

# **REQUEST FOR PROPOSALS**

*City of Altoona, Pennsylvania*

## **Pension Fund Investment Management and Administrative Services**

**RFP – 2020-01**

Released under the authority of  
Ken Decker, City Manager  
City of Altoona  
1301 12<sup>th</sup> Street, Suite 100  
Altoona, PA 16601  
(814) 949-2408  
DATE ISSUED: June 1, 2020

# Pension Fund Investment Management and Administrative Services

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# Pension Fund Investment Management and Administrative Services

## Schedule Bid Number RFP 2020-01

<u>Date</u>	<u>Step</u>
June 1, 2020	Begin Advertising Mail/ Email Notices to potential bidders
June 2, 2020 (and ongoing)	Begin Digital Advertisements
July 14, 2020	Request for Qualifications, Part I <u>Due</u> Statement of Qualifications Submittals  Must be delivered by 10:00 a.m. at City Manager City of Altoona 1301 12th Street, Suite 100 Altoona, PA 16601  The Evaluation Committee will review Statement of Qualifications and select firms for Pre-Proposal Meeting and interviews. The dates will be set with Committee and qualified firms.
August 11, 2020 (projected)	Proposals for Part 2 <u>Due</u>  Must be delivered by 10:00 a.m. at City Manager City of Altoona 1301 12th Street, Suite 100 Altoona, PA 16601
September 15, 2020 (projected)	Scope and Fee Negotiations - Part 3 Pension Boards approval/recommendations
October 14, 2020 (tentative)	Purchase Order and Awarded Contract Presented to Mayor & Council for Approval

# Pension Fund Investment Management and Administrative Services

## OVERVIEW

The City of Altoona is a local government in Blair County, Pennsylvania. As part of its competitive compensation package and pursuant to its collective bargaining agreements, the City provides defined benefits pension plans for three groups of qualified employees: Fire, Police, and Non-Uniformed. The City also provides Other Post-Employment Benefits (OPEB) to retirees through a separate fund.

The City has accrued funds in trust to meet the obligations of the three Pension Plans. Assets designated for pension benefits are separate from, and are not comingled with, assets held for other post-employment benefit obligations.

As of December 31, 2019, the City's Police Pension System had 69 regular retirees, 7 disability retirees, and 23 survivor beneficiaries. The Fire Pension System had 63 regular retirees, 9 disability retirees, and 34 survivor beneficiaries. The Fire Department also had three Deferred Retirement Option Plan (DROP) participants. [While not addressed specifically in this RFP, the City will discuss the addition of a DROP component as part of the scope of services. Firms participating in the final round interviews should be prepared to answer questions about the firm's ability to provide DROP services.] The Non-Uniformed Pension System had 51 regular retirees, 7 disability retirees, and 16 survivor beneficiaries.

The City's Pension Funds have had the same investment/trust manager and custodian for more than 15 years. The City has used independent firms and/or contractors to provide actuarial and pension administrative services. The three Pension Funds are subject to routine audits by the Commonwealth of Pennsylvania and financial information is incorporated in the City's annual independent financial audit.

The decision to let an RFP for Pension Fund Investment, Management, and Administrative Services is motivated by the City's desire to 1) achieve a strong rate of return on investments; 2) minimize costs in both investment management and custodial/administrative services; 3) update investment policies to reflect current market realities and institutional risk tolerance; and 4) ensure compliance with all relevant laws and regulations.

The City's goal is to select one firm to provide investment management services for all three Pension Plans. The City will consider proposals from firms that wish to provide both investment management and custodial/administrative services. If a firm is selected to provide only investment management services, the firm providing custodial services may be selected in consultation with the investment management firm. The City reserves the right to conduct a second RFQ/RFP process if an acceptable custodial services firm is not selected through this process.

The successful **investment management services** firm will be required to:

- Invest City funds to consistently achieve an above market rate of return while maintaining the security of the funds, preserving principal, and the generating of income and liquidity of funds in compliance with established investment policies;

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- Assist in the formulation, development, revision, and implementation of investment policies for all Pension Plans;
- Provide quarterly reports on investment performance and administrative costs in easily understandable language to the City. This includes benchmarking performance against agreed upon performance metrics;
- Provide written reports which describe the content, activity and status of all investments;
- Provide prudent estimates of the Pension Plans anticipated rates of return for use in actuarial valuations;
- Ensure compliance with adopted Investment Policy Statements.

The successful **custodial/administrative services** firm will be required to:

- Complete all administrative and maintenance functions including all non-actuarial reporting that may be required by governmental agencies, and City staff;
- Ensure City compliance with the adopted Pension Plans;
- Issue monthly checks to retirees and issue 1099-Rs as required (noting that the City currently performs some administrative services internally);
- Provide a client representative who is readily accessible by phone and available for meeting approximately quarterly to interact with City officials (the three Pension Boards) and personnel, to answer questions or concerns as needed and to assist with implementing changes, additions, adding retirees, etc. at no additional cost to the City;
- Participate in and support audit performance as required. This includes providing any financial information and reporting necessary for state and local audits and for the City's actuarial firm(s);
- Provide other services as required in the Vendor's role as the principal agent of the City's Pension Trusts.

The City operates on a January 1 to December 31 fiscal year and makes quarterly contributions to the Pension trust funds.

### **Supporting Documents**

Rather than include supporting documents with the RFP, the City has posted digital copies (PDF format) of relevant materials on the City's website. The URL is:

<http://www.altoonapa.gov/Admin/CityClerk/Pages/Bid-Opportunities.aspx>

The documents will include but may not be limited to:

1. 2019 actuarial valuations for all three Pension Plans. (Please note that actuarial services are not part of this RFP).
2. 2019 investment performance reports for all three Pension Plans.
3. The City's standard professional services contract.
4. Additional documents as deemed useful.

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The City's pension plans are available online as Chapter 94 of the City Code. The URL is: <https://www.ecode360.com/15758395>

To answer an anticipated question, the City currently does not have formally adopted Investment Policy Statements (IPS's) for its three Pension Plans. As noted above, formulation, development, and implementation of investment policies for all three Pension Plans is part of the anticipated scope of work.

The City anticipates entering into a Pension Fund Investment, Management, and Administrative Services contract for an initial period of five (5) years with an option to renew for an additional period, or periods of up to five (5) years.

Each Pension Plan has a Pension Board. Selected members of each Board will serve as members of the Evaluation Committee. Bidders are strictly prohibited from communicating with members of the Pension Boards during the bid process, except during scheduled interviews.

### **General Guidance**

This is a complex, multi-stage process. Bidders are advised to read the bid documents carefully and respond to the *specific* questions or requests within each stage. Marketing materials, brochures, and information not responsive to the bid documents will not be considered. Bidders providing extraneous materials may be subject to reductions in scoring as determined in the sole and exclusive discretion of the evaluation committee. As noted, communication with the Pension Boards and/or members of the evaluation committee during the bid process is expressly prohibited. Communication related to the bid process with the City of Altoona's elected officials or senior staff is strongly discouraged. Any attempt to improperly influence the outcome of the bid process may result in the disqualification of the bidder.

## **BID PROCESS**

### **OVERVIEW**

The solicitation process will be divided into three parts. The first part is a Request for Qualification (RFQ). Prospective firms will provide information (a Statement of Qualification or SOQ) to allow the City's evaluation team to create a short-list of the most highly-qualified prospective firms. These firms will be contacted and invited to participate in the second part—the submittal of a formal proposal. The evaluation team will select the most favorable proposal and the firm making that submission will be invited to participate in structured negotiations. The City anticipates these negotiations will lead to a successful contractual agreement.

### **AWARD PROCESS**

The City will evaluate each firm which responds to the first part of this bid process. The City will first rank those firms based on each firm's qualifications and the qualifications and experience of the particular individuals identified as the firm's proposed team. After evaluating the responses, the City will select a list of firms it considers to be the most qualified. The short-listed firms will

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then be graded in the second part of this bid process, which will contain a description of the requested scope of work that the Firm shall perform for the City, evaluation criteria, and a request for a pricing proposal.

**Pre-Proposal Meeting:** The City will invite firms to meet with the City before submitting a response to Part 2 of the bid process. The purpose of the pre-proposal meeting is to permit firms to ask the City questions to help the firms prepare their response. The date for the proposal meeting will be established upon the conclusion of the first part.

**Presentations/Interviews:** After submitting responses to the RFP, the City intends to request interviews with firms.

**Ranking Firms:** After evaluating the proposals, the committee shall rank the firms based upon its evaluation stated in the bid documents. The City shall select the highest rated proposal. Upon approval to proceed by the three Pension Boards, the City will enter into contract negotiations with that firm.

### **SCOPE AND FEE NEGOTIATIONS**

Contract negotiations shall be directed towards:

- (1) Ensuring that the firm understands the essential requirements involved in providing the required services as specified in the bid documents;
- (2) Ensuring that the firm will be able to provide the necessary personnel to perform the services within the time required by the contract;
- (3) Agreeing upon a procedure and schedule for determining a guaranteed maximum price;
- (4) If the City fails to negotiate an agreement with the highest rated firm, the City shall inform the firm, in writing, of the termination of negotiations;
- (5) Upon terminating negotiations, the City may enter into negotiations, as provided in this section, with the next highest rated firm. If negotiations fail, the City may enter into negotiations, as provided in this section, with the firm the City ranked next highest and so on.

**Final Award:** Upon the City's approval of the resulting Agreement, the selected firm shall execute the appropriate Agreement and return three (3) original signed Agreements for City signature. One copy will be returned to the selected firm upon full execution. Final approval is contingent upon the ratification by the Mayor and Council. If a firm other than the incumbent is selected, the incoming firm shall be responsible for supporting and facilitating all aspects of the transition.

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## **REQUEST FOR QUALIFICATIONS – Part 1 of the Bid Process**

NOTICE IS HEREBY GIVEN that the City of Altoona, Pennsylvania, invites your firm to submit a Statement of Qualifications for the purpose of securing Pension Fund Investment, Management, and Administrative Services to manage the City's Pension Trust investments.

Nothing in this Request for Qualifications (RFQ) shall create any contractual relationship between the City and respondents.

Any questions pertaining to this RFQ are to be submitted in writing to: Ken Decker, City Manager, via e-mail at [kdecker@altoonapa.gov](mailto:kdecker@altoonapa.gov).

The firm chosen to provide Pension Fund Investment Management and Administrative Services will be selected on the basis of demonstrated competence and qualification for the type of services required. Consideration will be given regarding the fee structure for those services. The City reserves the right to negotiate the aforesaid fee structure with the firm(s) deemed best qualified by the City.

## **REQUIREMENTS FOR THE STATEMENT OF QUALIFICATIONS (SOQ)**

The purpose of this part of the bid process is to solicit information that will enable the City to determine which firms are best qualified to assist in the management and investment of the City's Trust investments and most likely to provide superior administrative and customer services to the City's retirees.

This RFQ process is intended to enable firms to demonstrate their qualifications to perform the requested services, and to enable the City to evaluate those qualifications. Firms are advised that the Statement of Qualifications (SOQ) should include specific information that will demonstrate the qualifications and experience required by this RFQ.

Respondents must submit one (1) original and seven (7) copies of the SOQ and any supporting documents to: City Manager, City of Altoona, 1301 12<sup>th</sup> Street, Suite 100, Altoona, Pennsylvania 16601.

SOQs should be submitted in a sealed envelope bearing the name of the firm and their address and labeled, **City of Altoona Part 1 RFP 2020-01**, addressed to: City Manager, City of Altoona, 1301 12th Street, Suite 100, Altoona, Pennsylvania 16601. All submittals shall be considered valid for one hundred and twenty (120) days from date of receipt.

Proposals will be received by the Office of the City Manager no later than **10:00 a.m., July 14, 2020**. Proposals received after the closing time and date, for any reason whatsoever, will not be considered. Any disputes regarding timely receipt of proposals shall be decided in favor of the City of Altoona. The City is not responsible for returning late proposals. Firms shall be responsible for verifying that the City has received their proposal. Those firms desiring confirmation may contact Ms. Kim Carrieri between the hours of 8:30 a.m. and 4:30 p.m. (EST) at 814-949-2408.

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Submittals shall not be available for inspection until an award has been made and the contract executed. After contract execution, all submissions become a matter of public record and are available for inspection by the general public. The City of Altoona will not assume any responsibility for any oral instruction, suggestion or interpretations.

An evaluation team will be selected by the three Pension Boards and the City Manager to review and evaluate submitted SOQs. In addition to the appointed evaluation team, the City may use any appropriate technical resources to provide assistance in evaluating the submittals.

**The Statement of Qualifications must contain the following response items, arranged in the order set forth below:**

### **INSTRUCTIONS**

**SOQ TAB 1 – Cover Letter & Introduction** - Provide the name, address, and a brief history of your organization as well as a brief statement of your firm's interest in the bid. Include a description of the firm, ownership structure and year organized and a brief explanation of the firm's capacity to successfully perform the work specified in the bid documents.

The letter shall be on the firm's letterhead identifying the official representative and point of contact for the firm. Include representative's title, address, phone and fax numbers, and e-mail addresses, to be signed by an authorized representative of the firm's organization. All signatures shall be original and signed in blue ink.

**SOQ TAB 2 – Description of Services** - Briefly describe the services your Firm normally provides to its clients. Explain if your firm uses open or proprietary investment vehicles.

**SOQ TAB 3 – Organization** - Briefly outline the experience and expertise of your organization. Provide the names and titles of staff members of your organization who will have responsibilities related to the services provided the City. Describe the professional qualifications of the staff to be assigned to this project, including the number of years of experience in investment consulting and a description of their respective roles with your organization in the last five years. Provide information on headquarters/home office research personnel and resources, if any. Outline the assigned staff's and your firm's competitive advantages and key differentiators.

**SOQ TAB 4 – Client Base/Examples of Work** - Provide a *representative* client listing and a breakdown of the firm's client base by type and asset size. Include how many clients your firm has gained and lost over the last three years. Provide no less than three, and no more than five, examples of work performed for other clients similar in scope and nature to the services described in these bid documents. Priority should be given to work involving qualified local government pension plans, **and only work completed by the staff who would be directly involved in providing services to the City**. Please provide a reference/client point of contact (name, phone number and email address) familiar with each work product.

**SOQ TAB 5 – Potential Conflicts and Disclosures** - Identify any potential conflicts of interest between the work to be performed for Altoona City and any other work your firm may

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be performing. Disclose past and present litigation and/or any regulatory actions taken against the firm, or any pending legal and/or regulatory issues which may, in any way, impact the firm's ability to perform the work specified in the bid documents.

**SOQ TAB 6 - Fee Structure** – Briefly describe the fee structure for services provided by the firm.

**Firms are advised to carefully review the criteria below to ensure the SOQ contains sufficient detail to fairly evaluate the submittal.**

### **EVALUATION CRITERIA**

The following criteria and point system will be used by the Evaluation Team to choose the most qualified respondent:

- 1. The respondent's ability to fulfill the expectations embodied in the agreement, and to provide the services required by City of Altoona.** (maximum of 25 points)

The Firm must demonstrate/provide:

- Experience in providing pension fund investment, management, and administrative services to existing pension trusts. Experience providing such services to municipal or county governments **in Pennsylvania**.
- Competitive investment returns with pension or other trust funds comparable in size (dollar value) to the pension trusts of the City of Altoona.
- Stability of the proposing firm, as measured by the length of time the firm has been in existence, the tenure of key personnel, the status of the firm as a qualified fiduciary agent, and the total amount of investments under management.
- Evidence of superior administrative and customer service to clients.
- An absence of organizational issues, including but not limited to, litigation or regulatory investigations and the absence of financial problems.

- 2. The respondent's reputation and experience in the successful execution of similar work.** (maximum of 25 points)

The Firm must demonstrate/provide:

- Evidence that the personnel assigned to serve the City have experience in serving as investment consultants to public or private trusts;
- A list of clients similarly situated to the City of Altoona;
- Evidence of providing similar consulting and administrative services to at least one other public trust or endowment;
- Resumés or curricula vitae of the personnel assigned to serve the City showing sufficient professional education and experience to provide the services as indicated herein;

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- Experience of supporting personnel in providing consulting/management services, as measured by the length of time dedicated support staff has provided such services to similar trust/endowment funds;
- Accessibility of primary point of contact, as measured by staff-to-client ratios or other metrics, and the location of the home office of the primary point of contact;
- Depth of personnel/talent, as evidenced by the firm's organizational chart, and the professional experience of individuals likely to assume responsibilities related to the City in the event of the departure of a principal point of contact.

### **3. Statement and opinions of the Firm's references. (maximum of 25 points)**

The Firm must demonstrate/provide:

- Stability of the respondent's client base, as measured by the number of clients gained or lost since January 1, 2017;
- Quality of references from clients, as measured by responses relating to quality of consulting/management services, ability to anticipate issues as opposed to reacting to issues, quality of client services, and the knowledge and accessibility of the primary assigned staff.
- Demonstrated ability to communicate complex investment issues in understandable terms to non-experts.

### **4. Additional criteria and the respondent's overall submittal, including fee structure. (maximum of 25 points)**

- Resources and knowledge of the firm and the assigned staff with respect to the formulation of investment policies.
- Resources and knowledge of the respondent, and the assigned staff, with respect to the formulation of an asset allocation plan, including knowledge of the capital markets, capital market theory and practice, actuarial issues, and asset allocation issues specific to public trust/endowment funds with significant unfunded liabilities.
- Ability and resources to provide continuing education to City staff, and to keep the City advised of ongoing developments in the pension trust field.
- Resources and knowledge of the firm, and assigned staff, including the quality and breadth of the firm's available database of public market managers, the knowledge of the firm of public market portfolios, including the ability to manage the investments held by the trust.
- Proof of legal authority to hold the City's investment in trust (custodial services firm).
- Quality and usefulness of the materials provided to the City under the agreement.
- A detailed explanation, in simple language, of all fees, costs and charges associated with every service component listed herein.

*Total possible points 100*

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### **REQUEST FOR PROPOSALS – Part 2 of the Bid Process**

As noted above, the City will evaluate each SOQ deemed to be responsive and submitted before the deadline by qualifying firms. The City will rank the firms based on each firm's qualifications and the qualifications and experience of the particular individuals identified as the firm's proposed team. After evaluating the responses, the City will select a list of firms it considers to be the most qualified. The City reserves the right to short-list as many firms as it deems necessary to conduct the second part of the bid process. The City will not provide a list of the SOQ ranking until after a bid award is made.

**Pre-Proposal Meeting:** The City will invite firms to meet with the City before submitting a response to Part 2 of the bid process. The purpose of the pre-proposal meeting is to permit firms to ask the City questions to help the firms prepare their response. The date for the proposal meeting will be established upon the conclusion of the first part.

**Presentations/Interviews:** After submitting responses to the RFP, the City may request interviews with firms.

**Ranking Firms:** After evaluating the proposals, the Selection Committee shall rank the firms based upon its evaluation stated in the bid documents. The City shall select the highest rated proposal and enter into contract negotiations with that firm.

### **REQUIREMENTS FOR THE PROPOSAL – PART 2 OF THE BID PROCESS**

Respondents to this part of the RFP must submit one (1) original and seven (7) copies of the Proposal and supporting documents to: City Manager, City of Altoona, 1301 12th Street, Suite 100, Altoona, Pennsylvania 16601.

Proposals should be submitted in a sealed envelope bearing the name of the Firm and their address and labeled, **City of Altoona Part 2 RFP 2020-01**, addressed to: City Manager, City of Altoona, 1301 12th Street, Suite 100, Altoona, Pennsylvania 16601. All submittals shall be considered valid for one hundred and twenty (120) days from date of receipt.

Proposals will be received by the office of the City Manager no later than **10:00 a.m. on the date determined after the SOQ process concludes (currently projected as August 11, 2020)**. Proposals received after the closing time and date, for any reason whatsoever, will not be considered. Any disputes regarding timely receipt of proposals shall be decided in favor of the City of Altoona. The City is not responsible for returning late proposals. Firms shall be responsible for verifying that the City has received their proposal. Those firms desiring confirmation may contact Ms. Kim Carrieri between the hours of 8:30 a.m. and 4:30 p.m. (EST) at 814-949-2408.

Submittals shall not be available for inspection until an award has been made and the contract executed. After contract execution, all submissions become a matter of public record and are available for inspection by the general public. The City of Altoona will not assume any responsibility for any oral instruction, suggestion or interpretations.

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## SCOPE OF WORK

1. **Investment Policy** – The firm shall make recommendations to the City with respect to formulation, development, revision and implementation of an investment policy. The Consultant shall also provide ongoing review and revision, as necessary, of the investment policy, to include research and recommendations for asset allocation strategies for each of the Plans.
  
2. **Investment** - The firm shall invest funds in compliance with the asset allocation policies developed for the City. The assets under management in the Plans are currently invested per the documents provided digitally. Investment fund strategy shall include:
  - Analysis leading to the investment of funds consistent with the Plans’ long-term investment objectives.
  - Selection of appropriate fund vehicles.
  - Coordination of the transfer of assets in and out of the fund (Contributions and Payouts of funds as employees retire).
  
3. **Fund Performance** – The firm shall provide reports to the City sufficient to allow the Pension Boards to evaluate fund performance. This shall include but is not limited to:
  - Four separate quarterly written reports for each of the three Defined Benefit Pension plans.
  - Quarterly oral and written briefings. At least annually, the principal members of the firm’s assigned team shall meet with the City’s Pension Boards to discuss and review fund performance. Additional presentations shall be made to the City as requested. To the extent practicable, the City will schedule the quarterly oral briefings for each plan on the same day.
  - Routine reports within 45 days of quarter end, provided all necessary information supplied to the firm is timely and accurate. The reports provided shall contain information including, but not limited to, a review of overall performance, statistical and summary data. At a minimum, the report shall provide the following:
    1. Summary statistical information of the market value of the assets, asset allocation, and analysis of the total fund as well as components of the total fund; components of the total fund shall be defined as the equity component (stocks), the fixed income component (bonds), the cash components (cash and cash equivalents), the international/global component (international fixed income and equities) and any other major asset classes;

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2. Total time-weighted return for each asset class for the composite portfolio with comparisons with appropriate index;
  3. Performance summary information for each mutual fund and for the composite portfolio;
  4. **Explicit and easily understood** information on all costs.
- 4. Plan Administration** – The firm shall provide all routine administrative services and reports necessary for the City of Altoona’s Human Resources and Finance Departments to successfully manage the Pension Plan and retiree benefits. This includes but is not limited to:
- Maintaining compliance with the City’s Pension Plans as may be amended from time to time;
  - Monthly reporting to HR and/or Finance detailing plan management including a census of retirees and a report of disbursements;
  - Check disbursement to retirees as determined by the appropriate actuarial firm (custodial services);
  - Issuance of 1099-R forms to retirees (custodial services);
  - Routine verification of conformity with the Pension Plan governing documents (custodial services);
  - Coordinate with the City’s actuarial firm(s) to ensure accurate payments

### **PROPOSAL CONTENT**

The **Proposal** must contain the following response items, arranged in the order set forth below:

#### **INSTRUCTIONS**

##### **PROPOSAL TAB 1 - Letter of Understanding**

Please provide a brief statement of the Firm’s understanding of the City’s needs and a discussion of the services provided by your firm to meet those needs.

##### **PROPOSAL TAB 2 - Organization**

Please describe the organization and structure of the firm as it relates to investment consulting and management. Responses should be thorough but concise. Include:

- A copy of the A.D.V. Form Part II or such other form that may disclose similar information;

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- A copy of the firm's Code of Ethics;
- Steps the firm routinely takes to ensure continuity with an account;
- A description of the relationship(s) the firm has with business affiliates and/or subsidiaries, both horizontally and vertically;
- A description of any co-fiduciary duties;
- Additional information about the firm that is directly relevant to this bid.

The City understands that there are different models of service delivery, i.e., one firm providing integrated services versus two firms providing investment management and custodial services independently.

### **PROPOSAL TAB 3 - Comparative Analysis of Investment Results**

Discuss the methods the firm uses to evaluate decisions in constructing the portfolio and how the City's Plans will benefit from those actions. Discuss with which peer group universes with which the City's funds will be compared. Does the firm's analysis include annualized rates of returns for various indices and for comparable public pension funds? How does the firm manage investment-related costs?

### **PROPOSAL TAB 4 - Strategic Planning Overview**

Briefly describe the approach the firm would use to assist the City in developing current investment policy statements (IPS) and investment guidelines. Include:

- The frequency with which the firm recommends reviewing or amending asset allocation policies;
- The circumstances under which the firm would recommend changing a client's asset allocation recommendations;
- A description of the analytic basis for the firm's recommendations of an investment structure.
- A discussion of the firm's philosophy of core versus specialty portfolios, active versus passive management, and mix of investment styles;
- **A discussion of the advantages of active versus passive investment management and the firm's ability to provide both approaches;**
- Detail the firm's in-house research and decision-making processes for investment decisions;
- A brief investment proposal for the City of Altoona;
- A brief evaluation of the City's investment results for all three funds over the past decade;
- A discussion of the transition process from the City's incumbent firm to the new firm.

### **PROPOSAL TAB 5 - Potential Conflicts:**

Briefly describe any potential conflicts. Include:

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- Describe any potential for conflict of interest that may be created by the firm's representation of the City plans. Include any client relationships that may inhibit services to the City. Indicate how those relationships may impact services to the City;
- Describe any circumstances where the firm, or any individual employed by the firm or having any contractual relationship with the firm, may receive compensation or benefits from investment managers or any third party;
- Describe any financial relationship or joint ventures with any other organization, such as an insurance company, brokerage firm, commercial bank, investment banking firm. Describe the extent of this involvement with regard to both personnel and financial resources;
- Describe any broker of any investment vehicles;
- Describe any acceptance or payment of "finders' fees" from or to investment managers or any third party.

### **PROPOSAL TAB 6 - References**

Provide at least five (5) client references and list all clients in the Commonwealth of Pennsylvania that are governmental entities. If the firm does not have five Pennsylvania references, other references may be provided with preference to references within the region.

### **PROPOSAL TAB 7 - Compensation/Fees**

State the annual fee, and/or fee in basis points, payable quarterly to cover the required services for the Plans. Include all expenses such as travel, lodging, meals, and other out-of-pocket expenses. List any project-oriented costs that may not be covered under a hard dollar or asset-based retainer such as an Asset Liability Study and/or fund search costs. Outline how costs will be allocated between the Pension Plans.

### **PROPOSAL TAB 8 - Exceptions to Form of Agreement:**

Note any exceptions the firm has to the form of agreement.

### **PROPOSAL TAB 9 – Signed copies of all documents provided under the General Conditions.**

## **SELECTION PROCESS**

The Evaluation Committee will review, evaluate and score each proposal on the criteria described herein. The list of items to be addressed in the proposals is not intended to restrict the submittal, but provides the Evaluation Committee with a list of items that can be objectively compared among

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the Firms providing proposals. The Evaluation Committee may use materials submitted in the RFQ/SOQ process as part of the proposal evaluation process.

The City intends to award an Agreement on a basis of qualifications, experience, and proposed fees.

All Firms' proposals received by the closing deadline will be evaluated by the Evaluation Committee. The Committee may request additional technical assistance from any source, if deemed desirable.

During the evaluation process, the City reserves the right, where it may serve the City's best interest, to request additional information or clarifications from firms, or to allow corrections of errors or omissions. At the discretion of the City, firms submitting proposals may expect to make oral presentations as part of the evaluation process.

The City reserves the right to retain all proposals submitted, and to use any ideas in a proposal regardless of whether that proposal is selected. Submission of a proposal indicates acceptance by the firm of the conditions contained in this request for proposal, unless clearly and specifically noted in the proposal submitted and confirmed in the agreement between the City of Altoona and the firm selected.

### **AWARD EVALUATION METHODOLOGY**

Contract award for the project will be based on the information presented in the Proposals. Evaluation will be according to the following criteria. The evaluation criteria listed below are not listed in order of importance.

- Respondent's experience/qualifications in investment advising, money management and/or pension consulting;
- Respondent's experience with governmental defined benefit pension plans;
- Credentials and certification of the professionals who will be responsible for providing investment advice;
- Conformity to the requirements of the City's Request;
- Financial Cost Proposals;
- References;
- Proposed Methodology.

The City may award the contract to the most responsible and responsive firm based on the above evaluation. However, the City also reserves the right to interview all Firms. All Firms interviewed will be asked to have the individual who would be managing the project to be in attendance at the interview. Firms interviewed will be evaluated based on the following criteria:

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- Ability to communicate effectively with the Committee;
- Knowledge of proposals;
- Clarification of materials within the proposal and/or additional information provided pursuant to the interview.
- 

### **SCHEDULE**

The firm selected will begin after all of the contractual documents are executed. In the event a firm other than the incumbent is selected, the City anticipates additional time will be necessary to complete the transition and that the length of time will be subject to successful contract negotiations.

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### **SCOPE AND FEE NEGOTIATIONS – Part 3 of the Bid Process**

After evaluating the proposals, the selection committee shall rank the firms based upon its evaluation stated in the bid documents. The City shall select the highest rated proposal and enter into contract negotiations with that firm.

Contract negotiations shall be directed towards:

- (1) Ensuring that the firm understands the essential requirements involved in providing the required services as specified in the bid documents;
- (2) Ensuring that the firm will be able to provide the necessary personnel to perform the services within the time required by the contract;
- (3) Agreeing upon a procedure and schedule for determining a guaranteed maximum price;
- (4) If the City fails to negotiate an agreement with the highest rated firm, the City shall inform the firm, in writing, of the termination of negotiations;
- (5) Upon terminating negotiations, the City may enter into negotiations, as provided in this section, with the next highest rated firm. If negotiations fail, the City may enter into negotiations, as provided in this section, with the firm the City ranked next highest and so on.

Final Award: Upon the City's approval of the resulting Agreement, the selected firm shall execute the appropriate Agreement and return three (3) original signed Agreements for City signature. One copy will be returned to the selected firm upon full execution. Final approval is contingent upon the ratification by the Mayor and Council.

The City will award an Agreement to the responsible firm who submits a responsive proposal, which is most advantageous to the City. The City will send written notice of its award to the successful firm. The City will notify all unsuccessful applicants in writing after the contract is executed. The City reserves the right to reject the proposal of any or all firms where the available evidence or information does not satisfy the City that the applicant is qualified to carry out the terms of the Agreement or where the City, in its sole and exclusive discretion, does not deem that the proposal or agreement is in the City's best interest.

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## **GENERAL CONDITIONS**

**Late Submittals:** Responses to this solicitation received by the City after the time specified for receipt will not be considered. Firms shall assume full responsibility for timely delivery at the location designated for receipt of submittals.

**Completeness:** All information required by the RFP must be supplied to constitute a regular, complete submittal.

**Legal Requirements:** All Submittals, Contracts and Agreements shall be governed by, interpreted and enforced in accordance with the laws of the Commonwealth of Pennsylvania. Lack of knowledge by the Firm will in no way be cause for relief from responsibility.

## **QUESTIONS**

All questions and requests for clarification regarding this RFP shall be submitted to the City Manager of the City of Altoona in writing (submission by email is acceptable). No requests for additional information, clarification or any other communication should be directed to any other individual. **NO ORAL REQUESTS FOR INFORMATION WILL BE ACCEPTED.**

All questions or requests for clarification must be submitted five (5) days prior to the due dates and times set forth below. Questions or clarifications requested after such time will not be answered, unless the City elects, in its sole discretion, to do so. The City's responses to questions or requests for clarification shall be in writing, and may be accomplished by an Addendum to this RFP. The City will not be bound by any oral communications, or written interpretations or clarifications that are not issued in writing or set forth in an Addendum.

The City, in its sole discretion, shall have the right to seek clarifications from any Firm to fully understand information contained in the Statement of Qualifications and to help evaluate and rank the Proposal.

Bidders are advised that the City reserves the right to conduct an independent investigation of any information, including prior experience, identified in a Statement of Qualifications by contacting project references, accessing public information, contacting independent parties, or any other means. The City also reserves the right to request additional information from a Firm during the evaluation of that Firm's Statement of Qualifications.

Any submission which is not received prior to the time and date specified will be rejected by the City as non-responsive.

## **NOT OBLIGATED FOR COSTS OF PROPOSING**

The City assumes no obligations, responsibilities, and liabilities, fiscal or otherwise, to reimburse all or part of the costs incurred or alleged to have been incurred by parties considering a response to and/or responding to this RFP, or the subsequent RFP. All such costs shall be borne solely by each Firm.

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## **PROPRIETARY INFORMATION**

It is the responsibility of each Firm to clearly mark any part of their proposal considered to be of PROPRIETARY OR CONFIDENTIAL NATURE. Firms shall not mark sections of their proposal as PROPRIETARY OR CONFIDENTIAL if they are to be part of the award of the Contract/Agreement and are of a material nature.

## **AUTHORITY TO BIND CONSULTANT/MONEY MANAGER IN CONTRACT**

All submittals MUST give the full name and address of the proposing Individual and/or Firm and the person authorized to enter into a legally binding agreement with the City to provide the services as described herein. Failure to manually sign the proposal will be cause for disqualification. The person signing the proposal shall clearly identify his or her title and/or demonstrate his or her corporate authority to bind his or her firm in a contract/agreement and he or she must sign on the space provided.

Firms are advised to respond to this RFP fully at *the time of proposal submission*. **Firms are strongly cautioned NOT to contact elected officials, members of the City's Pension Boards or members of the evaluation committee regarding the selection process.** Inappropriate efforts to lobby or influence individuals or organizations involved in this selection may result, at the City's sole discretion, in dismissal from further consideration. Firms may be required to clarify their proposals by making individual presentations to the Evaluation Committee. Proposals shall not be available for inspection by other Firms until interviews, if scheduled, are completed and award has been made. After award of the contract as voted in public session by the Mayor and Council, all proposals become a matter of public record and are available for inspection by the general public.

The City will not assume any responsibility for any oral instruction, suggestion or interpretations. Any material change will be submitted to all Firms through issuance of a written RFP Addendum. All questions regarding technical matters should be in writing and directed as noted herein.

The City reserves the right to reject any and all submittals or to waive any minor irregularities in the process where the determination of such irregularities shall be in the sole and exclusive discretion of the City. The City further reserves the right to seek new proposals when it is reasonably in the best interest of the City. The issuance of this RFP constitutes only an invitation to make presentations to the City. The City reserves the right to determine, at its sole discretion, whether any aspect of the Firm's submittals satisfies the criteria established. In all cases, the City shall have no liability to any responder for any costs or expense incurred in connection with this RFP or otherwise. Nothing in this RFP, or accompanying documents submitted, will create any contractual relationship between the City and respondents. Minority owned and operated businesses are encouraged to participate in the submission process.

## **DISCLAIMER**

The City of Altoona may, in its sole and absolute discretion, accept or reject, in whole or in part for any reason whatsoever, any or all Qualifications; re-advertise this Request for Qualifications/Proposal; postpone or cancel at any time this Request for Qualifications/Proposal process; or waive any formalities of, or irregularities in, the Qualifications/Proposal process. Qualifications/Proposals that are not submitted on time, and/or do not conform to the City's

## **Pension Fund Investment Management and Administrative Services**

requirements, will not be considered. The selection by the City shall be based on the qualifications, which is, in the sole opinion of the Selection Committee to be in the best interest of the City. The issuance of this Request for Qualifications/Proposals constitutes only an invitation to make presentations to the City. The City reserves the right to determine, at its sole discretion, whether any aspect of the qualifications satisfies the criteria established in this Request for Qualifications/Proposal. In all cases, the City shall have no liability to any contractor for any costs or expense incurred in connection with this Request for Proposal or otherwise.

### **FIRM CERTIFICATION**

I have carefully examined the requirements of this Request for Qualifications and/or Proposal, and any other documents accompanying or made a part of this RFQ/P.

I hereby propose to furnish the services specified in the Request. I agree that my proposal will remain valid for a period of up to 120 days in order to allow the City adequate time to evaluate the qualifications submitted.

I verify that all information contained in this proposal is truthful to the best of my knowledge and belief. I further certify that I am duly authorized to submit this proposal on behalf of the company as its act and deed and that the company shall be ready, willing and able to perform if short listed and pre-qualified.

I further certify, under oath, that this proposal is made without prior understanding, agreement, connection, or collusion with any other person, Consultant/Money Manager or corporation submitting a proposal for the same product or service, no officer, employee or agent of the City of Altoona, or any other firm interested in said proposal; and that the undersigned executed this firm's Certification with full knowledge and understanding of the matters therein contained and was duly authorized to do so.

\_\_\_\_\_  
NAME OF BUSINESS

BY:

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
NAME & TITLE, TYPED OR PRINTED

\_\_\_\_\_  
MAILING ADDRESS

\_\_\_\_\_  
CITY, STATE, ZIP CODE

( ) \_\_\_\_\_

TELEPHONE NUMBER

Sworn to and subscribed before me  
this \_\_\_\_\_ day of  
\_\_\_\_\_, 2020

\_\_\_\_\_  
Notary Public

State of \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

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Intentionally blank.