

2025

City of Delray Beach General Employees' Retirement Plan

REQUEST FOR PROPOSAL

CONSULTING SERVICES

INTRODUCTION AND DECLARATION

The Retirement Committee (“Committee”) of the City of Delray Beach General Employees’ Retirement Plan (“Retirement Plan”), hereby gives notice that proposals will be accepted from all firms interested in providing professional investment consulting services in accordance with all applicable local, state and federal rules, codes, regulations and/or laws.

The Committee will select the successful submission on the basis of the written proposal and an oral presentation to the Committee. Presentations shall only be scheduled with those firms whom the Committee feels are best qualified to perform the required services. The Committee reserves the right to withdraw this Request for Proposal (“RFP”) at any time to protect its best interest and the right to reject any non-conforming or unresponsive proposals.

The Retirement Plan is a defined benefit pension plan for general employees employed by the City of Delray Beach, Florida. The Retirement Plan is a governmental entity subject to both the Public Records and Sunshine Laws in Florida. The Committee consists of five (5) members: the City’s chief financial officer and four (4) Delray Beach residents appointed by the City Commission. The Committee meets quarterly in the City of Delray Beach (i.e., usually, as schedule permits, in February, May, August and November).

The request and submittal of your proposal shall in no way be construed as an obligation on the part of the Committee to provide you with compensation for your efforts or to contract with your firm. However, all proposals shall be considered a binding and an irrefutable offer for a period of sixty (60) days after the proposal due date.

The firm ultimately selected shall be required to enter into a Consulting Agreement with the Retirement Plan based on the terms substantially similar to the draft agreement attached to this RFP.

BACKGROUND

The Retirement Plan is a tax-exempt qualified Florida municipal governmental plan. It currently employs twenty (20) investment managers or mutual fund equivalents responsible for investment of the Retirement Plan’s assets. The approximate asset value of the total investment portfolio is \$193.5M (as of December 31, 2024).

Salem Trust currently provides custody of the assets. Custodian holds the Retirement Plan assets in ETF securities, mutual fund shares, or CIT.

A copy of the current Investment Policy Statement (IPS) and most recent investment performance report and asset allocation are attached for your information and review.

CRITICAL DATE

TIME IS OF THE ESSENCE! Submit two (2) copies of your proposal in writing to arrive ON OR BEFORE [REDACTED], at 5:00 P.M. Please place the proposal in a sealed envelope identified on the outside of the envelope by **“Sealed Proposal – City of Delray Beach General Employees’ Retirement Plan Consultant RFP”**, and mail to:

Lisa Castronovo, Pension Administrator
City of Delray Beach
Finance - Pension
100 NW 1st Avenue
Delray Beach, FL 33444

All proposals received after that date and time shall be recorded as “late.” The Committee will reject late proposals. **An electronic copy of the response should also be sent to:**

castronovol@mydelraybeach.com, pherrera@sugarmansusskind.com and copy jess@sugarmansusskind.com

DO NOT ATTEMPT TO CONTACT ANYONE ASSOCIATED WITH THE COMMITTEE OR ANY REPRESENTATIVE OF THE COMMITTEE CONCERNING INFORMATION OVER AND ABOVE THAT WHICH HAS BEEN PROVIDED IN THIS REQUEST FOR PROPOSAL.

If you have specific questions requiring an explanation of the content of these proposal specifications, submit a written request for interpretation or additional information to Lisa Castronovo, City of Delray Beach, 100 N.W. 1st Avenue, Delray Beach, FL, 33444, Email: castronovol@mydelraybeach.com.

QUALIFICATIONS

To be considered a qualified bidder, an applicant must meet the following requirements:

- A. Be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940. The consultant shall also be a fiduciary to the Retirement Plan in accordance with the provisions of Florida Statutes, Section 112.656.
- B. Satisfy the definition of "professionally qualified independent consultant" set forth in sections 175.071(6)(b) and 185.06(5)(b), Florida Statutes.
- C. Provide services on a hard-dollar fee basis.
- D. The Committee has a preference for firms that:
 - 1. Have no association/affiliation with any current or prospective investment manager for the Retirement Plan;
 - 2. Have no business affiliation with a broker-dealer.
- E. Have five or more years of experience in institutional investment consulting in the public sector.
- F. The person to deliver reports should have at least five (5) or more years of experience in institutional investment consulting and at least three (3) years of experience of such in the public sector.
- G. Firms responding should also have other Florida public funds as its clients.

SELECTION CRITERIA

The following criteria will be used to evaluate bid responses and to select the winning proposer:

- A. Complete response to all response items;
- B. Ability to meet service requirements;
- C. Experience, financial performance, and results in providing similar services to other governmental public pension clients;
- E. Qualifications and experience of individuals to be assigned to this engagement (the representative making the presentation should be the person who will be regularly reporting to the Committee and attending Committee meetings);

- F. Quality, method, and format of written proposal;
- G. Quality, method, and format of oral presentation;
- H. Overall cost.

The selected firm is expected to educate the Committee on investment related matters and products so that the Committee can make informed investment and asset allocation decisions.

When the Committee has tentatively selected a candidate, a meeting will be required to formulate plans in greater detail, to clarify any unclear items, and to otherwise complete negotiations prior to the formal award. At any time during the meeting, the Committee may choose to modify its choice of a selected candidate if, in its discretion, such change is in the best interest of the Committee.

TERMS AND CONDITIONS

- A. The Committee reserves the right to reject any and all proposals and has the right to waive any irregularities or informalities in a proposal at any time during the selection process until a contract has been executed.
- B. The award will be to the proposal whose bid, in the opinion of the Committee, is the best proposal, taking into consideration all aspects of the proposer's response.
- C. In the event the bidder to whom the bid is tentatively awarded does not execute a contract within 45 days after notification of selection, the Committee may give notice to such bidder of intent to award to the next most qualified bidder or to call for new bids and may proceed to act accordingly.
- D. The Committee will not be responsible for any expenses incurred in the preparation of proposals or presentations, or costs incurred during contract negotiations.

REQUESTED SERVICES RELATING TO EVALUATION OF MANAGER PERFORMANCE

- A. Quarterly written reports are to be provided to the Committee.
- B. An oral briefing to the Committee is to be provided at least quarterly for the purpose of interpreting, explaining, and summarizing all quarterly evaluations and performance reports. One of these briefings shall relate to the fiscal year end quarterly report.

- C. Reports shall be provided to the Committee within at least 45 days of the end of the most recent quarter with updated preliminary figures/reporting through the most current period allowable.
- D. The report provided to the Committee should contain information which is typical or standard for such reports provided to the firm's similarly situated other public pension fund clients. At a minimum, the report should provide the following:
 - 1. Summary of statistical information on the market value of assets and asset allocation.
 - 2. Total time-weighted return for each asset class for the most recently completed quarter, 12 months, 3 years and 5 years (and 10 years, if available), net of fees.
 - 3. Separate detailed analysis for each investment manager's performance and risk metrics and their corresponding effect on the portfolio as a whole.
 - 4. Comparisons of actual returns with generally recognized indices, and with an appropriate comparable universe of other similarly situated Retirement Plan managers.
 - 5. Statistical risk and return information related to manager performance.
 - 6. Information presented in both table and graph form.
 - 7. Calculations which allocate the total return between general market forces and management decisions of the Retirement Plan's respective investment managers.
 - 8. Evaluation of investment performance relative to the Retirement Plan's written investment policies and guidelines and all major market indices and benchmarks.
 - 9. The selected firm must review the Retirement Plan's investment performance and ensure the Committee's ongoing compliance with the written statement of Investment Guidelines and Goals. The selected firm must communicate any failure to meet policy goals.
 - 10. An indication of whether the manager is meeting the Committee's goals and adhering to adopted investment guidelines and legal requirements.
 - 11. Transaction costs.

REQUESTED SERVICES RELATING TO ESTABLISHMENT OF INVESTMENT GUIDELINES, GOALS, AND APPROPRIATE ASSET ALLOCATION

- A. It is the Committee's intention to select a consulting firm fully capable of providing these types of service.
- B. The selected firm should be prepared to act as consultant in the review and/or development of a written statement of Investment Guidelines and Goals and the development of a corresponding Asset Allocation Analysis. In developing a statement and plan, consideration should be given to:
 - 1. The Committee's willingness and ability to assume investment risk.
 - 2. Identification of asset classes which should be considered for investment.
 - 3. Evaluation of the effect that alternate asset class mixes have on expected long term return and risk.
 - 4. Evaluation and recommendation concerning the Retirement Plan's liquidity requirements and long-term investment goals.

REQUESTED SERVICES RELATING TO INVESTMENT MANAGER AND CUSTODIAN SEARCH

- A. Services to be provided shall include:
 - 1. Analysis leading to identification of appropriate investment styles consistent with the Committee's long-term investment objectives.
 - 2. Development and distribution of a Request for Proposal (RFP) to outside investment managers within investment space universe with appropriate investment style/track record.
 - 3. Clarifying the RFP to potential investment managers.
 - 4. Receive proposals from potential investment managers.
 - 5. Clarify and evaluate the proposals from potential investment managers for the Committee.
 - 6. Assist the Committee in interviewing, selecting and negotiating fees with investment managers.
 - 7. Review and recommend contract providers and reporting requirements.

8. Assist the Committee in transferring management of assets to new managers.
- B. The selected firm shall render advice and recommendations in the review, search, and selection of custodial banks for Retirement Plan assets.

ADDITIONAL REQUESTED SERVICES

- A. Coordinate with the Committee's legal counsel on such matters as may arise from time to time.
- B. Assist the actuary in the timely gathering of data for the required actuarial valuation.
- C. Provide timely assistance to outside auditors for the preparation of the annual financial statement.
- D. Perform such other duties as the Committee may require.

REQUIRED CONTENTS OF PROPOSALS IN RESPONSE TO THIS RFP

- A. General Information:
 1. Name of firm, address and telephone number of firm representative. General description of the firm and statement indicating the firm's commitment to providing defined benefit Retirement Plan financial evaluation and consulting services. Identify firm owners and changes in ownership since January 2015. Disclose all affiliations with brokerage, investment management, custodial and consulting firms.
 2. Additional description of firm, including size, total number of employees, number of employed investment professionals, primary business, other business or services, type of organization (franchise, corporation, partnership, etc.), and other descriptive material. Include information on all business units and percent of total of the bidder's income derived from each unit.
 3. Describe any changes in the structure of the firm over the past five years, as well as any future changes currently planned or scheduled.
 4. Names and resumes of key personnel who will be responsible for this engagement and all changes in key personnel since January 2015. Details on assigned personnel should include the names, titles, qualifications, number of years with the company, number of years in the position, total years in the industry, and years of

experience with performance measurement in general, in the public sector, and with Florida public pension plans.

5. List of all consulting/evaluation clients served by the personnel listed in response to Item 4 above, including contact reference name, telephone number, and approximate total fund size. Indicate type of service provided to each (i.e. financial consulting/evaluation, investment manager search, investment guidelines). List all clients added and terminated from January 2015 to present. Please highlight all Florida-based municipal clients.
6. Explain the size, composition, and source of your investment manager database. Is your database of prospective managers developed in-house or purchased from outside vendors? What indices are used for relative comparisons?
7. Does your firm maintain or utilize a public fund universe? If so, how many public funds are included and what is the median size and total assets of this universe? If a public fund universe is not used, what universe(s) is/are used to rank total returns?
8. Are peer universes also maintained for assets classes and for manager style? If so, list the universes that you currently maintain. Are these universe returns reported by plan sponsors or investment managers?
9. Explain if your software system(s) were developed entirely in-house or purchased from outside services.
10. Statement that the firm can provide all services as requested, or, alternatively, a statement taking exception to certain services which cannot be provided as requested.
11. Provide information on how the fee for the following services will be determined:
 - a. Evaluation of Investment Manager Performance.
 - b. Establish Investment Guidelines, Goals, and corresponding Asset Allocation.
 - c. Investment Manager Searches.

Provide an estimated fee for each service. Fees will be paid in "hard" dollars. However, proposers which are brokerage firms should state the percentage (if any) of commissions or other fees which will be available for credit against "hard" dollar fees.

12. Disclose any and all litigation involving the bidder and explain the nature of the litigation.

13. Provide the declaration page for your fiduciary liability insurance.

B. Information regarding evaluation of investment manager performance:

1. Provide a complete sample report which illustrates the types of information and format of quarterly reports which will be provided to the Committee.

2. Provide a discussion of your general approach, philosophy, capabilities, and experience in providing performance evaluation services.

C. Information regarding the establishment of investment guidelines, goals, and asset allocation:

provide a discussion of your general approach, philosophy, capabilities and experience in providing consulting services for the establishment of investment guidelines, goals, and asset allocation.

D. Information regarding investment manager search services:

provide a discussion of your general approach, philosophy, capabilities and experience in providing manager search consulting services.

E. Disclosure any conflicts of interest or potential conflicts of interest.

1. Does your firm, its affiliates, or the ultimate parent of the firm receive revenue, non-cash in-kind benefits, or similar perquisites from investment managers for consulting services or business functions provided, including, for example software sold, attendance at conferences, access to manager databases, or for any other reason? Specify type, source, and amount of revenue or such non-cash in-kind benefits, or perquisites.

2. Does your firm or any affiliates provide investment related products or services to both pension plan advisory clients and investment managers? If so, describe the services provided for investment managers.

3. Describe your policies and procedures that ensure the firm's advisory activities are insulated from any other business activities.

4. Describe your policies and procedures that ensure all disclosures required to fulfill fiduciary obligations are provided to advisory clients.
 5. Describe your policies and procedures to prevent/disclose conflicts of interest with respect to the use of brokerage commissions, gifts, gratuities, entertainment, contributions, donations, and other emoluments provided to clients or received from investment managers.
 6. Describe any affiliations or business relationships with other pension consultants, consulting firms, investment management investigation companies, or class action law firms.
- F. Provide complete responses to the attached DOL/SEC Pension Consultant Questionnaire.

GENERAL QUESTIONS

- A. What unique features of your plan services do you feel add the most value over time?
- B. Provide the scope of services and responsibilities in your consulting services.
- C. List all additional services offered to the Retirement Plan under the proposed fee schedule.
- D. What is your privacy policy regarding sharing client or account information with a third party?
- E. Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.
- F. Describe your company's system back-up, security and disaster recovery procedures. Are files archived and stored at an off-site location? If so, what is the location? Have procedures been tested? When did you last perform a full-scale disaster recovery test?
- G. Describe any other quality control systems in place at your firm.

INVESTMENT QUESTIONS

- A. Identify research that you purchase or generate internally when recommending investment managers to the Committee. What criteria does your firm use to narrow the selection of prospective managers?

- B. Identify the respective universe used to monitor and evaluate the investment managers.
- C. Describe other due diligence that your firm uses to evaluate current or potential investment managers.
- D. Describe the criteria and process that your firm uses to recommend the replacement of an investment manager.
- E. Is your firm GIPS compliant? If yes, provide a report. If not, explain why not.
- F. Provide comments on existing Investment Policy Statement. What changes do you recommend to managers and/or asset allocations?
- G. What changes would you make to the portfolio? Does this differ from a “clean slate?”
- H. Comment on current asset allocation and discuss other approaches you might suggest to improve returns and/or processes.
- I. Discuss your firm’s approach to determining asset allocation. Show your investment philosophy and views to support your recommendations.
- J. How will you work with the Committee to determine asset allocation?
- K. When do your clients tend to “outperform?” “Underperform?”
- L. Provide three examples of decisions that worked for your public pension clients and three examples of decisions that did not work for your other public pension clients. Provide an explanation of why they did or did not work, respectively.
- M. How are decisions made for the client?
- N. What is your view on tactical asset allocation? Do you implement this for a client, and if so, how?
- O. Discuss your views on passive investing. What is your typical allocation to passive investments?
- P. Provide your short, intermediate and long-term capital market expectations and views on the following:
 - 1. US equities
 - 2. Non-US equities
 - 3. Fixed Income
 - 4. Real Estate
 - 5. Hedge Funds

6. Other alternative investments

- Q. What are your views on “alternative” investments? What is your typical weighting in alternative investments? What weighting would you recommend for this Retirement Plan?
- R. How will asset transitions occur?
- S. Salem Trust currently has custody of the Retirement Plan’s assets. What is your experience working with this custodian? Can you work with this provider? Would you propose working with other custodians?
- T. Are your fees negotiable?
- U. What software do you use for asset allocation/ALM studies?

MISCELLANEOUS

- A. State whether you are willing to acknowledge that you are a fiduciary of the Retirement Plan as defined in Section 112.656, Florida Statutes and the Employee Retirement Income Security Act of 1974 ("ERISA").
- B. State whether you agree that the agreement shall be construed under the laws of the state of Florida and federal law where applicable.
- C. State if you agree for the venue for any judicial proceeding to be in the county in which the Committee sits (Palm Beach County).
- D. Submit form ADV Part II including schedule F, a copy of Florida registration as an investment adviser pursuant to Section 517.12, Florida Statutes, and, if you are an out-of-state business entity, a copy of an authorization to do business in Florida pursuant to Section 605.0902 or 607.1503, Florida Statutes.
- E. In conformance with Florida Statutes, confirm that your firm qualifies as “independent” by, at a minimum: a) providing that all services are on a flat-fee basis; b) your firm is not associated in any manner with the money managers for the Retirement Plan; c) makes calculations according to the American Banking Institute method of calculating time-weighted rates of return (all calculations must be made net of fees); and d) has three (3) or more years of experience working in the public sector.
- F. Include an affirmative statement that both the firm and the individual submitting this proposal will abide by and uphold 112 Florida Statutes and the Florida Administrative Code as they pertain to Performance Evaluators and the investment management of this Retirement Plan.

- G. Provide a copy of your standard agreement and indicate if the terms are negotiable.

FEES

State all of your fees/compensation, both direct and indirect. Are the fees negotiable?

FOR YOUR INFORMATION:

Section 287.133, Florida Statutes, provides that a person or affiliate who has been placed on the convicted vendor list following a conviction for a public entity crime may not submit a bid on a contract to provide any goods or services to a public entity, may not submit a bid on a contract with a public entity for the construction or repair of a public building or public work, may not submit bids on leases of real property to a public entity, may not be awarded or perform work as a contractor, supplier, subcontractor, or consultant under a contract with any public entity, and may not transact business with any public entity in excess of the threshold amount provided in Section 287.017, Florida Statutes, for CATEGORY TWO for a period of 36 months from the date of being placed on the convicted vendor list.

In addition, pursuant to Florida Statutes, if your firm is chosen, you will need to attest to compliance with Fla. Stat. 287.138 (**Foreign Countries of Concern**), F.S. 787.06(13) (**coercion for labor or services**) and F.S. 448-095 (**E-Verify**).

DOL / SEC Pension Consultant Questionnaire

Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided your clients with all the disclosures required under those laws (including Part II of Form ADV)?

1. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the Retirement Plan for consideration? If so, describe those relationships.
2. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the Retirement Plan for consideration? If so, what is the extent of these payments in relation to your other income (revenue)?
3. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?

4. If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commission paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not overpay its consulting fees?
5. If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?
6. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?
7. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment advisor to the Retirement Plan while providing the consulting services we are seeking?
8. Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the Retirement Plan?
9. What percentage of your clients utilize money managers, investment funds, brokerage services or other providers from whom you receive fees?

Please have the firm's Chief Compliance Officer certify that the responses above are true and correct.