

JOHNSTON RETIREMENT BOARD

REQUEST FOR PROPOSALS (RFP)  
FOR  
INVESTMENT CONSULTANT SERVICES

RFP No. 2019-01  
**January 31, 2019**

Johnston Retirement Board  
c/o Johnston Town Clerk  
1385 Hartford Ave  
Johnston, RI 02919

## Section 1 - Introduction

### 1.1 Purpose

This Request for Proposal (“RFP”) is issued by the Johnston Retirement Board (the “Board”) for the purpose of soliciting proposals from qualified investment consulting firms interested in providing investment consulting services for assets of the Town of Johnston Fire Fighter and Police Officer Pension Fund (the “Fund”).

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

- A. **General Advisory Services**- Formulation and review of investment goals, objectives, and policies.
- B. **Investment Monitoring**- Ongoing selection and monitoring of investments, investment managers, services providers, fees and contracts. Selection, monitoring, and evaluation of investments and investment managers for equities and fixed income investment categories.
- C. **Performance Measurement and Reporting**- Preparing quarterly reports of investment performance and risk, updating and educating the Board at least quarterly.

Investment consulting firms that the Board 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

#### Coverage:

The Fund is a public pension fund made up of and serving as the investment agent for the following two (2) defined benefit pension plans:

- (1) The single employer defined benefit pension plan covering the retirement assets of full time permanent members of the Johnston Fire Department hired prior to July 1999.
- (2) The single employer defined benefit pension plan covering the retirement assets of full time permanent members of the Johnston Police Department hired prior to July 1, 2010.

The Fund is administered by the Custodian, the Finance Director of the Town of Johnston, in accordance with Article VII, Chapter 47, Sections 46 and 47 of the Johnston Code of Ordinances.

Membership:

Membership in the Fund is currently closed and new members will not be added at this time. As of June 30, 2018 membership consisted of the following:

Johnston Police Department  
 Active Members- 49  
 Retired Members- 102

Johnston Fire Department  
 Active Members- 19  
 Retired Members- 94

Investments

As of October 31, 2018, net assets of the Fund had a market value of \$47,277,613.41.

Currently the Fund's target allocation is as follows:

<u>Asset Class</u>	<u>Target</u>	<u>Policy Range</u>
<u>U.S. Equities</u>		
Large Cap Value	6.50%	
Large Cap Growth	5.50%	
Mid Cap Value	7.00%	
Mid Cap Growth	6.50%	
Small Cap Value	7.50%	
Small Cap Growth	7.00%	
<u>Real Estate "REITs"</u>	5.00%	
Total U.S. Equities	45.0%	40%-50%
<u>Foreign Equities</u>		
Developed Markets	17.50%	
<u>Emerging Markets</u>	2.50%	
Total Foreign Equities	20.00%	15%-25%
<u>Fixed Income</u>		
Core Fixed Income	23.00%	
High Yield Bonds	6.00%	
<u>Foreign Bonds</u>	5.00%	
Total Fixed Income	34.00%	29%-39%
<u>Cash</u>		
Total Cash	1.00%	1%-5%

The Board or its designee will evaluate proposals received in response to this RFP as the lowest qualified evaluated response as outlined herein.

### 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 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 Board 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.

James Lombari  
Chairman of the Johnston Retirement Board  
c/o Johnston Town Hall, Office of the Clerk  
1385 Hartford Avenue  
Johnston, Rhode Island 02919

### 2.2 Restriction on Communication and Requests for Clarification

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 must be submitted in writing c/o the Town Clerk and to the Attention of the Issuing Officer by 12:00 p.m., **February 8, 2019**. Verbal questions related to the interpretation of this RFP will not be accepted. Firms may be disqualified if they contact any Town employee, Town official, or Board member other than the Issuing Officer regarding the RFP under the process outline herein.

### 2.3 Timetable

The following dates are set forth for informational and planning purposes; however, the Board reserves the right to change the dates.

Issue RFP .....	<b>January 31, 2019</b>
Requests for Clarification Due .....	<b>February 8, 2019</b>
Response to Requests for Clarification Issued .....	<b>February 15, 2019</b>
Due Date for Receipt of Proposals .....	<b>February 21, 2019</b>
Begin Conducting Review Process .....	<b>February 22, 2019</b>
Begin Conducting Selection Process .....	<b>March 21, 2019</b>

### 2.4 Amendment to the RFP and Proposal and Withdrawal of Proposal

The Board reserves the right to amend the RFP at any time. The firm shall acknowledge in its proposal the receipt of an amendment. Firms who submit proposals in advance of the deadline may withdraw, modify, and resubmit proposals at any time prior to the deadline for submitting proposals. Firms must notify the Issuing Officer in writing of any withdrawal, modification, or resubmission in writing.

### 2.5 Submission of Proposals

**The Board must receive nine (9) copies of the firm's proposal at the Johnston Town Hall, Office of the Town Clerk, 1385 Hartford Ave, Johnston, Rhode Island 02919 before 4:00 p.m. EST on February 21, 2019. This is a mandatory requirement and will not be waived. Any proposal 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 Board has reviewed all of the proposals properly submitted in response to this RFP and announced its intent to award a contract.

#### 2.6 Costs of Preparing the Proposal

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

#### 2.7 Rejection of Proposals

The Board 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 Board 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 Board's benefit and is intended to provide the Board 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.

#### 2.8 Disqualification

The Board may reject outright and not evaluate a proposal for any one of the following reasons:

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

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

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

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

2.8.5 The firm's response limits the rights of the Board.

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

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

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

2.8.9 The firm initiates unauthorized contact regarding the RFP with any state employee, Town official, or Board member that is not the Issuing Officer.

2.8.10 The firm provides misleading or inaccurate responses.

## 2.9 Nonmaterial Variances

The Board reserves the right to waive or permit cure of nonmaterial variances in the proposal if, in the judgment of the Board, 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 Board 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 Board.

## 2.10 Reference Checks

The Board 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.

## 2.11 Information From Other Sources

The Board 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.

## 2.12 Proposal Clarification

The Board 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 Board 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 Board request for clarification. Responses shall be submitted to the Board

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.

### 2.13 Disposition of Proposals

All proposals become the property of the Board 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.

### 2.14 Public Records and Requests for Confidential Treatment

The Board 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 Board'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 Board 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 Board 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 Board 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 Board 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 Board as a waiver of any right to confidentiality which the firm may have had.

### 2.15 Copyrights

By submitting a proposal, the firm agrees that the Board 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 Board shall have the right to use ideas or adaptations of ideas that are presented in the proposals.

#### 2.16 Release of Claims

By submitting a proposal, the firm agrees that it will not bring any claim or cause of action against the Board 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.

#### 2.17 Presentations

Firms may be required to make a presentation of the proposal to the Board. The presentation may occur at the Board'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 Board. The presentation shall not materially change the information contained in the proposal.

#### 2.18 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.

#### 2.19 Award Notice and Acceptance Period

The Board 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 Board. If the selected firm fails to negotiate and deliver an executed contract in said time period, the Board may cancel the award and award the contract to the next highest ranked firm.

#### 2.20 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.

### **Section 3 - Service Requirements**

#### 3.1 Scope of Services

Firms bidding on this mandate will require the following scope of services to the Fund:

### **Category A: General Advisory Services**

- Implementation of asset allocation plan including any rebalancing and transition management;
- Providing annual asset allocation reviews and recommendations, including review of underlying market assumptions and review of Investment Policy Statement and any proposed revisions;
- Advising on risk management issues, including ongoing and independent alert of any impending risks;
- Analyzing investments and any investment managers' adherence to investment policies, guidelines, statements, and restrictions established for each portfolio;
- Working cooperatively with the Fund's actuarial consultant to provide periodic asset/liability studies as requested;
- Performing educational sessions for the Board and administrators as required in accordance with fiduciary duties;
- Providing on-site consultation and assistance, as requested, including not less than attendance at one Board meeting every quarter; and
- Attending Board meetings and manager search finalist interviews as requested by the Board.

### **Category B: Investment Monitoring**

- Review and advising on investments in the equity and fixed income markets including selection of investments and/or investment managers in each category of investments to execute the asset allocation policy;
- Communication with the Fund regarding any important developments in investments, including fee structure and changes to investment strategies;
- Review and advise on investment performance on no less than an annual basis, including performance of any peer investments;

### **Category C: Performance Measuring and Reporting**

- Performing a quarterly overall performance analysis by investment, manager, asset class, and total fund, including benchmark comparisons;

- Performing a quarterly report on investment risk, including analysis on key events and current market conditions and risks;
- Quarterly reports must include performance measures both gross and net of fees and be finalized no later than six weeks after the close of the quarter; and
- Attending Board meetings as requested by the Board, but not less than four (4) meetings per year to present quarterly findings as discussed above.

#### **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 eight (8) 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 2.14, 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 transmittal letter. The letter shall include the firm's mailing address, electronic mail address, fax number, and telephone number.

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 Board 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, 2011.

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 Board and the firm?

4.2.3.7 Provide the name of the consultant that the firm will designate as the Primary Consultant to the Board 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 Board. 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 Board, and any other offices that will be involved in provision of services to the Board. 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 Board and the Fund for any acts of subcontractors?

4.2.4.4 Briefly describe your firm's history and current ownership structure. Please specify if 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 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.

4.2.4.8 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?

4.2.4.9 Has your firm ever received loans from any money management firms, their subsidiaries, or principals? If yes, please explain.

4.2.4.10 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.

4.2.4.11 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.

4.2.4.12 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?

4.2.4.13 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?

4.2.4.14 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.

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

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

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

4.2.4.17 Briefly describe your firm’s disaster recovery plan.

4.2.4.18 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
- Real estate
- Other alternative investments
- Transition management
- Performance measurement

- Fiduciary and investment education for clients

4.2.5.2 Explain how the team dedicated to the Board 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 Board 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 any 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 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.)

4.2.5.7 For each calendar year beginning in 2013, 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 2018? If yes, please provide the information for those terminations as well.

4.2.5.8 Provide as Exhibit G a list of the firm's investment consulting clients (excluding defined contribution plan relationships) as of June 30, 2018. 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 the client, and the type of relationship (retainer or special projects only).

4.2.5.9 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 the 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.

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 investment and 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 investments and investment managers for them.

4.2.6.6 Describe the firm's recommended process for analyzing manager structure.

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 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?

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

4.2.6.10 Discuss the theory and methodology of the asset allocation models the firm employs.

4.2.6.11 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.

4.2.6.12 Describe the firm's capability and experience in conducting asset-liability studies.

4.2.6.13 Describe the firm's recommended process for assisting clients with policy guideline development and review.

4.2.6.14 Describe the firm's capabilities in providing performance measurement at the manager, asset class and total fund level.

4.2.6.15 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?

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

#### 4.2.7 Research & Technology

4.2.7.1 Describe the firm's investment research reports for its clients

4.2.7.2 Describe how the firm conducts research on investment management firms and their products.

4.2.7.3 Describe the firm's manager research resources.

4.2.7.4 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. If the firm intends to increase its fee after the first year, please so indicate.

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 Board'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 Board's use of such proprietary software or online access.

4.2.8.7 Will the Board 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 Board or its designee will review proposals to assess compliance with minimum requirements.

5.2.2 The Board 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, if necessary.

### 5.3. Evaluation Criteria

The Board or its designee will evaluate all proposals that meet all minimum requirements. The proposals will be evaluated and scored on the following basis:

The Board will score the proposals on the following basis:

Firm Experience	20 Points
Proposed Service Method	20 Points
Firms Qualifications	20 Points
Cost Proposal	40 Points

5.2.3 Some firms may be asked to make a presentation to the Board prior to award.

### 5.4 Recommendation/Selection

A recommendation shall be presented to the Board for consideration based upon the scoring. 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.

## **Section 6 - Contract Terms and Conditions**

### 6.1 Contract Terms and Conditions

The contract that the Board expects to award as a result of this RFP will be based upon the proposal submitted by the successful firm and this solicitation. The Board anticipates awarding a contract with an initial period of three (3) years, but may vary based upon responses.

The contract signatory for the Fund will be the Finance Director on behalf of the Board.

## **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