BID PACKET

Investment Management Services

BID# INV2026

Town of Dewey Beach

1505 Coastal Highway
Dewey Beach, DE 19971
(302)227-6363
townofdeweybeach.gov

Timeline

Bid Posting: TBD
Bid Closing: TBD

Synopsis

The Town of Dewey Beach, Delaware is seeking proposals from financial institutions for providing investment management services. See www.townofdeweybeach.com/bids. All proposal costs are to be borne by proposers.

The Town plans to enter into a contract for an initial 3-year term with annual options to renew for the subsequent 3 years. The Town reserves the right to terminate for convenience after 3 years and terminate for cause at any time.

Schedule

TBD: RFP Release
TBD +15 Days: Last Call for Questions
TBD +22 Days: Post Questions & Answers
TBD +45 Days: Closing
TBD: Discussions
TBD: Award

Submission Requirements

Completed bid packet and any attachments shall be submitted through the bid portal at townofdeweybeach.com/bids. Only electronic submittals will be accepted. Questions may be directed to the Town Clerk at townclerk@townofdeweybeach.com.

Services To Be Provided

Provide investment management services for the short and long term beach replenishment fund, a contingency fund which has a current valuation of approximately 7 million dollars. Funds shall be invested consistent with the Town of Dewey Beach Investment Policy Implementation

Plan with a goal of maximizing return while minimizing investment service expenses. It is anticipated that in time of need we would require access to approximately 10% of the funds within 90 days. Proposer must comply with all applicable Delaware municipal investment regulations and Town Investment Implementation Policy.

Provide at a minimum annual review and analysis of Town of Dewey Beach investment implementation policy and recommend any changes to maximize return on investment and minimize investment service expenses while maintaining Town's conservative risk posture.

Provide a monthly financial status report via email and make a presentation at the Town Finance Committee quarterly investment review, preferably in person.

RFP Information Requirements

A detailed description of firm's approach to effectively and affordably provide Town's desired investment services shall include:

- Proposed approach to investing Town's portfolio under current Town investment implementation policy. Provide one- and three-year historical analysis showing how the proposed strategy would have performed under the Town's existing investment implementation policy, with benchmarks, assumptions, risks, fees and expenses disclosed, and any back-testing clearly identified as hypothetical
- Discussion of proposed benchmarks for assessing investment performance and substantiation of why the proposed benchmarks are appropriate metrics. Break out ALL investment service expenses e.g. advisory fees, custody fees, manager expenses, commissions, administrative or other costs in both dollars and basis points. Rationale for how this portfolio investment approach maximizes return on investment while minimizing expenses. Include asset allocation methodology, approach to risk, security selection process and rebalancing strategy.
- Analysis of current Town investment implementation policy and any insights/comparisons to investment strategies for similar entities (beach towns, other municipalities, public institutions and/or non-profits). Discussion of any recommendations for changing the policy including relative weighting of component investments, need for short- and long-term components versus a single account, projection of contingency distribution requirements or other factors. For any recommended changes, provide proposed approach to investing the Town's portfolio under the altered implementation policy and substantiation that this provides best approach for the Town. Rationale should address historical performance, current financial climate, investment service expenditures, and return versus expense

analysis. If no recommendations, provide discussion of what factors might drive investment implementation policy changes in future.

- Approach for monitoring accounts and interacting with Finance Committee. Discuss triggers and approach for recommending off cycle changes. Sample monthly report and quarterly

  presentation including benchmarks for assessing performance.

A detailed description of firm's relevant corporate and key personnel experience shall include:

- Firm's experience providing similar investment services to similar entities. Support to other beach towns, municipalities, public institutions or non-profit organizations highly desired. Include client list and at least 3 but no more than 5 references and their contact information.
- Qualifications of Investment Personnel who will be servicing the Town's account and their experience managing investment services for similar entities. Please identify primary and backup advisors. Town must be notified in the event the firm must replace these key personnel and reserves the right to review and approve candidate replacements to ensure they possess similar qualifications and experience.

A detailed description of firm's capabilities to provide required investment management services shall include:

- Firm's corporate qualifications including size, corporate history, dollar value of firm's assets under management, number of employees
- Description of the firm's investment process, including research, governance, and portfolio management.
- Expense table including brokerage transaction fees, management fees, advisory fees, custody fees, administrative fees indirect expenses and any other investment services expenses relevant to the investments the Town is likely to hold. Town desires a constant fee structure for the 3-year base period and will review fees for option periods.
- Recommended custody arrangement, including identification of any affiliated custodians, disclosure all custody-related fees, and explanation of how assets are safeguarded and reconciled. Unless otherwise proposed and accepted by the Town, all securities and cash shall be maintained by an independent qualified custodian in the name of the Town. The investment manager shall provide discretionary or non-discretionary investment advisory services, as authorized by the Town, but shall not have authority to withdraw or transfer assets except for the purchase and sale of authorized investments and transfers to Town-designated accounts.
- Approach to portfolio construction, performance reporting, policy compliance testing, trading authority, liquidity management, compliance monitoring, internal controls, cybersecurity program, business continuity plan and transition assistance.

- Disclosure of any clients who have filed a complaint, sued, or taken the firm to arbitration/mediation, explanation and resolution within the past 5 years. Include SEC, FINRA, or state regulatory actions.
- Disclosure of any relationships of the firm to any current or former Town Commissioners, Finance Committee Members, or Town employees that might pose a conflict of interest or appearance of a conflict of interest and provide mitigation plan. Disclosure of any political contributions, pay-to-play compliance, and municipal ethics compliance.
- Any other information which would be of assistance to the Investment Committee in evaluating your firm's responses and its qualifications to serve as the Town's investment services firm.

Proposal Evaluation

RFP's will be evaluated by the Finance Committee on the basis of the evaluation criteria listed

below. The relative weighting of each factor is shown next to each criterion. The Finance Committee reserves the right to eliminate from consideration proposals that are deemed non-responsive to the RFP. Top-ranked proposers may be requested to meet with the Finance Committee and the Town Council for additional discussions and the Committee may request best and final offers. Final negotiation of terms and conditions, scope and pricing will be conducted following selection.

1. **The completeness and adequacy of response to the RFP (Pass/Fail)**
2. **Firm's approach to effectively and affordably provide Town's desired investment services 50%**
   a. Extent to which proposal demonstrates a robust and complete approach to providing town investment management services
   b. Extent to which proposed investment strategy using existing investment implementation policy substantiates that the proposer's strategy maximizes return on investment while minimizing investment expenses with investment expenses fully defined.
   c. Extent to which proposed benchmarks are appropriate for assessing investment performance
   d. Extent to which discussion of alternative investment policy demonstrates the proposer's understanding of investment objectives and constraints for similar entities overall, the Town's risk posture, and ability to provide annual investment implementation policy advice
   e. Extent to which proposed approach for interacting with the Finance Committee provides adequate account monitoring, proactive feedback to the committee and provides reporting information consistent with Investment implementation policy
3. **Relevant Corporate Experience and Key Personnel 30%**
   a. Extent to which the firm has demonstrated experience providing similar financial services to similar entities (e.g., other beach towns, municipalities, public institutions, non-profit organizations)

    b. Extent to which proposed investment management personnel possess the qualifications and expertise supporting similar entities with similar investment objectives

4. **Firm's capabilities to provide required investment management services 20%**
    a. Extent to which proposal substantiates the firm's ability to provide required services
    b. Extent to which firm has robust investment process and diversity of offerings to implement Town's investment implementation policy
    c. Extent to which firm has a transparent and reasonable transaction and investment expense construct
    d. Extent to which the firm has strong reputation with no performance issues or conflicts of interest that may pose a risk to the Town

Background Documentation

Financial Reports
Investment Policy
Investment Policy Implementation Plan