

DECEMBER 11, 2017

REQUEST FOR PROPOSAL
for Investment Consultant Services

Prepared by:

The Borough of Pottstown Pension/Investment Boards
Montgomery County, Pennsylvania

for

**The Borough of Pottstown Police Pension Plan &
The Borough of Pottstown Non-Uniform Pension Plan**

**Borough of Pottstown
Police Pension/Investment Board
100 E. High Street
Pottstown, PA 19464-9525
PPPF-14 11/2017**

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Introduction and Background

The Borough of Pottstown is soliciting proposals from qualified firms to provide investment consulting and associated ancillary services to its Police and Non-Uniform Defined Benefit Pension Plans. The purpose of this Request for Proposal is to define the minimum requirements, solicit qualifications and proposals, and to gain adequate information from which the Selection Committee may evaluate such services of each respondent for the respective services requested.

The Borough of Pottstown maintains two Pension Plan funds:

Police: approximately \$22,000,000

Non-Uniform: approximately \$18,000,000

The police plan provides retirement, death, disability, vesting, service increments and cost of living benefits to the Borough's full-time police officers. The non-uniform plan provides retirement, death, disability, and vesting benefits to the Borough's full-time non-uniform employees.

The Police Plan has forty-one (41) active, six (6) D.R.O.P. and forty (40) retired, survivors, or vested former employees. The Non-Uniform Plan has eighty-seven (87) active, forty-five (45) retirees, and seven (7) vested former employees.

All correspondence regarding this RFP must be addressed to:

Brooke Fisher
Borough of Pottstown / Pottstown Police
100 E High Street
Pottstown PA 19464

Phone: 610-970-6578
E-mail: pd148@pottstown.org

Scope of Services to be Provided for Borough of Pottstown Police and Non-Uniform Pension Plans

The primary role of the Pension Fund Investment Consultant is to provide objective, third party advice and counsel that will enable the Pension Boards to make well-informed and well-educated decisions regarding the investment of the pension plan assets. The Investment Consultant must be a registered investment advisor under the Investment Advisors Act of 1940. Contractual services for investment consulting will include, but not be limited, to the following:

1. **Develop/Modify Investment Policy, Objectives and Guidelines**

Assist the Borough and the Pension Boards in the periodic review of an investment policy statement that reflects the Funds' tolerance for risk and that best helps the Borough and the Funds meet their rate-of-return, funded status and administrative expense objectives.

2. **Development of Asset Allocation Plans and Ongoing Asset/Liability Studies**

Review and update an asset allocation plan falling within the investment objectives and guidelines for the Funds.

3. **General Consulting and Ancillary Services**

The Borough is seeking Investment services and related administrative, bookkeeping and support services for its defined benefit plans maintained on behalf of the Borough's police officers and non-uniform employees.

4. **Performance Measurement & Monitoring**

Monitoring the performance of the investment managers to provide the Borough and Pension Boards with the ability to determine the progress toward the investment objectives.

5. **Monitor compliance with State Investment Limitations**

Monitoring the investment of the Fund assets with written quarterly reports submitted to the Borough.

6. **Assist in Fund Diversification**

Assist the Borough and the Pension Boards in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers to be retained by the Fund.

7. **Attend Quarterly Meetings**

Attend quarterly pension meetings to update its Board members on the status of the Funds.

Evaluation Criteria

The initial evaluation is to determine which, if any, firms are to be interviewed. Following the interviews (if warranted) by the Selection Committee, the Proposals will be reevaluated by the Selection Committee to determine the most qualified, capable and cost-effective investment consultant firm or firms with which to contract. The Selection Committee will then make its recommendations to the Pottstown Police and Non-Uniform Pension/Investment Boards. The Selection Committee reserves the right to request additional information from firms responding to the RFP. Only proposals that meet the Minimum Qualifications will be evaluated. Firms will be evaluated using the following criteria.

- Understanding of Pennsylvania Municipal Pension Plans
- Depth of Professional Staff
- Communication of Investment Results
- Firm Organizational Background and Reputation
- Quality of Investment Consultant Services
- References
- Fees

Qualifications and Information Required

Minimum Requirements To Respond

Applicants that respond to this RFP must be able to meet or exceed the following minimum criteria in order to be considered for the resulting professional services contract:

1. Two or more Pennsylvania municipal pension clients under contract for pension services – Defined Benefit and/or Defined Contribution plans.
2. One or more Pennsylvania Municipal Police Pension Plans – Act 600 compliant.
3. \$100 million or more in municipal pension client assets under direct management – Defined Benefit or Defined Contribution plans.
4. Ability to provide a clearly functional services platform that addresses all desired services described in this RFP – directly or in partnership with a subcontractor.
5. Ten or more years' experience providing similar pension services to municipal government entities as desired under this RFP.

Professional Qualifications:

1. Name of your firm, address, e-mail address, telephone and fax numbers, and primary contact for the request for Proposal. Provide a brief history of your firm, the year it was founded, and location of its headquarters and other offices.
2. If your organization is a subsidiary, parent, or affiliate of any other firm, please describe in detail the relationship to such other entities and retirement fund related services they provide, such as investment management, actuarial work, custodial services, etc. If you provide more than one service, how do you protect against conflicts of interest? Do you ever include your own firm, subsidiary or sponsored investment vehicle in a manager search you are conducting?
3. How many full-time employees are in your firm?
4. Please submit biographical profiles on the individual(s) who will be assigned to our account. Be specific as to experience, including experience with municipal pension plans, performance measurement, manager search, investment policy consulting. Indicate where these individuals are located and identify who will attend review meetings.
5. What public funds experience do you have? Provide a list of all public pension fund clients under contract to date.

Qualifications and Information Required *(Continued)*

6. Please explain size, composition, and source of your performance measurement database. What indices are used for relative comparisons? Were your software systems developed entirely in-house or purchased from outside sources? If you do not maintain databases, whose database do you use?
7. Describe your experience with, and strategy for, transitioning a new retirement fund client from its former investment consultant?
8. List the number of municipal defined benefit plans that you consult for that are "fully" funded or over funded. Describe your work with any plans that have seen their funded ration improve under your consulting supervision.
9. Give a brief overview of the additional services you provide besides consulting for defined benefit plans. Such as work with DROP and 457 plans.
10. Disclose formal or informal business relationships with investment managers, insurance companies, or other service providers to pension trust funds. Do you foresee any conflicts of interest arising from these relationships if the Fund engages your firm as its investment consultant? If so, how would you propose to address these issues?

Investment Policy/Asset Allocation Guidelines:

1. Provide an outline of the principle steps you would follow when developing a statement of Investment Policy and Objectives. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How would you interface with the Borough actuary?
2. Provide an outline of the issues and items that would be covered in a typical investment policy statement for a similar governmental defined benefit pension plan.
3. What is your approach to development of asset allocation guidelines? Please describe this process in detail, including application of major variables (e.g. - risk tolerance, emerging liabilities, etc.).
4. What asset classes are included in your work? If you would include any type of alternative investments describe your approach to conducting searches for alternative investment managers and your capability to provide due diligence of alternative investment managers.
5. What geographic areas of the world do you consider appropriate for pension asset investments?

Qualifications and Information Required *(Continued)*

6. Does your approach include passive strategies such as indexing? If so, please describe.
7. How many meetings would be required with the Borough? Who would attend from your firm?

Investment Manager Selection:

1. What is the procedure and criteria you will follow in the selection of an investment manager? How long might the process take from start to finish?
2. How many firms do you track for manager search purposes? How many managers do you typically recommend that the client select to make final presentations from the total search database?
3. Do the consultant(s) who would be assigned to our account interface with prospective managers? How much time do they spend, in an average week, interviewing managers? How many managers a week do our assigned consultant(s) see? Is due diligence performed for all managers' offices? If so, please explain your due diligence process. How are consultants apprized with respect to developments about managers?
4. What computer systems do you utilize to help in your manager screening? Which are purchased, and which are proprietary?
5. Do you monitor your success in selecting managers? Explain how you measure the level of success of existing managers. Please be specific.
6. What criteria are used to recommend termination of a manager?

Performance Evaluation:

1. Specifically describe your performance evaluation system and the philosophy behind it. Is your system proprietary or did you obtain it from another supplier?
2. Describe and illustrate any special indices constructed by your firm.
3. Please describe, in detail, the optimal role that your firm would like to take in manager selection and presentations to the Fund. What other services are provided, such as custodian searches, due diligence visits, proxy voting, etc.?

Qualifications and Information Required *(Continued)*

4. How soon following the end of a reporting period can you have copies of evaluation reports to us? How frequently do you recommend performance evaluation reviews?
5. Provide samples of your standard reports. How much variation is available from your standard report?
6. Provide actual examples illustrating the performance history of defined benefit plans that you have managed.

Claims and Investigations:

Provide detailed information regarding all complaints, claims or investigations made against your firm or its employees and received by the Securities and Exchange Commission, the National Association of Securities Dealers, or any other federal or state regulatory body. Has your firm or its employees been involved in litigation within the last five years or is there any pending litigation arising out of the performance of your firm or its employees? If your answer is yes, explain fully.

Fees:

1. Please quote all direct and indirect fees for all services. Provide detail of all services included as follows: indicate your proposed fee schedule for investment performance analysis services, asset allocation, asset liability studies, investment policy statement, manager search, custodial search, custodial services, etc. Also indicate your fee schedule for ancillary services. Please provide fee quotes on a service-by-service basis.
2. Would you charge separately for travel expenses? If so, explain in detail your policy.
3. What other costs or expenses might the Borough and the Fund incur with your firm (i.e. attendance at extra meetings; travel costs; start-up fees)? Are there services not provided under the retainer or flat fee? If so, how much are these costs? Are they charged per service or per hour?
4. Do you receive any direct or indirect compensation from investment product providers?
5. Are you willing to guarantee your fees for a specific period of time?

References

Please list five (5) municipal pension plan clients (preferably from Pennsylvania) for whom the firm has provided investment consultant services within the past year. At least three (3) of the reference clients must be clients who have been serviced by the principal investment consultant who will be assigned to the Borough of Pottstown Police and Non-Uniform Pension Plans. For each reference listed, include the name of the municipality, the contact person at the municipality, telephone number and the email address.

Act 44 Disclosure Form

ACT 44 DISCLOSURE FORM FOR ENTITIES PROVIDING PROFESSIONAL SERVICES TO THE BOROUGH OF POTTSTOWN PENSION SYSTEM

CHAPTER 7-A OF ACT 44 OF 2009 MANDATES the annual disclosure of certain information by every entity (hereinafter "Contractor") which is a party to a professional services contract with one or more of the pension funds of The Borough of Pottstown (hereinafter the "Requesting Municipality"). Act 44 disclosure requirements apply to Contractors who provide professional pension services and receive payment of any kind from the Requesting Municipality's pension fund. The Requesting Municipality has determined that your company falls under the requirements of Act 44 and must complete this disclosure form. You are expected to submit this completed form to the Requesting Municipality below **by January 19, 2018**. If for any reason you believe that Act 44 does not require you to complete this disclosure form, please provide a written explanation of your reason(s) **by January 19, 2018**.

**RETURN COMPLETED
DISCLOSURE TO:**

**Borough of Pottstown / Pottstown Police
Attn: Brooke Fisher
100 High Street
Pottstown, PA 19464
Pd148@pottstown.org**

Act 44 Disclosure Form

DEFINITIONS FOR DISCLOSURE

TERM:	DEFINITION:
CONTRACTOR	Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension fund in exchange for rendering professional services for the benefit of the municipal pension fund.
SUBCONTRACTOR OR ADVISOR	Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.
AFFILIATED ENTITY	Any of the following: <ol style="list-style-type: none"> 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c)) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code
POLITICAL COMMITTEE	As defined in section 1621 of the act of June 3 rd , 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code
EXECUTIVE LEVEL EMPLOYEE	Any employee or person or the person's affiliated entity who: <ol style="list-style-type: none"> 1. Can affect or influence the outcome of the person's or affiliated entity's actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or 2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.
MUNICIPAL PENSION SYSTEM	Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.
PROFESSIONAL SERVICES CONTRACT	A contract to which the municipal pension system is a party that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.

Act 44 Disclosure Form

List of Municipal Officials for the Requesting Municipality

Certain requests for information in this form will refer to a "List of Municipal Officials." To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and employees. Throughout this Disclosure Form, the below names will be referred to as the "List of Municipal Officials."

Elected Officials

Sharon Valentine-Thomas - Mayor for 2017
Stephanie Henrick - Mayor for 2018
Dan Wiend - Borough Council President, 5th Ward
Sheryl Miller - Borough Council Vice President, 3rd Ward
Joseph Kirkland - Council Member, President Pro Tem, 7th Ward
Ryan Procsal - Council Member, 1st Ward
Carol Kulp - Council Member, 2nd Ward
Dennis Arms Jr. - Council Member, 4th Ward
Rita Paez - Council Member, 6th Ward
Donald Lebedynsky, Council Member for 2018

Appointed Officials or Employees

Mark Flanders - Borough Manager
Justin Keller – Assistant Borough Manager
Virginia Takach - Borough Secretary
Sandi Chieffo – Borough Human Resources
Charles D. Garner, Esquire – Borough Solicitor
Janice Lee - Finance Director

Police Pension Board Members

Brooke Fisher
David Mull
Gregory Fritz
Charles McClincy (Member until April 2017)

Non-Uniform Pension Board Members

Kathie Minotto
Keith Place
Rodney McMichael

Act 44 Disclosure Form

IDENTIFICATION OF CONTRACTORS & RELATED PERSONNEL

CONTRACTORS: (See “Definitions” – page 2) Any entity who currently provides service(s), or wishes to provide services by completing a request for proposal, by means of a Professional Services Contract to the Municipal Pension System of the Requesting Municipality, please complete all of the following:

Identify the Municipal Pension System(s) for which you are providing information:

****NOTE:** For all that follow, you may answer the questions / items on a separate sheet of paper and attach it to this Disclosure. Please reference each question / item you are responding to by the appropriate number.

1. Please provide the names and titles of all individuals providing professional services to the Requesting Municipality’s pension plan(s) identified above. Also include the names and titles of any Subcontractors or Advisors of the Contractor, identifying them as such. After each name and title provide a description of the responsibilities of that person with regard to the professional services being provided to each designated pension plan.
2. Please list the name and title of any Affiliated Entity and their Executive-level Employee(s) that require disclosure; after each name, include a brief description of their duties. (See: Definitions)
3. Are any of the individuals named in Item 1 or Item 2 above, a current or former official or employee of the Requesting Municipality? IF “YES”, provide the name and of the person employed, their position with the municipality, and dates of employment.
4. Are any of the individuals named in Item 1 or Item 2 above a current or former registered Federal or State lobbyist? IF “YES”, provide the name of the individual, specify whether they are a state or federal lobbyist, and the date of their most recent registration /renewal.

NOTICE: All information provided for items 1- 4 above must be updated as changes occur.

5. Since December 17, 2009, has the Contractor or an Affiliated Entity paid compensation to or employed any third-party intermediary, agent, or lobbyist that is to directly or indirectly communicate with an official or employee of the Requesting Municipality in connection with any transaction or investment involving the Contractor and the Municipal Pension System of the Requesting Municipality?

Act 44 Disclosure Form

This question does not apply to an officer or employee of the Contractor who is acting within the scope of the firm's standard professional duties on behalf of the firm, including the actual provision of legal, accounting, engineering, real estate, or other professional advice, services, or assistance pursuant to the professional services contact with municipality's pension system.

IF "YES", identify: (1) whom (the third-party intermediary, agent, or lobbyist) was paid the compensation or employed by the Contractor or Affiliated Entity, (2) their specific duties to directly or indirectly communicate with an official or employee of the Municipal Pension System of the Requesting Municipality, (3) the official they communicated with, and (4) the dates of this service.

6. Within the past two years, has the Contractor, or any agent, officer, director, or employee of the Contractor solicited a contribution to any municipal official or candidate for municipal office in the Requesting Municipality, or to the political party, or political action committee of that official or candidate?

IF "YES", identify the agent, officer, director or employee who made the solicitation and the municipal officials, candidates, political party or political committee who were solicited (to whom the solicitation was made).

7. Within the past two years, has the Contractor or an Affiliated Entity made any contributions to a municipal official or any candidate for municipal office in the Requesting Municipality?

IF "YES", provide the name and address of the person(s) making the contribution, the contributor's relationship to the Contractor, the name and office or position of the person receiving the contribution, the date of the contribution, and the amount of the contribution.

8. Does the Contractor or an Affiliated Entity have any direct financial, commercial or business relationship with any official of the Requesting Municipality?

IF "YES", identify the individual with whom the relationship exists and give a detailed description of that relationship. A written letter is required from the Requesting Municipality acknowledging the relationship and consenting to its existence. The letter must be attached to this disclosure. Contact the Requesting Municipality to obtain this letter and attach it to this disclosure before submission.

9. Has the Contractor or an Affiliated Entity given any gifts having more than a nominal value to any official, employee, or fiduciary of the Requesting Municipality? Gifts are broadly construed to include, but not limited to, money, services, loans, travel, lodging, entertainment, discounts or other things of value.

IF "YES", provide the name of the person conferring the gift, the person receiving the gift, the office or position of the person receiving the gift, specify what the gift was, and the date conferred.

Act 44 Disclosure Form

10. Disclosure of contributions to any political entity in the Commonwealth of Pennsylvania
Applicability: A "yes" response is required, and full disclosure is required ONLY WHEN ALL of the following applies:
- a. The contribution was made within the last 5 years
 - b. The contribution was made by an officer, director, Executive Level Employee or owner of at least 5% of the Contractor or Affiliated Entity.
 - c. The amount of the contribution was at least \$500 and in the form of:
 - i. A single contribution by a person in (b.) above, OR
 - ii. The aggregate of all contributions all persons in (b.) above;
 - d. The contribution was for:
 - i. Any candidate for any public office or any person who holds an office in the Commonwealth of Pennsylvania;
 - ii. The political committee of a candidate for public office or any person that holds an office in the Commonwealth of Pennsylvania.

IF "YES", provide the name and address of the person(s) making the contribution, the contributor's relationship to the Contractor, the name and office or position of the person receiving the contribution (or the political entity / party receiving the contribution), the date of the contribution, and the amount of the contribution.

11. With respect to your provision of professional services to the Municipal Pension System of the Requesting Municipality:
Are you aware of any apparent, potential or actual conflicts of interest with respect to any officer, director or employee of the Contractor and officials or employees of the Requesting Municipality?
NOTE: If, in the future, you become aware of any apparent, potential, or actual conflict of interest, you are expected to update this Disclosure Form immediately in writing by:
- a. Providing a brief synopsis of the conflict of interest (and);
 - b. An explanation of the steps taken to address this apparent, potential, or actual conflict of interest.

IF "YES", Provide a detailed explanation of the circumstances which provide you with a basis to conclude that an apparent, potential, or actual conflict of interest may exist.

12. To the extent that you believe that Chapter 7-A of Act 44 of 2009 requires you to disclose any additional information beyond what has been requested above, please provide that information below or on a separate piece of paper.

Act 44 Disclosure Form

VERIFICATION

I, _____, hereby state that I am _____ for
(Name) (Position)
_____ and I am authorized to make this verification.
(Contractor)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for Entities Providing Professional Services to The Borough of Pottstown are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding Contractor to the penalties in Section 705-A(e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

Signature

Date

Submission of Proposals

Bidders should submit one hard copy of their proposal to:

Borough of Pottstown / Pottstown Police
Attn: Brooke Fisher
100 High Street
Pottstown, PA 19464

Re: Investment Consulting Services Proposal

In addition, one electronic copy of their proposal to:

Brooke Fisher
[Pd148@pottstown.org](mailto:pd148@pottstown.org)

Proposals must be received by **January 19, 2018 at 3:00 p.m.**

No exceptions to this deadline will be allowed unless the Board extends the deadline, whereupon recipients of the RFP will be notified.

Proposals become the property of the Pottstown Police Pension/Investment Board upon submission and will not be returned.

Questions about the Request for Proposal may be submitted via email to pd148@pottstown.org.

Changes in the RFP:

Should you be in doubt as to the true meaning of any portion of this RFP, or should you find any ambiguity, inconsistency, or omission therein, respondent may make a written request for an official interpretation or correction. The Borough reserves the right to supplement, amend, modify or cancel this RFP without notice or substitution of another request.

Cost Liability:

The Borough of Pottstown assumes no responsibility or liability for costs incurred by the investment consultant prior to execution of a contract. All costs for developing proposals are entirely the responsibility of the investment consulting firm and shall not be chargeable to the Borough of Pottstown or the Pension Plan. The Borough of Pottstown, et al, accepts no responsibility for lost or late delivery of proposals. The Selection Committee reserves the right to reject any and all Proposals in its sole discretion.

Miscellaneous Provisions and Disclosures

The Pottstown Police and Non-Uniform Pension/Investment Boards reserve the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if the Board determines such action or actions to be in the best interest of the membership of the pension plan.

The Board also reserves the right to request clarification of any submission; modify or alter the Scope of Services and solicit new submissions; and reject any or all submissions.

The Board does not intend to entertain limited liability clauses of any type with the winning bidder.

Disclosures

Prior to entering into a contract with the Pension Board, the Firm shall disclose the names and titles of each individual who will be providing professional services to the Pension Plan, including advisors or subcontractors of the Firm.

The disclosures shall include all of the following:

- Whether the individual is a current or former official or employee of the Borough of Pottstown.
- Whether the individual has been a registered Federal or State lobbyist.
- A description of the responsibilities of each individual with regard to the contract.
- The resume of an individual included in the disclosure shall be provided to the Pension Board upon request.