



CITY OF FORT BRAGG

REQUEST FOR PROPOSALS FOR SECTION 115 TRUST

The City of Fort Bragg is seeking proposals from qualified firms who offer Internal Revenue Service (IRS) Code Section 115 Retirement Trust (hereinafter referred to as "Trust") services to California local government agencies. The firm's services anticipated to be provided include the establishment and ongoing fiduciary investment advice for a Trust(s) for pension and potentially other eligible expenses.

AGENCY DESCRIPTION

The City of Fort Bragg is located approximately 165 miles north of San Francisco and 188 miles west of Sacramento, with a population of about 7,500. Fort Bragg is a general law city with a five-member City Council and operates under the Council-Manager form of government. The Council appoints the City Manager, appoints other City Officials, and oversees the City's daily operations.

The City provides a wide range of services to its residents, including public protection through the Police Department, the construction and maintenance of streets and infrastructure, water service, community development, financial management, and administrative services. Special Districts and Joint Powers Authorities (JPAs) under the jurisdiction of the City provide emergency services, fire protection, wastewater treatment, and redevelopment services throughout the City. The City employs approximately 60 employees consisting of 4 part-time and 56 regular full-time employees. During the busy tourist season, the City traditionally hires four temporary employees for parking enforcement and to help maintain city streets and parks.

SERVICES REQUIRED

A. General. The City of Fort Bragg is exploring various options for managing its long-term pension liabilities. One of the strategies being considered is the City establishing an Internal Revenue Service Code Section 115 trust to hold assets set aside to fund future pension obligations and expenditures. The objectives of the proposed Trust are to provide reasonable returns and maximum flexibility in terms of beneficiaries of trust assets. The yield objective recognizes the need to protect the principal value of assets in the Trust while also acknowledging that yields cannot be obtained without some measure of prudent risk. The primary purpose of this RFP is to obtain Information to evaluate prospective firms that provide this type of trust service.

B. Advice and Consultation. Throughout the contract period, the firm must be available during regular business hours to provide the City with informal advice and consultation on matters relating to the Trust, including but not limited to the analysis of funding options, asset allocation strategies, and trust design. The firm will be expected to keep the City updated on Trust related issues and developments pertaining to Federal and State tax code requirements and changes in financial reporting pronouncements issued by the Governmental Accounting

Standards Board. At the manager, director, or partner level, a senior staff member will be responsible for responding to City communications within one business day.

C. City Requirements. The firm must comply with all relevant City requirements, such as obtaining a City of Fort Bragg business license, providing proof of insurance for at least the minimum required amounts, and executing a contract for consulting services. Information about the City of Fort Bragg business licenses is available on the City's website <https://www.city.fortbragg.com/>. Information about current insurance requirements is available from June Lemos, MMC, City Clerk (707) 961-2825 ext. 104.

D. City Council Meetings. The firm shall make available up to three times per fiscal year a senior staff member at the manager, director, or partner level to attend City Council meetings and Finance & Administration meetings to discuss the Trust's performance and strategies.

SCOPE OF WORK

- **Trust Objectives.** Based on the firm's specific prior knowledge and experience as a Trust services provider, advise City staff in establishing a comprehensive trust program, including the establishment of IRS Section 115 Trusts (both pension and other eligible expenditures) and recommended annual funding strategies.
- **Trust Administration.** Based on the firm's specific prior knowledge and experience as a Trust services provider, offer trust structure, administration, and related trustee services, including coordinating all City contributions to the Trust and processing requests for distributions.
- **Fiduciary Investment Advisory Services.** Based on the firm's specific prior knowledge and experience as a Trust services provider, offer a full scope of fiduciary investment management services, including but not limited to developing a written investment policy for the trust assets, developing a recommended asset allocation strategy based on the Trust's funding and investment objectives and the City's risk tolerance.
- **Reporting.** Provide monthly, quarterly, and annual comparative performance analyses and evaluation reports of the Trust's investments.

PROPOSAL SUBMITTAL REQUIREMENTS

1. Proposers should send a complete digital proposal, collated into one PDF document so that it is received by the City no later than **2:00 p.m. on April 22, 2022**, to:

City of Fort Bragg
Attention: June Lemos, MMC, City Clerk
416 North Franklin Street
Fort Bragg, CA 95437
jlemos@fortbragg.com

Electronic proposals are to be emailed to jlemos@fortbragg.com. Email subject line: RFP Section 115 Trust. The City reserves the right to reject any or all proposals submitted without prejudice. Late proposals will not be considered.

2. Contents: The proposal aims to demonstrate the firm's qualifications, competence, and capacity and of the particular staff to be assigned, in conformity with this RFP. The proposal should address all the points outlined in this RFP. The proposal shall contain the following Information:

- **Title Page.** Showing the RFP subject; the firm's name; the name, address, telephone number, and email address of the contact person; and the date of the proposal.
- **Table of Contents.** Including a clear and complete identification of the materials submitted by section and page number. Cross-referencing to section and page number in this RFP is preferred.
- **Transmittal letter.** Briefly stating the proposer's understanding of the work to be done, the commitment to perform the work within the timeline in this RFP, a statement addressing why the firm believes itself to be the best qualified to complete the work, and a statement that the proposal is a firm and irrevocable offer for 120 days. Certify that the person signing the proposal is entitled to represent the firm, empowered to submit the bid, and authorized to sign a contract with the City.
- **Experience.** Describe your firm's experience serving California local government clients in establishing IRS Section 115 Trusts and related investment services. Comment on the key program advantages which make your firm different from your competitors. Please disclose the total volume of all Section 115 trusts under management with your firm.
- **Program Team and Relationship Services.** Provide the person's resume (executive assigned to the City's Trust account) who will be the key contact point to coordinate services to the City. Please identify your firm's service team members, including their tenure with the firm, their background, and their role in managing the City's proposed Trust account.
- **Proposals should also:**
 - Describe the entity or entities proposed to serve as the trustee/custodian of the Section 115 Trust and as a trust administrator, including a description of their background and experience with these types of trusts.
 - Describe the entity or entities proposed to serve as the investment manager of the Section 115 Trust and as a trust administrator, including a description of their background and experience with these types of trusts. Specify the number of years your organization or subcontractor has been providing investment advisory services.
 - Disclose if your firm's proposal includes use of any subcontractors for the servicing of the Trust plan and if so, please describe the nature of these services.
 - Provide the City with sample copies of contract documents you would expect to require the City to sign and approve to enter into an agreement.
 - Explain if your firm or subcontractor is a registered investment advisor under the Investment Advisor's Act of 1940. Please attach Part 2A of your most current Form ADV as an appendix.
 - Describe any SEC, FINRA, or regulatory censure or litigation involving your firm, subcontractor, or its employees within the past three years.
- **Private Letter Ruling.** Explain the legal basis for your Section 115 Trust and how your program meets the requirements for compliance with federal and state law and any applicable requirements related to pronouncements issued by the Governmental Accounting Standards Board (GASB).
 - Disclose if your pension Section 115 Trust program has received approval from the IRS in the form of a Private Letter Ruling.
 - Describe safeguards built into your Section 115 Trust program to limit the liability exposure to the City.

- **Trustee and Trust Administration Services.** Please provide a comprehensive list of trustee services and Section 115 trust administration services you will provide.
 - Please note if there are any additional costs for any of the above-mentioned services.
 - Describe how City contributions to and distributions from the Section 115 Trust are now handled.
 - Define any termination restrictions for the Section 115 Trust.

- **Investment Requirements and Investment Performance.** Is there an initial minimum balance requirement for the 115 Trust? Please describe the investment services your firm offers with respect to the 115 Trust, including:
 - Does your firm offer assistance with investment strategy selection and investment policy development? Does this service typically include specific asset allocations recommendations? If so, please explain.
 - Please provide the firm's recommended comparative yield benchmarks for trust assets held in this type of Trust. Please provide annual, five-year, ten-year, fifteen-year, and twenty-year return history and expense ratios for each fund/portfolio option available. Would the firm be able to benchmark against yields obtained from similar 115 Trusts such as the California Employee Retirement Benefit Trust? If so, please provide this data.
 - Describe the investment and risk options available for the 115 Trust.
 - Explain your firm's views on passive versus active management. What is your typical recommendation regarding the allocation of the Section 115 Trust assets between active and passive management?
 - What are the typical approaches made to rebalancing or reallocating asset classes, styles, and sectors for or on behalf of the fund/trust?
 - Are there minimum requirements for periodic contributions to the Section 115 Trust?

- **Fees.** Please provide all fees for the proposed services in a separate schedule, including administration, trustee, and investment management services.
 - Detail any initial balance or start-up fees.
 - Are fees scalable dependent upon the amount of assets placed into the Section 115 Trust? If so, provide a schedule of the fees.
 - Identify fees for consulting, trustee, and investment services separately.
 - Provide historical fees for each of the prior five years (2012 through 2016).
 - Identify the expense structure of the Section 115 Trust investment platforms. Detail the expenses (i.e., no-load, low-load, proprietary funds, institutional shares, etc.).
 - Describe in detail the revenue-sharing agreement that the firm has with investment managers and/or subcontractors, insurance providers, and any remuneration that the firm derives from investment managers and/or sub-advisors. Include any 12b-1, service, distributor, or platform fees that the firm derives from investment managers and/or sub-advisors.
 - Describe any additional fees or potential hidden costs to be netted from investment performance.
 - Describe in detail any and all surrender, withdrawal, transfer, or deferred sales charges within your investment products.
 - Describe any fee related to the transfer of assets and restrictions or costs related to the termination of the agreement with your firm.

- **References.** Please list the name, address, contact name, telephone number, and email address of at least five public agency client references, emphasizing clients served by the Section 115 Trust pension program proposed in response to this RFP.

EVALUATION CRITERIA

Proposals will be evaluated by an evaluation committee comprised of City Staff based on the following criteria:

- 1) Qualifications as they relate to this project (40%) in the order shown.
 - a. Firm’s experience with the planning & implementation of a Pension Trust.
 - b. Firm’s experience with Fiduciary investment advisory services.
 - c. Qualifications of proposed key personnel.
 - d. Communication skills.
- 2) Firm’s reputation for integrity and competence (20%).
- 3) Price (20%).
- 4) Apparent ability to provide the required services in a timely matter (10%).
 - a. Accessibility of staff.
 - b. Flexibility and readiness in completing specified work.
- 5) Responses to a supplemental questionnaire (10%).

The above selection criteria are provided to assist proposers and are not meant to limit other considerations that may become apparent during the selection process. Proposals will be reviewed, and a recommendation for the award of contract will be presented to the Fort Bragg City Council.

OTHER CONSIDERATIONS

The City of Fort Bragg reserves the right to reject any and all proposals. This Request for Proposals does not commit the City to award the contract, pay any costs incurred in preparing proposals or procure or contract for supplies or services.

The City of Fort Bragg reserves the right to negotiate with any qualified respondents or to cancel, in part or its entirety, this Request for Proposals if it is in the best interest of the City to do so. The City may require the selected consultant to participate in negotiations and submit such price, technical or other revisions of the proposal that may result from negotiations.

RFP SCHEDULE RFP

Release Date:	April 1, 2022
Deadline for Written Questions:	April 18, 2022
Proposals Due:	April 29, 2022 (2:00 p.m.)
Interviews:	TBD
Selection:	May 23, 2022

QUESTIONS

Questions should be directed to:
 Isaac Whippy
 Assistant Finance Director
 City of Fort Bragg
 416 North Franklin Street Fort Bragg, CA 95437
 Email: iwhippy@fortbragg.com