



DANE COUNTY
DEPARTMENT OF ADMINISTRATION
PURCHASING DIVISION

REQUEST FOR PROPOSAL (RFP)

Revised 12/2021

RFP NUMBER: **122034 - Revised 3/24/22**

RFP TITLE: **Investment Advisor for
Long-Term Securities**

RFP DEADLINE: **April 22, 2022**
2:00 p.m. (CST)

**PROPOSALS
MUST BE
UPLOADED TO:** **Purchasing Bid Dropbox**
www.danepurchasing.com

Late, faxed, mailed, hand-delivered or unsigned proposals will be rejected

DIRECT ALL INQUIRES TO:	Pete Patten Purchasing Officer (608) 267-3523 patten.peter@countyofdane.com www.danepurchasing.com
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PROPOSAL SUBMISSION CHECKLIST

- | | | |
|---|--|--|
| <input type="checkbox"/> Update Vendor Registration | <input type="checkbox"/> RFP Response
(Separate from Cost Proposal) | <input type="checkbox"/> Upload RFP Response and Cost Proposal to Purchasing Bid Dropbox |
| <input type="checkbox"/> Read Entire RFP Document | <input type="checkbox"/> Cost Proposal
(Separate from RFP Response) | |

DATE ISSUED | **Revised March 24, 2022**

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1.0 RFP OVERVIEW

1.1 Introduction

The purpose of this document is to provide interested parties with information enabling them to prepare and submit a proposal that provides a long-term investment strategy for Dane County funds in compliance with Wisconsin State Statutes (primarily §66.0603), Dane County Code of Ordinances (Chapter 26, Subchapter III), and Generally Accepted Accounting Principles (GAAP). Investments from this RFP will not involve changes to the current landfill or airport accounts.

The final product and services from the awarded contract will establish a diversified long-term investment portfolio strategy with laddered maturity dates that maximize the priority order of safety, liquidity, and then yield. Qualifying proposals must be capable of having demonstrated successful experience in working with long-term securities for government entities with a comparable financial scale to that of Dane County as described in this document. For reference, Dane County's minimum cash balance over the past decade has been \$100,000,000.

The Dane County Purchasing Division is the sole point of contact for questions and issues that may arise during the RFP process.

1.2 Contract Terms

The initial term of this contract will be for 3 years and will include initial analysis, investment, and investment management services with the option to renew for two additional 1-year terms, subject to annual review and upon mutual agreement.

1.3 Clarification of the Specifications

All inquiries concerning this RFP must be **emailed** to the **person indicated on the cover page** of the RFP Document.

Any questions concerning this RFP must be submitted in writing by e-mail on or before the stated date on the **Calendar of Events** (Section 1.5).

Proposers are expected to raise any questions, exceptions, or additions they have concerning the RFP document at this point in the RFP process. If a proposer discovers any significant ambiguity, error, conflict, discrepancy, omission, or other deficiency in this RFP, the proposer should immediately notify the contact person of such error and request modification or clarification of the RFP document.

Proposers are prohibited from communicating directly with any employee of Dane County, except as described herein. No County employee or representative other than those individuals listed as County contacts in this RFP is authorized to provide any information or respond to any question or inquiry concerning this RFP.

1.4 Vendor Conference

There will not be a vendor conference.

1.5 Calendar of Events

Following are specific dates and times of actions related to this RFP. Actions with these dates must be completed as indicated unless otherwise changed by the County. In the event that the County finds it necessary to change any of the specific dates and times in

the calendar of events listed below, it will do so by issuing an addendum to this RFP and posting such addendum on the Dane County website (www.danepurchasing.com). There may or may not be a formal notification issued for changes in the estimated dates and times.

DATE	EVENT
February 25, 2022	RFP Issued
April 7 , 2022	Last day to submit written inquiries (2:00 p.m. CST)
April 14 , 2022	Addendums or supplements to the RFP posted on the Purchasing Division website (www.danepurchasing.com)
April 22 , 2022	Proposals due (2:00 p.m. CST)
April/ May 2022	Interviews (if needed)

1.6 Evaluation Criteria

Proposals will be scored using the following criteria:

Proposal Requirements	Percent
Minimum Requirements – Firm Qualifications (Section 3.3)	20%
Minimum Requirements – Investment and Management Services (Section 3.4)	20%
Firm Capabilities, Experience and Stability / Detailed Example (Section 3.5 and 3.7)	25%
Staff Capabilities (Section 3.6)	15%
Cost (Cost Proposal)	20%
Total	100%

1.7 Submittal Instructions

Proposals must be received in the Purchasing – Bid Dropbox located on the www.danepurchasing.com website no later than the date and time indicated within the RFP Deadline field on the RFP Cover Page or addenda. Late, faxed, mailed, hand-delivered, or unsigned proposals will be rejected unless otherwise specified. Dane County is not liable for any cost incurred by proposers in replying to this RFP.

All proposals must be saved in PDF format unless otherwise specified within the RFP document and the file name shall include the RFP# and name of business submitting proposal.

Example of how to name the files:

- 120012 – Vendor Name – RFP Response
- 120012 – Vendor Name – Cost Proposal

To Submit a Proposal:

1. Go to www.danepurchasing.com and click on Purchasing – Bid Dropbox or click on the Open RFP’s and Bids page link.
2. Click on the Submit a Bid button within the green Purchasing Bid Dropbox.

SECTION 1: RFP OVERVIEW

3. Type in the Email, First Name, Last Name and Company information and click Continue.
4. Drag and drop the RFP files one at a time into the “Drag files here” box.
5. After all files have been placed into the “Drag files here” box, click on the blue Upload button.
 - a. The file upload status can be seen for each document uploaded.
 - b. After each document reaches 100%, it will say “Uploaded”.
6. Confirm all files have been uploaded and then close out of the window.

2.0 PROJECT OVERVIEW AND SCOPE OF SERVICES

2.1 Definitions and Links

The following definitions and links are used throughout the RFP.

County: Dane County

County Agency: Treasurer

Dane County Purchasing website: www.danepurchasing.com

Fair Labor Practices websites: www.nlrb.gov and <http://werc.wi.gov>

Purchasing

Proposer/Vendor/Firm/Contractor: a company submitting a proposal in response to this RFP.

2.2 Project Description

This contract will entail a series of phases to devise, implement, and manage a new long-term investment strategy for Dane County funds in compliance with Wisconsin State Statute §66.0603, Dane County Code of Ordinances Chapter 26, Subchapter III, and Generally Accepted Accounting Principles (GAAP). Over the past decade, the minimum cash balance in Dane County's general accounts has been \$100,000,000. Investments through this contract will not involve changes to the current landfill or airport accounts.

Prior to implementation, Dane County seeks to work with the investment manager to determine the minimum operating cash balance, review the pre-existing investment policy and practices, and identify any additional best practice recommendations. Then, a diversified investment portfolio strategy can be established with laddered maturity dates that maximize the priority order of safety, liquidity, and then yield. Once implemented, the investments will require continued management.

2.3 Deliverables

The awarded firm will be responsible for providing and completing the following deliverables, which include but may not be limited to:

- A. Work with the Dane County Treasurer to analyze Dane County's pre-existing investment policy and practice.
- B. Review past account activity with the Dane County Treasurer and analyze county cash flows needs to determine necessary liquidity and recommend a segmented investment strategy based on maturity. Idle cash that is above and beyond the daily liquid needs should be considered for long-term investment. Part of the strategy should also ensure sufficient funds remain liquid for daily operational costs, which can continue to reside at both the county's primary bank and the state Local Government Investment Pool. Combined, the minimum balance in these general accounts over the past decade has been \$100,000,000.
- C. Determine, in tandem with the Dane County Treasurer, a long-term diversified investment portfolio strategy with benchmarks that can be established with laddered maturity dates to maximize the priority order of safety, liquidity, and then yield.
- D. Identify and assist with implementing necessary steps to transition into the new investment strategy.
- E. Provide ongoing management options and reporting of those investments including:

SECTION 2: PROJECT OVERVIEW AND SCOPE OF SERVICES

- a. Flexibility ranging from self-management to working directly with the advisor for management. Approval by the Dane County Treasurer is a prerequisite to any outsourcing with a 3rd party affiliate.
- b. Online portal for information tracking and investment management.
- F. Include a detailed break-down of the individual costs and calculations for the proposed project and continued investment management. While the minimum cash balance over the past decade has been \$100,000,000, the county seeks to work with the investment manager to determine the minimum operating cash balance.
- G. Estimate yield benchmarks based on the current rates.
- H. Establish a rough timeline for the different phases described under items A-C.
- I. Communicate with the Treasurer and other county staff as investment portfolio questions arise.

2.4 **Eligible Investments**

Subject to restrictions imposed under Wis. Stat. §66.0603, DCCO ch. 26, and GAAP, funds will be invested in any of the following securities:

- 1. US Treasury Obligations & Government Agency Securities.
 - a. Obligations of the United States of America, its agencies and instrumentalities. Maximum length of securities should not exceed 5 years.
- 2. Certificates of Deposit.
 - a. Certificates of Deposit and other evidences of deposits from credit unions, banks, savings banks, trust companies or savings and loan associations which are authorized to transact business in the state of Wisconsin, which time deposits mature in not more than 3 years.
- 3. General Obligation Bonds or Securities.
 - a. General obligation bonds or securities of any county, city, town, village, school district, vocational, technical and adult education district, or drainage district of the state of Wisconsin.
- 4. Investment Pool. State of Wisconsin Local Government Investment Pool Fund.
- 5. Repurchase Agreements.
 - a. Investment agreements pursuant to which a federal or state credit union or state savings and loan association, state bank, savings and trust company, mutual savings bank, or national bank in the State of Wisconsin agrees to repay funds advanced to it by the issuer, plus interest. Repurchase agreements are to be secured by investment securities fully guaranteed by the US Government.
- 6. Operating Bank Account.
 - a. Deposits up to \$250,000 are guaranteed by Federal Deposit Insurance Corporation (FDIC). An additional \$400,000 are guaranteed by the State Public Deposit Guarantee Funds. Any deposit amounts or certificates of deposit amounts over \$250,000 must be placed in financial institutions with the top three highest ratings as assigned by Sheshunoff or other bank rating service. Deposits by the county with institutions outside the State of Wisconsin are prohibited.

3.0 RFP RESPONSE PREPARATION REQUIREMENTS

Proposals shall be organized to comply with the section numbers and names as shown below. Each section heading should be clearly marked. Graphics may be included. The RFP sections which should be submitted/responded to are:

3.1 Attachment A – Vendor Information

3.2 Table of Contents

Provide a table of contents that, at a minimum, includes all of the sections as identified below. A listing of sub-sections and graphics/tables also may be included. Section dividers are encouraged.

3.3 Minimum Requirements – Firm Qualifications

At minimum, provide a response of “Yes” or “No” for the criteria listed below. Additional or supporting context for each criteria is encouraged where applicable. Each proposer must meet the following criteria:

1. Registered with the Securities and Exchange Commission (SEC) under the Investment Advisor’s Act of 1940 and properly registered to provide investment advisory services in Wisconsin.
2. Minimum of 10 years of experience managing fixed income assets for state and local governments and other political subdivisions.
3. Must have Assets Under Management (AUM) of at least \$10 billion as shown on the current SEC Form ADV.
4. Approval by the Dane County Treasurer is a prerequisite to any outsourcing with a 3rd party affiliate.
5. Portfolio manager with at least 10 years of fixed income experience in providing investment and cash management services to public entities.
6. Must have an institutional investing focus and be familiar with Wisconsin state statutes with regard to qualified investments for public entities, including Wis. Stat. §66.0603.
7. Must have errors & omissions and fidelity (crime) insurance coverage of at least \$5 million.
8. Minimum of 60% of the current client base are government entities.

3.4 Minimum Requirements – Investment and Management Services

At minimum, provide a response of “Yes” or “No” for the criteria listed below. Additional or supporting context for each criteria is strongly encouraged where applicable. Each proposer must meet the following criteria:

1. Analysis and recommendations based on the pre-existing investment policy and practices
2. Worked collaboratively with the government entity for an investment solution that met their benchmarks and constraints similar to those in Dane County
3. Identified steps taken to transition into the new investment strategy
4. Provided ongoing management options and reporting of those investments including:

- a. Flexibility ranging from self-management to working directly with the advisor for management and approval as a prerequisite to any outsourcing with a 3rd party affiliate.
- b. Secure online portal for information tracking and investment management
 - i. Information displayed should at a minimum include cost, face, book, and market values of bonds along with accruals and yields
 - ii. Reporting options should allow for viewing monthly investment activity, earnings, market value of securities, accrued interest by investment type, and ratings of investments
5. Could list how investment charges were calculated.
6. Estimated yield benchmarks based on rates at the time
7. Established a rough timeline required to complete all planning and transitioning to a new long-term investment strategy
8. Preemptively assisted with minimizing and avoiding challenges
9. Attachment B – Firm Government Clients
 - a. List a minimum of 10 current government clients (Wisconsin entities with an extended length of service are preferred) that have a comparable financial scale to that of Dane County and have successfully followed the above required services.
 - b. Identify a minimum of 3 current government clients (Wisconsin entities with an extended length of service are preferred) to serve as a reference.

3.5 Firm Capabilities, Experience and Stability

Describe the firm's experience and capabilities in providing similar required services to government entities with a comparable or higher financial scale to that of Dane County whose minimum cash balance over the past decade has been \$100,000,000.

Specifically, detail the following:

1. Identify the firm's primary area of expertise (types of accounts primarily sought)
2. Policies and portfolio management guideline development for government entities
3. Management of fixed income portfolios for public funds and government entities (excluding pension fund assets)
4. Serving as a broker or as a primary dealer in securities or receive any other form of additional compensation (including soft dollars) for client transactions aside from the direct fee paid by clients
5. Reporting performance statistics based on Global Investment Performance Standards (GIPS) including verification by a 3rd party and a description of market conditions
6. Ensuring portfolio liquidity is availability as county needs arise
7. How long has the firm provided investment management services to government entities?
8. What has the portfolio manager turnover been in the past 3 years?
9. What is the level of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries? List the insurance carriers supplying the coverage.

10. Describe any SEC or any other regulatory censure or litigation within the past 5 years involving institutional business your firm conducts with governmental or private investors or any other regulatory censure or litigation involving any individuals in your firm for the past 5 years.

3.6 Staff Qualifications

Provide resumes describing the education and work experience for each of the key staff who would be assigned to the project.

1. Identify the lead staff personnel that would be assigned along with the primary point of contact.
2. Specify each person's management review and consulting experience (time with this firm and professional career).
3. List any continued efforts by each staff to keep informed of developments related to government investment managers.

3.7 Detailed Example

Provide an example from Section 3.4 – Investment and Management Services of how the firm initially set up and managed a long-term diversified investment portfolio strategy no less than \$100,000,000 with ladder maturity dates that maximize the priority order of safety, liquidity, and then yield. Using the items under Sections 2.2 – 2.4 and 3.4, explain the following:

1. The process and evaluation criteria used to analyze the pre-existing investment policy and practice,
2. The determined solution and benchmarks for that government entity and the investment constraints,
3. Steps taken to transition into the new investment strategy,
4. How those investments were management (example: self-management versus advisor management),
5. Investment charges,
6. Yield and rates at the time of investment,
7. The actual timeline required to complete all planning and transitioning to the new investment strategy, and
8. Any challenges recognized after-the-fact that could be addressed preemptively.

3.8 Proposer References

Identify at least 3 clients listed under Section 3.4 - Current Government Clients and their points of contact (name, address, email, and telephone number), which can be used as a reference for the work performed in the area of service outlined for long-term securities no less than \$100,000,000. Selected organizations may be contacted to determine the quality or validity of work performed along with the personnel assigned to the project.

3.9 Required Additional Information

Include the following items in your proposal:

1. Sample monthly statement
2. Sample quarterly performance report
3. SEC Form ADV, Part II
4. 3 years of institutional Assets Under Management (AUM), Statement of Financial Condition, or other representation of financial health of the firm
5. Certificates of insurance
6. Composite performance
7. Any additional feature, attribute, or condition not already included in the RFP