Response to Questions on 4M Fund RFP from League of Minnesota Cities

July 1, 2024

1. The RFP states, "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." As such, should all fees proposed in response to this RFP consider costs for future projects as well? Or, just consider the scope of services outlined in this RFP?

LMC Response: Only include fees for the scope of services in this RFP.

2. Scope of Services #3 - Part b: "Conduct eight to ten in-depth interviews with members." Will it be up to the selected firm to select members to include in the interview process, as well as develop questions and determine the interview length? or, will LMC make any of these determinations? Will an LMC representative be attending the interview?

LMC Response: The interview length is not expected to exceed 60 minutes each. LMC and the selected firm will jointly decide the content of the interview. No specific format has been developed to date.

3. Question B: The latter part of this question requests "at least two examples of similar engagements to the one requested by LMC..." Would LMC prefer that firms only submit examples focused on local government investment pools? Or, can samples reference other similar investment-related work conducted for entities like LMC?

LMC Response: You may choose the specific examples of similar engagement. We will not exclude a firm if they have not previously worked with LGiPs.

4. Question C - Part c: May firms also propose a flat fee to accomplish this project? Or, will only hourly fees be accepted (in addition stating a 'not-to-exceed' cost)?

LMC Response: The proposal needs to include hourly rates and a not-to-exceed cost. If you choose to additionally propose a flat fee, LMC will consider the flat fee option when a contact is negotiated.
5. Have there been any recent changes to the "Administration and Investment Advisory Fees" outlined on page 56 (Note 4 - Expenses) of the provided 2023 Audited Financial Statement?

LMC Response: Fees schedules have not changed. Fee amounts will vary from year to year depending upon balances in the various classes of funds or specific legal and financial costs attributable to the League.

6. Are there reasons why the Term Series Investment Pools and the services listed under “Complementary Investment Services” on the 4M website are not included in this evaluation?

LMC Response: Term Series Investment Pools are a relatively small amount of the investments under the umbrella of 4M Funds. Whether or not to include the Term Series in the review will be made at the time a contract is signed between the League and the firm selected. RFP responses do not need to include any language regarding the Term Series but the League welcomes any comments regarding any firm’s opinions regarding this investment option for participants.

7. Is LMC seeking to enter into an investment advisory engagement with the selected consultant? Item 1.b. under “Scope of Services” would generally be interpreted as investment advice.

LMC Response. The RFP did not contemplate an additional investment advisory engagement in addition to the investment advisory agreement with PMA. If you expect that such an agreement is required, please include this requirement and any associated costs in your response. Otherwise, concerns around liability and regulatory role clarity can be addressed during the contracting process with the preferred firm.

8. Scope of Services 2.a. Can LMC provide explicit detail with respect to expectations in this section, especially as relates to any suggestions associated with “operations” of the LTD product? Various “operations” of an investment firm are directly related to covered advice, and suggestions revolving those activities could constitute investment advice on the part of the consultant. Also, suggesting changes, revisions, or otherwise amending disclosures could be considered legal advice. Will the consultant be expected to consult with qualified legal counsel, whether LMC’s counsel or an external party?
LMC Response. Operations, in the context of the RFP and the LTD product, was intended to be limited to how risk is presented to a potential investor in the LTD product given its variable NAV status and how investors in the LTD product are informed during their period of participation in the product. The LMC’s general counsel does serve as the 4M Fund’s counsel and the LMC’s general counsel will be actively involved in this project. The contract between the preferred firm and LMC will be authored by LMC’s general counsel. The preferred firm is expected to consult with their own counsel during this contracting process.

9. When including appendices or sample exhibits within our proposal (if needed), is it preferred that these exhibits be included within accompanying responses to questions? Or, is it preferred to have all exhibits aggregated within a supplemental appendix to our proposal?

LMC Response: LMC does not have a preference. We encourage you to organize your proposal in a manner that best describes your firm.