

**Warminster Township
401 Gibson Avenue
Warminster, PA 18974
(215) 443-5414**

**REQUEST FOR PROPOSALS
Pension Funds Investment Management Advisory Services**

INTRODUCTION

Warminster Township is soliciting proposals from interested Firms for the provision of municipal pension fund investment advisory services to the Warminster Township Board of Supervisors, and its Police and Non-Uniformed Pension Advisory Committee, for the supervision, monitoring, and ongoing evaluation of Pension Plan investments, currently totaling approximately \$32 million in assets. The questions contained in the RFP will apply to all firms interested in responding with the intent of providing investment consulting services. Please complete all questions as briefly and succinctly as possible. **Brief and succinct responses are preferred.** Failure to furnish all information requested in the RFP in the order and format requested may disqualify the proposal. Any exceptions to the scope of each question may be highlighted and justified in this proposal.

Written proposals in accordance with the specifications and directions provided herein must be received no later than **12:00 p.m. (local time), April 7, 2017. Proposals must be sealed and clearly marked "Proposal for Pension Fund Investment Consulting Services" on the exterior of the envelope and addressed to: Gregg Schuster, Township Manager, Warminster Township, 401 Gibson Ave., Warminster, PA 18974.**

Ten (10) complete copies of each proposal are to be submitted. Please note the following:

1. Proposals will not be accepted after the above stated date and time.
2. All proposals become the property of the Township and will not be returned. All costs incurred by the respondents in the preparation and submission of a proposal shall be the sole responsibility of the respondents.
3. The information submitted in the proposals may be subject to public disclosure pursuant to federal and state laws.
4. The Township reserves the right to reject any and all proposals.
5. The Township may select a proposal other than the lowest cost provider.
6. The Pension Investment Advisory Committee will select finalists for interviews and will recommend a firm to the Board of Supervisors.

7. The Township reserves the right to suspend, withdraw or amend this RFP at any time.
8. All proposals must clearly indicate a contact person, office address, and telephone number for the bidding Firm.
9. Respondents shall receive notice in writing from the Township as to the award made pursuant to this Request for Proposals.
10. The selected firm will be required to comply with applicable provisions of the PA Second Class Township Code, Township Ordinances, PA Act 44 and any State and Federal laws including the Internal Revenue Code, as may be applicable.

Questions on the selection process or other aspects of this Request for Proposals, or the services solicited herein may be addressed to Township Manager Gregg Schuster via e-mail at townshipmanager@warminsterpa.org .

Communication Restrictions

1. Except as specifically authorized in this RFP, effective as of the RFP opening date above and prior to the time of a decision by the Township of Warminster and subsequent closing of this RFP process, there shall be no communication of any type regarding this RFP, any aspect of a response to this RFP, or the awarding of a contract related in any way to this RFP between a prospective applicant and any:
 - a. Elected Official of the Township of Warminster;
 - b. Employee of the Township of Warminster;
 - c. Any consultant or advisor currently engaged in assisting the Township with the RFP process;
 - d. Any individual in a position to influence the decision with respect to this RFP.
2. Applicants may not permit or cause any employee or a third party to directly or indirectly violate these communications restrictions. Any communication by any applicant or third party on behalf of an applicant that violates the terms of this communications policy is grounds for immediate disqualification of that applicant.
3. Applicants may make inquiries for clarification of technical or administrative information to the designated contact for the Township of Warminster. No other questions or forms of communication are authorized between the Township of Warminster, its officials and employees and any individual or entity associated with the applicant. This does not preclude the designated contact from contacting the applicant to request additional materials and information to manage the RFP process. The designated contact for the Township of Warminster is:

Gregg Schuster, Township Manager
townshipmanager@warminsterpa.org

MINIMUM CRITERIA

1. The firm must be registered under the Investment Advisors Act of 1940.
2. The firm's designated team has a minimum of five (5) years of experience providing similar pension services to Pennsylvania municipal government entities as desired under this RFP.
3. The firm has ten (10) or more Pennsylvania municipal pension clients under contract for pension services and the firm has five (5) or more current clients which are defined benefit (DB) plans;
4. The firm has \$350 million or more in municipal pension client assets under direct management;
5. The firm shall have the capability of providing the following platform of services:
 - Administrative,
 - Investment management & oversight,
 - Portfolio performance tracking & reporting, and
 - Money manager database/selection/monitoring/retention & dismissal
6. The firm must state that all actions and recommendations will be for the sole purpose and benefit of the members of the Warminster Township Pension System.
7. The firm must act as and represent itself as a "fiduciary" with respect to the Township and the Plan, and the firm will not delegate such fiduciary responsibilities to any other entity.
8. The firm must maintain an errors and omissions insurance policy and/or fiduciary liability insurance policy providing an appropriate amount (in excess of plans assets) of coverage for negligent acts or omissions and/or breaches of fiduciary obligations and duties, and that such coverage will be applicable to the firm's actions under any resulting Investment Consulting Agreement with the Township. Proposals must specify the carrier and the coverage limits. The Township has the option to require higher policy limits if it feels the limits in existence are not sufficient.
9. By submitting a proposal, the firm agrees that it will not bring any claim or cause of action against the Township, the Pension Investment Advisory Committee, the Plan, or any Plan representative based on any information provided herein or with respect to this prospective engagement.

OVERVIEW OF RFP EVALUATION PROCESS

1. The Township receives RFP proposals, disclosures and additional materials from applicants and conducts a pre-screening to ensure all materials have been submitted.
2. An initial screening is conducted to determine whether applicants meet the minimum eligibility requirements as outlined by the Township of Warminster.
3. Applications will be reviewed by a committee that shall select finalists for interview.
4. After interviews, a recommendation for selection shall be made to the Township Board of Supervisors for approval.
5. The selected firm will be requested to enter into an agreement with the Township.

GENERAL DESCRIPTION OF SERVICES TO BE PROVIDED

The firm will work directly with the Warminster Township Pension Investment Advisory Committee, Township Manager, Board of Supervisors, Township Solicitor, Township Actuary, plan administrators, custodians, and other staff and consultants as designated by the Township to provide pension plan consultation services for all investment matters involving the Pension Plans of Warminster Township.

Communication and correspondence on an as needed basis is required between the firm's representatives, Pension Investment Advisory Committee, and elected and appointed officials.

Attendance at meetings of the Warminster Township Pension Investment Advisory Committee and Board of Supervisors, on an as needed basis as it may relate to the investment consulting services.

GENERAL REQUIREMENTS

Insurance Coverage/Indemnification: The firm shall indemnify Warminster Township and its Pension Investment Advisory Committee from all suits, actions, or claims of any kind brought on account of any losses sustained by any person in consequence of any negligence in performing this work, or on account of any act or omission by the firm or its employees, or from any claim or amounts arising or uncovered under the law, ordinance, regulation or decree violated by the firm.

Oral Presentation/Public Comments: Any firm who submits a proposal in response to this Request for Proposals (RFP) may be required to make an oral presentation of the proposal to the Warminster Township Board of Supervisors and/or the Pension Investment Advisory Committee upon notification of such request. All submissions shall be considered public documents.

Right to Reject/Negotiate: The Board of Supervisors reserves the right to reject or dismiss any and all proposals received by reason of this request or to negotiate separately in any manner necessary to serve the best interests of the Township. Firms whose proposals are not accepted will be notified in writing.

Preparation/Execution of Agreement: The final engagement of the firm chosen by the Township shall be conditioned upon the firm and the Township agreeing upon an Investment Consulting Agreement to be executed by and between the firm and the Township in the form and substance and with the terms and conditions determined to be in the best interests of the Township and the Plans. The contents of the proposal submitted by the selected firm responding to this RFP may also become part of the written agreement between Warminster Township and said firm. Unwillingness on the part of the selected firm to agree to such terms and/or execute the agreement may result in the Township selecting an alternative firm.

SCOPE OF SERVICES

The following is the intended Scope of Services under this Request for Proposals for investment consulting services, among other services that may become necessary or be requested by the Township:

- A. Assisting in the review and enhancement of investment policies, guidelines, and objectives, including the Investment Policy Statement of the Township.
- B. Developing an asset allocation plan based upon expected return, risk, capital market performance expectations, the plans demographic characteristics, cash flow requirements, liabilities, and funding status to create a sound investment program meeting the fiduciary obligations of the Plans Trustees.
- C. Providing "watch list" placements and terminations of investment managers associated with the investment of plan assets.

- D. Conducting the search and recommending the selection of investment managers to the Pension Investment Advisory Committee and providing that any investment manager submit a certification fully disclosing to the Township any association, relationship, or affiliation in any form whatsoever, and/or any fees, payments, compensation, gratuities, or referrals in any form whatsoever, between your firm and any other third party or individual with regard to the investment manager, including a breakdown of any brokerage commissions between the investment manager and your firm.
- E. Providing analysis and advice regarding the capabilities, performance, status, and any other pertinent information on investment managers engaged on behalf of the Plans including the analysis of a firm's personnel, investment philosophies,, processes, internal and risk controls, risk adjusted performance, performance relative to applicable benchmarks, standards, peers or any other relevant factors.
- F. Overseeing investment managers and conducting periodic reviews, interviews and on-site visits, and arranging for investment managers to meet with the Pension Investment Advisory Committee as requested.
- G. Providing quarterly performance reviews and written reports to the Pension Investment Advisory Committee concerning all of the Plans investment managers, the general market environment, and making recommendations in investment allocations, re-balancing to the Investment Policy Statement adopted by the Township and any other relevant investment information deemed important to the Pension Investment Advisory Board.
- H. Working cooperatively with Township appointed consultants and Township staff.
- I. Advising the Pension Investment Advisory Committee on investment strategies and suggesting creative and prudent investment techniques.
- J. Preparing special reports as requested by the Pension Investment Advisory Committee, Board of Supervisors or Township staff.
- K. Suggesting methodologies for the reduction of fees and charges associated with the investment of pension plan assets.
- L. Providing information on new and pending legislation on public pension plan issues, including the impact of such legislation on the Plans.
- M. Assisting with the selection of a custodian and transfer of funds.

ORGANIZATION AND GENERAL FIRM INFORMATION

The following information must be submitted with the proposal:

1. The firm name, home office address, address of the office which will be providing service to the Township, the addresses of any branch offices, and the primary contact's name and telephone number.
2. A general description of the firm, including when the firm was founded and by whom; current ownership and affiliations; names and titles of key officials or officers and their percentage of ownership.
3. The number of professionals hired and the number of professionals who have left your firm since 2010 from the office that will be providing services to the Township.
4. Any significant changes or developments in your firm's organization that have occurred since 2010, such as change in ownership, change in management, change in structure of the Firm's entity, mergers, acquisitions, and loss of key personnel, and any changes in the ownership of the firm planned or anticipated during the next 24 months.
5. The number of years the firm has provided pension fund consulting services to corporate pension plans, municipal pension plans, and tax-exempt plans.
6. A detailed discussion of what is considered to be the firm's consulting specialties, strengths, and limitations, including a description of how services are individualized to a particular client.
7. What services, if any, the firm offers in addition to pension fund consulting, and what percentage of organizational revenue results from such services.
8. Whether the firm or any parent or affiliate is a broker/dealer, accepts trades for client accounts through a broker/dealer arrangement or manages money for clients.
9. Whether the firm is registered with the Securities and Exchange Commission under the Investment Act of 1940.
10. A description of any fees charged for an investment management firm to be listed in your firm's consulting database and how your database is constructed, maintained, updated and verified.
11. A description of what your firm considers its fiduciary responsibility with regard to pension fund consulting services.

12. The services provided by your firm and the attributes of your pension investment consulting philosophy that distinguish your firm from competitors.
13. A description of any currently pending or threatened litigation involving your firm, and any litigation since January 1, 2010 involving key personnel, officers or principals, or other legal proceedings or government investigations involving fraud, negligence, criminal activity or breach of fiduciary duty.
14. A description of any non-routine SEC inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization of key personnel, officers or principals and the status of each inquiry or investigation.
15. The details of any errors & omissions insurance, fiduciary liability insurance, fidelity bond insurance, or any other insurance that would cover matters associated with engagement by the Township, and whether such insurance requires notice of pending cancellation to your clients.
16. The total number of investment consulting clients your firm services and a representative list of clients for whom similar services are performed, including the client turnover (gains and losses) over the last three years.
17. Three current references for pension plan clients that have utilized the firm's investment consulting services in the last three (3) years.

PERSONNEL QUALIFICATIONS AND EXPERIENCE

1. Provide a list of key personnel who will be assigned to our account, including their background and qualifications.
2. Provide the name(s) and location(s) of the individual(s) who will be responsible for the Township account and a brief biography including titles, functions, academic credentials, professional affiliations, relevant work experience and number of years with the firm.
3. Provide the number of client accounts assigned to each of the person(s) named above, the range in asset values of their client accounts, and if there is a limit to the number of accounts that your firm will assign to any one individual.
4. Identify at least three references for the individual who would be responsible for our account, including size of their asset portfolio, years with the firm, and services provided. Include names of the client, address, telephone number, and contact.

INVESTMENT MANAGER PERFORMANCE MEASUREMENT

1. Describe how your firm selects a database of managers to compare performance, and the process for the evaluation and selection of investment managers. Include how your firm evaluates the manager's personnel, organization, investment philosophy, investment styles, and total assets under management, client services, investment performance, and fees. Describe any bias that your evaluation may produce.
2. Describe what asset categories are tracked in your performance measurement system, how many investment managers are included within each asset category, and how many years of performance data are on your system.
3. Describe your firm's investment manager performance measurement system, including your database for comparative performance of investment managers compared to other managers of like style, and the methodology used to compute individual manager returns.
4. Describe how cash flow and fees are reflected in the calculation of returns and how your firm monitors the investment managers' compliance with investment policies and guidelines.
5. Describe how your firm categorizes an investment manager into a specific style and how your firm monitors managers for consistency of style.
6. Describe how soon after the end of each period performance reports are available and if reports can be customized for your clients.
7. Describe your firm's reporting capabilities, what databases are used for performance comparison. and the methods your firm employs to ensure the accuracy and integrity of the data.
8. Describe the methods and resources the firm uses for customizing and tracking benchmarks used in analyzing and evaluating portfolio performance.
9. Provide a sample of a quarterly performance report.
10. Describe what additional steps your firm follows to monitor a manager's performance when the performance is not up to expectation, and the threshold for terminating a manager.

ASSET ALLOCATION

1. Address your philosophy, methodology and process used in determining equity strategy and asset allocation.
2. Describe what variables your firm considers essential in reviewing and developing long-range investment strategies, and any particular actuarial results or calculations that you consider critical to the process?
3. Describe your firm's philosophy regarding strategic versus tactical asset allocation, active versus passive management, and the use of global versus regional mandates.
4. Indicate the asset categories in which your firm has experience and expertise.
5. Explain the firm's views on the use of international investment vehicles or managers.
6. Explain the firm's views on the use of hedge funds, derivative-type investment vehicles, or other "non-traditional" or "alternative" investment vehicles, and if your firm recommends that municipal pension plan clients consider investments in these types of allocations.
7. Describe how often and what criteria your firm uses to recommend that a portfolio be rebalanced.

INVESTMENT POLICY DEVELOPMENT

1. Describe your philosophy and process for the development of an overall investment policy as well as investment policies for specific asset classes.
2. Outline your process for analyzing a client's investment portfolio structure, and setting benchmarks for the total fund as well as for each manager/equity asset category.
3. Describe how your firm will provide a review of the Township's investment policy, investment strategy, and portfolio mix.

CODE OF ETHICS

1. Explain in detail any potential for conflict of interest which may be created by your firm's representation of the Township. Include other client relationships which may inhibit services to Warminster Township.
2. Describe any financial relationship or joint ventures with any other organization, such as an insurance company, brokerage firm, investment management firm, commercial bank, investment banking firm, etc, and whether your firm sells or brokers any investment vehicles, actively manages the investment of any accounts or accepts or pays finder fees to (or from) investment managers or any third party.
3. Describe any relationships in which your firm receives any form of compensation or revenue from investment managers that your firm recommends, considers for recommendation, or otherwise mentions to clients.
4. Describe your firm's approach to conflicts of interest between investment consulting services and other services or products your firm offers.
5. Describe any policies or procedures to address conflicts of interest or apparent conflicts of interest and to prevent any related payments or relationships from being a factor when your firm provides advice to clients..

FEE STRUCTURE

Provide an asset based fee proposal for the services outlined in this Request for Proposals, whether your firm will guarantee the fee for a specific period of time, what that fee covers, and whether there are any additional fees charged in addition to the asset based fee.

Additionally, provide a proposed or estimated fee of a custodian you would recommend to work with us.

COMPLIANCE WITH PA ACT 44

In compliance with the provisions of PA Act 44, please complete and return the enclosed Act 44 Disclosure Form.

SUMMARY

What do you believe sets the firm's services apart from the competition, and what unique value-added services could you provide?

TOWNSHIP OF WARMINSTER
ACT 44 - PROFESSIONAL SERVICES CONTRACT
REQUIRED DISCLOSURE INFORMATION

In accordance with Pennsylvania Act 44 of 2009 (PA Act 44), all potential Contractors bidding on a Professional Services Contract with one of the pension funds of the Township of Warminster must disclose the following information in their Request for Proposal (RFP) response documents. Potential Contractors should refer to PA Act 44 and become familiar with its required disclosures.

NOTE: RFP APPLICATIONS AND DISCLOSURE FORMS ARE PUBLIC DOCUMENTS AND SHALL BE PUBLIC EXCEPT FOR PROPRIETARY INFORMATION OR INFORMATION OTHERWISE PROTECTED BY LAW.

YOU MUST IDENTIFY ANY CLAIM OF CONFIDENTIALITY AT THE TIME YOUR RFP APPLICATION MATERIALS ARE SUBMITTED.

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: 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.
TOWNSHIP	Refers to the Township of Warminster, Bucks County, Pennsylvania, and includes the Township Board of Supervisors.
TOWNSHIP PENSION SYSTEM	Any pension plan operated for the benefit of Township of Warminster employees.
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	An employee of a person or the affiliated entity who: 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.
ELECTED AND APPOINTED OFFICIALS, EMPLOYEES AND PENSION PLAN INVESTMENT ADVISORY COMMITTEE MEMBERS	<u>Specifically</u> , those listed on the “List of Municipal Officials for the Requesting Municipality”.
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, actuarial services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.

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

Mark McKee, Chairman – Township Board of Supervisors
Jason Croley, Vice Chairman – Township Board of Supervisors
Daniel McPhillips – Township Board of Supervisors
Brian Munroe – Township Board of Supervisors
Katherine Frescatore – Township Board of Supervisors

Appointed Officials or Employees

Gregg Schuster, Township Manager
John Marcarelli, Director of Finance
Michael Savona., Township Solicitor

Pension Investment Advisory Committee

Mark McKee
Brian Munroe
Thomas Panzer
Richard Smyth
Gregg Schuster
John Marcarelli

NOTE: For all that follow, you may answer the questions / items on a separate sheet of paper and attach it to this Disclosure if the space provided is not sufficient. Please reference each question / item you are responding to by the appropriate number.

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

Indicate all that apply with an “X”:

☐

Police Plan

☐

Non-Uniform Plan

1. Please provide the names and titles of each individual who will be providing professional services to the Township of Warminster pension plan identified above. Also include the names and titles of any advisors or subcontractors, identifying them as such. After each name provide a description of the responsibilities of that person with respect to the pension plan, and attach a resume for the individual. (This information should be updated as changes occur)
 - a. Is the individual(s) listed above a current or former official or employee of the Township of Warminster? _____. If yes, please explain below.
 - b. Is the individual(s) listed above a registered Federal or State lobbyist?_____ If yes, please explain below.
2. Are you aware of any apparent, potential, or actual conflict of interest with respect to any person or entity who potentially enters into, applies for, submits an offer or bid for, responds to a request for, or otherwise solicits, a proposal or a contract with a Township of Warminster pension fund?_____. If yes, please 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.

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 providing (a) 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.

3. Please provide the terms of employment/compensation of any third party intermediary agent or lobbyist of the potential Contractor or an Affiliated Entity who will directly or indirectly communicate with a Township of Warminster pension plan official or employee or a Township of Warminster official or employee in connection with an investment transaction or investment involving the Contractor and a Township of Warminster pension plan.

NOTE: This question does not apply to an officer or employee of the potential 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, or other professional advice, services, or assistance pursuant to the Professional Services Contract with a Township of Warminster pension plan.

4. Please provide the names of any person that may enter into a Professional Services Contract with a Township of Warminster pension plan that has a direct financial, commercial, or business relationship with any Township of Warminster pension plan official or employee or Township of Warminster official or employee. If applicable, please explain the relationship.

5. Please disclose all political contributions and gifts to which all of the following apply:
 - a. A contribution was made in the last five (5) years of the issue date of the RFP;
 - b. A contribution was made by an officer, director, executive-level employee, or owner of at least 5% of the Contractor.
 - c. The amount of the contribution was at least \$500 in the aggregate.
 - d. The contribution was made to a candidate for any public office serving in the Commonwealth of Pennsylvania or to an individual who holds that office;
 - e. The contribution was made to a political committee of a candidate for public office in the Commonwealth or to an individual who holds that office.

If applicable, please list the name and address of the contributor, the contributor's relationship to the potential Contractor, the name, office, and position of each person receiving a contribution, the amount of the contribution, and any gifts to an official or employee of a Township of Warminster pension plan or Township of Warminster official or employee.

VERIFICATION

I, _____, hereby state that I am _____ for
(Name) (Position)

_____ and I am authorized to make this verification.
(Applicant)

I verify that the facts set forth in the foregoing disclosures are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements, misrepresentations, or omissions in this form could subject the applicant to the penalties of section 705-A(e) of PA Act 44 of 2009.

(Signature)

(Date)