

Carmel Area Wastewater District
Carmel, CA



REQUEST FOR PROPOSAL

**Investment Management Services
for the
Employee Defined Benefit Pension Plan**

Due: June 10, 2024

Request for Proposal
Investment Management Services for the
Carmel Area Wastewater District
Employee Defined Benefit Pension Plan
Important Dates

Release Date	May 8, 2024
Proposal Due Date	June 10, 2024 (4:00 p.m. PST)
RFP Administrator	Barbara Buikema, General Manager Email: buikema@cawd.org
Questions	Must be emailed to the Request for Proposal (RFP) Administrator by 4:00 p.m. PST on May 29, 2024
Responses	Responses to all questions will be posted on the District's website: https://cawd.org by 4:00 p.m. PST on June 3, 2024
Official RFP Notices/Addendum	All requirements are specified in this RFP to ensure no respondent is provided advantage over another. Any changes to the requirements will be posted as an addendum to the RFP on the District's website, www.cawd.org . Respondents are solely responsible for monitoring the website and adhering to the RFP notices/addendums.
Prohibited Communication	Respondents are prohibited from communicating with Board members or staff, other than the RFP Administrator, concerning this RFP or the resulting contract from the RFP release date until a contract for these services is fully executed.

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Introduction -Services Requested

Introduction

The following pages and the attachments are the District’s request for proposals for investment services and related plan administration and record keeping services relative to the District’s Defined Benefit Pension Plan.

The proposer is free to include additional information as it deems appropriate.

Services Requested

The District is seeking investment services and related administrative, record keeping and support services for its defined benefit plan. The Carmel Area Wastewater District Pension Plan was established effective July 1, 1969, and has been amended from time to time since that date. The October 29, 2005 Plan amendment froze benefit service as of October 29, 2005, credited an additional 3 years of service for active employees and reduced normal retirement age from 65 to 62.

The Actuarially determined contribution for plan year ending June 30, 2024 as follows:

Annual Contribution to fully amortize the Unfunded Actuarial Accrued Liability in five years (adjusted for monthly contributions)	\$	-0-
Market Value of Asset on July 1, 2023		\$5,662,100
Actuarial Asset Value on July 1, 2023		\$6,081,734
Present Value of all Accrued Plan Benefits on July 1, 2023		\$5,644,720

Number of Participants at July 1, 2023:

Retired participants receiving benefits	4
Terminated vested participants entitled to future benefits	3
Active participants	6
Total participants	13

Specifications Relating to the Services Requested

The anticipated standard services are addressed in responding to the attached Questionnaire (Attachment B).

This is a search for an Investment Consultant to provide investment consultant services. The primary role of the investment consultant is to provide objective, independent advice and counsel, including performance and risk measurement services. The Investment Consultant will be expected to provide a full range of investment consultant services, both required and “ad hoc,” including but not limited to those identified below. If a respondent cannot provide a particular service, please indicate the reason.

- A. Formulation and Review of Investment Goals, Policies, and Objectives
- B. Recommendations for asset allocation and asset:liability analysis.
- C. General Consulting Services – provide general consulting services as requested by the Pension Committee (i.e. purchase of insurance annuity for separated employees).
- D. Performance Measurement & Monitoring – monitoring and evaluating the performance of the portfolio
- E. Attendance at Board Meetings, Pension Committee Meetings and Education events – The Pension holds quarterly meetings. (By Zoom, phone or in person.)
- F. Reports – provide quarterly and annual reports to the Pension Committee which must include commentary on performance and overall market trends. All returns on investments shall be reports as net of all fees, commission, and any other disclosed compensation.
- H. Include investment services; related recordkeeping and administrative services; assistance and guidance relating to distributions, rollovers, 1099R filings; possible trustee services; and services related to conversion from the current investment manager.

The District maintains an Investment Policy that details the plan purpose, objectives,

duties and responsibilities, and investment guidelines. The policy is reviewed annually to determine whether objectives are still relevant.

The District Investment Policy, current actuarial report and monthly investment statements are available on its website www.cawd.org. In addition the CDAIC “Local Agency Investment Guidelines” is also on www.cawd.org.

The firm will also be expected to meet the following requirements:

Compliance with State and Federal Laws and Equal Opportunity: in connection with the performance of this RFP and the contract, the firm shall comply with all statutes, laws, regulations, and orders of federal, state, or local authorities which impose any obligation or duty upon the District, including, but not limited to, civil rights and equal opportunity laws.

Contract Terms: Consultant serves at the pleasure of the Board. Both sides reserve the right to cancel the contractual service with 90 days advance notice.

Statement of Certification: Respondent must provide documented proof via a completed statement of minimum qualification that the following minimum qualifications are met:

1. Respondent is an investment advisor registered with the Securities and Exchange Commission (SEC) pursuant to the Investment Advisors Act of 1940.
2. Respondent agrees to act as a 338 fiduciary to the fund in its investment advisory capacity.
3. (Suggested/Preferred) Respondent must have proven experience in providing investment consulting services to defined benefits pension plans.
4. Respondent is familiar with the California Debt Advisory Commission “Local Agency Investment Guidelines” and agrees to adhere to these guidelines.

Procedures

To compete for this work, your response to this RFP, including the completed "Attachment A" Disclosure and "Attachment B" Questionnaire should be delivered by 4:00p.m. PST on June 3, 2024.

Barbara Buikema
General Manager
Carmel Area Wastewater District
P.O. Box 221428
Carmel, CA 93922

Please Submit Your Response/Submission In The Following Format(S):

One (1) digital copy (in PDF format) on a thumb drive (CD not acceptable) OR submit one downloadable copy to downstream@cawd.org

All proposals must be submitted in a sealed envelope clearly marked on the outside with the words "Proposal for Carmel Area Wastewater District Defined Benefit Pension Plans" OR an electronic version must have the same title in the subject line.

Questions regarding this RFP should be directed via e-mail only to:

Barbara Buikema, General Manager, buikema@cawd.org

The Proposals will be reviewed and evaluated to determine the most qualified, and will include, but not be limited to, a review of the proposer's qualifications, experience, expertise, expenses and fees to be charged. Note that the engagement will not necessarily be awarded to the lowest bidder, and interviews of certain respondents may or may not be utilized.

The District also reserves the right to request additional information from all respondents, to waive any defect or abnormality, to award or not award all or any portion of the work described herein, to issue modifications to RFPs, or otherwise to move

forward in the best interest of the District.

The successful proposer will be engaged to provide such services as may be specified by the District at its discretion. The District may require that any contract or engagement preserve the District's right to terminate at any time without cause or notice and that the successful bidder may terminate upon no less than 90-days written notice. There shall be no charges or fees for termination. The District shall, however, pay for any services provided through the date of termination.

Selection: Upon completion of the RFP evaluation the District will notify the selected firm in writing and the selection will also be posted on the CAWD website. Announcement of the selected firm is expected not later than July 17, 2024.

Required RFP Submissions

The following Required Submissions shall be completed and included with your response to this RFP:

**RFP Disclosure Form- see ATTACHMENT "A"
ATTACHMENT "A"**

RFP Disclosure Form

Completely reply to the following inquiries
(Attach additional pages as necessary):

1. List the names and titles of everyone who will be providing professional services relative to this contract including advisors and subcontractors.
2. Relative to question 1 above, describe the following:
 - A. Are any of the above current or former officials of employees of Carmel Area Wastewater District? If so, when were they last employed by Carmel Area Wastewater District?
 - B. Are any of the above a registered federal or state lobbyist?
3. Confirm that, since twelve months prior to the release of this RFP no one at your firm has communicated with, nor will they communicate with (or cause or agree to allow any third party to communicate with), any officials or employees of Carmel Area Wastewater District except for requests for technical clarifications or proposal submission logistics directed to Barbara Buikema, General Manager. The confirmation shall be signed on firm letterhead by a person with the authority to bind the firm.
4. List any direct financial, commercial or business relationship with any municipal official or pension system of Carmel Area Wastewater District held by your firm or any Affiliated Entity.

RFP Questionnaire Form- see ATTACHMENT "B"

ATTACHMENT "B"

RFP Questionnaire Form

Carmel Area Wastewater District

P.O. Box 221428

Carmel, CA 93922

PROPOSAL-QUESTIONNAIRE FORM

Submitted by:

In response to REQUEST FOR PROPOSAL

Carmel Area Wastewater District

Employee Defined Benefit Plan

Investment Management Services

I. COMPANY INFORMATION

1. List your firm's complete name, address, telephone, email, and fax number. Briefly describe the organization, the year it was founded, location of its headquarters and other offices.
2. Provide a brief history of your firm and your parent organization.
3. Does your firm provide services other than investment consulting services? If so, are these separate from the company's investment services? How?
4. Is your firm, its parent or affiliate, a registered investment advisor with the United States Securities Exchange Commission under the Investment Advisors Act of 1940?
5. Within the last five (5) years has your organization or any officer or principal been involved with any business litigation or other legal proceeding relating to your consulting activities? If so, provide an explanation and indicate the status or disposition.
6. What experience does the lead consultant have with governmental plans and California Municipalities?
7. What type of fiduciary protection, if any, is offered by your firm?
8. Describe your intended interaction and involvement with the Pension Committee?

II. INVESTMENT APPROACHES/PHILOSOPHIES

1. Describe your firm's approach to investment research. Please indicate relationship with research/academics outside your firm.
2. Give examples of how your research has been integrated into your products and services.
3. What are your general investment philosophies with regards to the portfolio structure of a municipal pension plan?

4. Do you have any proprietary funds in your fund line up?
5. Please describe your firm's approach to equity investing
6. Describe your firm's approach to fixed income investing.
7. Are the District's pension plan liabilities utilized in determining your investment strategy? If so, how?
8. Explain how risk is factored into the investment policy recommendations.
9. What is the firm's approach to portfolio rebalancing?
10. Does the firm follow a strategic asset allocation approach, a tactical asset allocation strategy, or a combination of both approaches?

III. ASSET ALLOCATION

1. What is your firm's process for establishing client goals and objectives?
2. Describe your firm's asset allocation process, including, the development of investment policies and guidelines for investment managers. How often is this reevaluated or adjusted?
3. Who provides custodial services for accounts that are managed by the firm?

IV. PERFORMANCE REPORTING

1. Describe your firm's performance reporting and evaluation services.
2. What methods and sources of data do you use in calculating investment performance of a client's portfolio? Do you reconcile your calculated performance with investment managers and custodians? Describe this process. How many business days after the end of a reporting period are the performance reports available? Can the reports be customized? Include a sample performance evaluation report in the appendix of your response.

3. Discuss the performance attribution your firm is capable of providing and describe how you evaluate "value added" in active management.
4. Describe how benchmarks are chosen or developed.
5. Describe your process for reviewing investment manager compliance of investment objectives and guidelines.

V. TRANSITION

1. Describe your transition process and include a proposed timeline.

VI. FEES

1. Please provide a fee proposal and fee structure for services outlined in the RFP. Provide a cost breakdown for each aspect, especially if the fee is "all-inclusive."
2. Are you willing to guarantee your fees for a specified period of time?
3. Describe, in detail, all forms and sources of compensation you would anticipate receiving should you be awarded this contract. Include any commissions, 12b-1 trailer fees or compensation of any sort paid to any entity.
4. Does your firm offer a discounted fee structure to governmental clients?

Additional Information

5. Please attach your firm's Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisor Part 2.
6. Please describe all insurance coverage your firm carries including, but not limited to: errors & omissions, employee dishonesty and all liability insurance. Please include information about excess insurance coverage your firm carries.

VII. REFERENCES

1. Provide five (5) client references.

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