**TML Intergovernmental Risk Pool**



**Request for Proposals**

**for**

**Investment Management Services**

##### REQUEST FOR PROPOSAL

Solicitation Number: RFP No. 25-02 Item/Service: Investment Management Services

Date Issued: September 22, 2025 User Department: Finance

**Request for Proposal Closing Time and Date: Wednesday, October 29, 2025 prior to 3:00 p.m. CDT.**

The enclosed REQUEST FOR PROPOSAL and accompanying SCOPE OF WORK are for your convenience in submitting an offer for the enclosed referenced items or services for the Texas Municipal League Intergovernmental Risk Pool.

Proposals and changes thereto shall be submitted electronically and shall be submitted to purchasing@tmlirp.org. The solicitation number, services being proposed, and the date and time of the proposal closing shall be typed in the subject line of the email.

The Texas Municipal League Intergovernmental Risk Pool appreciates your time and effort in preparing this proposal. All proposals must be received at the designated email address by the deadline shown. Proposals received after that deadline will be returned unopened and considered void and unacceptable.

**TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL**

**INVESTMENT MANAGEMENT SERVICES**

**RFP NO. 25-02**

# 1. PURPOSE: The Texas Municipal League Intergovernmental Risk Pool (TMLIRP) is requesting proposals from qualified investment management institutions to provide investment management services as described herein. This Request for Proposal must be completed in its entirety.

#

**2. BACKGROUND:** TMLIRP provides property, liability, cyber, and workers' compensation coverage for certain governmental entities of the State of Texas. Member entities include cities, housing authorities, water and irrigation districts, council of governments, hospital districts, flood control districts, tax appraisal districts, transit authorities, mental health/mental retardation agencies, public utility boards, river authorities, fire districts/emergency service districts, 911 districts, municipal utility districts, and other special districts and authorities TMLIRP is comprised of six funds: Workers’ Compensation, Liability, Property, Cyber, Reinsurance and Stability. *Investments for the funds are combined for investment management purposes under two different mandates guided by the following (see attached Investment Policy for further details):*

Public Funds Investment Act

The Public Funds Investment Act (Chapter 2256, Texas Government Code) is the primary investment regulation under State law for local governments.

Chapter 504 of the Texas Labor Code

Chapter 504 of the Texas Labor Code grants TMLIRP sole discretion, under the prudent person rule, to establish an account and accumulate and invest assets in such account for the interest of current and future beneficiaries of workers’ compensation death and lifetime income benefits. Chapter 2556, Government Code (Public Funds Investment Act) does not apply to the investment of these assets.

**3. MISSION:** The mission of TMLIRP is to facilitate and empower a partnership amongst Texas municipalities (and other eligible local governments) by offering a stable and economic source of risk financing and loss prevention services.

And the Core Values of TMLIRP are the following:

* **Public Service**: Serving the public good – for the benefit of local governments and their tax-paying citizens.
* **Fiscal Responsibility**: Responsibility managing our members’ pooled funds for the protection of their financial stability.
* **Operational Excellence**: Delivering excellent member service in all components of our risk financing and loss prevention service.
* **Integrity**: Serving with honesty, integrity, and professionalism.

**4. CALENDAR OF EVENTS:** Listed below are the important dates and times by which the actions

 are anticipated to be taken or completed:

|  |  |  |
| --- | --- | --- |
|  |  | **CALENDAR OF EVENTS**  |
| **DATE**  | **TIME**  |  | **ACTIONS**  |
| 09/22/2025 |  |  | Release Request for Proposal. |
| 10/08/2025 | 3:00 PM CST  |  | Last day for submission of written questions.  |
| 10/15/2025 |  |  | Answers to all questions provided to all interested Proposers. |
| 10/29/2025 |  Prior to 3:00 PM CST |  | RFP response proposals due.Sealed proposals will be publicly opened, and respondent names read aloud.  |
| Jan 2026 | See note below. |  | Make recommendations to Board |
| Jan-Apr 2026 | See note below. |  | Make award |

***Board Recommendation and Award of Contract***

***TMLIRP is in the process of analyzing its investment program for Board consideration at the January 2026 Board meeting as part of its annual Planning Session. The results from this request for proposals will be presented to the Board in January 2026 as part of the overall program analysis. The Board will consider the structure of the portfolio management of TMLIRP investments at the Planning Session. There is a possibility that the Board will request additional information for final board consideration at the April 2026 Board meeting. Therefore, the responses to this request for proposals should consider the possibility that the final decision will not be addressed until the April Board Meeting.***

**5. INQUIRIES:** Any questions regarding this proposal shall be emailed to purchasing@tmlirp.org by the

 designated deadline listed on the Calendar of Events.

**6. METHOD OF SOURCE SELECTION:**

* 1. The criteria below are to be used in the evaluation of the proposals.
1. Qualifications and Experience.
2. Financial soundness of investment firm.
3. Investment philosophy and approach.
4. Fixed income performance.
5. Cost of services.
	1. TMLIRP expressly reserves the right to:
6. Waive as an informality minor deviations from the scope of work.
7. Waive any informalities in any proposal or proposal procedure.
8. Reject all proposals or any part of a proposal whenever it is deemed necessary.
9. Reissue a proposal.

**7. PREPARATION OF PROPOSALS:**

* 1. A copy of TMLIRP’s Contract for Professional Investment Management Services is attached. The offerer shall agree to execute the Contract if selected. Any proposed changes or additions to the Contract must be submitted for consideration as part of the offerer’s proposal.
	2. A copy of TMLIRP’s Investment Policy is included in this Request for Proposal. Please read this carefully. All investment activities must conform to the policies and guidelines of TMLIRP.
	3. TMLIRP has two bond investment mandates: (1) US Government-backed bond portfolio (including MBS, Municipal Bonds, etc.) and (2) Corporate – ABS portfolio.
		1. 50% of the government portfolio is managed internally and 50% is managed by two external investment managers (25% each). Total investments - $577 million.
		2. 100% of the corporate portfolio is managed by two external investment managers (50% each). Total investments - $127 million.
		3. The request for proposal includes investing all or part of the government and corporate investment portfolios described in 7.3.1 and 7.3.2. The two mandates must be managed separately.
		4. See attached list of holdings for both mandates.
		5. TMLIRP utilizes Vanguard Mutual Funds for equities (US and International) and high-yield bonds. This is NOT included in the request for proposal. Total Investments - $155 million.
		6. Total TMLIRP investments $860 million.
	4. The proposals shall include three-tiered percentage fee grids for investing (1) up to the total government portfolio of $577 million, (2) up to the total corporate portfolio of $127 million and (3) up to the total combined government and corporate portfolios of $704 million (See attached Proposed Fee Schedule).
	5. The following are the Custom Benchmarks:

Government Bond Mandate:

* 70% weighting to the Barclays Capital MBS Fixed Rate Index
* 20% weighting to the Barclays Capital Intermediate Taxable Municipal Index
* 10% weighting to the Barclays Capital Intermediate Government Index

Corporate Bond Mandate:

* Barclays US Intermediate Corporate Bond Index
	1. Performance is measured by both Return on Investments and Total Rate of Return (see page 12 of the

Investment Policy). All of TMLIRP’s business decisions are based on Return on Investments and as such, this measure is extremely important. To maintain a stable return on investment, TMLIRP limits sales of investments that result in realized losses for the Government Mandate. There are no restrictions on realized losses for the Corporate Mandate (see page 9 of the Investment Policy).

* 1. The investment manager must be proficient and experienced in managing portfolios utilizing the various

 investment techniques described on page 5 of TMLIRP’s Investment Policy. The investment management firm must have five years of fixed income management experience and at least $1 billion in managed assets.

* 1. It is the desire of TMLIRP to have an investment management arrangement that provides for significant communication between the investment portfolio manager and TMLIRP’s staff. The investment manager shall be responsive to the needs of TMLIRP’s staff including providing investment and economic information. The purpose of this provision is to enhance staff’s expertise and understanding of the investment manager’s outlook and portfolio management.
	2. The investment management firm must be authorized to act as investment advisor in the State of

 Texas.

* 1. TMLIRP utilizes a master custody arrangement with Principal Bank. The custody duties for all managers will be administered by one common financial custodian.
	2. TMLIRP utilizes Strategic Asset Alliance (SAA) for investment consultant services.

 **7.12** The term of the Contract is XX, 2026 to XX, 2029. The Contract may be renewed for additional two-year periods by the Board of Trustees of TMLIRP by giving notice of renewal to the investment manager at least thirty days prior to the end of the initial term or the end of the first renewal period. For any year this contract is renewed, the terms, conditions and fees set forth shall apply (see Contract for Investment Management Services). ***As noted above, the term of the contract will be determined at the January 2026 or April 2026 board meeting.***

**7.13**

* 1. TMLIRP currently receives professional investment services from two nationally recognized firms at an annual rate of 10 basis points times the total market value of all assets, including cash and excluding accrued interest.

**8. SUBMISSION OF PROPOSALS:** Proposals shall be submitted in accordance with the following:

* 1. The complete Proposal package shall be emailed to purchasing@tmlirp.org. Only emailed submissions will be accepted for this procurement. Accepted formats are a combination of Adobe Acrobat (PDF), Word, PowerPoint, and other commonly used applications.

**8.2** Facsimile or hand delivered proposals will not be accepted.

 **8.3** Proposals shall be returned in sufficient time to be received prior to the proposal closing date

 and time.

**8.4** Proposals received after the stated proposal closing time and date will not be considered for

award. The emailed proposal will be returned unopened to the offerer.

* 1. Receipt of an addendum or amendment must be acknowledged by signing and returning the

addendum/amendment with the emailed proposal prior to the time set for the proposal closing.

**9. CONTRACT:** The successful offerer shall agree to execute the Contract attached to this Request for Proposal as Attachment A. Attachment A is a part of this Request for Proposal and must be thoroughly reviewed by each offerer. It contains information that each offerer must be aware of in order to provide a bid. The award of the Contract to the successful offerer by TMLIRP’s Board of Trustees shall not be deemed a rejection of any other proposal properly submitted until the Contract has been properly executed by the successful offerer. If the successful offerer fails to execute the Contract, TMLIRP may award the Contract to another offerer, which it deems to have proposed favorable terms, conditions and costs. Any proposed changes or additions to the Contract must be submitted for consideration as part of the offerer’s proposal.

**10. SIGNING PROPOSAL:** Proposals must be signed by an officer of the investment management institution duly authorized to bind the institution to the proposal submitted. All pages of this proposal (including the attached questionnaire) must be completed where appropriate and all pages included in the sealed package submitted to TMLIRP. Failure to properly sign the proposal and include all properly completed pages may result in the rejection of the proposal. The investment management institution agrees to execute the Contract for Professional Investment Management Services attached as Attachment A.

**We propose to manage the assigned portfolio(s) at an annual rate as presented in the attached Schedule of Investment Management Fees.**

The information in this Proposal is true and correct, and the Officer Signing Below is Duly Authorized to Bind this investment management institution to such Proposal. The proposal includes consideration that the final decision and award of the investment management contract could be considered as late as April 2026, and the proposed terms and fees will be honored for the April 2026 consideration.

 Signed this \_\_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2025.

|  |  |
| --- | --- |
| By: |  |
| Name of Official: |  |
| Title of Officer: |  |
| Name & Address of Investment Manager: |  |

**TEXAS MUNICIPAL LEAGUE INTERGOVERNMENTAL RISK POOL**

**INVESTMENT MANAGEMENT SERVICES**

**REQUEST FOR PROPOSAL QUESTIONNAIRE**

**GENERAL FIRM INFORMATION**

1. Firm’s Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
2. Street Address:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
3. City, State, Zip Code:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
4. Contact Person’s Email Address:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
5. Contact Person’s Name:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_
6. Contact Person’s Telephone Number:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

 (area code) number

**HISTORY OF FIRM, ORGANIZATION AND STAFFING**

1. Please provide a brief history of the firm.
2. Please enclose an organizational chart of ownership and staff. In addition, please provide:
* Number of Total Staff.
* Number of Portfolio Managers.
* Number of Fixed Income Portfolio Managers.
* Number of Holders of the CFA Designation.
1. Describe the professional staff turnover within the last five years.
2. Year firm began managing institutional accounts.
3. Who will manage TMLIRP’s portfolio? Back-up? Please provide professional background and experience.
4. Please provide details on the financial condition of the firm (include debt/equity and debt/total assets, and other pertinent ratios).
5. Net worth as of December 31, 2024 (if not available, give net worth at next closest date).
6. If there are any companies which have an ownership interest of 5%, or more, in your company, please indicate the company’s name, address and percentage of ownership interest. Please specify if any buyout arrangement exists or if there are any options available for outside parties to increase ownership.

15. Provide levels of coverage for SEC required fidelity bonds, errors and omissions coverage, and other fiduciary coverage that your firm carries. Also, include the name and address of provider of above coverage.

**PRINCIPALS INVOLVED AND THEIR EXPERIENCE**

1. Schedule D for FORM ADV provides biographical information. FORM ADV must be submitted with the responses to this questionnaire.

Please include any supplemental information about the principals involved and their experience, if you believe it will better enable us to evaluate your organization. A narrative description may be helpful.

**INVESTMENT REPORTS**

1. Please provide samples of hard copy reports TMLIRP will receive monthly and describe any on-line reports that are available.

**INVESTMENT PHILOSOPHY AND STYLE**

1. How would you characterize your investment philosophy and style (Sector Rotator, Interest Rate Anticipator, Duration Matching, or Other.)?
2. Please describe your decision-making process for portfolio construction. Do individual managers or teams manage your accounts? What tools do you use in the process?
3. How do you manage a portfolio against a benchmark? Historically, when your portfolio over or under performs its benchmark, what have been the principal causes for the over (under) performance? Why would TMLIRP not index the portfolio?
4. What performance attribution system does your firm deploy? Internal or Third Party?

**PORTFOLIO CHARACTERISTICS**

1. For each of the benchmarks (Government and Corporate Mandates) described in Section 7.5 above and the Investment Policy, please provide the portfolio characteristics (Portfolio size, sector weightings, duration, maturity and average coupon, etc.) for a fixed income account managed by your firm as of March 31, 2025, that closest matches each benchmark.

**MAJOR CLIENTS AND MONEY UNDER MANAGEMENT**

1. What are your total assets under management? Of the total, how much is fixed income?
2. Assets under management as of March 31, 2025.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Equity |  | Balanced |  | Fixed |  | Total |
|  |  |  |  |  |  |  |  |  |
| Public |  |  |  |  |  |  |  |  |
| Insurance |  |  |  |  |  |  |  |  |
| Other Corporate |  |  |  |  |  |  |  |  |
| Individual |  |  |  |  |  |  |  |  |
| Other |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| TOTAL |  |  |  |  |  |  |  |  |

1. Number of clients as of March 31, 2025.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | Equity |  | Balanced |  | Fixed |  | Total |
|  |  |  |  |  |  |  |  |  |
| Public |  |  |  |  |  |  |  |  |
| Insurance |  |  |  |  |  |  |  |  |
| Other Corporate |  |  |  |  |  |  |  |  |
| Individual |  |  |  |  |  |  |  |  |
| Other |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| TOTAL |  |  |  |  |  |  |  |  |

1. What is the size of your smallest and largest fixed asset account? What is the number of fixed asset accounts per portfolio manager? Are you managing money for your parent owner or firm? If so, what amount?
2. Provide the number of accounts you have gained and lost in the past two years. Provide the market value of those accounts.
3. List the names of your top five clients.
4. What is your goal for growth of assets over the next five years? Your response should include objectives relating to assets under management, and number of clients.
5. Please provide a list of your insurance, risk pools and governmental accounts currently under management for the most recent quarter end.
6. Provide the contact names and phone numbers of three clients you wish to use as references.
7. Fixed Income Account Performance – (In accordance with industry standards – describe the compliance with these standards)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |
| Year | ANNUAL RETURN | COMPOSITE HIGH/LOW RETURNS | NUMBER OF ACCOUNTS | ASSETS | AVERAGE ACCOUNT SIZE |  |
|  |  |  |  |  |  |  |
| 2024 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 2023 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 2022 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 2021 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 2020 |  |  |  |  |  |  |
|  |  |  |  |  |  |  |

* Performance results presented should be based on a composite of accounts managed. Performance calculations should adhere to the performance Presentation Standards endorsed by the CFA Institute.

**STATE OF TEXAS REQUIREMENTS**

1. Your firm must be authorized to act as investment advisor in the State of Texas. Please provide proof of authorization.

**INVESTMENT OUTLOOK**

1. What is your outlook for interest rates short-term (12 months) and long-term (5 years)? Please justify your answer.
2. What is your view of Federal Open Market Committee’s monetary policy since 2000?

**DIFFERENCE FROM OTHER FIRMS**

1. What distinguishes your firm from other firms? What insurance industry research is available for your clients? What makes your firm a perfect fit for TMLIRP?

**MODEL PORTFOLIOS FOR TMLIRP**

1. Please utilize the attached Proposed Portfolio Template to provide a model portfolio for TMLIRP’s (1) government mandate portfolio and (2) corporate mandate portfolio. The portfolio size for each mandate shall be $200 million and include a portfolio of specific securities. Include a report which describes the characteristics of the portfolio and a comparison of the portfolio to TMLIRP’s two custom benchmarks.

**INVESTMENT STRATEGY BASED ON TMLIRP OVERALL STRATEGIC OBJECTIVES**

1. Please describe your approach to developing an investment strategy for a public risk pool whose investment objectives must balance long-term funding needs with shorter-term liquidity demands. Specifically, outline how you would approach determining an appropriate asset composition in relation to TMLIRP’s net position and claims liability demographics, and how you would incorporate TMLIRP’s stated risk tolerance and funding level into your decision-making framework. Please explain the key factors, considerations, and processes you would rely on in formulating recommendations and making adjustments over time.

**RECOMMENDED CHANGES TO THE LTB PORTFOLIO BENCHMARK**

1. As indicated above and in the investment policy, changes to Texas law expanded the number and types of cancer presumed under workers’ compensation statues. To help offset the additional costs afforded by the expansion of benefits, the law provided investment flexibility allowing TMLIRP to utilize investment instruments beyond those authorized under the Texas Public Funds Investment Act. The types of authorized investments are governed by the “*prudent person rule*” which states that investments will be made *“with the care, skill, prudence and diligence under the prevailing circumstances that a prudent person acting in a like capacity, and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims.“*  TMLIRP refers to this portfolio as the Workers’ Compensation Lifetime Benefits Investment Portfolio (LTB Portfolio). The portfolio is established to fund these long-tailed obligations (payments to beneficiaries are life-time benefits – TMLIRP utilizes life expectancy tables to set up reserves).

The custom benchmark for the LTB Portfolio is the following:

* 50% weighting to the Barclays US Intermediate Corporate Bond Index
* 13.125% weighting to the FTSE High Dividend Yield Index (TGPVAN)
* 13.125% weighting to the S&P U.S. Dividend Growers Index (SPUDIGUT)
* 4.375% weighting to the FTSE All-World Ex-US High Dividend Yield Index (GPVANOTR)
* 4.375% weighting to the S&P Global Ex-U.S. Dividend Growers TR Index (SPGIGUT)
* 15% weighting to the 95% U.S. High-Yield Ba/B 2% Issuer Capped Index and 5% U.S. Treasury 1-5 Years (I31551US)

The LTB Portfolio is comprised of (1) reserves for the lifetime beneficiary payments (60% of the portfolio) and (2) an allocation of members’ equity (surplus) (40% of the portfolio):



What other asset classes would you recommend for this portfolio’s long-term evolution to support TMLIRP’s longest-tailed obligations. Please explain and provide revisions to the above benchmark.