

CITY OF DERBY, CONNECTICUT PENSION BOARD

REQUEST FOR PROPOSAL

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PENSION PLAN INVESTMENT PERFORMANCE EVALUATION AND CONSULTING SERVICES

I. PURPOSE

The purpose of this request is to solicit proposals from firms interested in serving as Pension Plan Investment Manager for the City of Derby's Defined Benefit Pension Plan. The Town's Pension Board is seeking professional firms to perform investment management and advisory services for the current defined benefit plan. Duties of the selected provider may include consulting services, fund, and/or account performance review and attribution, review of investment guidelines with appropriate recommendations, asset allocation services, and other miscellaneous projects.

II. GENERAL INFORMATION

The City of Derby is a Town of approximately 12,400 located in southwestern Connecticut. It has a Mayor/Legislative Body form of government. The Pension Board was created by CGA Legislative Special Act 627 of 1953 to manage and administer the defined benefit plan for City employees. The Pension Board consists of the City Treasurer, one member of the Board of Apportionment and Taxation, one member of the Board of Alderman, two members at large, one full time employee covered by the act representing the public works and water pollution control departments, and one additional employee of the City. The Pension Board has full responsibility and authority for Plan investments, valuation, and administration.

III. OVERVIEW OF EXISTING PLAN

The Pension Plan for Employees of the City of Derby (Pension Plan) is a defined benefit, contributory pension plan covering regular employees of the City of Derby except for Police Department, Teachers, and Administrators. The market value of the Pension Plan was \$18,638,622 as of February 28, 2022. The current equity and fixed income investment guidelines adopted by the Pension Board are attached as Exhibit A.

IV. LENGTH OF CONTRACT

The contract for pension plan investment performance evaluation and consulting services will cover an initial period of three (3) years. The Pension Board will have the option to extend the contract for additional two-year renewals under the same terms and conditions (except as modified) for a maximum contract of nine (9) years. The contract will provide for early termination by either party upon sixty (60) days written notification of the intention to do so.

V. SELECTION OF PENSION PLAN INVESTMENT MANAGEMENT AND CONSULTING SERVICES FIRM

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A. Timetable

The following is a timetable for selection of the pension plan investment performance evaluation and consulting services firm.

1. June 13, 2022 - Request for proposals available.
2. **July 13, 2022 at 4:00 pm** - Deadline for delivery of proposals. Proposals should be sent so that they arrive by the deadline date and time.

Proposals should be submitted through the City of Derby's secure portal at:

<https://www.derbyct.gov/bids>

2. One copy of the proposal is requested through the City of Derby's secure portal at <https://www.derbyct.gov/bids> . Any proposal received after the specified time shall not be considered.
3. Anticipated contractual award period begins on or around October 1, 2022.

B. Selection Criteria

The following criteria will be used to evaluate proposal responses and to select a short list of proposers to make oral presentations.

1. Quality of written proposal and completeness of response to all response items.
2. Ability to meet service requirements.
3. Experience in providing similar services to other public funds.
4. Commitment by the firm and individual consultants to be assigned to this account.
5. Qualifications and experience of individuals assigned to this account.
6. Aggregate service cost.

C. Terms and Conditions

1. The City reserves the right to reject any and all proposals and has the right to waive any irregularities and informalities in a proposal at anytime during the proposal process until a contract has been executed.
2. The award of the contract will be to the firm whose proposal in the opinion of the Pension Board, is the best proposal, taking into consideration all aspects of the proposer's response, as well as the total net cost to the Pension Plan.
3. The City will not be responsible for any expenses incurred in the preparation of proposals or presentation or costs incurred during contract negotiations.
4. The City will consider proposals from parties who are able to provide full consulting services on a timely basis and are free from any obligation and interests which might conflict with the interests of the City of Derby and/or

its Pension Board.

- S. All proposers, in order for their proposal to be considered, must not be delinquent on any property tax issued by the City. Bidders shall certify that neither they nor any business or corporation fully or partially owned by the proposer is not delinquent on City property taxes.

VI. SCOPE OF SERVICES REQUESTED - DEFINED BENEFIT PLAN

A. Basic Requested Services (Investment Management and Performance Reporting)

1. Quarterly written reports are to be provided.
2. A minimum of four oral briefings annually are to be provided. These presentations shall be made to the Pension Board and coincide with the quarterly written reports.
3. Ten (10) copies of the reports shall be provided within 40 days of quarter end, provided all necessary information supplied to the Consultant is timely and accurate. The reports provided should contain information which is typical or standard for such reports provided to the firm's other pension fund evaluation clients. At a minimum, the report should provide an Executive Summary of ten (10) pages or less and the following:
 - a. 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.
 - b. Total time-weighted return for each asset class for the composite portfolio.
 - c. Comparison of actual returns with generally recognized indices, and with an appropriate universe of other pension funds and investment managers.
 - d. Information presented in both table and graph form.
 - e. A complete analysis of the risk and retiree return of both the stock, bond, and other portfolios.
 - f. An indication of whether the manager is meeting and adhering to the investment policies and guidelines and measurement of performance against investment guidelines goals.
4. Telephone consultations as needed regarding matters within the consultant's area of expertise.
5. Periodic review of the written statement of proposed investment goals, guidelines, and objectives.
6. Review of the City's current asset allocation policy and recommendation of any necessary changes.
7. Evaluation and presentation of alternative investments.
8. Coordination of investments to provide required cash flow necessary in Pension Plan operations. Results of annual actuarial report are incorporated into investment strategy and structure.
9. Review and recommendation of custodian and outside fees including trading rebalancing and other outstanding fees.
10. Attendance at Pension Board meetings.
11. Quarterly reports to include a comprehensive review of all fees assessed within investment categories with net impact on portfolio returns.

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VII. FORMAT OF PROPOSAL

In order to facilitate the review process, it is required that proposals be organized in the following manner:

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- A. Table of Contents
 - B. Letter of Transmittal indicating interest and providing other information which would assist the City in the selection process. This letter must be signed by a person legally authorized to bind the firm to a contract.
 - C. A statement demonstrating your understanding and your capability of providing the services described in the Scope of Services.
 - D. Summary of Proposer's Qualifications
 - 1. Identification of the project manager, the project team, the specific responsibilities of each team member and the qualifications of each team member. Indicate the percentage of the individual's time expected to be devoted to this area of business and the City of Derby.
 - 2. The names of other comparable clients (including public sector) served, and the services provided for the past 12 months including those handled by project manager above. Also include size of each fund. Personal references at each client must be able to be provided if the preparer is chosen to provide an oral presentation.
 - 3. General description of firm, including number of professional employees, available services, years in business, technical qualifications, and affiliations with other companies and corporations.
 - 4. Examples of reports or materials provided to other municipal clients, i.e., materials demonstrating innovation and leadership in the area of pension investment performance consulting.
 - 5. Registration with S.E.C. as investment advisor. Firm and project manager/leader must also be licensed to do business in the State of Connecticut.
 - E. Profile of Proposer
 - 1. General description of the approach taken in establishing and maintaining the client relationship.
 - 2. Explanation of methodologies employed in investment performance evaluation and consulting.
 - 3. Explain if your software systems were developed entirely in-house or contracted through an outside service.
 - 4. Provide information on how the fee for the services provided will be determined and method of payment.
 - 5. Indicate whether the provider is GIPS® compliant and verified. Provide recent verification letter, if applicable.
 - G. Information regarding Establishment of Investment Guidelines, Goals and Objectives and Asset Allocation:

Provide a discussion of your general approach, philosophy, capabilities and experience in providing consulting services to establish goals, guidelines and objectives and the

establishment and/or review of an asset allocation policy.

- H. A statement of those items in the Scope of Services your firm is unable or unwilling to provide, if applicable.

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VIII. CONTRACT REQUIREMENTS

- A. Any prospective firm must make an affirmative statement to the effect that its retention, if selected, shall not result in a conflict of interests or create an appearance of impropriety with any person or organization which may be affected under this program. Should any potential or existing conflict be known by a prospective firm, said prospective firm must specify the person or organization with which the conflict exists or might arise, the nature of the conflict and whether the prospective firm would or would not step aside or resign from that conflicting engagement or representation if selected by the City of Derby.

- B. The firm selected shall provide a certificate of insurance indicating the following minimum coverage:

Workers' Compensation - As required by law.

Professional Liability - Minimum limits of \$1,000,000 per occurrence. If the policy is on a claims-made basis, the policy shall be continually renewed for two years beyond the termination date of this contract and its renewals.

All insurance coverage shall be primary.

- C. No assignment of the final contract can be made without the written consent of the City of Derby.

IX. NUMBER OF COPIES REQUIRED

It is requested that one copy of the proposal be submitted in one package through the City's secure portal at <https://www.derbyct.gov/bids>.

X. EVALUATION OF PROPOSALS

Proposals will be evaluated by the Pension Board or subcommittee to ascertain which proposal best meets the needs of the City. Evaluation consideration will include, but not be limited to, the following:

- A. Responsiveness of the proposal in clearly stating an understanding of the work to be performed.
- B. Experience and technical ability of the firm and project staff to perform investment management, consulting, and advisory services.
- C. Reputation and experience of the firm.
- D. The fees and expenses.

XI. ORAL PRESENTATION

Formal oral presentation by each firm submitting a proposal is not necessary. However, the Pension Board expects to select a short list of proposers to make oral presentations.

XII. REJECTION OF PROPOSALS

The Pension Board reserves the right to reject any or all proposals and to award the contract in the best interest of the City of Derby.

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