Request for Proposals

Investment Management Services for the Town of Dewey Beach

The Town of Dewey Beach, Delaware is seeking proposals from financial institutions for providing investment management services. See www.townofdeweybeach.com/bids.

Information on contract terms etc

All RFP responses must be received no later than [ENTER DATE]. All proposal costs are to be borne by proposers.

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.

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 implementation policy with a goal of maximizing return while minimizing investment service expenses. <insert link to investment implementation policy> 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

Detailed description of firm's capabilities to provide required investment management services.

- Firm's corporate qualifications including size, corporate history, dollar value of firm's assets under management, number of employees
- 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.

Commented [IC1]: AI suggestions … for discussion. Don't think we need all this but probably good to define a regular recompete plan. Maybe its one year contract with 4 option years and we recompete every 5 years?
- anticipated contract term
- renewal options
- termination for convenience
- termination for cause
- ownership of records
- confidentiality
- indemnification
- governing law
- public records requirements
- conflict resolution process

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- Qualifications of Investment Personnel who will be servicing the Town's account and their experience managing investment services for similar entities. Please identify primary advisor, backup advisor. 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.
- Description of the firm's investment process, including research, governance, and portfolio management.
- ~~State the commission rates~~Provide a fee schedule 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.
- 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. The proposer shall describe its recommended custody arrangement, identify any affiliated custodians, disclose all custody-related fees, and explain how assets are safeguarded and reconciled.
- Describe 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.
- ~~History~~ 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 ~~of~~ 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
- 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.

Detailed discussion of firm's approach to effectively and affordably provide Town's desired investment services

- Proposed approach to investing Town's portfolio under current Town investment implementation policy and projected 1, 3 and 5 year return. Provide 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. Provide rationale for how this portfolio investment approach maximizes return on investment while minimizing

Commented [IC2]: Several suggestions here.
Either ask for:
- Expected long-term return assumptions
- Capital market assumptions
- Historical performance of similar portfolios
- Scenario analysis
- Risk-adjusted expectations
- Expected volatility

Or could also as for standardized one- and three-year historical analysis showing how their proposed strategy would have performed under the Town's existing investment policy, with benchmarks, assumptions, risks, fees and expenses disclosed, and any back-testing clearly identified as hypothetical 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. For any recommended changes, provide proposed approach to investing the Town's portfolio under the altered implementation policy and projected 1, 3 and 5 year return, 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.

Proposal Evaluation

RFP's will be evaluated by the Finance Committee on the basis of the evaluation criteria listed below. 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
2. Firm's capabilities to provide required investment management services
    a. Extent to which proposal substantiates the firm's ability to provide required services
    b. Extent to which the firm has demonstrated experience providing financial services to similar entities (e.g., other beach towns, municipalities, public institutions, non-profit organizations)
    c. Extent to which proposed investment management personnel possess the qualifications and expertise supporting similar entities with similar investment objectives
    d. Extent to which firm has robust investment process and diversity of offerings to implement Town's investment implementation policy
    e. Extent to which firm has a transparent and reasonable transaction and investment expense construct
    f. Extent to which the firm has strong reputation with no performance issues or conflicts of interest that may pose a risk to the Town

3. Firm's approach to effectively and affordably provide Town's desired investment services
    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
    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

Questions concerning this RFP can be e-mailed to:

townclerk@townofdeweybeach.com, with Attn: Finance Committee in the Subject line.