Introduction/Summary
The League of Minnesota Cities (LMC) is requesting proposals for consulting services related to a review of its local government investment pool (LGIP) known as the 4M Fund. Currently 4M Fund assets total approximately $1.75 billion and serve 450 local government entities in Minnesota. This review of services is considered a “best practice” for continuous improvement of the operation of the 4M Fund and not because there are any identified concerns in the operations of the 4M Fund. Overall, the goals include:

1. Ensuring members are receiving the best possible service from PMA and its affiliates which serve as the 4M Fund’s administrator and investment advisor, U.S. Bank as the custodian and banking partner, and the LMC staff and board.
2. Benchmarking yield, fees, and other common metrics as determined by LMC and the consultant to evaluate performance of the various products of the 4M Fund.
3. Highlighting other options for enhancement of products.
4. Establishing a schedule for periodically evaluating vendor relationships.

LMC is contracting with a firm for this evaluation in 2024. It is likely that similar work will be requested on a periodic basis in the future, and LMC expects to establish a long-term relationship with the firm selected in this RFP.

RFP Respondent Attributes
LMC will select the most qualified firm with both technical knowledge and a demonstrated ability to work with an organization like LMC. The preferred firm should include personnel with the following attributes:

- Knowledge of governmental investment practices, GASB, state law limitations on investments for local governments, and the federal regulatory environment for investments.
- Experience working with LGIPs and other money market/short-term investment products for local governments.

The preferred firm, working closely with LMC staff, will be expected to conduct the analysis over a three-month period starting in August 2024.

LMC Background Information [https://www.lmc.org/](https://www.lmc.org/)
LMC was established by state legislation. Any municipality in the State of Minnesota is eligible for membership and currently LMC has more than 850 member cities. According to its constitution, LMC’s purposes are to sustain and advance the interests of its members by:

Advocacy — Promoting and facilitating the development and expression of policies and positions concerning the structure and powers of local government and represent those municipal interests before administrative, legislative and judicial bodies at the local, state and national levels.

Training — Developing and providing either alone or in concert with other governments, organizations or groups - conferences, seminars, workshops and other training opportunities to help municipal officials better fulfill their responsibilities.
Services — Developing and providing services and products for which individual members may not have adequate resources.

Information — Encouraging the improvement of all phases of municipal government by collecting, developing and providing information and advice on topics and issues affecting local governments, as well as by stimulating and fostering pertinent research projects.

Facilitation — Fostering harmonious and cooperative relationships with local, state and federal organizations and agencies to explore common problems and develop mutually acceptable solutions.

LMC is governed by a 19-member board of directors consisting of elected and appointed officials from various cities in the State including two designated seats for Minneapolis and Saint Paul. LMC has more than 110 employees. It hosts a large annual conference and several local meetings related to legislative advocacy and educational needs of its members.

LMC sponsors the League of Minnesota Cities Insurance Trust (LMCIT), established in 1980. LMCIT’s legal structure is a joint powers organization formed by the LMC to provide pooled self-insurance programs to member cities. Membership is open to members of the League and to instrumentalities of League members such as municipal power organizations or housing authorities. LMCIT currently provides insurance coverage to approximately 1,200 cities, townships, commissions, board and political subdivisions with populations ranging from 16 to 121,395. LMCIT provides insurance in the areas of workers compensation; property, automotive, equipment replacement; and general liability. Total revenues annually are approximately $160 million. While LMCIT invests some of its assets in the 4M Fund, none of the scope of work for this RFP involves LMCIT activities.

4M Fund Background Information https://www.lmc.org/resources/4m-fund/ and https://4mfund.com/

In 1987, the Minnesota Municipal Money Market Fund (4M Fund) was created as a joint powers entity for the benefit of any public body that meets the definition of a municipality under state statutes. The 4M Fund is governed by the 4M Board of Trustees, membership of which is the same as the LMC Board of Directors. Quarterly, a 4M Advisory Committee consisting of city administrators and finance staff meets to review the current status of the 4M Fund and make any recommendations for changes in policies and procedures to PMA, LMC staff and the 4M Board of trustees. The products, structure, and history of the 4M Fund are found in the attachments to this RFP including:

- Most recent audited financial statement
- 4M Advisory Committee packet dated May 8, 2024

The following links provide additional background information:

Scope of Services

1. 4M Fund and Partners’ Costs and Performance.
   a. Evaluate the performance of the three main 4M Funds (Liquid Assets, 4M+ and LTD) to
determine if yields are consistent with other LGIPs with similar investment parameters.
   b. Recommend changes to allowable investments and levels of those investments.
   c. Recommend alterations to the content of reports to the 4M Advisory Committee.
   d. Review PMA, U.S. Bank, and LMC fees to determine if they are reasonable in the
   marketplace.
   e. Evaluate performance and effectiveness of the funds, PMA, or U.S. Bank against any
   other metrics you may recommend.

2. Long-Term Duration (LTD) Product within the 4M Fund
   a. Evaluate LTD to see if it is meeting the goals set out four years ago at its initiation and if
any changes to its operations or disclosures to participants are advised given its variable
NAV status.

3. Customer satisfaction
   a. Review the last two years’ survey data sent to 4M Fund participants by the LMC.
   b. Conduct eight to ten in-depth interviews with members including, at a minimum, three
   advisory committee members, a newer member, a larger city member and a smaller city
   member to hear about service levels from the fund administrator and banking partner.

4. Oversight
   a. Help LMC determine how often an analysis similar to this one and RFPs should be
   conducted for the investment advisor, administrator, and banking partner/custodian.
   b. Make any other governance suggestions.

The firm will be expected to provide a written report of approximately 10 to 20 pages of text and
summary graphs.

Submission of Questions and Proposals
Questions about this request for proposals must be in writing and submitted to Mark Ruff
(mruff@lmc.org) by June 24, 2024. Proposals must be submitted to mruff@lmc.org by July 17, 2024.

All responses to this RFP will become the property of LMC. Submit public data only. Responses must not
include private or nonpublic trade secret data as defined by Minn. Stat. § 13.37. In the event trade secret
data are submitted, the party submitting the data must defend any action seeking release of the data it
believes to be trade secret data and defend, indemnify, and hold harmless LMC, their members, agents
and employees from any judgments awarded against LMC in favor of the party requesting the data, and
any and all costs connected with that defense. In no case will costs or prices be considered trade secret
data under section 13.37.

Required Contents for Proposals
Provide the following information within the proposal.

A. Firm Overview. Briefly (less than three pages) describe the firm’s background, size, governance,
ownership and history.
B. Experience. Briefly describe your firm’s experience and current practice in working on similar clients and studies as is being requested for the LMC. Please highlight at least two examples of similar engagements to the one requested by LMC in the last five years involving the personnel proposed for the project.

C. Staffing, Project Approach, and Estimate of Cost
   a. Describe your firm’s staffing proposal, your experience, and your vision for accomplishing the work associated with each of the four categories in the scope of services listed above. Please include the experience of the person who would be leading the study on behalf of the firm and for any additional staff that will be assigned to the project with a description of their area of responsibility.
   b. Describe the approach you would use to communicate and coordinate the project with the LMC. We expect that most of the meetings will be virtual. However, the budget for the proposal should include time and travel expense for one in-person meeting with staff and board in St. Paul, MN.
   c. Please state a not-to-exceed cost for your firm to accomplish the project. Compensation related to this proposal shall be based upon hourly rates. Please list the hourly rates of your staff working on this project and their individual percentage of time dedicated to the project.
   d. Please disclose any potential conflicts of interest in undertaking this project.

Proposal Evaluation & Selection
LMC intends to retain the firm determined in the LMC’s view as the best qualified to perform the work. Price of services is an element in the determination of the best qualified firm, but other factors such as experience, expertise, and ability to communicate are other factors included in the decision. LMC reserves the right to reject any and all proposals or to request additional information from any and all proposers for purposes of clarification including cost estimates, and to accept or negotiate any modification to any proposal following the deadline for receipt of all proposals. LMC shall not reimburse any costs related to preparing a response to this RFP.

Schedule

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<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>June 11, 2024</td>
<td>RFP distributed</td>
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<tr>
<td>June 24, 2024</td>
<td>Questions on RFP due</td>
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<tr>
<td>June 30, 2024</td>
<td>Responses to questions distributed</td>
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<tr>
<td>July 17, 2024</td>
<td>Responses to RFP due to Mark Ruff, Finance Director at <a href="mailto:mruff@lmc.org">mruff@lmc.org</a></td>
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<tr>
<td>July 24-31, 2024</td>
<td>Interviews conducted, if necessary</td>
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<tr>
<td>Aug. 14, 2024</td>
<td>4M Advisory Committee recommends firm to 4M Board of Trustees</td>
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<tr>
<td>Aug. 15, 2024</td>
<td>4M Board of Trustees approves firm and authorizes contract</td>
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<tr>
<td>August – November</td>
<td>Work on project conducted</td>
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RFP for 4M Fund Review