

Town of North Providence Request for Proposals For Investment Consultant Services

Section 1 - Introduction

1.1 Purpose

This Request for Proposal ("RFP") is issued by the Town of North Providence Division of Purchasing (the "Town") for the purpose of soliciting proposals from qualified investment consulting firms interested in providing investment consulting services for assets of the Town of North Providence Police Pension Fund (the "Fund"). The Town intends to hire one or more firms to perform different aspects of this mandate, and anticipates awarding contracts to the successful firms. Any contract resulting from the RFP shall not be an exclusive contract.

The Town intends to hire one or more firms to provide the following general yet separate categories of investment consulting services:

- A. Development and monitoring of Asset Allocation strategies and Investment Policies, Guidelines, Statements, and Restrictions for the Fund's investments.
- B. Selection, monitoring, and evaluation of investment managers for equities and fixed income investment categories.
- C. Performance of a quarterly overall investment analysis of all of the Fund's investment managers and other investment consultants.
- D. Voting of all proxies for all of the Fund's holdings.

Bidding firms may submit proposals on one or more of the above-described categories of investment consulting services, provided that each such proposal must be submitted separately.

Moreover, bidding firms may refrain from responding to certain question(s) set forth in this RFP if the bidding firm determines in its discretion that said question(s) are not relevant to or do not otherwise pertain to a specific category of investment consulting services for which it submits a proposal; provided that the Town reserves the right to require a response to any question if it determines that a response is in fact relevant or pertinent.

Investment consulting firms that the Town believes may meet the minimum requirements will be sent correspondence alerting them of the issuance of this RFP. However, any investment consulting firm that meets the minimum requirements of this RFP may submit a proposal.

1.2 Background Information - General Information about the Fund

This RFP is designed to provide firms with the information necessary for the preparation of competitive proposals. The RFP process is for the Town's benefit and is intended to provide the Town with competitive information to assist in the selection process. It is not intended to be comprehensive. Each firm is responsible for determining all factors necessary for submission of a comprehensive proposal.

Coverage;

The Fund is a public pension fund made up of and serving as the investment agent for the following defined benefit pension plan:

(1) The single employer defined benefit pension plan covering the retirement assets of full time permanent members of the North Providence Police Department. It is the intention of the North Providence Police Retirement acting as the Town to move all retirement assets of this defined benefit pension plans into a single investment Trust.

- Administration:

The Fund is administered by the Custodian, the Finance Director of the Town of North Providence:

The finance director or a designee of the Mayor shall be custodian of said pension Fund and is hereby authorized and directed, effective upon final passage of this ordinance, to deduct in weekly installments from the annual salary paid to each member of the police department, the percentage of his/her salary specified herein and to put the same in this Fund. All of the monies coming from the various sources which the Town finance director is hereby authorized to receive shall be known as the Town of North Providence Police Pension Fund. Said Fund shall be kept separate and apart from all other monies in his/her care and he/she shall pay semimonthly from said Fund to the beneficiaries thereof such sums as are hereinafter provided.

The Town finance director shall invest said funds and shall add the interest, dividends and other income from such investments to said Fund. The finance director shall keep accurate books of account of said Fund and shall allow the Town to inspect his/her books of said Fund at any time. The finance director shall make an annual report in writing at the end of each fiscal year.

Membership:

Membership in the fund consists of the following: Membership of the Fund shall include:

- (a.) All present employees of the police department of the Town having been sworn in as a police officer, including those on probationary status, and all members of the retirement system for the police department.
- (b.) Any person who is temporarily absent on the effective date due to sickness or disability and any person on approved leave of absence on such date for any cause shall be considered as being an employee on the effective date, provided that such leave shall not have extended for more than one (1) year continuously, except in the case of military service.
- (c.) Membership shall not include: (1) civilian employees of the police department of the Town; (2) persons privately employed as police officers; and (3) persons temporarily employed police officers, except interim employees engaged in time of war. According to Town records current membership in the system is 64 active Police Officers, and 94 retired.

- *Assets:*

According to the account financial statements from the respective institutions as of June 30, 2016, the Fund's assets total approximately 38,000,000.00.

The Town though an interview committee will evaluate proposals received in response to this RFP.

1.3 Minimum Requirements

To be considered for the general investment consultant mandate described above, the firm must meet the following minimum requirements:

1.3.1 The investment consulting firm must be a registered investment advisor under the Investment Company Act of 1940;

1.3.2 The investment consulting firm must agree to be, with respect to the Fund, a "fiduciary" as defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974 ("ERISA"), and to perform the fiduciary duties imposed on an ERISA fiduciary under that act, regardless of the scope of ERISA's application to the Fund;

1.3.3 The investment consulting firm must have provided for at least five (5) years as of investment consulting services comparable to the Scope of Services contained in this RFP to at least three (3) defined benefit public retirement systems, each of which must have had at least \$20 million in assets;

1.3.4 The investment consulting firm must be able to maintain a satisfactory data processing interface with the Fund's custodian bank by tape, disk, on-line connection or other electronic means, at the firm's expense, for the purposes of compiling all required performance reviews and reports;

1.3.5 The investment consulting firm must agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations;

1.3.6 The investment consulting firm must agree to a hard dollar fee arrangement for its services, with such arrangement to be negotiated between the Town and the firm;

1.3.7 The individual assigned to the Fund as Primary Consultant must have a minimum of ten (10) total years of experience as (a) the Primary Consultant to, and/or (b) the Chief Investment Officer of, at least one public defined benefit pension fund. This individual must have at least five (5) years of experience as the Primary Consultant to or Chief Investment

Officer of at least one public pension fund with at least \$20.0 million in assets, whether that experience was included in or in addition to the ten year requirement above. The term "Primary Consultant" shall refer to the lead, most senior consultant assigned to regularly provide direct investment consulting services in a consulting relationship.

1.3.8 The investment consulting firm must carry adequate fiduciary liability insurance, errors & omissions insurance, and fidelity bond insurance.

Section 2 - Administrative Information

2.1 Issuing Officer

The Issuing Officer, identified below, is the sole point of contact regarding the RFP from the date of issuance until selection of the successful firm.

Michael Mooney, Purchasing Agent
Town of North Providence
2000 Smith Street
North Providence, RI 02911

2.2 Restriction on Communication

From the issue date of this RFP until announcement of the successful firm, firms may contact only the Issuing Officer regarding the RFP. The Issuing Officer will respond only to questions regarding the procurement process. Questions related to the interpretation of this RFP must be submitted in writing c/o the Purchasing Agent by 9:45 a.m., April 20, 2017. Proposals will be opened and read aloud at 10:00am that day at the Town Hall assembly room, 2000 Smith Street North Providence, RI 02911.

2.4 Timetable

Issue RFP responses due April 20, 2017
Bid evaluation to follow.

2.5 Questions, Requests for Clarification, and Suggested Changes Firms are invited to submit written questions and requests for clarifications regarding the RFP. Firms may also submit suggestions for changes to the requirements of this RFP. The questions, requests for clarifications, or suggestions must be sent in writing c/o the Purchasing Agent and must be received before five business days prior to proposal due date. Oral questions will not be permitted. If the questions, requests for clarifications, or suggestions pertain to a specific section of the RFP, the page and section number(s) must be referenced. The written responses will be considered part of the RFP. If the Town decides to adopt a suggestion, it will issue an amendment to the RFP and post on the Town Purchasing webpage as addenda. The Town assumes no responsibility for verbal representations made by its officers or employees unless such representations are confirmed in writing and incorporated into the RFP. .

2.6 Amendment to the RFP and Proposal

The Town reserves the right to amend the RFP at any time. The firm shall acknowledge in its proposal the receipt of an amendment.

2.7 Submission of Proposals

The Town must receive Ten (10) copies of the firm's proposal at the North Providence Town Hall, Office of the Purchasing Agent, 2000 Smith Street, North Providence, Rhode Island 02911 at the time and date mentioned herein. This is a mandatory requirement and will not be waived. Any proposals received after this deadline will be rejected and returned. Firms mailing proposals must allow ample mail delivery time to ensure timely receipt of their proposals. It is the firm's responsibility to ensure that the proposal is received prior to the deadline. Postmarking by the due date will not substitute for actual receipt of the proposal. Electronic mail and faxed proposals will not be accepted. Firms must furnish all information necessary to evaluate the proposal. Proposals that fail to meet the minimum requirements of the RFP will be disqualified.

Verbal information provided by the firm shall not be considered part of the firm's proposal. Proposals will remain confidential until the Town has reviewed all of the proposals properly submitted in response to this RFP and announced its intent to award a contract.

2.8 Costs of Preparing the Proposal

The costs of preparation and delivery of the proposal are solely the responsibility of the firm.

2.9 Rejection of Proposals

The Town reserves the right to reject any or all proposals, in whole and in part, received in response to this RFP at any time prior to the execution of a written contract. Issuance of this RFP in no way constitutes a commitment by the Town to award a contract. This RFP is designed to provide firms with the information necessary to prepare a competitive proposal. This RFP process is for the Town's benefit and is intended to

provide the Town with competitive information to assist in the selection of a firm to provide services. It is not intended to be comprehensive and each firm is responsible for determining all factors necessary for submission of a comprehensive proposal.

2.10 Disqualification

The Town may reject outright and not evaluate a proposal for anyone of the following reasons:

2.10.1 The firm fails to deliver the proposal by the due date and time.

2.10.2 The firm does not meet the minimum requirements established in the RFP.

2.10.3 The firm states that a service requirement cannot be met.

2.10.4 The firm's response materially changes a service requirement.

2.10.5 The firm's response limits the rights of the Town.

2.10.6 The firm fails to respond to the Town's request for information, documents, or references.

2.10.7 The firm fails to include any signature, certification, authorization, stipulation, disclosure or guarantee requested in this RFP.

2.10.8 The firm presents the information requested by this RFP in a format inconsistent with the instructions of the RFP.

2.10.9 The firm provides misleading or inaccurate responses.

2.11.9 The firm fails to provide information as requested on the **Bidder Response Form** and submitted as the first page of Proposal.

2.10 Nonmaterial and Material Variances

The Town reserves the right to waive or permit cure of nonmaterial variances in the proposal if, in the judgment of the Town, it is in the best interest to do so. Nonmaterial variances include minor informalities that do not affect responsiveness; that are merely a matter of form or format; that do not change the relative standing or otherwise prejudice other firms; that do not change the meaning or scope of the RFP; or that do not reflect a material change in the services. In the event the Town waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP requirements or excuse the firm from full compliance with RFP specifications or other contract requirements if the firm is awarded the contract. The determination of materiality is in the sole discretion of the Town.

2.11 Reference Checks

The Town reserves the right to contact any reference to assist in the evaluation of the proposal, to verify information contained in the proposal and to discuss the firm's qualifications.

2.12 Information From Other Sources

The Town reserves the right to obtain and consider information from other sources concerning a firm, such as the firm's capability and performance under other contracts.

2.13 Proposal Clarification

The Town reserves the right to contact a firm after the submission of proposals for the purpose of clarifying a proposal to ensure mutual understanding. This contact may include written or verbal questions, interviews, site visits, a review of past performance if the firm has provided goods or services to the Fund or any other political subdivision wherever located, or requests for corrective pages in the firm's proposal. The Town will not consider information received if the information materially alters the content of the proposal or alters the type of services the firm is offering to the Fund. An individual authorized to legally bind the firm shall sign responses to any Town request for clarification. Responses shall be submitted to the Town within the time specified in the request. Failure to comply with requests for additional information may result in rejection of the proposal as non-compliant.

2.15 Disposition of Proposals

All proposals become the property of the Town and shall not be returned to the firm. At the conclusion of the selection process, the contents of all proposals will be in the public domain and be open to inspection by interested parties subject to exceptions as provided by applicable law.

2.16 Public Records and Requests for Confidential Treatment

The Town may treat all information submitted by a firm as public information following the conclusion of the selection process unless the firm properly requests that information be treated as confidential at the time of submitting the proposal. The Town's release of public information is governed by Rhode Island General Laws. Firms are encouraged to familiarize themselves with these laws before submitting a proposal. The Town will

copy public records as required to comply with applicable law. Any request for confidential treatment of information must be stated in the transmittal letter with the firm's proposal. In addition, the firm must enumerate the specific grounds that support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the firm to respond to any inquiries by the Town concerning the confidential status of the materials. Any proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. Identification of the entire proposal as confidential may be deemed non-responsive and disqualify the firm. If the firm designates any portion of the RFP as confidential, the firm must submit one copy of the proposal from which the confidential information has been excised. This excised copy is in addition to the number of copies requested in this RFP. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible. The Town will treat the information marked confidential as such to the extent such information is determined confidential under applicable law or by a court of competent jurisdiction. In the event the Town receives a request for information marked confidential, written notice shall be given to the firm seven (7) calendar days prior to the release of the information to allow the firm to seek injunctive relief pursuant to the Rhode Island General Laws. The firm's failure to request confidential treatment of material will be deemed by the Town as a waiver of my right to confidentiality which the firm may have had.

2.17 Copyrights

By submitting a proposal, the firm agrees that the Town may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. The firm consents to such copying by submitting a proposal and warrants that such copying will not violate the rights of any third party. The Town shall have the right to use ideas or adaptations of ideas that are presented in the proposals.

2.18 Release of Claims

By submitting a proposal, the firm agrees that it will not bring any claim or cause of action against the Town based on any misunderstanding concerning the information provided herein or concerning the failure, negligent or otherwise, to provide the firm with pertinent information as intended by this RFP.

2.19 Presentations

Firms may be required to make a presentation of the proposal to the Town. The presentation may occur at the Town's requested time and location or at some other mutually agreeable location. The determination as to need for presentations, the location, order, and schedule of the presentations is at the sole discretion of the Town. The presentation shall not materially change the information contained in the proposal.

2.20 Evaluation of Proposals Submitted

Proposals that are timely submitted and are not subject to disqualification will be reviewed in accordance with Section 5 of the RFP.

2.21 Award Notice and Acceptance Period

The Town will notify all firms submitting a timely proposal of its intent to award a contract, contingent upon satisfactory negotiation thereof. Negotiation and execution of the contract shall be completed in a reasonable period of time, as determined by the Town. If the selected firm fails to negotiate and deliver an executed contract in said time period, the Town may cancel the award and award the contract to the next highest ranked firm.

2.22 Choice of Law and Forum

This RFP and the resulting contract are to be governed by the laws of the state of Rhode Island. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP shall be brought in the appropriate Rhode Island forum.

-10 -

Section 3 - Service Requirements

3.1 Scope of Services

Firms bidding on this mandate may submit bids on some or all of the separate categories of investment consulting services described this mandate, which will require the following scope of services to the Fund (per mandate category):

Category A: Development and monitoring of Asset Allocation strategies and Investment Policies, Guidelines, Statements, and Restrictions for the Fund's investments.

- Advising on the development, implementation and/or revision of investment policies, guidelines, statements, and restrictions;
- Providing annual asset allocation reviews and recommendations, including annual reports that state specific forecasts of return, risk and correlations for all asset classes - including the consideration of the advantages and disadvantages of various styles of investment management, including active versus passive, internal versus external, higher or lower levels of risk in various investment classes and the appropriate number and types of external managers;
- Advising on risk management issues;
- Advising on management structure (e.g. active vs. passive, investment style mix);
- Advising on strategic and tactical investment issues;
- Analyzing investment managers' adherence to investment policies, guidelines, statements, and restrictions established for each portfolio;
- Providing analytical software (or an on-line system) that will allow the Finance Director, along with the Town, to analyze and evaluate asset allocation optimization scenarios and investment structures and styles;
- Providing research on special investment topics as requested;
- Advising on rebalancing policies;
- Advising on transition management issues and strategies;
- Working cooperatively with the Fund's actuarial consultant to provide periodic asset/liability studies as requested;
- Performing educational sessions for the Town and administrators as required;
- Providing on-site consultation and assistance, as requested; and
- Attending Town meetings and manager search finalist interviews as requested by the Town.

Category B: Selection, monitoring, and evaluation of investment managers for equities and fixed income investment categories.

- Advising on investments in the equity and fixed income markets (other than those investment categories described in Categories (C) and (D) below);
- Providing or assisting in equity and fixed income market investment manager searches, summaries of prospective candidates, scheduling of interviews, recommendations for final selection of managers, watch list placements and terminations;
- Performing overall quarterly performance analysis by manager in this asset class, including peer universe comparisons at the asset class and total fund levels, and providing annual reports on same;
- Providing on-site consultation and assistance, as requested; and
- Attending Town meetings as requested, along with any manager search finalist interviews.

Category C: Performance of a quarterly overall investment analysis of all of the Fund's investment managers and other investment consultants.

- Performing a quarterly overall performance analysis by manager, asset class, and total fund, including peer universe comparisons at the asset class and total fund levels, and providing quarterly reports on same;
- Overseeing investment managers in conjunction with the Town, including periodic reviews, interviews and on-site visits of managers as requested by the Town;
- Analyzing and advising on the capabilities of investment managers (those under contract to the Fund and also prospective firms that the Town may review in manager search processes), including the analysis of a firm's personnel, investment philosophies and processes, internal and risk controls, risk-adjusted performance and performance relative to peers;
- Analyzing the number of external money managers and the sizes of the accounts, for comparison with industry standards of diversification;

- Reviewing the guidelines (including a review of the relevant internal controls, compliance policies and monitoring procedures employed by the Fund's external investment managers) which are used to evaluate the managers to determine whether they adequately define risk and identify expenses;
- Analyzing the investment management expenses for managing the fund, and comparison with other institutional investors and industry standards in relation to the performance of the fund;
- Evaluating other costs associated with asset management, including consulting, custody, securities lending, transaction fees, brokerage fees, hard and soft dollars, commissions (if applicable), and any other costs;
- Providing analytical software (or an on-line system) that will allow the Town to analyze investment manager performance (including the capability of determining if a manager's performance is within established limits for tracking error or active risk);
- Providing on-site consultation and assistance, as requested; and
- Attending Town meetings as requested by the Town, but not less than four (4) meetings per year to present quarterly findings as discussed above.

Category D: Voting of all proxies for all of the Fund's holdings.

- Voting or directing the voting of proxies solicited by or with respect to the issuers of securities in which Fund's assets are invested.

Section 4 - Format and Content of Proposals

4.1 Instructions

These instructions prescribe the format and content of the proposal. They are designed to facilitate a uniform review process. Failure to adhere to the proposal format may result in the disqualification of the proposal.

4.1.1 The proposal shall be typewritten on 8.5" x 11" paper.

4.1.2 **One (1) original and nine (9) copies** of the proposal shall be timely submitted to the attention of the Issuing Officer through the Office of the Town Clerk. In addition, an electronic version of the proposal in either Microsoft Word or "pdf" format shall be provided to the Issuing Officer on a compact disc.

4.1.3 If the firm designates any information in its proposal as confidential pursuant to section 2.16, the firm must also submit one (1) copy of the proposal from which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible. In addition, an electronic version of the excised proposal shall be provided to the Issuing Officer in either Microsoft Word or "pdf" format on a compact disc.

4.1.4 Proposals shall not contain promotional or display materials.

4.1.5 Attachments shall be referenced in the proposal.

4.2 Content of Proposal

The following documents and responses shall be included in the proposal in the order given below:

4.2.1 Transmittal Letter

4.2.1.1 An individual authorized to legally bind the firm shall sign the proposal document herein. The proposal document filled out in its entirety.

4.2.1.2 Any request for confidential treatment of information shall be included in the transmittal letter in addition to the specific statutory basis supporting the request and an explanation why disclosure of the information is not in the best interest of the public. The transmittal letter shall also contain the name, address and telephone number of the individual authorized to respond to the Town about the confidential nature of the information.

4.2.1.3 The firm shall certify in the transmittal letter that the contents of the proposal submitted on behalf of the firm are true and accurate, and that the firm has not made any knowingly false statements in its proposal.

4.2.1.4 The firm shall specifically agree in the transmittal letter that the proposal is predicated upon the acceptance of all terms and conditions stated in the RFP. If the firm objects to any term or condition, the firm must specifically refer to the RFP page, and section. Objections or responses that materially alter the RFP may be deemed non-responsive and disqualify the firm.

4.2.1.5 The firm shall guarantee in the transmittal letter the availability of the services offered and that all proposal terms, including price, will remain in effect for a minimum of one hundred eighty (180) days following the deadline for submitting proposals.

4.2.2 Table of Contents

The firm shall include a table of contents of its proposal.

4.2.3 Minimum Requirements

4.2.3.1 Is the firm a registered investment advisor under the Investment Company Act of 1940? If yes, please provide the firm's SEC File Number (e.g. 801-xxxxx).

4.2.3.2 Will the investment consulting firm contractually agree to be a "fiduciary" to the Fund as defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974 ("ERISA"), and to perform the fiduciary duties imposed on an ERISA fiduciary under that act, regardless of the scope of ERISA's application to the Fund?

4.2.3.3 Provide the names of any defined benefit public pension system clients for which the firm has provided consulting services comparable to the scope of services described herein, whose market value of assets were at least \$20 million, and to which the firm had provided investment consulting services continuously for the five (5) year period ending June 30, 2016.

4.2.3.4 Is the firm willing and able to maintain, at the firm's expense, a satisfactory data processing interface with the Fund's custodian bank (a concurrent RFP is being issued for the Fund to select a custodian bank for the Fund's assets) by tape, disk, on-line connection or other electronic means, for the purposes of compiling performance reviews and reports?

4.2.3.5 Will the firm contractually agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations, including but not limited to all commission arrangements?

4.2.3.6 Whether the firm will contractually agree to a hard dollar fee arrangement for its services, it being understood that such arrangement shall be negotiated between the Town and the firm?

4.2.3.7 Provide the name of the consultant that the firm will designate as the Primary Consultant to the Town if it is awarded this mandate. For purposes hereof, Primary Consultant shall mean the lead, most senior consultant assigned to regularly provide direct investment consulting services to the Town. Provide a brief biography of the Primary Consultant with information sufficient to determine whether or not the individual meets the minimum requirements stipulated in this RFP.

4.2.3.8 Is the firm currently able to provide the full scope of services listed in section 3? If not, explain which services your firm cannot provide.

4.2.4 Organization, Independence and Ethics

4.2.4.1 Provide the name, address, telephone and fax numbers, and e-mail address of the firm's representative to contact regarding all contractual and technical matters concerning the firm's proposal.

4.2.4.2 Provide the address of the firm's main corporate office, and the location by city of all other offices or that provide services similar to those requested in this RFP. Indicate which office will be primary in servicing the Town, and any other offices that will be involved in provision of services to the Town. Provide the number of employees located at each office location, and describe the general function(s) of each office.

4.2.4.3 Does the firm intend to utilize any subcontractors in delivering the scope of services? If yes, provide the name and qualifications of any subcontractors that the firm intends to use for this mandate. Will the firm agree to hold harmless and indemnify the Town and the Fund for any acts of subcontractors?

4.2.4.4 Briefly describe your firm's history and current ownership structure. List the owners of the firm from largest to smallest percentage of ownership. Include individuals and corporate owners, and indicate which individual owners are employed by your firm. Is your firm owned, in whole or in part, by a money management firm or firms?

4.2.4.5 Provide as Exhibit A an organization chart of your firm and describe the relationship between the investment consulting group and any other components of the firm. If your firm offers asset management services or brokerage services, describe any overlap in personnel between those components and the investment consulting group.

4.2.4.6 Within the past three (3) years, have there been any significant developments in your organization such as changes in ownership, restructuring, or personnel reorganizations? If yes, please describe. If you anticipate significant structural changes in your organization within the next twelve (12) months, please describe the anticipated changes.

4.2.4.7 Provide the percentage of total firm revenues that came from the categories listed below for each year:

Consulting with the Plan Sponsors

Money Management Activities

Services to Money Managers/Payments from Money Managers

Soft Dollars

Other (Please describe)

Does your Firm accept pay for referrals or finder's fees?

4.2.4.8 Please describe the types of services the firm provides to investment management firms and the fee arrangements that typically apply. Does your firm directly or indirectly charge money managers to be included in the firm's manager research database? Does the firm receive revenues from money management firms for their attendance at conferences or meetings sponsored by the firm? Does your firm or a related company receive any form of compensation or revenue from money managers that your firm recommends, considers for recommendation, or otherwise mentions to clients? Does the firm receive any revenues from custodian banks?

If yes to any of the above, please describe the types of services provided and the fee arrangements that typically apply.

4.2.4.9 Has your firm, its principals, any primary employees, or any affiliate ever:

- (i) been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization,
- (ii) been involved in any litigation or other legal proceeding or government investigation involving fraud, negligence, criminal activity or breach of fiduciary duty relating to service provided to any clients, or
- (iii) submitted a claim to your errors & omissions, fiduciary liability and/or fidelity bond insurance carrier(s)?

If yes to any, please provide details.

Briefly describe any currently pending or threatened litigation involving your firm?

4.2.4.10 Has your firm ever received loans from any money management firms, their subsidiaries, or principals?

If yes, please explain.

4.2.4.11 Does your firm, its principals, or any affiliate, own any part of a money management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the service and the relationship to the consulting group.

4.2.4.12 Does your firm, its principals or any affiliate have any "strategic alliance" with any broker or investment management firm? If yes, please disclose with whom and describe the nature of the alliance.

4.2.4.13 Do you offer a broker/dealer facility to plan sponsor clients to pay for or offset your fees? Are there additional services you offer plan sponsors through your broker/dealer?

4.2.4.14 Does your firm receive any soft dollar revenues from investment managers through an affiliate broker? If yes, what percentage of soft dollar revenues in each of the last three (3) calendar years was due to client direction?

4.2.4.15 Identify any potential conflicts of interest that could exist between the Fund and a) other client interests, or b) that may result from other investment products or services provided by your firm or affiliated organizations. Describe your firm's policies and procedures designed to prevent conflicts from occurring.

Provide as Exhibit B the firm's conflict of interest policy and Code of Ethics.

4.2.4.16 Provide the coverage amount and name of carrier for the following:

- Fiduciary liability insurance
- Errors & Omissions insurance
- Fidelity Bond insurance
- Any other applicable insurance

4.2.4.17 Is it the firm's policy to impose any limitation on liability through your contract with clients? If yes, please describe.

4.2.4.18 Briefly describe your firm's disaster recovery plan.

4.2.4.19 Provide as Exhibit C the firm's most recently filed Form ADV - Part II.

4.2.5 Experience

4.2.5.1 Describe the firm's relevant experience providing consulting services to public fund clients in each of the following areas:

- Asset Allocation and Asset/Liability studies
- Investment Policy development
- Money manager evaluation and monitoring
- Risk budgeting and risk management
- Private equity
- Real estate
- Hedge funds and portable alpha strategies
- Currency overlay strategies
- Other alternative investments, such as timber, commodities, etc.
- Transition management
- Performance measurement
- Fiduciary and investment education for clients

4.2.5.2 Explain how the team dedicated to the Town would function. Be sure to identify who will be the Primary Consultant, who will serve as the back-up consultant in situations when the Primary Consultant could not attend a meeting, and who will perform the analytical work on the relationship.

4.2.5.3 Provide as Exhibit D biographies of the personnel that will be assigned to the Town relationship. The following information must be included:

- Full name
- Title
- Current duties - Describe current duties at the firm
- Role - Describe the role this person would have with the Fund
- Total years of institutional investment experience
- Total years of institutional investment consulting experience
- Total years with the firm
- Total current number of assigned accounts for which this person has Primary Consultant responsibilities
- Total current number of assigned accounts for which this person has support or back-up responsibilities
- Name, plan type, length of relationship, and size of each assigned client account for which this person serves as a Primary Consultant
- Name, plan type, length of relationship, and size of each assigned client account for which this person serves in a support or back-up capacity
- Education - List all post-secondary degrees, professional designations, licenses, etc., the issuing institutions, and year awarded
- Employment history - List employers, dates of employment, and functions performed as it relates to the scope of services specified herein

4.2.5.4 Provide as Exhibit E biographies of the firm's other key investment consulting personnel (defined as my position including and above the senior associate level). Provide the following information:

- Full name
- Title
- Current duties - Describe current duties at the firm
- Total years of institutional investment experience
- Total years of institutional investment consulting experience
- Total years with the firm

4.2.5.5 Provide as Exhibit F a table that lists all key personnel (defined as any position including and above the senior associate level) that have departed the firm's consulting group in the past five (5) year period. Provide the following information: MM/YY of departure, name of person, title, division or assigned group, and the name of the person that replaced them. Sort the information by date of departure so that the most recent departure appears first on the list.

4.2.5.6 Describe the firm's compensation and incentive program for its consultants and other professionals. What incentives are provided to attract and retain superior individuals? How does the firm tie client performance and satisfaction to a consultant's compensation? What percentage of a consultant's annual compensation is based on client performance or satisfaction?

4.2.5.7 Provide the number of institutional clients and the total assets under advisement of the firm's full-service retainer investment consulting relationships for each of the last five (5) years. (Performance evaluation services or project-based work alone are not considered full-service retainer investment consulting relationships.)

4.2.5.8 For each calendar year beginning in 2010, provide the name and dollar amount of assets of all full-service retainer investment consulting clients that terminated their relationship with the firm. Provide the reason for each termination. Have there been any client terminations to date in 2017? If yes, please provide the information for those terminations as well.

4.2.5.9 List the number of full-service retainer investment consulting clients by category as of June 30, 2016:

- Less Than \$1 Billion
- \$1 Billion to \$5 Billion
- \$5 Billion to \$15 Billion
- \$15 Billion to \$50 Billion
- Over \$50 Billion

Public Employees

Retirement (DB or hybrid)

Public Employees

Retirement (DC only)

Corporate (DB or hybrid)

Corporate (DC only)

Endowment

Union/Taft-Hartley (DB or hybrid)

Other

4.2.5.10 Provide as Exhibit G a list of the firm's investment consulting clients (excluding defined contribution plan relationships) as of June 30, 2016. For each client, provide the type of client (public, corporate, Taft-Hartley, private, etc.), the approximate size of the relationship (market value of assets), the number of years the firm has provided services to me client, and the type of relationship (retainer or special projects only).

4.2.5.11 Provide references for three (3) current defined benefit public pension fund clients that have utilized the firm's investment consulting services for at least five (5) years each. Include the name of the system, contact person and telephone number. Provide me same information for three (3) former defined benefit public pension plan clients that terminated the firm in the last five years.

4.2.6 Philosophy & Processes

4.2.6.1 Describe the firm's philosophy as it pertains to investment consulting. What role does the firm see itself playing for a defined benefit pension fund client such as the Fund? What do you consider to be your firm's consulting specialties, strengths, and limitations?

4.2.6.2 Are there common beliefs about the investment markets which underpin the firm's investment advice across all clients? If yes, please describe them.

4.2.6.3 In your view, how should a client measure its investment consulting firm's "performance"? Please explain.

4.2.6.4 Describe the firm's recommended manager search process for public fund clients. What key criteria do you believe should be emphasized in a search?

4.2.6.5 Describe how the firm monitors a client's investment managers for them. Besides investment returns, what key criteria does the firm consider in the review of an investment manager? What is the appropriate time period for evaluating an active investment manager's performance? At what point would the firm recommend terminating an investment manager? What are the appropriate long-term alpha targets for active managers within asset classes?

4.2.6.6 Describe the firm's recommended process for analyzing manager structure. What influence does a client's current roster of managers have on the selection of a new manager?

4.2.6.7 Explain the firm's view on the use of passive versus active investment strategies and the use of global mandates versus regional specialist mandates.

4.2.6.8 Explain the firm's view on the use of hedge funds and portable alpha overlay strategies. Do you recommend public fund clients consider a specific strategic allocation to hedge funds, or should hedge funds be used in a portable alpha overlay strategy? How could a public fund client attain many of the benefits of using hedge funds without actually investing in hedge funds?

4.2.6.9 Explain the firm's view on risk management for a public fund. What do you see as the key risks, and how do you recommend large public funds manage those risks?

4.2.6.10 Discuss the firm's view on risk budgeting and describe any experience the firm has in assisting clients in establishing risk budgets.

4.2.6.11 Discuss the theory and methodology of the asset allocation models the firm employs. Are there any professionals dedicated specifically to this function? Describe your methodology for establishing asset class risk and return assumptions, especially for asset classes such as real estate and private equity. How frequently does the firm review its capital markets expectations?

4.2.6.12 Provide as Exhibit H the firm's current long-term asset allocation assumptions, including forecasts for the expected return and risk for each asset class, as well as a table indicating the assumed correlations between asset classes.

4.2.6.13 Describe the firm's capability and experience in conducting asset liability studies. How should the Fund's liabilities, funding level, and changes in the contribution level be incorporated into the asset allocation decision? Given the long duration of pension liabilities, what is the most appropriate means of "asset matching" for those liabilities?

4.2.6.14 Describe the firm's recommended process for assisting clients with policy guideline development and review. What specifically would the firm do to develop or review the policies of the Fund? How frequently would this process occur? What client specific factors would be considered? How would the Fund and/or the Town be involved in the process?

4.2.6.15 Describe the firm's capabilities in providing performance measurement at the manager, asset class and total fund level. Is the firm's database(s) proprietary or purchased? How is data input and verified? How would the Town access the Fund's performance information?

4.2.6.16 Why should the Town utilize your firm for performance measurement calculations rather than, or in addition to, the service provided by the Fund's custodian bank? If the Town chose to utilize the Fund's custodian bank for calculating performance, would it impact the ability of the firm to provide any of the other services described in Section 3.1?

4.2.6.17 Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can the firm provide custom benchmarks? Style benchmarks? Normal portfolios? Please also describe the database(s) the firm uses for peer universe comparisons,

4.2.6.18 Describe the firm's recommended process for providing investment and fiduciary education of trustees and staff.

4.2.6.19 What is the firm's view of Economically Targeted Investment (ETI) programs? Of Emerging Manager programs? How can these programs meet the tests of fiduciary responsibility?

4.2.6.20 Describe the firm's capabilities and experience negotiating hard dollar fee arrangements with investment managers on behalf of clients. Do you believe that such arrangements are worthwhile? If yes, what key principles should be incorporated into any fee arrangement?

4.2.7 Research & Technology

4.2.7.1 Does the firm develop investment research reports for its clients? If yes, on what types of investment topics? Who performs the research? How frequently are reports issued? What "annual" research reports does the firm produce for clients? What sources of information are used to collect data?

4.2.7.2 Describe how the firm conducts research on investment management firms and their products. How many research analysts are dedicated to this function? How often will a representative of the firm's manager research group typically perform an on-site visit to an investment management firm? How are product classifications arrived at? Does the firm maintain a "buy list" of managers for specific product classifications?

4.2.7.3 Does the firm maintain a manager research database? Is the database proprietary or purchased? If you have an in-house database, do you sell it to third parties? How do you receive compensation for selling it? Describe any advantages that you perceive your database has over your competitors. How often are managers in your database reviewed? Under what circumstances are managers added to or deleted from your database? Describe how your firm gathers, verifies, updates, and maintains the data collected on managers for the database. Do you use surveys or meetings with managers?

4.2.7.4 The Town intends to quantitatively evaluate active management skill. Does the firm provide analytical software, or online access to such software, that would allow the Town to create such graphs? If not, how would you recommend the Town evaluate manager skill?

4.2.7.5 Describe the firm's information technology capabilities and resources. How does the firm use the technology to share and leverage information resources across the organization?

4.2.8 Cost Proposal

4.2.8.1 Provide the flat hard dollar annual fee your firm would charge for providing all of the services described in Section 3.1. The fee quoted should include all travel and other out-of-pocket expenses. Assume that the firm will be responsible for all monthly and quarterly performance calculations.

4.2.8.2 Indicate any additional categories (not in Section 3.1) of consulting work that would be considered to be "special projects" that would not be included in the flat annual fee quoted in response to question 4.2.8.1, and specifically define how "special projects" would be billed. (For example, if a special project will be billed at an hourly rate, then explain this and provide the hourly rate that would apply.)

4.2.8.3 Does the firm's flat annual fee quote include the costs of the Town's use of any proprietary software or online access to the firm's databases? If not, please list and describe all costs, fees, or charges that would apply to the Town's use of such proprietary software or online access.

4.2.8.4 The Fund intends to utilize a hard dollar fee arrangement. Would the firm be agreeable to such a type of arrangement? If not, please provide an alternative type of fee arrangement for the Town's consideration.

4.2.8.5 If the Town chose to utilize only the Fund's custodian bank for performance measurement services, and had the firm use the custodian's performance numbers in its performance analysis and reports, would the firm reduce its flat annual fee quote? If yes, indicate the annual dollar amount of reduction.

4.2.8.6 Does the firm propose to index its flat annual fee to account for inflation? If yes, please provide the formula the firm proposes the Fund use for this purpose.

4.2.8.7 Will the Town be required to execute a separate contract(s) for use of any proprietary analytical software in order for the firm to deliver the scope of services required in this RFP? If yes, describe those products.

Section 5 - Evaluation of Proposals

5.1 Introduction

This section describes the evaluation process that will be used to determine which proposal provides the greatest benefits to the Fund. The evaluation process is designed to award the contract not necessarily to the firm with the lowest cost proposal, but rather to the firm with the best combination of attributes to perform the required services.

5.2 Evaluation Process

The evaluation process shall consist of the following:

5.2.1 The Town or its designee will review proposals to assess compliance with minimum requirements.

5.2.2 The Town or its designee will meet to discuss the proposals and compile a list of any follow-up questions or clarifications it requires. The Issuing Officer will submit the clarification questions to the respective firms in writing and will receive written responses that will be distributed to each member of the Town for their review.

5.2.3 Some firms may be asked to make a presentation to the Town.

5.3. Evaluation Criteria

The Town or its designee will evaluate all proposals that meet all minimum requirements.

5.4 Recommendation/Selection

A recommendation shall be presented to the Town for consideration. This recommendation may include, but is not limited to, the name of one or more firms recommended for selection or a recommendation that no firm be selected.

5.5 Evaluation Scoring

This is an evaluated process. Proposals will be evaluated on the following criteria using a weighted scale:

Experience in Field	10%
Previous Performance	30%
Fees and Amount for Services Provided	50%
Credentials/Qualifications	5%
Ability to Perform Described Services	5%

Section 6 - Contract Terms and Conditions

6.1 Contract Terms and Conditions

The contract that the Town expects to award as a result of this RFP will be based upon the proposal submitted by the successful firm and this solicitation. The contract signatory for the Fund will be the Finance Director on behalf of the Town.

Section 7 - Required Exhibits

7.1 List of Required Exhibits

The firm's proposal must include the following Exhibits:

Exhibit A - Organization Chart

Exhibit B - Conflict of Interest Policy and Code of Ethics

Exhibit C - ADV - Part II

Exhibit D - Biographies of the Team Personnel assigned to the Fund

Exhibit E - Biographies of Other Key Personnel

Exhibit F - List of Personnel Departures

Exhibit G - List of Firm's Consulting Clients

Exhibit H - Firm's Asset Allocation Assumptions

Bidder Response Form

The following shall accompany the proposal as the first page of proposal and is required as evidence of the qualifications to perform the work, as described herein, in accordance with the request for proposal requirements. This statement must be notarized. All questions must be answered. Additional data may be submitted on separate attached sheets.

1. Name of Firm: _____

2. Permanent Main Office Address: _____

3. Official Mailing Address, This Contract: _____

4. When Organized: _____

5. Where Incorporated, If a Corporation: _____

6. Project coordinator Name: _____

7. Title: _____

8. Contact information of Project Manager:

Phone: _____

Fax: _____

Email: _____

9. Project Manager in Qualifications:

Years of Experience in this Field: _____

Qualifications:

Fees:
