



**CITY AND BOROUGH OF
WRANGELL**
INCORPORATED MAY 30, 2008

P.O. BOX 531
Wrangell, AK 99929

(907)-874-2381
FAX (907)-874-3952

REQUEST FOR PROPOSALS FOR PROFESSIONAL SERVICES

Service: Investment Management Services
Date of Issue: June 28, 2019

BACKGROUND:

The City and Borough of Wrangell (CBW) is a unified Home Rule municipality in southeast Alaska operating under an Assembly-Manager form of government. The Borough maintains a Permanent Fund, originally established in 1997 by the City of Wrangell, with an initial investment of \$5,000,000 from Southeast Economic Timber Relief Funds. In 2015, approximately \$1 million was added to the Permanent Fund which is for the exclusive benefit of Wrangell's Swimming Pool special revenue fund. The current value of the Permanent Fund is approximately \$7 million and the Swimming Pool Fund approximately \$1.1 million. The purpose of these funds is to maintain and grow its principal for inflation-proofing while earning sufficient returns to provide annual support to the Borough's General Fund and Swimming Pool operating budget.

CBW is seeking proposals for investment management services to oversee this fund and maintain it pursuant to the City and Borough of Wrangell's Permanent Fund investment policies. The purpose of this Request for Proposals (RFP) is to acquire professional services that will further develop and improve the investment objectives, standards of prudence, eligible investments and transactions, internal controls, reporting requirements, and safekeeping and custodial procedures necessary for the prudent management of the Permanent Fund of the City and Borough of Wrangell.

The investment guidelines are as follows (Wrangell Municipal Code (WMC) 5.20.130):

Allowable Assets

- Cash Equivalents
- Treasury bills;
- Money market funds;
- STIF funds;
- Commercial paper;
- Banker's acceptances;
- Repurchase agreements;
- Certificates of deposit.

Prohibited Assets

- Commodities and future contracts;
- Private placements;
- Options;
- Limited partnerships;
- Venture-capital investments;
- Real estate properties;
- Interest-only (IO), principal-only (PO), and residual tranche CMOs;
- Derivative investment.

Fixed Income Securities

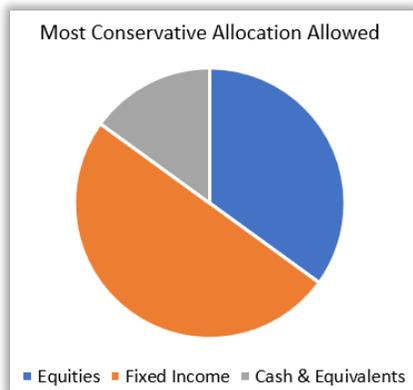
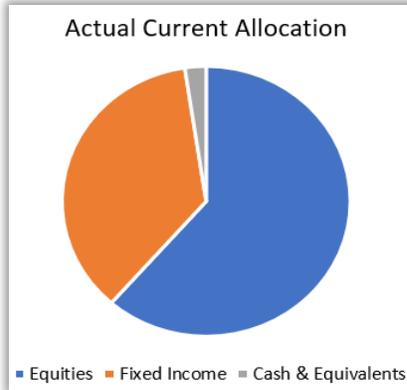
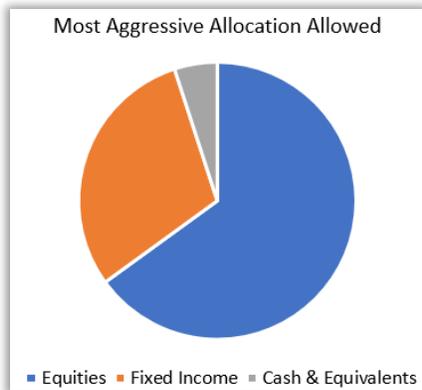
- U.S. government and agency securities;
- Corporate notes and bonds;
- Mortgage backed bonds;
- Preferred stock;
- Fixed income securities of foreign governments and corporations;
- Planned amortization class collateralized mortgage obligations (PAC CMOs) or other “early tranche” CMOs;
- Mutual funds (which invest as allowed above);
- GICs.

Prohibited Transactions

- Short selling;
- Margin transactions.

Aggregate Plan Asset Allocation Guidelines at market value are as follows (WMC 5.20.130 (E)(1)):

Asset Class	Minimum	Maximum	Preferred
Equities	35%	65%	50%
Fixed Income	30%	60%	45%
Cash and Equivalents	5%	15%	5%



SCOPE OF SERVICES:

The final scope of the professional services agreement will be negotiated between the City & Borough of Wrangell and the successful firm. Generally, the CBW is seeking proposals for the following services:

- Review of the CBW Investment Policy and provide recommendations for revisions.
- Review cash and short-term investment management procedures and propose improvements to the current program.
- Review, evaluate, and make recommendations regarding safekeeping and custodial procedures.
- Provide full-time discretionary management of CBW’s investment portfolio.
- Provide strategies for enhancing portfolio performance while adhering to CBW’s Investment Policy and cash flow needs.
- Establish procedures for assuring competitive prices for securities transactions.
- Monitor the creditworthiness of financial institutions and investments in the portfolio.
- Work with CBW staff to ensure the coordination of investments, delivery of securities, and availability of funds as needed.
- Provide quarterly statements detailing the activities of CBW’s portfolio.
- Provide quarterly statements detailing earnings and the rate of return achieved on the portfolio.
- Provide training to the CBW Assembly and staff on cash, treasury, and investment management subjects and updates to new guidelines.
- Ensure that all investment advice provided complies with all state laws of Alaska and policies of the CBW.
- Attend one annual Permanent Fund meeting with the Assembly to discuss investment strategy and the health of the fund.
- Provide quarterly phone updates regarding the Fund to the Assembly.

TERM:

The term of the initial agreement will be for the period of two (2) years, with the option for three (3) additional one (1) year extensions. The agreement may be terminated by the Borough at any time with or without cause. The agreement may also be terminated by either party with thirty (30) days-notice

RFP SUBMITTAL REQUIREMENTS:

Proposals should be prepared providing a straightforward, concise description of the firm’s qualifications. Emphasis should be on completeness and clarity of content. Page limit shall not exceed fifteen (15).

A. Letter of Transmittal (limited to one page)

1. Briefly state the proposer's understanding of the services to be performed and describe the commitment to provide the services as specified.
2. State the long-term availability of the proposer to provide investment management services to the Borough.
3. Give the name(s) of the person(s) who are authorized to make representations for the proposer, their titles, email addresses and telephone numbers.
4. The letter must be signed by an individual who has the authority to bind the proposer.

B. Investment Management Approach and Discipline

1. Describe the firm's approach to fulfilling the requirements of this RFP.
2. Describe the types of investment research the organization utilizes, and the methodology used to recommend investment decisions (including maturity and sector selections).
3. Describe the firm's primary strategies for adding value to a portfolio.
4. Describe the organization's daily procedures for portfolio review, investment management and client contact.
5. Describe the firm's process for accommodating fluctuating cash flows and the cash forecasting process.

C. Statement of General Qualifications

1. Provide a description of the organization, including the date founded, ownership structure, and any subsidiary relationships or relationships with other financial institutions.
2. State the dollar value of the assets and number of portfolios the firm has under direct and continuous management, categorized between government and other clients.
3. Describe the experience of the organization in providing investment management to municipal government entities.
4. Provide the number of portfolios the firm has added in the last two years. Discuss the number of portfolios the firm has lost in the last two years, and why.
5. Describe the amount and type of insurance coverage the firm maintains with respect to investment management activities.
6. Describe the organization's commitment to the public sector.

D. Personnel

1. Identify by job classification the number of individuals providing investment management related services. Specify the average number of portfolios handled by each manager.
2. Identify the key personnel who would be directly involved in providing services under the engagement. Describe their relationship with your organization, the role they would play in this engagement, their experience in the investment business, and specifically with municipal cash management and investments, and their years of service to the organization.
3. Describe efforts the organization makes to keep its investment professionals informed of developments relevant to investment managers.
4. Describe departures and additions of key personnel during the past year.

E. Reporting Capabilities

1. Submit samples of reports which would be provided and describe their frequency. Include methods and formulas used to calculate return and performance.
2. Describe the process your organization would use to assist in identifying appropriate industry benchmarks.
3. Describe the types of benchmarks which would be included with the performance reports.

F. Other Considerations

1. Describe the organization's experience in developing investment policies and internal procedures for public sector clients.
2. Describe the firm's approach to managing relationships with the broker/dealer community.
3. Describe any assistance the organization would provide in reviewing custodial and safekeeping arrangements.
4. Describe the type and frequency of credit analysis that would be provided on security issuers and financial institutions.
5. Describe the organization's experience in providing assistance in obtaining a rating for the portfolio.
6. Describe the training and education services that would be provided to CBW staff.
7. Describe the nature and frequency of meetings the organization would recommend keeping CBW staff and the Assembly informed.

G. Supplemental Documentation

1. Provide a copy of the firm's Form ADV Part I and II, as on file with the SEC.
2. Provide proof of state registration.

H. Conflicts

List all matters where the proposer currently provides services to an individual or entity with interests potentially adverse to the Borough. Describe the scope of the services and the nature of the conflict.

I. Availability

Specify how available the firm and primary manager will be to the Borough. State whether the Borough will be the primary manager's main client or one of many. State the current workload of the primary manager and how that manager intends to accommodate the Borough's investment management requirements. State the location of the office from which the primary manager will serve the Borough.

J. Disclosure

Disclose any (past or current SEC regulatory censure or litigation to services provided by the firm or any of its employees or contractors. This is a mandatory disclosure.

K. Fee Schedule

1. Provide the fee structure that would apply to this account. Assume that the combined investment portfolio will be \$8+ million.
2. Identify any required expenses not included in the fee structure that would be required to implement the firm's program.
3. Clearly identify reductions in fees that would occur by size or time in years two, three, four and five if a contract were awarded and extended.
4. Outline travel costs, if additional to actual expenses.

L. Municipal Experience

List all municipalities for which the proposer has performed investment management services in the past five years. Provide a short description of the services, the timeframe, and the municipal contact person.

M. References

Provide a minimum of five references from similar clients, to include local government, and/or private clients, for whom the proposer has performed investment management services within the last three years. The Borough may contact any and all references for validation of information submitted and other information relative to the proposal.

SUBMITTAL INSTRUCTIONS:

Proposals are due on or before **5:00 p.m. local time, Friday, August 2, 2019**. Proposals not received at or before said time will not be considered. Proposals shall be submitted as an Adobe Acrobat PDF file via email with the subject line titled **“INVESTMENT MANAGEMENT PROPOSAL.”** Submit to: Kim Lane, Borough Clerk at clerk@wrangell.com. Delivery confirmation will be provided by email. Proposals should be organized to match the categories outlined in the RFP. Proposals shall be limited to fifteen (15) pages. Proposals will be kept confidential until an award is made, subject to law.

QUESTIONS/CLARIFICATIONS:

Questions shall be submitted in writing via email to Lee Burgess, Finance Director, at lburgess@wrangell.com. Answers will be provided in the form of addenda to all firms registered on the RFP Holders List. Questions must be received no later than 5:00pm local time, Monday, July 29, 2019.

SCHEDULE:

Review of the Proposals is expected to take place August 5-9, 2019. Proposers chosen to move forward will participate in an on-site (in Wrangell) interview with the Borough Assembly and Investment Committee. These are expected to take place the week beginning August 19, 2019. Award of a professional services agreement is expected to be August 27, 2019. Firms should plan to have representatives available by telephone or email to respond to questions or clarifications required by the Borough during the review period beginning as early as August 5, 2019.

RFP HOLDERS LIST:

In the case addenda to this RFP are required please be certain to complete the RFP Bidder Registration Form (www.wrangell.com/community/bidder-registration-form-bids-and-rfps) and return to the fax or email on the form.

PROPOSAL EVALUATION CRITERIA:

Weight: Each criterion has an assigned weight which will be used to establish the relative importance of each aspect of the firm’s qualifications.

Rating: The Borough Assembly, Manager will rate the proposals. Ratings will be from 0 - 5 points with 5 being the best. Ratings from all members of the review team will be averaged together to determine an aggregate rating score for each criterion.

See Rating Matrix on the following page.

Category	Weight	Total Points
Investment Management Approach and Discipline	20	100
General Qualifications	15	75
Personnel	20	100
Reporting Capabilities	15	75
Other Considerations	15	75
Availability	20	100
Conflicts	5	25
Disclosure	10	50
Municipal Experience (similar size and investment objectives)	25	125
Fee Schedule	20	100
Interview	15	75
Total Possible Points/Score		900

RIGHT TO REJECT PROPOSALS:

The City & Borough of Wrangell reserves the right to reject any or all proposals for any reason, and/or to waive any or all irregularities and/or informalities.

AWARD:

The City & Borough of Wrangell anticipates awarding a professional services agreement on **August 27, 2019**.

FINAL SCOPE & BUDGET:

The final scope of services within the agreement and budget will be negotiated with the successful firm.

THIS RFP IS POSTED AT:

www.wrangell.com/rfps