



REQUEST FOR PROPOSALS

Investment Advisory and Brokerage Services

RFP No. 2017-310-01

Dated: June 28, 2017

REQUEST FOR PROPOSALS

(“RFP”)

Investment Advisory and Brokerage Services

Introduction:

The Toronto Port Authority (doing business as “**PortsToronto**”), is a federal government business enterprise operating pursuant to the Canada Marine Act (the “**Act**”) and Letters Patent issued by the federal Minister of Transport. Governed by a nine member Board of Directors (the “**Board**”), PortsToronto owns and operates the Port of Toronto including Marine Terminals 51 and 52, the Billy Bishop Toronto City Airport, the Outer Harbour Marina and other related facilities.

Pursuant to the *Act*, PortsToronto is required to be self-sufficient and currently does not receive funding from any level of government.

Statement of Intent:

PortsToronto is seeking qualified investment advisors who demonstrate high levels of professional competence and experience to provide competitive, non-exclusive investment advisory and brokerage services.

One or more investment advisors may be selected through this RFP.

Scope of Work:

The advisor is expected to provide all necessary, customary and required services for recommending and monitoring the investments of PortsToronto and adhering to PortsToronto’s Investment Policy, a current copy of which is attached as Appendix A to this RFP.

Without limiting the generality of the foregoing, the advisor will provide the following services to PortsToronto:

- provide ongoing non-discretionary advisory services for a portion of PortsToronto’s investment portfolio, the amount of which is expected to fluctuate;
- provide assistance in developing and implementing investment strategies that will maintain or enhance the quality of the portfolio and the performance within the parameters of PortsToronto’s Investment Policy and cash flow needs, adhering to the objectives listed in the Investment Policy;
- present and recommend investment products that are permitted under PortsToronto’s Investment Policy and help develop an asset mix strategy;
- ensure that the investment portfolio is managed in such a way as to optimize performance while mitigating risk and recommend objective solutions to generate enhanced investment returns;

-
- review current investment strategies and recommend updates to the Investment Policy;
 - provide and comment on the overview of the capital markets and current trends in key indices;
 - report on any developments regarding the investment industry or any other matter that may be informative;
 - be an independent and objective resource for all questions or issues concerning administration, custody, market conditions and related topics pertinent to the portfolio and exercise the care, skill and diligence that can reasonably be expected of a prudent expert and adhere to the CFA Institute's Code of Ethics and Standards of Professional Conduct;
 - provide detailed reports of investment portfolio activity and performance at least monthly, including a report that demonstrates the benefit on the portfolio's return of using an investment advisor. Reports should include relevant benchmarks, earnings and accounting methodology;
 - provide weekly, to PortsToronto staff, statement of upcoming cash flows that includes maturities, coupons, called securities and potential callable investments for a forward period of 45 days. Upon request, have the ability to provide a statement of upcoming cash flows .

Invitation to Proponents:

Proponents are invited to submit a proposal to provide the services described herein. Each proposal shall include the following:

1. A statement of qualification describing the services being proposed;
2. Identification of the individual(s) who will provide the services along with their professional credentials, capabilities and experience.
3. Details of direct experience in performing investment advisory and brokerage services for entities similar to PortsToronto;
4. A listing of the type of investment products offered as permitted by the Investment Policy, by upper medium grade financial institution and type. For instance, bank HISAs, GICs, bonds etc.;
5. Identification of deliverables, including the type of recommendations to be provided;
6. Other matters that the proponent believes should be addressed but which may not be reflected in this RFP;
7. Fee structure (e.g. fee per transaction and/or based on account balance), including an estimate of disbursements and guarantee period of the fee structure.
8. Three (3) client references for which the proponent has provided similar services within the last two (2) years, including the names and contact information for the client's senior officials;
9. Responses to the questionnaire attached as Appendix B to this RFP.

****All proponents must complete and submit the form of Acknowledgement included on pages 8 and 9 of this RFP with their proposal.***

The above proposal components will form the basis of analysis in deciding upon the selected proponent.

Presentation of Proposal:

The proposal should be presented in a clear and succinct manner addressing each of the proposal components identified above. Hard copies of the proposal must be submitted on 8-½ x11 inch bonded paper, 10-point 11-point Arial or Calibri font format. Attachments, such as brochures and résumés of key personnel, should be included. An interview may be requested prior to award.

Proposal Validity:

Proposals shall remain valid and open for acceptance by PortsToronto for a period of sixty (60) calendar days, following the due date for receipt of proposals.

Submission of Proposal:

Please provide four (4) hard copies plus one (1) additional copy in electronic format (on either compact disc or USB drive), in a sealed envelope, clearly identified as to contents and addressed to:

PortsToronto
60 Harbour Street
Toronto, Ontario M5J 1B7
Attention: Alan J. Paul, Senior Vice President and CFO

Proposals MUST be received NO LATER THAN 2:00 P.M. LOCAL TIME, on Wednesday, July 26, 2017.

Proposals received after the above due date and time will not be considered.

Contact Information:

Any inquiries or questions regarding this RFP are to be directed to:

PortsToronto
60 Harbour Street
Toronto, Ontario M5J 1B7
Attention: Janelle McCarthy, Corporate Secretary – Legal
E-mail: investrfp@portstoronto.com

Proponents are advised that all communications with PortsToronto related to this RFP must only be made in writing to the individual designated above.

Subsequent to the publication of this RFP, contact with any individual at PortsToronto (other than through the designated individual noted above) with respect to this RFP by the proponent or any of its representatives will constitute grounds for disqualification.

Inquiries:

All inquiries or questions regarding this RFP are to be directed to the representative of PortsToronto specified herein. Inquiries must be received in writing (e-mail) no later than 12:00 p.m. (Toronto Time) on Wednesday, July 12, 2017. All inquiries received, and the answers as provided by PortsToronto will be provided to all proponents by way of written addendum, no later than 5:00 p.m. (Toronto Time) on Wednesday, July 19, 2017 without naming the source of the inquiry.

Interviews:

Proponents may be requested to attend an interview prior to contract award. PortsToronto is under no obligation to interview every proponent who submits a proposal and an interview shall not be construed as confirmation of contract award.

Award:

Any award resulting from this RFP shall be subject to PortsToronto Board of Directors' approval.

RFP Timeline (subject to change):

Activity	Date
RFP Issued	June 28, 2017
Deadline to submit questions/inquiries	July 12, 2017 at 12:00 p.m. local Toronto time
Response to questions/inquires, if any	July 19, 2017 by 5:00 p.m. local Toronto time
Deadline for proposal submissions	July 26, 2017 at 2:00 p.m. local Toronto time
Interviews	The week of August 14, 2017
Selection of Proponent	The week of August 21, 2017*

****Subject to change at the discretion of PortsToronto***

Note to Proponents:

Proposals should be submitted in the format requested, preferably with an index. If a proponent feels that the conditions will restrict it unnecessarily in any way, it should so state in its proposal. Any deviation from the stipulated conditions should be given in detail with an explanation as to why such deviations are being proposed. PortsToronto reserves the right to accept any proposal as submitted without prior negotiations. It is the responsibility of the proponent to obtain clarification of the requirements contained herein, if necessary, prior to submitting a proposal.

Each proposal will be evaluated solely on its content. Assessment of the proposal commences immediately after closing date. PortsToronto does not accept proposals submitted by facsimile transfer machines or electronic mail.

PortsToronto reserves the right to accept or reject any or all proposals received or to cancel the RFP in its entirety, all without any right of recourse on the part of any proponent, and to seek clarification from one or more proponents on the contents of their proposal submission.

PortsToronto will only make official modifications to the RFP process or the provision hereof through official addendum. Any oral statement or other representation from any source should not be accepted as binding, unless confirmed through an official written addendum.

Copies of this RFP are available at www.portstoronto.com, www.merx.com or by contacting the designated individual noted above. If a proponent obtains this document by any other means, verification as to the accuracy of the document and receipt of any addenda shall be the sole responsibility of the proponent.

General RFP Provisions:

It is understood and agreed that:

- a) Nothing contained in or appended to his RFP, including any addendums thereto, shall oblige PortsToronto to enter into any agreement with any proponent whatsoever or to make any expenditure or spend any monies whatsoever.
- b) PortsToronto may amend the requirements and specifications set out in this RFP at its sole discretion.
- c) PortsToronto may cancel or withdraw this RFP, at any time, at its sole discretion.
- d) All documents provided by a proponent will be recognized as proprietary and will be held in confidence by PortsToronto and not be released without the prior authorization of the proponent, unless required by law.
- e) Proposal documents submitted by proponents become the property of PortsToronto and will not be returned.
- f) PortsToronto will not be liable for any costs of preparation or presentation of proposals, including presentations that may be requested by PortsToronto.
- g) Proposals submitted shall be final and may not be altered by subsequent offerings, discussions, or commitments unless the proponent is requested to do so by PortsToronto.
- h) In the event that a proponent is asked by PortsToronto to provide additional information that is beyond a request for clarification, PortsToronto will assess the relevance of the request to others, and will exercise its sole discretion in determining whether or not to notify any, or all, proponents of the request and to provide an opportunity for other proponents to provide similar information.
- i) Proponents will indicate in their submission the time period for which their proposal are firm. Proposals shall be firm for a period of at least sixty (60) calendar days from the proposal submission deadline date.
- j) PortsToronto will require any proponent selected to provide services to be free of any conflict of interest and will expect the proponent to advise PortsToronto of any actual or potential conflicts of interest.
- k) PortsToronto is not bound to accept any offer and may reject any or all proposals.
- l) PortsToronto reserves the right not to award a contract to the highest evaluated proposal or to any proposal.
- m) All information provided by PortsToronto to a proponent shall be recognized as proprietary and held in confidence by the proponent.

The proponent must certify acceptance of these General RFP Provisions by submitted a completed acknowledgment in the form attached hereto.

Acknowledgement:

I/We the undersigned, having examined the Request for Proposals (“RFP”) for Investment Advisory and Brokerage Services General RFP Provisions provided therein and any appendices and addendums thereto, hereby submit this proposal to the Toronto Port Authority (doing business as PortsToronto).

I/We hereby:

1. offer to provide services to PortsToronto, as described in this proposal as required in accordance with the RFP;
2. offer the terms as set out in this proposal including the pricing proposal for a period of at least 60 days from the closing date of the RFP or such longer period as specified in the proposal;
3. represent and warrant that in submitting the proposal or providing the services contemplated by the proposal that there is no actual or potential conflict of interest;
4. represent and warrant that in preparing the proposal, there was no actual or perceived unfair advantage due to the receipt of information regarding the RFP that to the best of my/our knowledge was not made available to other proponents;
5. certify that this proposal was independently arrived at without collusion;
6. authorize PortsToronto to conduct such investigation as it deems appropriate to verify the contents of the proposal;
7. certify, unless explicitly outlined in the proposal, that all pricing information is based on service provision which, at a minimum, fully meets all of the service standards as outlined in the RFP;
8. agree that in the event of acceptance of this proposal, I/we will enter contract negotiations with PortsToronto and upon entry into a contract with PortsToronto, I/we will commit to providing the full scope of services identified in the contract; and
9. agree that all responses and related materials become the property of PortsToronto, will not be returned and PortsToronto will not reimburse the proponent for any work related to or any travel or materials supplied in connection with the proposal.

SIGNED this ____ day of _____ 2017

Signature

Name and Title (*Print*)

I have authority to bind the proponent:

Company Name

Acknowledgement (cont'd)

Company Address

Telephone No.

E-mail Address

Controlling or Managerial Relationships:
Proponents must disclose all relationships with competing firms/fairness proponents that offer similar services where there may be a direct or indirect financial and controlling or managerial relationship.

Appendix A
Investment Policy

Purpose

This Investment Policy is established to set the criteria for managing the investments of the Toronto Port Authority (the “TPA”), whether short-term (less than one year) or long-term (one year or more, but less than 10.5 years) in duration. It contains the investment objectives of the TPA and the legislated restrictions on investments, as outlined in the Canada Marine Act (the “Act”) and the Port Authorities Management Regulations (the “Regulations”).

Overview

This Investment Policy applies to all financial assets of the TPA, held from time to time, as funds become available to invest, or are utilized in operations or in capital investing activities.

Investment Objective

The TPA’s primary investment objective is to preserve capital, with a secondary objective to maximize the investment returns of the funds available (ensuring that adequate funds are available for operations and capital expenditures), while adhering to the restrictions as provided in the Act and the Regulations.

Types of Investments

The following are the types of investments the TPA may hold:

- (i) cash
- (ii) high interest saving accounts
- (iii) demand and term deposits
- (iv) guaranteed investment certificates
- (v) short term notes
- (vi) treasury bills
- (vii) bankers acceptances
- (viii) commercial paper bonds and convertible debentures

Legislated Restrictions on TPA’s Investment Activities

Section 32 of the Act states:

“A port authority may invest any moneys in its reserves or any moneys that it does not immediately require in:

- (a) *debentures, bonds, bankers’ acceptances or other debt obligations of or guaranteed by Her Majesty in right of Canada or any province or municipality in Canada or any member of the Canadian Payments Association; or*
- (b) *investments of a category prescribed by regulation by the Governor in Council for the purposes of this section.”*

Toronto Port Authority Investment Requirements

Investments Under Section 32(a) of the Act

With reference to Section 32(a) of the Act, TPA is permitted to invest in securities issued by, among other entities (namely federal, provincial or municipal debt instruments) any member of the Canadian Payments Association (the “CPA”). Notwithstanding that the Act allows for investments in debt instruments issued by any member of the CPA, this Investment Policy only permits the TPA to invest in debt instruments of members of the CPA if such investments have an upper medium grade investment quality credit rating. For the purpose of this Investment Policy the term “upper medium grade investment quality credit rating” shall mean the industry accepted definition of that term from time to time, in the normal course of business (please see Chart on page 4).

Investments Under Section 32(b) of the Act

Section 31 of the Regulations sets out the prescribed investments contemplated by Section 32(b) of the Act. Section 31 of the Regulations provides as follows:

For the purposes of paragraph 32(b) of the Act, a port authority may invest in the following categories of investments:

- (a) an investment in a subsidiary that the port authority is authorized to incorporate under its letters patent;*
- (b) any debt that, on the day on which the debt is acquired, is of a category of investments that meets the requirements set out in the Schedule (Part 7 of the Regulations); and*
- (c) an investment made in accordance with the Pension Benefits Standards Act, 1985 and the regulations made under that Act if the moneys invested are moneys of a pension fund for a pension plan that is administered by the port authority and registered in accordance with that Act.*

The Schedule (*under Part 7 of the Regulations*) provides the following Requirements for Categories of Investments as it relates to paragraph 31(b) of the Regulations:

Long-term Investments

1. *A long-term investment shall*
 - a) *at a minimum, meet the rating requirements set out in column 2 of the table to this schedule in respect of at least two of the corresponding rating entities set out in column 1; and*
 - b) *be issued by a borrower having a senior unsecured debt rating assigned by those rating entities.*
2. *One of the rating entities shall be Moody’s Investors Service or Standard & Poor’s.*

Short-term Investments

1. *Subject to subsection (2), a short-term investment shall, at a minimum, meet the rating requirements set out in column 3 of the table to this schedule in respect of at least two of the corresponding rating entities set out in column 1.*
2. *A short-term investment that was originally issued for a term of one year or more shall*
 - a) *at a minimum, meet the rating requirements set out in column 4 of the table to this schedule in respect of at least two of the corresponding rating entities set out in column 1; and*
 - b) *be issued by a borrower having a senior unsecured debt rating assigned by those rating entities*
3. *One of the rating entities shall be Moody’s Investors Service or Standard & Poor’s if either of them assigns a rating for that investment.*

TABLE

	<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>
<i>Item</i>	<i>Rating Entity</i>	<i>Rating</i>	<i>Rating</i>	<i>Rating</i>
1.	<i>Canada Bond Rating Service (CBRS)</i>	<i>A+ (low)</i>	<i>A1 (low)</i>	<i>A</i>
2.	<i>Dominion Bond Rating Service (DBRS)</i>	<i>AA (low)</i>	<i>R1 (low)</i>	<i>A</i>
3.	<i>Fitch ICBA Inc.</i>	<i>AA-</i>	<i>A1</i>	<i>A</i>
4.	<i>Moody’s Investors Service</i>	<i>Aa3</i>	<i>P1</i>	<i>A2</i>
5.	<i>Standard & Poor’s</i>	<i>AA-</i>	<i>A1</i>	<i>A</i>

Accordingly, the TPA is authorized to make all investments which are contemplated by Section 32(b) of the Act – as described above.

The Chart below depicts Credit Rating Entities, Canada Marine Act / Regulation Limitations and Investment Diversification parameters:

Rating description	Moody's	S&P	Fitch	DBRS	Cap per Financial Institution ("FI")
	Long-term				
Prime	Aaa	AAA	AAA	AAA	Max 20% per FI
High grade	Aa1	AA+	AA+	AA+	
	Aa2	AA	AA	AA	
	Aa3	AA-	AA-	AA-	
Upper medium grade	A1	A+	A+	A+	Max 5% per FI
	A2	A	A	A	
	A3	A-	A-	A-	

Note: 1. The red line above represents the lowest rating for investments under Section 32(b)

2. The green line represents the lowest rating for investments available of up to 20% in any one Financial Institution

Investment Diversification

This Investment Policy sets a targeted upper limit of 20% of cash reserves in the investment products of any one financial institution which is rated by Moody's Investors Service as A1 or higher, or Standard & Poor's as A+ or higher, with a hard cap limit of 25%, regardless of the type of investment. It is the intention of this Investment Policy that the 20% investment limit will only be exceeded in extraordinary circumstances.

Also, the Policy sets an upper limit of 5% of cash reserves in the investment products of any one financial institution which is rated by Moody's Investors Service as A3 or A2, or Standard & Poor's as A- or A.

In addition to the required rating from either Moody's or S&P described above, a second equivalent rating from another rating entity listed in the Chart is required.

Reporting

The Senior Vice President & Chief Financial Officer will report the investment portfolio held by the TPA, at each meeting of the Audit & Finance Committee. Such report will confirm that the investment portfolio is in compliance with the restrictions in the Act, the Regulations and this Investment Policy. Each such report or confirmation shall include the rationale or reasons for holding investments that exceed the targeted upper limit of 20% Investment Diversification in any one financial institution, if applicable.

Appendix B
Investment Advisory and Brokerage Services Questionnaire

Background Information:

Organization's Legal Name

Type of Business (Corporation, Partnerships, Individual, etc.)

Jurisdiction Where Organization is Incorporated/Registered

Website Address

Head Office Address

Address of Office Managing the Account (if different from above)

RFP Contact Name and Title

RFP Contact's Telephone Number, Fax Number and Email Address

Signer (authorized to contractually bind the Organization)
Date

Name and Title of Authorized Signer (Please print)

Proponent's Profile:

1. Give a brief history of your organization, including the year of organization. How many years has your firm provided investment advisory and brokerage services? What portion of your firm's revenues does this activity constitute? How does this service fit into your future (short-term/long-term) business strategy?
 2. Describe the ownership structure, including affiliations, subsidiaries and employee ownership of
-

Appendix B
Investment Advisory and Brokerage Services Questionnaire

your organization. Has your organization undergone ownership structure changes in the past five years, or is ownership changes planned or anticipated at this time? Briefly explain.

3. Describe the compensation regime within your organization.
4. Please indicate whether your firm is a registered with the Ontario Securities Commission and the nature of your registration.
5. Please indicate the length of your firm’s relationship with its five (5) largest investment advisory or brokerage services clients (as applicable).
6. Describe your plans for managing the future growth of your organization in terms of staff, maximum assets, number of clients, etc. and how this impacts your ability and commitment to servicing your existing clients.
7. Do you subcontract or outsource any parts of your investment advisory or brokerage services business? If yes, please describe in detail which parts are performed externally and the reason for doing so. Please provide the name(s) of the providers, their office location, how long they have been in business, and the qualifications of the specific people who will be working on our account.
8. For your recent year-end, please state your assets under advisement. Include details about the average client’s portfolio size.
9. Provide the names, titles, and their biographies of the Primary, Secondary and Additional Support personnel that will be assigned to provide the services including each person’s educational qualifications, professional affiliations, and investment performance within the last three (3) years. Disclose which office location where they are primarily assigned. Also, provide additional information using the format below:

Name of Primary, Secondary and Additional Support	Primary (P), Secondary (S) or Additional Support (AS)?	Title	Total Number of Accounts Assigned,	Years with Firm	Years of Investment Advisory/Brokerage Experience
1.					
2.					
3.					

10. Please describe your approach to providing investment advisory and brokerage services. What is your role in developing investment policy in your typical client relationship? What is the
-

Appendix B
Investment Advisory and Brokerage Services Questionnaire

- extent of your discretion over asset mix, strategy and fund manager selection/termination?
11. Describe your investment selection, monitoring and evaluation processes.
 12. Describe your approach to risk management and risk management processes. Do you employ the same or similar processes for all of your investment advisory and brokerage services clients (as applicable)? How to you respond to unique client needs?
 13. What are your criteria for asset allocation within a portfolio? How to you respond to unique client needs?
 14. Describe your rebalancing criteria and processes.
 15. Describe your approach to benchmarking.
 16. What factors other than performance weigh into your investment selections (e.g. environmental, social and governance factors)?
 17. Include a sample of your standard reports and any other kinds of report samples. Is reporting package customizable? Are there additional charges for customization of reports? Do reports include an executive summary? If so, please include a sample.
 18. How does your firm present a discussion of risk in each quarterly performance report? How does your firm measure risk? What metrics are considered? Please furnish a sample of your risk report.
 19. Discuss the timing of reliable performance data and report availability. When are reports available after quarter end? Are daily performance numbers available? Is online performance information available?
 20. Provide a description of your firm's access to sources of current market information and specifically identify your firm's analytical resources and quantitative capabilities.
 21. Describe your recommended process for providing investment education to your clients.
 22. Have you adopted the CFA Code of Ethics and Standards of Professional Conduct? If so, how is employee compliance monitored?
 23. How do you identify and manage conflicts of interest? Do you have any written policies or procedures to address conflicts of interest, including (but not limited to) the payment of fees or other consideration from other clients, relationships, or entities that may compromise your fiduciary duty to your clients? If so, please provide a copy. If a conflict of interest does exist,
-

Appendix B
Investment Advisory and Brokerage Services Questionnaire

what is your policy and procedure with respect to disclosure to the client? If a written notification is furnished to clients alerting them of any conflict of interest, please furnish a sample copy of this notification.

24. Has your organization or any of the personnel to be assigned to perform the services been subject to any litigation related to your provision of investment advisory and/or brokerage services? If so, please explain.
 25. Has your organization or any of the personnel to be assigned to provide the services ever been subjected to disciplinary actions or settlements by regulators? If so, please explain.
 26. Please describe any pending and ongoing criminal or civil investigation, pertinent litigation and/or regulatory action involving your firm or members of your firm.
 27. Please provide details concerning your fee structure (e.g. fee per transaction and/or based on account balance), including an estimate of disbursements and guarantee period of the fee structure..
 28. Please describe any relationships your firm maintains with any of the major banks that would allow for more flexible limitations on HISA investments.
-