

REQUEST FOR PROPOSALS
FOR
INVESTMENT
MANAGER/ADVISER/CONSULTANT



CITY OF YORK
PENSION FUNDS

NOVEMBER 28, 2016

RESPONSES DUE JANUARY 6, 2017

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OVERVIEW

The City of York, Pennsylvania, (the “City” or “York”) seeks an Investment Manager, Adviser or Consultant for its Municipal Pension Funds (the “Funds”) and, with this Request For Proposals (the “RFP”), invites proposals from qualified firms to serve in one of those capacities. The Funds have assets of approximately \$100 Million and fund the City of York’s defined benefit pension plans of its Officers and Employees Retirement System, Police Officers’ Pension Fund, and Firefighters’ Pension Fund (the “Plans”). Services shall include establishment, review and maintenance of investment policy, management of Fund’s assets, monitoring, reporting, and such other services as are incidental thereto or mentioned herein.

PROPOSALS

Proposals shall consist of a **Service Proposal** and a **separate Sealed Cost Proposal**. Proposals shall include 3 paper copies and an electronically submitted version. Lengthy additions to Proposals, such as ADV forms, may be submitted solely in electronic format.

Responses to, and questions regarding, this RFP shall be submitted, in accordance with the Timetable below, to:

Mr. Michael Doweary, Business Administrator
 City of York
 101 S. George St., P.O. Box 509, York, PA 17401
 Email: mdoweary@yorkcity.org or Fax: (717) 815-0494

Proposals need not follow the format of requested information but should address and will be evaluated on the information sought. Responders are invited to submit questions regarding the RFP in accordance with the Timetable below. Additional information is welcomed.

The City reserves the right to amend the Timetable and RFP requirements, and to waive any non-conformities or reject any and all Proposals, and will advise participants as needed. The City is not responsible for any expenses incurred by a firm in the submission of its Proposal and pursuit of this investment mandate.

TIMETABLE

RFP ISSUE DATE	November 28, 2016
QUESTIONS RE RFP DUE	December 12, 2016
RESPONSES TO QUESTIONS POSTED	December 16, 2016
PROPOSALS DUE	January 6, 2017
INTERVIEWEES NOTIFIED	February 17, 2017
INTERVIEWS	March 13-17, 2017
NOTIFY SELECTED MANAGER	May 19, 2017
SIGN INVESTMENT AGREEMENT	June 16, 2017
BEGIN MANDATE	July 1, 2017

SERVICE PROPOSAL

FIRM INFORMATION

Please provide detailed information regarding the following:

Organizational Information

- Firm name and legal entity/entities, headquarters address and telephone
- Firm classification (SEC-Registered Adviser, etc.)
- Individual completing the Response, name and contact information
- Date of response/submission of proposal
- Authorized Firm Representative, contact information, and certification that Authorized Representative is authorized to represent and bind the Firm and sign Investment Contract
- Firm History and Ownership and any changes in Ownership in the last 3 years
- Organizational Chart of firm
- Affiliated entities and their respective functions
- Regulatory body/bodies overseeing firm (See Compliance, below)
- Fidelity bond and fiduciary liability insurance

Firm Personnel

- Personnel information, including number of employees, average years of experience, average years tenure and other deemed relevant information, for firm functions including compliance, portfolio managers, research analysts, traders, economists, clients service, marketing, other staff and other deemed critical functions
- Describe any turnover in key personnel in last 3 years and indicate reasons

Client Service

- Scope of client service, including servicing and communication responsibilities (See Proposed Service, below)
- Client Reporting Process, including frequency, form, when available, and other deemed relevant information
- Please submit a sample Client Report (See Performance section below)
- Measurement of Client Satisfaction process and information. Please include a copy of the last relevant Client Satisfaction report.

Compliance

- Compliance process including time periods, testing methods, frequency and other relevant information
- Last compliance assessment. Please attach summary of report
- Identity and title of person to whom chief compliance officer reports
- Affirmation that firm and assigned personnel are licensed and registered to practice in Pennsylvania
- Firm's registration forms provided to local regulator or SEC. Please provide Form ADV, Parts 1 and 2, if SEC-registered, or equivalents, if not
- Last regulatory inspection. Please provide summary of inspection results
- Orders, sanctions, formal investigations, litigation or other administrative proceedings of the firm, affiliates or firm principals in the last 5 years or ongoing

Proxy Voting

- Proxy voting process and policy
- If third-party proxy voting services are used, identity of and contact information for service, process for selection, payments made to service in last 3 years, and source of payment, e.g., direct payment, soft dollars or other form of compensation

Governance

- Summary of firm's internal control and governance structure
- Potential conflicts of interest firm may have or reasonably be perceived to have in its management of this mandate and how such conflicts will be addressed. See below
- Copy of firm's Code of Ethics and Standards of Conduct, or online reference thereto

Trading

- Policies and procedures regarding trading and execution, including how firm achieves best execution, ensures equitable execution for all clients, exceptions, allocation of trades, side-by-side management of other funds and products
- Measurement, monitoring and reporting of trading and execution costs
- Portfolio turnover management and philosophy (See Investment Philosophy and Process, below)
- Information regarding trading costs
- Policy and restrictions on client-directed transactions

Brokerage/Soft Dollars

- Firm's approach to and use of soft dollars, brokerage commission recapture, or other such arrangements with investment managers, funds, broker dealers or other service providers, and percentage of Firm's revenue (if applicable)
- Entities with which Firm or related entities has such arrangements, e.g., do Firm or related entities have relationships with or receive moneys or services from recommended or considered managers? Describe, including percentage of revenue, policies to manage conflicts, monitoring amounts and advising clients thereof

Firm Risk

- Biography or resume of personnel responsible for overall risk management
- Succession and Crisis Plans

Independence & Conflicts of Interest

- Firm must certify that it, and any person affiliated with the Firm who is or may be involved with the Proposal, contract negotiation, contract or contractual performance, have no actual, potential or reasonably perceivable conflict of interest with the City of York or any of its component units, affiliates, elected officials, officers, employees, contractors or sub-contractors, and that any person so affiliated with the Firm has not had an affiliation with the City of York or been a City officer, elected or appointed City official or family member thereof, for a period of two (2) years prior to the RFP Issue Date. Exceptions should be noted. Proposing Firm seeking additional clarity may consult the City of York's Conflict of Interest Policy.
- Firm must state that it complies with the Pennsylvania Municipal Pension Plan Funding Standard And Recovery Act, Act 205, Chapter 7-A, as amended ("Act 44"). Firms submitting Proposals should refer to Act; following is only a summary:

- s. 702-A (d), viz, disclose and provide details regarding whether any individual of the firm to be providing service to the Fund under the proposal, is or was an employee of the City of York or its affiliates, or a registered Federal or State lobbyist
- s. 702-A (e), viz, that no personnel of the firm was, within 1 year preceding the submission of the proposal, an employee of the City of York pension system
- s. 703-A (a), viz, state whether any third-party intermediary, agent or lobbyist has communicated, directly or indirectly, with any official or employee of the City of York or its pension system regarding any transaction involving the firm or its affiliates
- s. 704-A (a), viz, that the firm, its affiliates and personnel have made no contribution to any official or candidate for office of the City of York in the 2 years preceding the submission of the proposal
- s. 704-A (b), viz, that the firm, its affiliates and personnel have no direct financial, commercial or business relationship with the City of York, its affiliates, officials or employees, unless the pension system consents in writing to the relationship
- s. 704-A (c), viz, that the firm, its affiliates and personnel have made no gift of more than nominal value to an official, employee or fiduciary of the City of York pension system
- s. 705-A, viz, disclose any single or aggregate contribution of at least \$500 by the firm, its affiliates, officers, directors, executives or owners of greater than 5% of the firm or its affiliates, in the 5 years preceding the submission of the proposal, to any official, candidate for office, or political committee for a candidate for office of the City of York, and provide detailed information regarding any such contributions as required under s. 705-A

SERVICE INFORMATION

Please provide detailed information regarding the following. Firms will be evaluated based on proposed service and history.

Personnel

- Name, title, role, education, years of service with Firm, years investment experience and other deemed relevant information or biographies for the portfolio manager(s), research analysts, marketing, client service and key personnel involved in the proposed service

Proposed Service

- Description of proposed service, including whether service is advice-only consultation or fully discretionary investment management
- Describe whether Firm assumes, under contract, fiduciary responsibility to Plans' Funds
- Description and details regarding servicing and communication responsibilities
- Time since inception and brief history of Firm's provision of this service
- Investment objectives of the proposed service
- Investment policy development and review process. Sample may be included
- Benchmark proposed to be used and why most appropriate
- Monitoring of compliance with Investment Policy
- Client education, if applicable

Assets under Management

- Assets under Management broken down by amount and number of accounts by type of account, e.g., corporate, public, defined benefit pension fund, foundation, endowment, union, insurance, high-net-worth individual, sub-advised, separate, commingled, institutional mutual fund, retail mutual fund, etc.
- Accounts lost and accounts gained in last 5 years with information as to number of accounts, individual account amounts, percentage of asset type, and reasons for account terminations
- Representative client list for proposed service

References

- 3 references, preferably from representative client list, with contact information and length of relationship

Investment Philosophy and Process

- Investment philosophy of Firm and of proposed service
- Investment strategy, screening and selection process, portfolio construction and asset allocation methodology, including typical or average portfolio allocation, and asset categories used for modelling
- Buy and sell decisions - process and how decisions are made, if applicable
- Portfolio turnover - management and philosophy (See Trading, above)
- Portfolio management process - managed by individuals, by teams or by following model portfolios and extent of permitted deviation?
- Portfolio/investment manager evaluation and selection process, and information sources and databases used, if applicable
- Portfolio/investment manager monitoring, termination process and turnover history, if applicable
- Investment manager fee criteria and negotiation, if applicable
- Use of leverage, derivatives, securities lending and other such products and strategies
- Frequency and nature of investment policy and strategy meetings

Risk

- How Firm manages and controls portfolio investment risk
- How Firm measures and tracks portfolio risk and deviation from benchmarks
- Whether and how Firm stress-tests portfolios

Research

- Overview of research process, methods and style, including any information unique to Firm

PERFORMANCE

Please provide detailed information regarding the following. Firms will be evaluated based on investment performance versus benchmark.

Performance

- Is the Firm compliant with the Global Investment Performance Standards (GIPS)?
- If Firm is GIPS-compliant, please attach a GIPS-compliant presentation (See Client Service, above)

- If Firm is not GIPS-compliant, please submit a table of the Firm's annual performance for the last 10 years for the proposed service showing: returns gross of fees (%), returns net of fees (%), benchmark return, internal dispersion (%), relevant currency if applicable, number of portfolios, total composite assets, total Firm assets, and any other additional deemed relevant information

GIPS Compliance

- If Firm is GIPS-compliant, state how many years Firm has been compliant, whether Firm has been verified and, if so, specify verifier, number of years verified, and provide most recent verification letter
- If Firm is not GIPS-compliant:
 - Name and define composite for strategy of proposed service
 - Indicate whether any other fees or costs in addition to trading costs are deducted from returns gross of fees
 - Indicate exactly what other fees or costs are deducted in addition to investment management fees and trading expenses from returns net of fees
 - If Firm uses a custom benchmark, describe the benchmark and the process and rationale behind the creation of the benchmark
 - Measure of dispersion used for each composite, and reason for choosing that measure of dispersion
 - Firm's treatment of withholding tax on dividends, interest income and capital gains, if applicable
 - Inconsistencies in exchange rates used among portfolios within a composite and between the composite and its benchmark, if applicable
 - Policy used to allocate cash to carve-out returns, if applicable
 - Use of any sub-advisers and periods used
 - Minimum asset level below which portfolios are not included in a composite
 - Does Firm value portfolios at each month end (on last day or last business day?) and, if not, why not?
 - Whether additional information regarding policies for calculating and reporting returns are available on request

Firm may provide additional information, if desired.

SIGNATURE OF AUTHORIZED REPRESENTATIVE

- Statement of Firm that all information in both the Service and Sealed Cost Proposals is truthful and complete
- The Service Proposal shall be signed by a duly Authorized Representative of the Firm.

SEALED COST PROPOSAL

The Sealed Cost Proposal shall be a *separate and sealed* proposal containing the proposed fee structure and addressing the following questions regarding fees.

PROPOSED FEES AND FEE STRUCTURE

- Proposed fee or fee schedule for proposed service, including basis for performance-based fees, if applicable
- All other fees and costs, including recapture, rebates, referral fees, or other forms of compensation accruing to or benefiting the Firm, related entities and employees directly or indirectly, related to managing the Fund's assets
- Trading costs, account minimums, minimum annual fees, negotiable fee elements, and any other direct or indirect cost information relevant for the Fund Trustees' decision
- Proposed fee structure for additional services that may be requested by the Funds during the course of the mandate
- Billing frequency and payment method

SIGNATURE OF AUTHORIZED REPRESENTATIVE

- The Sealed Cost Proposal shall be signed by a duly Authorized Representative of the Firm.
