

## TOWN OF ARLINGTON, MA

### REQUEST FOR PROPOSAL – INVESTMENT ADVISORY SERVICES

The Town of Arlington, Massachusetts (the “Town”) is requesting proposals from qualified firms and/or institutions to provide investment advisory services (the “Advisor”) in connection with the Town’s Trust Fund portfolio, excluding the investment of employee’s retirement funds (Pension) and Other Post-Employment Benefits (OPEB) except for certain cash restricted and special funds, to consolidate reserve balances to maximize earnings and increase efficiencies for investment pricing, safekeeping, and administration while ensuring that all investment purchases and sales are in accordance with the laws of the State of Massachusetts, including MGL c. 44, §§ 54, 55, 55A, 55B and the Town’s investment policies and procedures. The selected firm or institution is expected to provide these services for a period of one year with two options to renew for an additional year.

Responses are **due on September 29, 2020** at 1:00 P.M. in the Drop Box located on the West side of the Town Hall in the black drop box accessed via Academy Street parking lot, 730 Massachusetts Avenue, Arlington, MA 02476. The contract will be awarded by November 5, 2020. Responses will be opened and read on September 29, 2020. The opening of Proposals is not public. All responses must be received in sealed envelope properly marked prior to the due date and containing two separate sealed envelopes, one sealed envelope that contains the non-price proposal and one sealed envelope that contains the price proposal.

An interview may be conducted with proposers during the evaluation of the proposals. These interviews may occur during the week of October 19, 2020. Any proposer should make sure they are available during that time period for interviews to be held.

The Town reserves the right to reject any or all proposals when in the best interests of the Town.

**Decision to use complete sealed proposals:** The Town’s Chief Procurement Officer or Designee has determined that in order to select the most advantageous proposal for administration and management of the Town of Arlington’s investment advisory services an RFP process must be conducted. The Town believes that the individuals /firm(s) providing these services must have a broad range of experience with providing advisory services within municipalities. The Request for Proposal (RFP) process will enable the town to provide higher rating to vendors whose key project personnel have extensive experience in providing similar services to other comparable municipalities in Massachusetts, particularly where they have been able to work with local objectives, policies issues and goals. All Respondents may also be interviewed.

**Introduction and Background**

The Town of Arlington, Massachusetts The Town of Arlington, Massachusetts (the “Town”) is requesting proposals from qualified firms and/or institutions to provide investment advisory services (the “Advisor”) in connection with the Town’s Trust Fund portfolio, excluding the investment of employee’s retirement funds (Pension) and Other Post-Employment Benefits (OPEB) except for certain cash restricted and special funds, to consolidate reserve balances to maximize earnings and increase efficiencies for investment pricing, safekeeping, and administration while ensuring that all investment purchases and sales are in accordance with the laws of the State of Massachusetts, including MGL c. 44, §§ 54, 55, 55A, 55B and the Town’s investment policies and procedures.

The Town of Arlington has a representative town meeting form of government; administered by a Town Manager, who is appointed by an elected Select Board. The Town Treasurer oversees the investment of the Town’s Trust Funds portfolio. There are 100 individual trust funds comprising the total portfolio. These trust funds are diverse including cemetery funds, library funds, scholarship funds and other trusts. The aggregate trust fund balance as of June 30, 2020 is \$22,095,600.

The Advisor shall act in a fiduciary capacity and shall not receive any fee or compensation based on transactions but rather shall be compensated pursuant to a fee-based cost structure. The Advisor shall provide these services for a period of two years with an option for one year renewal at the sole discretion of the Town.

**Description of Required Services - Scope of Services**

The basic scope of services listed below provides the respondent with a listing of the services that the Town will require:

- Meet at least semi-annually in the Office of the Treasurer & Collector of Taxes, with the Town Treasurer to review the Town of Arlington’s Trust Fund performance, discuss market conditions, and review asset allocation and performance analysis. Additional meetings may be requested.
- Provide reports on year-over-year performance.
- Provide separate report on market trends, economic outlook.
- Provide separate reporting by fund/portfolio with monthly activity and custom reports for specific funds.
- Maintain the trust fund investment pool in accordance with the parameters and guidelines outlined in the Town’s Investment Policy on Trust Funds and consistent with MGL statutes, as it may be amended from time to time. The Town of Arlington’s investment policy on Trust Funds is attached.
- Investment Adviser will recommend asset allocation model and track portfolio performance to designated indices, including market trends, performance analysis, and economic outlook.
- Describe the process your firm would use to develop the investment strategy for the Town of Arlington’s portfolio. Please describe how the investment ideas are originated,

researched and finalized. Describe how the investment management strategy is then implemented, monitored and evaluated.

- Explain how your firm will ensure compliance with the Town of Arlington’s investment policy. Explain how your firm will be correcting any errors and reporting of these exceptions.
- Conduct on-going Investment Policy Statement (IPS) monitoring with the Town Treasurer for all investment purchases and sales including updates and monthly reporting; perform an annual review of the Massachusetts General Laws and any changes to governing statutes or regulations affecting the Town’s investment portfolio which the Advisor shall attest to; act as a Fiduciary in an advisory capacity with discretionary authorization for managing the Town’s investment portfolio, subject to agreed-upon investment policy.
- Explain how your firm or institution would measure performance, and the various asset types, and which benchmarks would be used.
- Facilitate, as needed, cash settlements between the trust funds and the Town’s general fund. Trust fund cash receipts would be deposited in a separate bank account maintained by the Town Treasurer. Receipts, less monthly fees will be transferred to the trust fund investment pool monthly and withdrawals will be transferred from the investment pool monthly.
- Provide quarterly reports for each trust and agency fund with sufficient information to provide the Town Treasurer with useful performance data. This would include, but is not limited to beginning market value, transactions for the period, ending market value, fees charged for the period, gains/losses, and allocation of assets to various investment categories.
- Certify that as of June 30<sup>th</sup> of each year that all investments for the fiscal year ended complied with the List of Legal Investments that is published by the Commonwealth of Massachusetts every July 1<sup>st</sup>.
- Customer Service
  - Respondent will provide detailed description of their customer service operation and internal procedures
  - Respondent will state their committed response times to customer inquiries
  - Respondent will show their current staffing levels and the impact the Town of Arlington will have on their staffing requirements
  - Designate Single Point of Contact and key customer service management personnel.

## **Staffing Requirements**

- Proposer must set forth staffing utilized for the Town of Arlington, the management structure of the team, the account manager and qualifications of each member of the team.
- List all individuals and duties proposed for each including:
  - Name
  - Qualifications
  - Work Assignment
  - Responsibilities

- Years with the proposing firm
- Experience with Municipal Investment in Commonwealth of Massachusetts

## **Pricing**

- The Proposer must provide a price proposal, in a separate labelled and sealed envelope as described in this RFP and signed by the individual authorized to bind the Firm or Institution to the prices submitted.
- The response must indicate the basis for all charges including asset management fees, fees per transaction, custody fees, volume-based schedule of fees, or other billing formula. Also, any fees such as wire transfer charges must be described. All pertinent rates and charges must be stated in the proposal and must be all-inclusive.
- The Town will seek to assure that a reasonable and equitable fee will be paid for a high quality of service. The selection will not be based solely on the lowest cost. Qualitative factors that bring additional value to these services will be considered.

## **Proposal**

### **General Provisions/Instructions**

- The Town may cancel this RFP, in whole or in part, or may reject all proposals submitted in response, or may procure only some services outlined in this RFP whenever such action is determined financially advantageous to the Town or if it is otherwise in the best interest of the Town.
- The Town may request that supplementary information be furnished to assure the Town that a proposer has the technical competence, the business and technical organization and the financial resources adequate to successfully perform the necessary work.
- Required forms for the Town include: Certificate of Non Collusion, the State Taxes Certification Clause and the Price Proposal submission sheet. All proposals must be completed according to the instructions.
- Each proposer shall acknowledge receipt of any and all addenda issued with the RFP by so indicating in the Cover Letter/General Response. Failure to do so shall be cause to reject the proposal as being unresponsive.
- The proposal shall be signed by a person legally authorized to sign on behalf of the proposer, and legally authorized to bind the proposer to contractual obligations.
- Proposers may correct or modify the original proposals on or before September 11, 2020 at 12PM, noon. Corrections or modifications shall be sent to the Purchasing Officer in sealed envelopes, clearly marked to indicate the contents. Any corrections or modifications received after the deadline will not be accepted. A proposer who elects to withdraw a proposal must submit a written request to withdraw the proposal.
- Each proposer shall be presumed to have read and be thoroughly familiar with the Request for Proposal and all documents included. Unfamiliarity with these documents shall in no way relieve any proposer from any obligation with respect to the proposal submitted.
- It is understood that the Proposer has submitted the Proposal in good faith and has not colluded with any other individuals, firms, or corporations in preparation of the proposal.

- All costs involved in preparing the Proposal will be borne by the Proposer. The proposer shall be deemed to be familiar with all state, local and other laws relating to this type of work.
- Proposals that are incomplete, conditional or obscure will be rejected. No award will be made to any proposer who cannot satisfy the Town that the Firm or Institution has sufficient ability and sufficient capital to meet the requirements of these specifications. The Town Treasurer's decision or judgment on these matters shall be final, conclusive and binding.
- Any proposal received after the due date and time will be deemed non-responsive and will not be opened, but will be returned to the proposer. Any modifications, corrections or withdrawals submitted after the deadline will not be opened and returned to the proposer.
- The evaluation of the proposals will be conducted by the Town Treasurer and designated evaluation panel based upon the comparative assessment of responses as described in the "Proposal Evaluation".
- The responses will be opened on September 29, 2020 at 1PM. The name of the person or organization submitting a response will be read and recorded. The contents of all responses will be opened privately and will not be disclosed to the public or to competing Respondents until the evaluation process is complete. A register of responses will be completed indicating the name of the Respondent and the number of response modifications and corrections submitted by each Respondent.
- Response to this RFP acknowledges the vendor's acceptance of all sections and requirements of this document. The RFP will be written into the successful vendor's proposal as part of the final contract.
- Rule for Award: The Town will award one contract as a result of this RFP. The contract will be awarded to the proposer submitting the most advantageous proposal taking into consideration the proposal's Quality Requirements, Evaluation Criteria and composite ratings, references and price. Rates must remain firm or be reduced throughout the life of the contract. A Contract will be awarded within 90 days unless award date is extended by consent of all parties concerned.
- All materials submitted in response to this RFP shall become the property of the Town of Arlington and will not be returned. The materials will become part of the public record subject to the disclosure provisions of the Massachusetts Public Records Law.
- All interpretations of the RFP and supplemental instructions will be in the form of written addenda to the RFP specifications. Proposers' requests for clarification or proposers' questions about information contained in the RFP should be **sent via email to [purchasing@town.Arlington.ma.us](mailto:purchasing@town.Arlington.ma.us)** or addressed in writing to:

Domenic Lanzillotti, Purchasing Officer  
 730 Massachusetts Avenue  
 Arlington, MA 02476.

**No proposers' questions will be accepted after 12PM, noon on September 11, 2020. Answers to proposers' questions will be posted to the website in a form of an Addendum.**

- The Town shall cancel the contract if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal year.
- A sample contract is attached hereto. The bidder must be willing to sign the Town's contract. The Town will **not** accept a bidder's terms & conditions.
- The successful proposer will be bound by all Terms and Conditions included which will be incorporated into the contract awarded.
- The contract period shall commence on the date of execution of the contract by the Town of Arlington and shall be in effect for a period of up to three (3) years. The Term will be two years with an option for one year renewal at the sole discretion of the Town.
  
- **Two separate sealed envelopes**, one sealed envelope that contains one (1) original and six (6) copies of the non-price proposal and **one electronic copy marked Request for Proposal for "Investment Advisory Services"** and one sealed envelope that contains one (1) original price proposal marked **"Price Proposal for Investment Advisory Services"** must be received by the Purchasing Officer, Town of Arlington, 730 Massachusetts Avenue, Town Hall, Town Manager Office, Arlington, MA 02476 prior to **12:00 p.m., September 29, 2020. Failure to submit the electronic copy of the non-price proposal will automatically result in rejection.**

Chapter 30B requires that price proposals be separate from technical proposals. Therefore, please make no reference to price in the non-price proposal. Failure to adhere to this requirement will result in rejection of the proposal. It is the sole responsibility of the proposer to ensure that the proposal arrives on time at the designated place. The Town Hall is currently closed to the public. **Proposals may be mailed or delivered using the black drop box located on the West side of the Town Hall accessed via Academy Street parking lot, 730 Massachusetts Avenue, Arlington, MA 02476 in advanced of the due date and time.** Late proposals will not be accepted.

- The signature of the authorized official(s) must be provided on all the proposal forms. All proposals should be double-sided in conformance with the Town's recycling policy and include a digital copy.
- Accuracy and completeness are essential. The successful proposal will be incorporated into a contract; therefore, the proposer should not make claims that they are not prepared to commit themselves to contractually.
- The Price Summary must be completed as instructed. The bid submitted must be without conditions or exceptions.
- Proposals must be unconditional. However, prior to the proposal opening proposers may correct, modify, or withdraw proposals by written request to Domenic Lanzillotti, Purchasing Officer, Town of Arlington, Town Hall Annex, 730 Massachusetts Avenue, Arlington, MA 02476. A letter will be sufficient for withdrawal of a proposal up to the date of the proposal opening. Any correction or modification to a proposal must be submitted in writing and in a sealed envelope labeled **"Request for Proposal for Trust Fund Investment Advisory Services modification to (or Withdrawal of) Proposal."**

**Insurance Requirements**

The Respondent shall, before commencing performance of the contract, be responsible for providing and maintaining insurance coverage in force for the life of the contract in adequate amounts to secure all of the obligations under the contract and with insurance companies licensed to write insurance in the Commonwealth of Massachusetts. All policies issued shall indemnify and hold harmless the Town of Arlington, its agents and employees from any and all claims for damages to persons or property as may arise out of the performance of this contract.

- a) Securities Investor Protection Corporation (SIPC) coverage adequate and customary to protect the Town of Arlington from losses incurred due to the possibility of bankruptcy or failure of the brokerage firm; and
- b) Errors & Omissions Insurance—evidence of a current policy sufficient to protect the Town of Arlington from losses incurred through errors and omissions and not less than \$2,000,000.

**Minimum Requirements**

In order to be considered for evaluation, the proposer must meet the minimum requirements:

\_\_\_\_\_ Be in business or practice of providing Investment Advisory Services for a minimum of five years.

\_\_\_\_\_ Submit all municipal references, including names, **number of years as a customer of the firm/individual**, addresses and telephone numbers for the past five years for which the proposer has performed similar investment services as set forth in the RFP. **The Town may also do independent internet searches on the proposers. Poor references may be used as a basis for determining that a PROPOSER is not responsible. The Town can and will act as its own reference.**

\_\_\_\_\_ Provide historical investment performance and portfolio risk characteristics of similar municipal portfolios.

\_\_\_\_\_ Describe how benchmarks are developed and selected. Identify the indices that will be used in your performance reports.

\_\_\_\_\_ Provide a response that complies with General Submission Requirements described in the following section.

\_\_\_\_\_ Clearly identify and describe any pending legal proceeding(s) against your firm or institution within the past five years involving malpractice or violations of law in connection with investment management. If there are none, please make the statement in your response.

\_\_\_\_\_ Provide a copy of the most recent audited financial statement, credit rating report, or any other evidence of the financial position for your firm or institution. In respect of confidentiality,

one copy may be submitted in a separate envelope. The envelope will only be opened and reviewed should the panel need to determine the financial capability and stability of the proposer. If financial statements are not included and other documentation included, the reasons for not including financial statements should be clearly stated. The Town reserves the right to ask for additional information.

## **General Requirements**

The proposer must respond to the following items. The response should reflect detailed consideration of the issues and opportunities presented by this RFP. Please repeat each item listed and the response to that item immediately after.

\_\_\_\_\_ All responses are to include a statement that the Proposal is in accordance with this RFP and that the proposer had read and understands all sections and provisions. Exceptions, if any are to be clearly stated.

\_\_\_\_\_ Provide a brief description and history of your firm or institution, including the size, location(s), organizational structure, and experience in investment advisory services. Discuss any advantages inherent to your organization that will benefit the town's comprehensive investment advisory needs.

\_\_\_\_\_ Provide resumes of the principal staff that would be assigned to the Town. Include professional qualifications and registrations. Include any trust fund investment Advisory experience either in a professional capacity or service on a board or committee. Describe the anticipated role of each person.

\_\_\_\_\_ Describe the qualifications and experience of your firm or institution as an investment manager for municipalities or institutions.

\_\_\_\_\_ List any governmental entities that are among your clientele. Describe your process for structuring investment to comply with the Investment Policy of the entity.

\_\_\_\_\_ Explain how your firm or institution would measure performance, structure the various asset types, and which benchmarks would be used.

\_\_\_\_\_ Describe how you work with entities to generate reports designed to meet the needs of the clientele.

\_\_\_\_\_ Confirm your agreement to perform each of the tasks listed under "Scope of Services." You may expand on any of the tasks you feel are particularly pertinent to the Town's needs or suggest additional tasks that you feel should be included in a basic agreement for these services.



## Quality Requirements

**In order for a proposal to receive further consideration the proposer must unconditionally circle "Yes" to each of the questions below. The Town shall reject in its entirety as "Non-responsive" the proposal of any proposer who fails to circle "Yes" or who modifies, qualifies or limits its affirmative response in any way. This form must be submitted with your technical, non-price proposal**

**Circle YES or NO for each of the following requirements.**

1. The proposed third-party Custodian appears on the Massachusetts approved list of banks and state depositories which are in conformance with M.G.L. c. 29, §34.

YES

NO

2. The Investment Advisor has at least 10 years' experience providing the same or similar services to municipal or state agency clients within the Commonwealth. This qualification is met by either the lead advisor assigned to the contract or the team in the aggregate assigned to the contract.

YES

NO

3. The proposed IPS provider has at least five years of experience in conducting the services outlined in this RFP.

YES

NO

4. The proposed Investment Advisor will act as a Fiduciary in an advisory capacity with discretionary authorization for managing the Town's investment portfolio.

YES

NO

5. The Investment Advisor shall be able to conduct ongoing Investment Monitoring.

YES

NO

## Comparative Evaluation Criteria

Proposals that meet or exceed the minimum criteria will be evaluated and rated on the basis of the following comparative criteria. The Town reserves the right to ask any respondent to provide additional supporting documentation in order to verify the response. Ratings of Highly Advantageous (HA), Advantageous (A), Not Advantageous (NA), or Unacceptable (U) will be given to each of the following criteria for each respondent. A composite rating will then be determined. A composite rating of Highly Advantageous or Advantageous may be assigned only if a proposal has received at least one such rating among the criteria listed below.

To the extent that an Evaluation Criterion requires the certification of fact, the proposer’s certification as to that fact shall be an adequate response provided, however, that on request the proposer shall provide to the Town such evidence as the Town may request to support that fact.

Proposals which meet the Minimum Criteria will be evaluated based on the following comparative criteria:

Criterion One:

Proposals will be evaluated based on the qualifying experience of the project team to be assigned to this contract.

The proposed project team shall be familiar with the Town of Arlington and located in the Commonwealth of Massachusetts. The proposed team shall have experience providing Investment Advisory services for other Massachusetts local governmental bodies and/or Massachusetts State Agencies conforming with MGL chapter 44 section 54, 55, 55A and 55B.

Highly advantageous (HA) – To receive a rating of HA the proposed project team shall have at least ten (10) local governmental body and/or State Agency clients within the Commonwealth over the last five years.

Advantageous (A) – To receive a rating of A the proposed project team shall have six (6) through nine (9) local governmental body and/or State Agency clients within the Commonwealth over the last five years.

Not Advantageous (NA) – To receive a rating of NA the proposed project team shall have two (2) through five (5) local governmental body or State Agency client within the Commonwealth over the last five years.

Unacceptable (UA) – To receive a rating of UA the proposed project team shall have fewer than two (2) local government body or State Agency clients within the Commonwealth over the past five years.

Criterion Two:

Proposals will be evaluated based on how well the proposer’s strategy for reviewing and informing the IPS monitoring task aligns with the Town’s investment approach as outlined in the attached Town Investment Policy and Procedures.

Highly Advantageous (HA) – To receive a rating of HA the proposer’s strategy for reviewing and informing the IPS monitoring substantially aligns with the Town’s investment approach attached to this RFP. The word “substantially” for purposes of this criterion shall mean to contain minimal variances from the exact terms of the Town’s investment approach and/or unimportant omissions or minor defects, if any.

Advantageous (A) – To receive a rating of A the proposer’s strategy for reviewing and informing the IPS monitoring aligns with at least half of the key elements of the Town’s investment approach attached to this RFP but does not rise to the level of substantial.

Not Advantageous (NA) – To receive a rating of NA the proposer’s strategy for reviewing and informing the IPS monitoring only partially aligns with the Town’s investment approach attached to this RFP. For purposes of this criterion the word “partially” shall mean some but less than half.

Unacceptable (UA) – To receive a rating of UA the proposer’s strategy for reviewing and informing the IPS is missing key elements and/or does not align at all with the Town’s investment approach attached to this RFP.

### Criterion Three: Staff

Highly Advantageous (HA) – Proposer assigns a principal who has participated in providing Investment Advisory Services for at least ten (10) municipalities.

Advantageous (A) – Proposer assigns a principal who has participated in providing Investment Advisory Services for at least five (5), but less than ten (10) municipalities.

Not Advantageous (NA) – Proposer assigns a principal who has participated in providing Investment Advisory Services for at least three (3), but less than five (5) municipalities.

Unacceptable (UA) – Proposer assigns a principal who has participated in providing Investment Advisory Services for less than three (3) municipalities.

### Criterion Four: Plan of Services

Highly Advantageous (HA) – Proposer has a well-defined and developed Plan of Services in Response to this Request for Proposals and demonstrates a clear, understandable implementation strategy.

Advantageous (A) – Proposer has a sufficiently defined and developed Plan of Services in response to this Request for Proposals and demonstrates an adequate but not exceptional implementation strategy.

Not Advantageous (NA) – Proposer has a weakly defined and developed Plan of Services in response to this Request for Proposals and demonstrates an undefined implementation strategy.

Unacceptable (UA) – Proposer has inadequately defined and developed Plan of Services in response to this Request for Proposals and demonstrates an undefined implementation strategy.

### Criterion Five: References

Highly Advantageous (HA) – Proposer receives five (5) or more references who rate the Proposer an overall rating of “highly advantageous.”

Advantageous (A) – Proposer receives more than three (3), but less than five (5) references who rate the Proposer an overall rating of “advantageous.”

Not Advantageous (NA) – Proposer receives one (1) reference who rate the Proposer an overall rating of “not advantageous.”

Unacceptable (UA) – Proposer receives two (2) references who rate the Proposer an overall rating of “not advantageous.”

### Criterion Six: Interview (if necessary)

Highly Advantageous (HA) – Proposer receives an overall rating of “highly advantageous” from the interview panel based upon materials provided, clarity of presentation and public presentation skills.

Advantageous (A) – Proposer receives an overall rating of “advantageous” from the interview panel based upon materials provided, clarity of presentation and public presentation skills.

Not Advantageous (NA) – Proposer receives an overall rating of “not advantageous” from the interview panel based upon materials provided, clarity of presentation and public presentation skills.

Unacceptable (UA) – Proposer receives an overall rating of “not advantageous” from the interview panel based upon inadequate materials provided, lack of clarity of presentation and did not present well.

## **Evaluation of Proposals**

All non-price proposals will be reviewed by the evaluation panel in accordance with M.G.L. Chapter 30B. Final selection will be based on evaluation and analysis of the information and materials required under the RFP, including information obtained by direct contact with references. Any current or past clients for the proposer may be contacted.

Proposals that meet the Quality Requirements will be reviewed for responses to the Comparative Evaluation Criteria. Each member of the evaluation panel will assign a rating of highly advantageous, advantageous, not advantageous or unacceptable to each Comparative Evaluation Criteria.

Based on the Comparative Evaluation Criteria ratings, a composite rating by the evaluation panel will be determined for each proposal.

References will be contacted to determine if the proposer is responsive and responsible. References will be asked about their over-all impression of the proposer's quality of services performed and the timeliness of service delivery. The Town reserves the right to use itself as a reference and contact references other than those submitted by the proposer.

After evaluation of the non-price proposals is complete, the price proposals will be opened. The contract will not necessarily be awarded to the proposal that receives the highest ranking with respect to the price proposal. The Town will award the contract to only one responsive and responsible proposer submitting the most advantageous proposal taking into consideration the proposals' quality requirements, evaluation criteria and composite ratings, references and price.

An interview may be conducted with all respondents during the evaluation of the responses.

The Town reserves the right to reject any and all proposals if it determines that rejection serves the best interest of the Town.

## **Price Structure**

**Please make no mention of price in the technical proposal.** Price proposal form must be submitted in a separate sealed envelope. The pricing shall include fiduciary investment recommendations, discretionary investment management monitoring guided by the IPS and Massachusetts General Laws, and custodial services fees.

The duration of the contract shall be two years with an option for one year renewal at the discretion of the Town. The Treasurer and Assistant Treasurer for the Town of Arlington will be the main contact persons with whom the selected Proposer shall communicate in the course of performing the services required under the contract.

**Price Proposal**

The price proposal must be submitted in a separate sealed envelope not part of the non-price technical proposal.

Indicate your advisory services fee to provide all services listed in this RFP. Pricing must remain firm throughout the three-year term of the contract.

Provide the fee schedule that would apply to this contract for each year. This fee must be all inclusive and reflect the total cost per year for providing the services listed in this RFP. The Town will not be responsible for additional costs beyond those listed in the price proposal.

In the event of any discrepancy between the numbers and the words listed on this price proposal form, the words shall prevail.

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Signature of proposer submitting this proposal

Firm or Institution Name:

**This area intentionally left blank**

## Submission Requirements

### Technical Proposal

\_\_\_ Submitted and addressed to the Office of the Purchasing Officer, Town Hall, 730 Massachusetts Avenue, Arlington, MA 02476

\_\_\_ The Proposal must be clearly marked: RFP – INVESTMENT ADVISORY SERVICES.

\_\_\_ Letter of Transmittal signed by the authorized official(s) to contractually bind the company and including acknowledgement of all addenda, if any.

\_\_\_ Table of Contents is required for the Proposal.

\_\_\_ The Proposal must address all response questions:

\_\_\_ Proposer must submit a detailed strategy for reviewing and informing the IPS monitoring task and all other items that appear in the scope of services.

\_\_\_ Proposer must submit a complete list of all municipal or state agency clients within the Commonwealth over the last five years in support of the experience criterion. The Town will utilize this list for conducting reference checks. In addition, the Town reserves the right to contract references not listed and to perform its own due diligence in making a responsibility determination for award.

\_\_\_ Proposer must describe the team that will support the Town and role of each individual. Include training, education and experience for all team members.

\_\_\_ Proposer must provide experience of your firm in development of investment policies and portfolio management guidelines for municipal funds including trust funds and stabilization funds.

\_\_\_ Provide historical investment performance and portfolio risk characteristics of similar municipal portfolios.

\_\_\_ Proposer must include current documentation of registration with all appropriate regulatory authorities and a copy of all regulatory reports indicating criticism during the last three years.

\_\_\_ Clearly identify and describe any pending legal proceeding(s) against your firm or institution within the past five years involving malpractice or violations of law in connection with investment management. If there are none, please make the statement in your response

\_\_\_ Proposer must describe how benchmarks are developed and selected. Identify the indices that will be utilized in your performance reports.

\_\_\_ Proposer must describe the process for ensuring investment policy compliance, preventing and correcting investment policy exceptions and reporting of such compliance issues to the Town.

\_\_\_ Proposer must include a description of the audit process.

\_\_\_ Proposer must include a description of the format of reports to the Town for monthly account statement, monthly sub-accounting report and quarterly reporting with examples.

\_\_\_ Certificate of Non-Collusion and State Taxes Certification Clause signed by authorized representative.

## **Price Proposal**

\_\_\_ Price Proposal must be submitted in a clearly marked separate sealed envelope and signed by authorized representative.



## **KEY DATES**

- September 3, 2020 RFP issued.
- September 11, 2020 Questions relative to the RFP are due to the Town Treasurer in writing via email using an attached Word document.
- September 17, 2020 Questions and answers will be made available to all RFP recipients.
- September 29, 2020 Responses due by 1:00 o'clock PM.
- September 29, 2020 Responses will be opened.
- October 19, 2020 Interviews with Respondents begin as required.
- November 5, 2020 Notification of Intent to Award or Not Award.
- To Be Determined. Scheduled First Day to Commence Services.

## **NOTIFICATION AND AWARD**

All Respondents will be notified of the selection decision in accordance with the schedule.

## **ATTACHMENTS**

**Certificate of Non-Collusion**  
**State Tax Certificate Clause**  
**Town of Arlington Investment Policy**  
**Sample Contract by Town of Arlington**

## **EXHIBITS**

**Trust Funds Account Summary Balance(s) Report**  
**Sample Trust Funds Individual Account Balance Report**

**CERTIFICATE OF NON COLLUSION**

The undersigned certifies under penalties of perjury that this response has been made and submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word “person” shall mean and natural person, business, partnership, corporation, union, committee, club, or other organization, entity or group of individuals.

FIRM: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

PRINTED NAME: \_\_\_\_\_

TITLE: \_\_\_\_\_

DATE: \_\_\_\_\_

**STATE TAXES CERTIFICATION CLAUSE**

I certify under penalties of perjury that I, to the best of my knowledge and belief, have filed all state tax returns and paid all state taxes under law, I have addressed any tax liability, or I am in the process of setting up a plan to satisfy any tax liability.

\_\_\_\_\_  
Signature of Individual or Corporate Name (Mandatory)

BY: \_\_\_\_\_  
Signature of Corporate Officer

DATE: \_\_\_\_\_

\_\_\_\_\_  
Social Security Number or Federal Identification #

# Town of Arlington Investment Policy Statement

## I. PURPOSE

The purpose of this document is to specify the policies and guidelines that provide for the prudent and productive investment of Town funds. The Town of Arlington investment program is operated by the Town Treasurer in conformance with all applicable federal and state requirements, including MGL c.44, §§ 54 and 55, 55A, 55B and MGL c.40, §5B.

## II. SCOPE

This policy applies to the investment of all of the Town’s funds, excluding the investment of employees’ retirement funds and Other Post Employment Benefit fund. Except for cash in certain restricted and special funds, the Town will consolidate cash and reserve balances from all funds to maximize earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with GAAP.

## III. INVESTMENT OBJECTIVES

The Town shall seek as high a level of investment income as is consistent with, first: the safety of principal and, second: the provision of liquidity to meet daily cash flow requirements.

### A. Safety of Principal

Safety of principal, the primary objective, shall be pursued in a number of ways.

1. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio by protecting against credit risks.
2. Investments shall be made in conformance with prudent guidelines for allowable instruments, credit quality, and maturities.
3. Adequate diversification of instruments, issuers, and maturities shall be maintained.
4. All deliverable securities shall be held by a third-party custodian on the basis of delivery vs. payment to a custodian bank.
5. All repurchase agreements shall be fully collateralized, with a custodian bank receiving delivery of the collateral.

### B. Liquidity

The investment portfolio shall be structured to meet all of the Town’s cash requirements that may reasonably be anticipated. Furthermore, since all cash requirements cannot be

anticipated, the portfolio should consist mainly of custodial arrangements, investment pools or money market funds specified below, securities or deposits with very short maturities, or securities with active secondary or resale markets.

### **C. Yield**

The investment portfolio shall be designed to attain a market-average rate of return throughout budgetary and economic cycles, taking into account investment risk constraints and the Town's liquidity requirements.

The portfolio shall be managed with the objective of exceeding the average of three-month U.S. Treasury Bill rates for the equivalent period. This index is considered a benchmark for near-riskless investment transactions and, therefore, comprises a minimum standard for the portfolio's rate of return. The investment program shall seek to augment returns above this threshold, consistent with stated risk limitations and prudent investment principles.

While investments shall not be made for the purpose of trading or speculating as the dominant criterion, the Town may seek to enhance total portfolio return through active portfolio management. The prohibition on speculative investments precludes pursuit of gain or profit through unusual risk. Trading in response to changes in market value or market direction, however, is warranted under active portfolio management.

## **IV. STANDARDS OF CARE**

### **A. Prudence**

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. The "prudent person" standard states that "investments shall be made with judgment and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion in writing and appropriate action is taken to control adverse developments.

### **B. Ethics and Conflicts of Interest**

The Town Treasurer and Assistant Town Treasurer shall refrain from any personal activity or business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Town Manager any material interests in financial institutions with which they conduct business with the Town. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the Town.

**V. FINANCIAL DEALERS AND INSTITUTIONS**

The Town shall conduct business only with qualified financial institutions. An annual review of the financial condition and registration of qualified bidders will be conducted. The Town will refer to and use one or more recognized bank rating services including but not limited to those listed below:

- Veribanc Rating Service is an independent company that provides bank ratings on all U.S. federally insured financial institutions.
- Federal Deposit Insurance Corporation (FDIC) is an independent agency of the federal government that insures deposits in banks and thrift institutions for at least \$250,000.
- Financial Industry Regulatory Authority (FINRA) an independent, not-for-profit organization authorized by Congress to protect America’s investors by making sure the securities industry operates fairly and honestly.
- Securities Investor Protection Corporation (SIPC) provides up to \$500,000 insurance against a failed member brokerage firm.

The Treasurer shall require any brokerage house and broker/dealers, wishing to do business with the town to supply audited financial statements and proof of credit worthiness with minimum of five years in operation and minimum capital of \$100 million dollars.

All repurchase agreement transactions will be conducted through primary dealers of the Federal Reserve Bank of New York or applicable state agencies with short-term debt ratings of at least A-1, P-1, or F-1, or qualified depositories as described in the appropriate Section, which have executed master repurchase agreements with the Town.

**VI. INVESTMENT GUIDELINES**

All investments must be made in securities authorized by MGL c.44, §§ 54 and 55, 55A, 55B and MGL c.40, §5B and this investment policy statement.

**A. Suitable and Authorized Investments**

The Town may invest in the following securities or deposits:

- In term deposits or certificates of deposit with maturity of less than two years in trust companies, national banks, savings banks, banking companies, or cooperative banks.
- In obligations issued or unconditionally guaranteed by the United States government or one of its agencies.
- In United States government securities or securities of United States government agencies. All securities shall have a maturity from date of purchase of one year or less.
- Money market mutual funds regulated by the Securities and Exchange Commission, whose portfolios consist only of dollar-denominated securities; and
- Local government investment pools such as the Massachusetts Municipal Depository Trust and Massachusetts Municipal Depository Short Term Bond Fund.

No investments may be made in “derivative” securities such as futures, swaps, options, interest-only or principal-only mortgage-backed securities, inverse floaters, CMT floaters, leveraged floaters, dual index floaters, COFI floaters, and range floaters. These restrictions apply to direct investments as well as to investments through custodial arrangements, pools, or money market funds discussed in applicable Sections. Thus, if a custodial arrangement, pool, or fund includes securities listed in this paragraph, the Town may not invest in shares or other interest in such custodial arrangement, pool, or fund.

The Town requires full collateralization on all demand deposit accounts including checking accounts, certificates of deposit, and money market accounts.

The Town shall not at any one time have on deposit in a bank, trust company, or banking company an amount exceeding 60% of the capital surplus of such bank, trust company, or banking company unless satisfactory security is given to it by such bank, trust company, or banking company for such excess.

**PERMISSIBLE MUNICIPAL INVESTMENTS**

<b><u>Type of Funds</u></b>	<b><u>Statutory Section</u></b>	<b><u>Permissible Investments</u></b>
Trust Funds, Cemetery Perpetual Care Funds	G.L. c. 44, § 54	Savings banks, MA trust cos., FDIC/MA banking cos., cooperative bank shares/accounts, S&L shares, bonds or notes on Commissioner of Banks “Legal List” (G.L. c. 167, §§ 15A, 15B) <u>if \$250K+;</u> also “securities, other than mortgages or collateral loans, which are legal for investment of funds of savings banks” (w/amount limits)
Public Funds/Deposited	G.L. c. 44, § 55	Limits on amount of deposits w/o security; no conflict of interest for Treasurer
Public Funds/Limitation of Liability	G.L. c. 44, § 55A	No personal liability for Treasurer for failure of specified investments: savings bank, MA trust co., cooperative banks, FDIC/MA banking co.

Public Funds/Invested	G.L. c. 44, § 55B	Public funds “shall be invested in such a manner as to require the payment of interest on the money at the highest amount reasonably available, taking account of <u>safety, liquidity, and yield</u> ”; “prudently”; in accordance with G.L. c. 44, §§ 54, 55
Stabilization Funds	G.L. c. 40, § 5B	National banks, savings banks, MA co-operative banks or trust companies; “securities as are legal for the investment of funds of savings banks” [Legal List]; federal S&Ls in MA

Any investment held at the time of this policy’s adoption that does not conform to the policy shall be exempt from the requirements of the policy so long as such investment is a permitted Town investment under state statutes. At maturity or liquidation of such investment, all proceeds shall be reinvested only as provided by this policy.

The Town may invest or reinvest in an authorized custodial arrangement, pool, or money market fund specified in the appropriate Section of this policy that currently contains in its portfolio securities that do not meet the criteria set forth in appropriate Section (“Non-Conforming Securities”) only if (1) the custodial arrangement, pool, or money market fund is a permitted Town investment under state statutes, (2) the custodial arrangement, pool, or money market fund has adopted a written investment policy that precludes future purchases of Non-Conforming Securities for its portfolio, and (3) the custodial arrangement, pool, or money market fund has adopted a written investment policy of liquidating such Non-Conforming Securities as soon as practicable after market conditions permit such liquidation at par.

## B. Diversification

It is the policy of the Town to diversify its investment portfolio. To eliminate risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or class of securities, all cash and cash equivalent assets shall be diversified by maturity, issuer, and class of security. Diversification strategies shall include:

1. At the time of acquisition, no more than 10% of the overall portfolio may be invested in deposits with a single bank, unless the deposits are fully-insured or fully-collateralized, or in repurchase arrangements for a period longer than two business days conducted through a single dealer.
2. There is no limitation on the percentage of the overall portfolio that may be invested in: (1) U.S. government and agency obligations and in repurchase agreements fully collateralized by such securities, appropriate state pools, or an authorized custodial arrangement, pool, or money market fund, if permitted by state statute, specified in the appropriate Section.

3. Investments in securities that are not readily marketable, other than securities or deposits that mature within seven days, may not exceed 10% of the portfolio's net assets at the time of purchase.

This section does not apply to bank accounts used for the temporary deposit of receipts and deposits needed to cover disbursements that are expected to clear over the next seven days.

Investment decisions shall be based on the relative and varying yields and risks of individual securities and the Town's liquidity requirements.

## **VII. REPORTS**

Quarterly and annual reports summarizing the investment portfolio by security types and maturities, and describing the portfolio's performance relative to standard benchmarks (e.g., 90-day Treasury bills), shall be provided by the Treasurer to the Board of Commissioners for Trust Funds, Board of Library Trustees, the Cemetery Commission, and the Town Manager. A detailed portfolio listing, including cost, market valuations, maturities, and commentary on economic conditions, shall be provided with each report.

## **VIII. PORTFOLIO VALUATION**

The market value of the investment portfolio shall be determined on at least a monthly basis. Significant deviations of market values to amortized costs shall be reported promptly to the Town Treasurer.

## **IX. ADOPTION**

This policy shall be reviewed during the Town's Annual Budget process.

This policy shall be adopted by the Town Treasurer and presented to the Town Manager and Finance Director.

Adopted by the Town Treasurer and Collector of Taxes  
May 26, 2020



**SAMPLE CONTRACT FOR INVESTMENT  
ADVISORY SERVICES**

**Between  
The Town of Arlington  
and**

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This agreement entered into the \_\_\_\_\_ 2020, by and between \_\_\_\_\_,  
an investment advisory services firm (hereinafter “Adviser”), with offices located at:

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and the Town of Arlington, a municipal corporation within the Commonwealth of  
Massachusetts, with principal offices located in Town Hall, 730 Massachusetts Avenue,  
Arlington, Massachusetts 02476; Telephone Number 781-316-3031 (hereinafter “Town”). This  
is a direct fees agreement.

WHEREAS, the Town of Arlington, Massachusetts (the “Town”) requested proposals from  
qualified firms and/or institutions to provide investment advisory services connection with the  
Town’s Trust Fund portfolio, as specified in Advisers Response to the Town’s **Investment  
Advisory Services RFP Bid No. 20-35**, including but not limited to:

[insert reference to sections responsive to Minimum Requirements General Requirements,  
Quality Requirements, Price Proposal/Fee Schedule, and Appendices including Town Investment  
Policy]

NOW THEREFORE, the parties do mutually agree as follow:

1. Scope of Services

Adviser agrees to provide all the services enumerated in Appendix “A”: Fee Schedule at the  
rates so stated in their proposal dated \_\_\_\_\_ and all in accordance with the RFP and  
issued by the Town of Arlington on September \_\_, 2020, and Response of the Adviser  
incorporated by reference in an Appendices “B” (RFP) and “C” (Response) to this Agreement.

2. Investment Policy and Permissible Municipal Investments

Adviser hereby acknowledges and explicitly agrees to provide services consistent with the  
Town’s Investment Policy (incorporated by reference hereto), including its articulation of  
Permissible Municipal Investments outlined in M.G.L. c. 44 secs. 55, 55A, 55B and c. 40 sec.  
5B.

### 3. Insurance

The Adviser shall evidence provision and maintenance of insurance coverage in force for the life of the contract in adequate amounts to secure all of the obligations under this agreement and with insurance companies licensed to write insurance in the Commonwealth of Massachusetts, including but not limited to:

- a) Securities Investor Protection Corporation (SIPC) coverage adequate and customary to protect the Town of Arlington from losses incurred due to the possibility of bankruptcy or failure of the brokerage firm; and
- b) Errors & Omissions Insurance—sufficient to protect the Town of Arlington from losses incurred through errors and omissions.

### 4. Indemnification of the Town

Adviser and any and all insurance policies issued shall indemnify and hold harmless the Town of Arlington, its agents and employees from any and all claims for damages to persons or property as may arise out of the performance of this contract

### 5. Payment

The Town will review invoices and account analysis upon receipt according to the Fee Schedule set forth in Advisers Response to the RFP. If the Town is in agreement with the invoice, payment will be scheduled by the due date on the invoice. If there is a disagreement, the item(s) in question will be discussed with the Town Treasurer in charge of the Trust Fund account or his or her representative. When the disagreement is resolved, either the original invoice or the corrected invoice will be scheduled for payment by the due date if time allows or the next invoice warrant if the due date has passed.

### 6. Notice

All official notices under this agreement shall be provided to:

For the Town:

Phyllis L. Marshall, Town Treasurer  
Arlington Town Hall  
730 Massachusetts Avenue  
Arlington MA, 02476  
(781) 316-3030  
[pmarshall@town.arlington.ma.us](mailto:pmarshall@town.arlington.ma.us)

For the Advisor:

[name]  
[address]  
[phone]  
[email]

7. Time of Performance & Options to Renew

It is expressly agreed and understood that the term of the agreement shall commence on \_\_\_\_\_, 2020 for a period of one (1) year thereafter, ending on \_\_\_\_\_, 2021 .

The Town Treasurer & Collector of Taxes shall have the exclusive option on the part of the Town to renew the contract for up to two (2) one (1) year periods and shall notify Adviser of renewal thirty (30) days prior to the end date of the contract. In no event shall the contract extend past \_\_\_\_\_, 2023, the latest date the parties can be governed by this Agreement.

8. Termination

Either party may cancel the contract during the initial term or during renewal with sixty (60) days written notice without penalty. If the Town elects to terminate during the contract period, the Adviser may request a meeting within sixty days of receipt of intent to cancel to try to resolve the issue or issues, which led to the cancellation. The Town’s Purchasing Agent shall cancel the contract if funds are not appropriated or otherwise made available to support the continuation of performance in any fiscal year after the first year.

9. Amendments

Either party may from time to time request changes to this Agreement. Such changes, which shall be mutually agreed upon between the Town and the Adviser, shall be incorporated in written amendment to this agreement. No change, however, shall be binding unless and until approved by both parties.

10. Governing Law, Applicable Laws, Regulations, and Regulations

The Adviser shall provide the services hereinunder in accordance with the terms of this agreement, and all applicable laws, regulations and instructions now or hereafter provided by the Town. This contract is entered into and executed in accordance with applicable Massachusetts General Laws, the Town Manager Act and Bylaws of the Town Of Arlington and shall be governed by the laws of the Commonwealth of Massachusetts.

INWITNESS WHEREOF, the parties do mutually set their hands as of the date first written above.

APPROVED FOR TOWN:

APPROVED FOR THE ADVISER:

\_\_\_\_\_  
Phyllis L. Marshall  
Town Treasurer

\_\_\_\_\_  
[Adviser Contact Information]

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Adam W. Chapdelaine  
Town Manager

APPROVED AS TO LEGAL FORM:

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Douglas Heim  
Town Counsel