions as needed.
- Report investment portfolio activity and performance, including earnings, cost, market value, unrealized gain or loss on securities, and accounting information in accordance with GAAP and GASB fair value reporting.
- Perform due diligence review of brokers, and financial institutions, and monitor creditworthiness as requested.
- Provide credit analysis of investment instruments in portfolio.
- Make presentations to MHP's Investment Committee at least quarterly and to the MHP Board's Finance Committee, at least annually ~~and~~or as requested, on portfolio performance and recommendations on investment strategy.
- Comply with all federal and Commonwealth of Massachusetts laws.

Background and scope of operations

The Massachusetts Housing Partnership (MHP) is a statewide public non-profit affordable housing organization that works in concert with the Governor and the state Department of Housing and Community Development to help increase the supply of affordable housing in Massachusetts.

As of January 31, 2023, MHP currently holds about $110 million in discretionary cash and investments and $220 million in custodial or otherwise restricted funds. This proposal should be based on $110-$150 million in discretionary cash and investments annually over a three-year period.

MHP was established in 1985 to increase the state's overall rate of housing production and work with cities and towns to demonstrate new and better ways of meeting our need for affordable housing. In 1990, the state legislature took that premise to heart, becoming the first and only state in the nation to pass an interstate banking act that requires companies that acquire Massachusetts banks to make funds available to MHP for affordable housing.

MHP supports its mission in four principal areas:

- Rental Financing – MHP provides long-term financing for affordable rental housing and has provided $1.8 billion in loans and commitments for multi-family rental housing. MHP uses funds from the banking industry to provide these loans since 1990 and has financed more than 29,000 apartments over its lending history.
- Homeownership - MHP offers the ONE Mortgage Program, a first-time homebuyer program for low- and moderate-income borrowers. ONE Mortgage and our new programs ONE+ Boston and MassDREAMS have helped more than 18,600 families purchase their first home with over $4.6 billion in below market private financing.
- Community Assistance - MHP's Community Assistance team helps communities build affordable housing and has provided technical assistance in over 330 Massachusetts communities.
- Policy and Leadership – MHP's Center for Housing Data provides support and leadership in finding solutions to the housing problem statewide.

As of ~~December 31~~January 31, 2022, MHP's total assets are approximately $700 million and employs 67 full-time people. MHP's employees are working a hybrid schedule at its Boston location and remotely. MHP's most recent audit for the years ended June 30, 2022 and 2021 is included with this RFP. MHP was rated by Standard and Poor's and assigned an A+ issuer credit rating (ICR), the most recent ratings report is included with this RFP. The S&P rating was issued in November 2022 based on the FY21 audited financials.

MHP's seven-member Board of Directors is appointed by the Governor and includes the Secretary of Administration & Finance (or designee), the Secretary of the Department of Housing & Community Development (or designee), two members appointed by the Governor from recommendations by the Massachusetts Bankers Association and three additional designees. We invite you to learn more about MHP by visiting our website at www.mhp.net.

Qualifications

1. Have at minimum of ten years' experience managing fixed income assets and investment advisory services with a minimum of five years' experience managing at least three governmental, quasi-governmental, or nonprofit organizations ~~at least one of which must be in Massachusetts~~.
2. Advisors are preferred to have a minimum of $1 billion dollars in assets under ongoing management and a proven history of managing domestic fixed-income assets for public, quasi-public, or nonprofit organizations.
3. Demonstrate the ability to provide the services required in this RFP and a proven history of providing such service for public agencies.
4. Advisors should demonstrate knowledge of the MHP investment policy (see Appendices).
5. Ability to assign an account manager with a minimum of five years' experience in investment management in Massachusetts to MHP's account.
6. Provide online reporting and analysis tools and reports. The online platform should provide portfolio information as of the prior day close.
7. Advisors must be a registered investment advisor and regulated by the Securities and Exchange Commission (SEC).
8. Advisors must be completely independent of any financial institution or securities brokerage firm or must fully disclose any such relationships.
9. Be registered representatives with FINRA.
10. Adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct.
11. Hold coverage for the following insurances (provide certificate evidencing coverage with your proposal):
    a. Professional Liability insurance
    b. Commercial General Liability Insurance
    c. Cyber Liability Insurance
    d. Employer's Liability Insurance
    e. Umbrella coverage
    f. Crime/Employee Dishonesty coverage
12. Have no record of unsatisfactory performance as evidenced by complaints filed with the SEC or any federal or state agency with jurisdiction over the services provided by the firm.

Commented [CT1]: Qualifications should be number 1 through 12, RFP issued on 3/1/23 was incorrectly numbered 2 through 13.

Commented [CT2]: MHP will waive the requirement that at least one organization must be in Massachusetts

PROPOSAL REQUIREMENTS

Introductory Letter

a. Firm's name, address, name and telephone number of a contact person, and the date of the proposal.
b. Provide the name of person(s) authorized to represent the proposer in any negotiations and the name and title of the person(s) legally authorized to sign any contract that may result.
c. Certify proposer meets the ~~minimum~~ insurance requirements, as set forth in this RFP.
d. State the proposer's understanding of the work to be done and why the firm believes itself to be best qualified to perform the engagement.
e. Confirm that your firm adheres to the CFA Code of Professional and Ethical Standards, www.cfainstitute.org/en/ethics-standards .
f. Confirm that your firm is completely independent of any financial institution or securities brokerage firm; or fully and continuously disclose any relationships with such financial institution(s) and/or securities brokerage firm(s), and disclose any commissions, bonuses, or soft-dollar payments resulting from the firm's relationship with MHP.
g. Confirm that your firm will not take possession of MHP monies or investment securities, nor have access to or control over such monies and/or securities.
h. Provide a list of three (3) Massachusetts public, quasi-public, or non-profit organization client references for which your firm currently provides investment advisory services and/or manages funds. Include client name, contact personnel, address, phone number, length of time you have managed their assets, and a list of related services provided.

Firm Strength and Stability and Stability

a. Provide an overview of the firm and corporate structure, resources, certifications, and licensing.
b. Describe client base and range of asset values among government and nonprofit clients.
c. Disclose potential conflicts of interest and, civil or criminal litigation
d. Include sufficient detail to determine firm's financial strength and stability (provide audited financial statements if available).

Investment Management Approach and Discipline

a. Briefly describe your firm's investment management philosophy.
b. Describe the types of securities you would propose to purchase within the guidelines of MHP's investment policy, and how you would structure investments to provide liquidity.
c. What are the primary strategies employed by your firm for adding value to fixed income portfolios.
d. Describe how investment ideas are originated and researched, and how investment decisions are made. Explain how investment decisions are monitored and evaluated.
e. Describe how your firm will review the credit of financial institutions and securities to be purchased from these institutions.
f. What performance benchmarks would you suggest for the portfolio?
g. Describe your procedures for portfolio review and client contact.
h. Briefly describe any additional feature, attributes, or conditions, which MHP should consider in selecting your firm.
i. Describe your firm's process for recommending investment policy changes and for ensuring investment policy compliance, preventing, and correcting investment policy exceptions and reporting of such compliance issues to MHP.
j. What audit process does your firm employ?

ATTACHMENTS

Cost Proposal (Exhibit A)

For this Cost Proposal, provide a rate structure based on $110 to $150 million portfolio for three years and include a proposal for optional extensions. Identify and describe your proposed rate structure and annual cost. Additional pages should be submitted with the Cost Proposal including cost-related questions.

Investment Advisory Services Annualized Cost (based on fiscal year)
Three-Year Cost:

July 2023 through June 2024	$ ______________
July 2024 through June 2025	$ ______________
July 2025 through June 2026	$ ______________
Sub-total three-year cost	$_______________
Optional Extensions:	
July 2026 through June 2027	$_______________
July 2027 through June 2028	$_______________

Certification Statement for Corporation or Independent Contractor (Exhibit B)

A. Contractor is a Corporation, Limited Liability Company, or a Partnership
I certify under penalty of perjury that Contractor is a (check one):

☐ Corporation ☐ Limited Liability Company ☐ Partnership ☐ Nonprofit Corporation

authorized to do business in the Commonwealth of Massachusetts

Signature: _________________________
Title: _____________________________ Date ______________________

Contractor certifies under penalty of perjury, that the following statements are true:
1. Contractor is free to determine and exercise control over the means and manner of providing the services described in MHP's Investment Advisory RFP.
2. Contractor is responsible for obtaining all licenses or certifications necessary to provide the services.

Signature: ____________________________________ Date:___________________________________