

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

REQUEST FOR PROPOSALS

to provide

INVESTMENT MANAGEMENT SERVICES

for

BLUE GRASS AIRPORT

DATED: March 5, 2017

TABLE OF CONTENTS

1. NOTICE AND REQUEST FOR PROPOSALS 1
2. INTENT OF THIS REQUEST FOR PROPOSAL (RFP)..... 2
3. BACKGROUND 3
4. INSTRUCTIONS TO PROPOSERS & PROPOSAL REQUIREMENTS..... 3
5. EVALUATION OF PROPOSALS..... 7

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD
REQUEST FOR PROPOSALS
for
INVESTMENT MANAGEMENT SERVICES
at
BLUE GRASS AIRPORT

1. NOTICE AND REQUEST FOR PROPOSALS

Notice is hereby given that the Lexington-Fayette Urban County Airport Board, hereinafter referred to as "Board," pursuant to this Request For Proposals ("RFP") will accept sealed Proposals from interested and qualified investment management organizations ("Proposer") experienced with institutional money management to provide certain investment services. The contract will be administered by Blue Grass Airport staff on behalf of Board.

The Proposals will be reviewed and evaluated by the Board's Selection Committee. One or more firms will be selected by the Board, based on qualifications as defined by the criteria established in the RFP.

For further information and copies of the RFP packet, including the Airport's investment policy, and all related documents, contact Ben Harward, Controller, at (859) 425-3196 or bharward@bluegrassairport.com. The RFP packet is also available on the airport's website at www.bluegrassairport.com.

In response to this request, six (6) copies of the Proposal and letter of interest and one (1) electronic version in PDF format must be received at the Board's Administrative Office no later than 4 pm, local time, Friday, March 24, 2017, and must be submitted to:

U.S. Mail, Overnight, or
Courier Delivery

Ben Harward
Controller
Blue Grass Airport
4000 Terminal Drive, Suite 206
Lexington, KY 40510

PROJECT CONTACT

Please direct all inquiries regarding this request for Investment Management Services to Ben Harward at (859) 425-3196 or by e-mail at bharward@bluegrassairport.com. Responses to all inquiries will be posted in an addendum on the airport's website.

The Board reserves the right to reject any and all Proposals, or to accept any Proposal or any combination of Proposals, which it deems to be more advantageous to the public and to the Board. If the Board accepts any Proposal(s) pursuant to this RFP, an Agreement will be tendered to the selected Proposer(s) for execution.

To ensure a proper and fair evaluation, the Board has established a cone of silence applicable to all competitive procurement processes, including this RFP. The cone of silence is designed to protect the integrity of the procurement process by shielding it from undue influences prior to award of a concession by the Board. The cone of silence will be imposed on the RFP beginning with advertisement for the same and ending with the Board's award of a Concession Agreement.

The cone of silence prohibits any communications regarding this RFP between:

1. A potential respondent (which includes vendors, service providers, bidders, proposers, lobbyists and consultants) and their representative(s) and Board staff, except for communications with the Board's procurement agent or other supporting procurement staff responsible for administering the procurement, provided the communication is strictly limited to procedural matters of the RFP.
2. A potential respondent and their representative(s) and a Board member.
3. A potential respondent and their representative(s) and any member of the Selection Committee.
4. A Board member and any member of the Selection Committee.

Unless specifically provided otherwise in the RFP, in addition to the exceptions set forth above, the cone of silence does not apply to:

1. Communications with Legal Affairs.
2. Oral communications at the pre-proposal or pre-bid conference.
3. Oral communications during publicly noticed Selection Committee meetings including those specifically for presentations, demonstrations or interviews.
4. Oral communications during any duly noticed Board meeting. Communications relating to protests.

Any violation of the cone of silence by a respondent, as well as any of their representatives, will render its response void as well as any awarded contract.

All Proposals shall become the property of the Board and will not be returned to Proposers unless a written request to withdraw is received prior to 4:00 p.m. local time on March 24, 2017.

BY ORDER OF THE LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

2. INTENT OF THIS REQUEST FOR PROPOSAL (RFP)

Through this RFP, the Airport is initiating a competitive selection process to select and award contracts to one or more firms to provide certain investment services. Blue Grass Airport currently has approximately \$25 million in available funds to invest in multiple accounts broken down as follows; \$7 million in the General Fund, \$11 million in Passenger Facility Charges, and \$7 million in Debt Service Funds.

The following items are included in the package and also on the Airport's website at (www.bluegrassairport.com) to assist you in better understanding Blue Grass Airport and its investment needs.

- A copy of the Airport's current investment policy (Exhibit A)
- A copy of the Airport's latest annual report (Exhibit B)

2.1 RFP Process Schedule/Timeline

Public Advertisement	Sunday, March 5, 2017
Pre-Proposal Conference 2:30 pm	Tuesday, March 14, 2017
Receive Proposals-4:00 pm	Friday, March 24, 2017
Staff Review & Shortlist	Thursday, April 6, 2017
Interviews	TBD
Notification of Contract Award	Thursday, April 27, 2017

2.2 Pre-Proposal Conference

A Pre-Proposal Conference will be held in the office of the Lexington-Fayette Urban County Airport Board at 2:30 p.m. local time on Tuesday, March 14, 2017. The Pre-Proposal Conference will include a review of the RFP documents and a question and answer period. Parties interested in submitting Proposals are encouraged but not required to attend this conference.

3. BACKGROUND

3.1 Airport Information

The Board is the owner and operator of the Blue Grass Airport. The Airport is located on and includes nearly 1,076 acres located 6 miles west of the City of Lexington and adjacent to US Highway 60, a major 6 lane east-west highway. It is the only primary commercial service airport located in the central part of the Commonwealth of Kentucky. The Airport has two runways aligned in a northeasterly southwesterly direction, Runway 4/22 of 7,000 feet in length used primarily for commercial air carrier operations and Runway 9/27 of 4,000 feet in length used primarily for general aviation ("GA") operations.

FAA personnel operate the air traffic control tower located east of the air carrier terminal 24 hours per day. The Airport is classified as a small-hub under FAA passenger enplanement criteria and is an origin and destination airport. The Airport is served by both mainline and regional airlines. In calendar year 2016 the Airport had 657,562 enplaned passengers.

3.2 Background Is Context Only

This background section is provided to set the context in which the Board will consider the selection of the firm for Investment Management Services. The details of the Proposal process and the selection process are set forth with particularity in the following sections of this RFP and the exhibits hereto. Proposers must refer to the entirety of this RFP and the exhibits hereto for detailed instructions to guide them in conforming to the RFP requirements and selection process.

4. INSTRUCTIONS TO PROPOSERS & PROPOSAL REQUIREMENTS

Each Proposer shall provide all information requested by the Board herein. Proposers are advised to carefully read and complete all information requested in the RFP. If the Proposer's response to this RFP does not comply with the conditions for submittal to this RFP, it shall be considered unacceptable by the Board and may be rejected without further consideration.

Under the laws of the Commonwealth of Kentucky, a Proposal may be considered public record and may be made available for inspection and copying. Therefore, the Board cannot guarantee the confidentiality of any proprietary or otherwise sensitive information contained in or with any Proposal.

4.1 Minimum Proposer Requirements

- Must have a minimum of ten years of experience in fixed income investing.
- Must have experience working with governmental accounts or accounts with similar investment objectives as described in this RFP.
- Proposers must be a registered investment advisor.
- Total assets under management must exceed one billion.

4.2 Proposal Documents

All Proposers must address and submit each of the following elements as outlined below. Each element will be evaluated as part of the selection process for this RFP.

A. Business Organization and Background:

- Full name of organization, address, telephone, firm website, and mailing address.
- Name and contact information of primary contact for this RFP.
- Please provide an overview of the corporate profile, including the financial condition of the firm.
- Please identify the staff that would be responsible for the management and services for this account and provide biographies and qualifications for these individuals. What are the contingency plans should the services of these individuals become unavailable for any reason?
- Please describe your client base, including types of clients served, the length of time of services and the range of asset values among your clients. Include the total firm assets under management and the number of similar accounts and assets to Blue Grass Airport under management
- Describe any material litigation, regulatory, or legal proceedings in which your firm or any of the principals are or have been involved over the past five years.
- How you meet the minimum proposer requirements. Provide copies of all the appropriate state and/or national licenses required to act as investment manager as appendices.
- Are there any planned changes in corporate structure, ownership, or management?
- Is your firm a broker/dealer or in any way affiliated with a broker/dealer? If so, are client trades submitted to this broker/dealer for execution?
- Would the Airport be required to use any proprietary investments?

B. Performance Data:

- Provide performance data for fixed income for the last one, three, five, and ten-year periods (net of fees) ending 12/31/2016 and show this data measured against the appropriate year indexes. Also, please provide a breakdown of the total account and fixed income returns for an actual account that has similar objectives as outlined in the Airport's investment policy
- Is your performance data compliant with the Association for Investment Management and Research (AIMR)? If the data is not compliant, is the performance data being submitted net of fees?
- Describe your research methods and resources (external and internal). Describe your firm's research process for choosing investments (committee, portfolio manager, external investment managers, etc.)
- On an ongoing basis, how would you evaluate the total fund for overall compliance with the investment policy?
- Please provide your current economic and market outlook and fixed income allocation philosophy.

C. Pricing:

- Please provide a complete fee Proposal with breakdown to include, but not limited to, internal fees, additional advisory or external fund fees, brokerage fees, etc.
- Include a breakout of the initial and ongoing consultant fees and the custodial and management fees as a percentage of the dollar value of the assets.
- Discuss the frequency with which such fees will be evaluated and the maximum amount of any increase to be expected.

D. Reporting and References

- Will you provide separate statements for each account, along with a summary or combined statement for all accounts? Please provide a sample of the valuation and accounting reports which would be received.
- Please provide details on the firm's Internet site and outline the functionality of the site. Will the account statements and daily transactions be accessible via the Internet?
- Will your firm be able to provide on-site annual presentations to the LFUCAB?
- Please provide the following information on at least three governmental accounts or accounts with similar investment objectives as described in this RFP:
 - a. Company
 - b. Address
 - c. Contact Person
 - d. Telephone Number
 - e. Length of Relationship in Years
 - f. Services Provided
- Please explain briefly why we should select your organization to provide the needed services. How does your organization distinguish itself from your competitors? What are your competitive strengths and weaknesses?

E. Other Services:

- Please address any alternative or additional services that you are capable of providing that may be of benefit to Blue Grass Airport.
- Discuss your experience in rendering such services.

4.3 Time and Place to Submit Proposals

Proposals must be received at the Blue Grass Airport Administration Office, 4000 Terminal Drive, Suite 206, Lexington, Kentucky 40510, no later than 4:00 p.m. local time on Friday, March 24, 2017.

4.4 Proposal Scope and Form

Proposals submitted pursuant to this RFP shall be sealed, with the envelope or cover marked **"PROPOSAL FOR INVESTMENT MANAGEMENT SERVICES"**, together with Proposer's name and return address. All Proposals and will become the property of the Lexington-Fayette Urban County Airport Board and shall not be returned unless a written request to withdraw is received prior to 4:00 p.m. local time on Friday, March 24, 2017 (Proposal Closing Time). Submission of a Proposal shall constitute authorization for the Board and its representatives and agents to make such copies of the Proposal or portions thereof and to distribute such copies as may be necessary or desirable to carry out the Board's objectives.

4.5 Withdrawal of a Proposal

No Proposal may be withdrawn after it is filed unless the Proposer makes a request by letter and such request is received prior to the Proposal Closing Time. No Proposal may be withdrawn after the scheduled Proposal Closing Time for a period of ninety (90) days. The Board reserves the right to reject any or all Proposals.

4.6 Acknowledgment

Proposer shall thoroughly examine and become familiar with this RFP and all related documents. Submission of a Proposal shall constitute an acknowledgment that the Proposer has thoroughly examined and is familiar with all requirements of this RFP. The failure or the neglect of a Proposer to receive or examine this RFP shall in no way relieve Proposer from any obligation with respect to the Proposal or the obligations that result from making a successful Proposal. No claim based upon lack of knowledge or understanding of this RFP or its contents shall be allowed.

4.7 Addenda

Every request for interpretation as to the meaning of any provision of any of the contents of this RFP shall be made at the Pre-Proposal Conference described in Section 2.2. Every interpretation made to Proposers will be made in the form of a written Addendum which, if issued, will be sent electronically by Friday, March 17, 2017. If any Proposer fails to acknowledge receipt of any such Addendum indicated in the Proposal Form, the Proposal will nevertheless be construed as though the Addendum had been received and acknowledged and submission of a Proposal shall constitute acknowledgment of receipt of the same. Only an interpretation or correction stated in a written Addendum shall be official. **THE BOARD WILL NOT BE RESPONSIBLE FOR ANY ORAL ADDENDA OR REPRESENTATIONS.**

4.8 Award of an Agreement

Any Agreement shall not be binding upon the Board until the document has been approved by the Board. Until the Agreement has been so executed and delivered, no Proposer shall have a vested right to be awarded an Agreement and the Board shall have no obligations hereunder but shall be entitled to amend or abandon any relationship contemplated by any of the Proposal documents. The Board reserves the right to cancel the award of any Agreement without liability to the Board at any time before the aforesaid approval by the Board and the execution and delivery of the Agreement.

4.9 Annulment of Award

Failure on the part of any Successful Proposer to comply with the requirements of the foregoing within the time specified shall, in the sole discretion of the Board, be just cause for the annulment of any award to such Proposer. In such event the Board may elect either to accept another Proposal or to reject all other pending Proposals with respect to which an Agreement has not been then awarded.

4.10 Disqualification of Proposals

Without in any way limiting the Board's right in its discretion to reject any or all Proposals, Proposers are advised that any of the following may be considered as sufficient cause for the disqualification of a Proposer and the rejection of a Proposal:

- submission of more than one Proposal hereunder by an individual, joint venture, partnership, limited liability company or a corporation under the same or different names. For the purposes of this subparagraph, firms, partnerships or corporations under common control may be considered to be the same entity;
- evidence of collusion among Proposers;

- the Proposer being in arrears on any existing contract with the Board;
- the Proposer being in litigation with the Board;
- the Proposer having defaulted on a previous contract with the Board; or
- any other cause which, in the Board's judgment and sole discretion, is sufficient to justify disqualification of Proposer or the rejection of its Proposal.

4.11 Irregularities

Proposals will be considered irregular and may be rejected for omission, alterations of form, additions not called for, conditions, limitations, unauthorized alternate Proposals or other irregularities of any kind.

4.12 Waiver

The Board in its sole discretion reserves the right to waive any informalities or irregularities of Proposals, to request clarification of information submitted in any Proposal, to request additional information from any Proposer, or to further negotiate any Proposals.

5. EVALUATION OF PROPOSALS

5.1 Selection Criterion

One or more firms are to be selected by the LFUCAB based on evaluation of the Proposals. The following procedures are to be followed in determining the final firm(s) selection

- After receipt of Proposals, the Airport staff, along with the assistance of one representative of the Airport's financial auditing firm, will review, evaluate, and rank the Proposals based on the responses to the questions as outlined in the Proposal Requirements Section previously listed herein. Those firms whose Proposals are selected for further consideration may be asked to make a personal presentation to the selection committee and/or answer questions in advance of our final selection(s).
- Airport staff may contact up to four of the highest ranked firms to schedule interviews, if the staff believes it is necessary. If requested to attend an oral interview, this presentation shall be no longer than 45 minutes in length and a maximum of four representatives from each firm will be allowed to attend. The date and time of the presentations are TBD. The format of the presentation should be in hard copy and six sets should be provided.
- Following the interviews, Airport staff will then recommend the firm(s) for LFUCAB approval. Upon the Airport Board's approval, staff will notify the selected firm(s) and the other firms of the results.
- Final agreement for services, including fees and form of agreement, will be subject to review and approval by the Airport's legal counsel and the Airport Board.
- The LFUCAB reserves the sole right to evaluate the Proposals submitted for the project, waive any irregularities and/or informalities therein, select the candidate and/or reject any and all consultants that submitted Proposals, should such be deemed in the best interests of the LFUCAB. In the event that any such waivers, selections, or rejections are considered necessary, the LFUCAB will be responsible for the final decision.