June 19, 2008

Dear Prospective Applicant:

The California Children and Families First Act of 1998 (Proposition 10) created a statewide program to promote, support and improve the early development of children from the prenatal stage to five years of age. The intent of this act is to enable counties to create and implement an integrated, comprehensive and collaborative system of information and services to enhance optimal early childhood development.

Funding is provided by Proposition 10 tobacco tax dollars, which are allocated to counties proportional to the number of births in each county, in addition to whatever funds may be earned or leveraged.

First 5 LA seeks investment advisors with experience in both the public and private sector management of funds to perform an assessment of how to best allocate funds in the various securities permissible under the provisions of Government Code Section 53601 et. seq., and perhaps provide investment advisory services.

In response to this Request for Qualifications, applicants are requested to submit a cover letter, a curriculum vitae or resume, proposal, budget and references to First 5 LA no later than 5:00 pm on July 3, 2008. Following a review of all submitted materials, qualified applicants may be invited for an in-person or phone interview during the week of July 21, 2008 – July 25, 2008.

Please submit one original and five (5) copies of your curriculum vitae or resume, proposal, budget and a cover letter to:

Evelyn V. Martinez, Executive Director
First 5 LA
750 N Alameda Street, Suite 300
Los Angeles, CA 90012

Attention: Anthony Bellanca, Director of Finance

ALL SUBMISSIONS MUST BE RECEIVED BEFORE 5:00 PM ON JULY 3, 2008. NO FAXED OR E-MAIL SUBMISSIONS WILL BE ACCEPTED.

For additional information or further questions, please contact Anthony Bellanca, Director of Finance at (213) 482-9372 or abellanca@first5la.org.

Thank you for your dedication to children and families, and for supporting the vision & mission of First 5 LA.

Sincerely,

Evelyn V. Martinez
Executive Director
BACKGROUND

First 5 LA is an independent public entity. First 5 LA has a cash balance of approximately $870 million. All moneys are either contractually obligated or allocated. First 5 LA has adopted an Investment Policy (see attachment). All funds are invested in accordance with this Investment Policy and with California Government Code Section 53601 et. seq. related to the investment of public funds. First 5 LA wishes to maximize likely return consistent with prudent decision making.

Currently, First 5 LA has all of its funds invested in the County Treasury Pool except for one $20 million investment in First 5 LA's Specifically Invested Portfolio.

First 5 LA champions health, education, and safety issues benefiting young children and families. Investment Advisors will be supporting the goals and objectives of First 5 LA's Strategic Plan by helping First 5 LA maximize the revenue needed to fund the Strategic Plan.

First 5 LA seeks responses from firms who have a strong client base and expertise in public agencies and public funds investments. RFQ's will be reviewed by a combination of external reviewers and First 5 LA's staff. It is anticipated that the contract will commence on September 1, 2008.

SERVICES REQUESTED

The services requested are as follows:

- Initially, perform an assessment of current and alternative allocation of funds among the various securities permissible under the provisions of Government Code Section 53601 et. seq. Include in this assessment the expected return and volatility of alternative portfolios.

Thereafter, services may include:

- Provide continuous investment advisory services for the investment portfolio.
- Provide monthly reports of transactions.
- Provide customer service related to monthly reconciliations, year-end reconciliations, and other general information.
- Monitor portfolio for compliance with Investment Policy and California Government Code Section 53601 et. seq.
- Provide training and guidance to staff relating to reporting and internal controls, as needed.
- Provide training and education to the First 5 LA Commission and staff on Public funds investment strategy, as needed.
- Attend quarterly meetings with First 5 LA to discuss the portfolio.

The term of the contract will be September 1, 2008 – June 30, 2009 with the ability to renew based on mutual agreement. Interested organizations should review the background, services requested, selection criteria, and submit their qualifications in the recommended format. RFQ submissions must be received in our office before 5:00 p.m. on July 3, 2008.
QUALIFICATIONS AND BID FORMAT

Interested organizations should submit their Qualifications and Bids in the following proposal format, no more than five (5) pages, not including requested attachments (client list, report format sample, evidence of insurance and registrations, biographies).

- **Investment Philosophy and Process**: Discuss your philosophy of achieving “yield with acceptable volatility”, investment decision-making process, methods of adding value and risk management.

- **Expertise in Public Funds**: Describe the amount of funds under management, and the percentage of public sector clients. Provide a current client list.

- **Firm Organization and Personnel**: Describe the firm ownership and history, and the personnel approach to customer service (team or individual). Provide brief biographies of key personnel. Provide samples of report formats, and give information about ability to customize reports.

- **Cost for Services**: Provide detailed information on the fee structure indentifying the cost of performing the initial risk assessment separately.


- **References**: Provide three (3) references, which we may call or email.

**Additional Attachments Required**

1. Copy of Business License

2. Signature Authorization Form (2 originals):
   This is required in order to verify signature authority to submit and to enter into legal agreement. If not in the Bylaws, a Board Resolution or Partnership Agreement should be submitted, as applicable, that indicates signature authority.

3. Agency Involvement in Litigation:
   Please read thoroughly the information on the required Agency Involvement in Litigation and/or Contract Compliance Difficulties form and include a signed copy of the form in the application. An unsigned form or the omission of the form will constitute an incomplete application and will be grounds for disqualification.

4. Annual Independent Audit:
   The applicant must include the most recent independent financial audit including the following:
   - Management Letter
   - Auditor's Report
   - Statement of Financial Position (Balance Sheet)
   - Statement of Activities (P/L, Income and Expenses Report)
   - Statement of Cash Flow
   - Functional Expense Report
   - Notes to Financial Statements
   - Federal “Single Audit” (if applicable)
CRITERIA FOR SELECTION

First 5 LA will award a contract to the applicant that has the expertise and qualifications outlined in the RFQ.

First 5 LA staff will review each application to ensure that basic requirements are met. Basic requirements include: timely receipt of application, format as required, inclusion of all appropriate attachments, etc. Proposals with omissions of any required documentation are subject to disqualifications.

The First 5 LA staff and/or commission reserve the right without prejudice to reject any or all submitted qualifications. An appeal process is not available.

The criteria by which each response will be judged are as follows:

- **Investment Advice:** Primary expertise in helping public sector organizations maximize return on investment with acceptable volatility, with experience in the private sector being essential.
- **Investment Philosophy:** Evidence of commitment to public sector requirements, ability to communicate investment information clearly.
- **Public Funds Expertise:** Amount of experience with public agency investments, percentage of public sector agencies of total agencies served.
- **Customer Service:** Evidence of commitment to customer service, responsiveness, clearly of communication, clarity of reporting formats.
- **Cost:** Should be within the range of three (3) basis points of the Specifically Invested Portfolio total.

ADDITIONAL INFORMATION

- No response will be considered for award unless submitted in full, delivered on and or before the date specified in the RFQ.
- Specifications are carefully prepared describing the services desired. An appropriate addendum will be issued to all applicants, if necessary, stating revisions, deletions, or additions to be made to the specifications as a result of inquiries.
- First 5 LA reserves the right to reject any responses and to waive any informality or irregularity that does not have a monetary consideration when it is in the best interest and advantage to do so. A discrepancy that offers a bidder an unfair advantage will cause the bid to be disqualified.
- In instances where an exception is taken to the RFQ that does not meet the minimum requirement, the bid will be disqualified.
- Solicitation of bids in no way obligates First 5 LA to purchase any or all or the described goods or services prior to bid award by the Commission.
• First 5 LA shall require indemnification on behalf of itself from firms with which it enters into agreements.

**CONTRACTUAL CONSIDERATIONS**

Specific contractual considerations, including but not limited to the following, apply to RFQ/RFP submission process and project implementation and to any contracts that result from the submission and implementation of the project/proposal. The contractor will need to comply will all of the provisions in the attached sample contract (See Sample Contract).

A. **Conflict of Interest**

The selected Contractor will be required to comply with the Commission's Conflict of Interest provisions, as outlined in the contract, and as applicable under California Law. CONTRACTOR acknowledges that he/she/it is acting as public official pursuant to the Contract and shall therefore avoid undertaking any activity or accepting any payment, employment or gift from any third party that could create a legal conflict of interest or the appearance of any such conflict. A conflict of interest exists when one has the opportunity to advance or protect one's own interest or private interest of others, with whom one has a relationship, in a way that is detrimental to the interest, or potentially harmful for the integrity or fundamental mission of the Commission. CONTRACTOR shall maintain the confidentiality of any confidential information obtained from the COMMISSION during the Contract and shall not use such information for personal or commercial gain outside the Contract. By agreeing to the Contract and accepting financial compensation for services rendered hereunder, CONTRACTOR agrees that he/she/it will not subsequently solicit or accept employment or compensation under any program, grant or service that results from or arises out of the funded project and related initiative(s). During the term of the Contract and for one year thereafter, CONTRACTOR will not knowingly solicit or accept employment and/or compensation from any COMMISSION collaborator or CONTRACTOR without the prior written consent of the COMMISSION.

B. **Contract Information**

1. The Commission may, at its sole discretion, reject any or all submissions in response to this RFQ/ RFP. The Commission also reserves the right to cancel this RFQ/ RFP, at its sole discretion, at any time before execution of a contract. The Commission shall not be liable for any costs incurred in connection with the preparation of any submissions in response to this RFQ/RFP. Any cover letters, résumés' and/or curriculum vita, including attached materials, submitted in response to this RFQ/RFP shall become property of the Commission and subject to public disclosure.

2. The agency/organization submitting an application agrees that by submitting an application it authorizes the Commission to verify any or all information and/or references given in the application.

3. The Commission reserves the right, after contract award, to amend the resulting contract, scope of work, and any other Exhibits as needed throughout the term of the contract to best meet the needs of all parties.

4. The Commission reserves the right to request additional financial status information to verify applicants past status and current financial status. This information includes, but is not limited to: the most recent independent audit ending Calendar Year 2007 or

5. Consistent with the intent of Proposition 10: California Children and Families Act of 1998, no monies for this Project may be used to supplant Federal, state, County and/or other monies available to the organization for any purpose. Activities funded under this proposal must be new or enhancements to existing activities.

6. The award of a contract by the Commission to an individual/agency/organization that proposes to use subcontractors for the performance of work under the contract resulting from this application process shall not be interpreted to limit the Commission's right to approve subcontractors, assemble teams and/or assign leads. Each applicant will be evaluated independently for added value to the overall team. A copy of executed subcontract(s) related to Program funding must be provided to the Commission.

7. The selected Contractor will be required to sign the contract at least two (2) weeks prior to the intended start date of the contract, as outlined in Term of Contract section of contract, to assure the timely completion of the signature process by all parties. If the contract is not signed prior to the intended start date, the commencement of any activities under the Exhibit A – Scope of Work will not begin until the contract execution date (the date all parties have signed the contract) and Contractor will not be eligible to obtain reimbursement for any costs incurred prior to the contract execution date, unless otherwise approved by the Commission. If this Contract is not signed within the thirty (30) days period from the intended start date, the Commission has the right to withdraw the contract award. Any agreed upon changes to the intended start date must be confirmed in writing by both parties.

8. Unless otherwise submitted during the application (RFQ, RFP, etc.) process, , the selected Contractor will be required to submit the required documentation listed on the Contractor Checklist, which includes, but not limited to, the following documents before the Contract can be fully executed:

   - Agency Involvement in Litigation Form
   - By-laws (if applicable)
   - Articles of Incorporation (if applicable)
   - Board of Directors or List of Partners (as applicable)
   - Signature Authorization Form
   - Form RRF-1 (required and filed annually with the California Attorney General's Registry of Charitable Trusts) and IRS Form 990 (if applicable)
   - Annual Independent Audit for prior fiscal year or calendar year (if applicable)
   - Appropriate business licenses (for vendors or private organizations)
   - IRS Letter of Determination (if applicable) or completed IRS Form W-9
   - Memorandums of Understanding (for any sub-contractors, collaborators, and/or partners listed under Contracted Services and Evaluation sections of Exhibit B – Budget Forms)
   - Certificates of Insurance for all insurance requirements outlined in the contract.

9. The sample contract and contracting requirements are attached (See Sample Contract). If successful, the Contractor will be required to meet all of the terms set out in these documents within the timeframe identified.
KEY DATES:

RFQ Issued: June 19, 2008
Due Date for Qualifications: July 3, 2008
Possible Interviews for Qualified Applicants: July 21 – 25, 2008
Qualified Consultant Notified by: July 25, 2008
Work Commences: September 1, 2008

APPENDICES:

- Investment Policy
- Signature Authorization Form (2 originals)
- Agency Involvement in Litigation
- Contractor Sample