



**NORFOLK COUNTY CONTRIBUTORY RETIREMENT SYSTEM  
REQUEST FOR PROPOSAL  
INVESTMENT CONSULTANT SERVICES**

The Norfolk Contributory Retirement Board (The "Board") is in the process of soliciting proposals to provide investment consulting services to The Norfolk Contributory Retirement System (the "Plan"). The goal of the Board is to retain a consultant to provide professional investment advice, to assist in investment policy development and administration, to provide investment manager search and evaluation services and to provide insightful information regarding capital markets.

This Request for Proposals is in four (4) parts. Part I provides a description of the Plan, its investment policies and objectives, minimum consultant requirements and a consultant scope of services. Part II is directed at allowing the Board to be informed about the ability, capacity and experience of potential consultants to carry out the investment consultant services received by the Plan. To this end the Board requests information regarding a consultant's philosophy, the background of a consultant's personnel, a profile of clients and the consultant's approach to investment manager reviews, performance, and tracking. Part III relates to fees. Part IV describes the documentation to be submitted in response to our solicitation.

**PART I**

The Norfolk Contributory Retirement System is established under the provisions of Chapter 32 of the Massachusetts General Laws 1 to 28, inclusive. The Plan is administered by a five (5) member Board of Directors (the "Board"). The Plan is subject to the oversight and regulations of the Public Employee Retirement Administration Commission ("PERAC") of the Commonwealth of Massachusetts. The Plan serves approximately 8,100 active employees and approximately 3,300 retired employees. The Assets of the Plan which are invested are approximately one (\$1) billion dollars; they are invested through over forty (41) different funds.

The objective of the Plan is to provide a source of funding for retirement allowances now being received by retirees and to provide for future benefits of eligible employees. The Plan's investment income from Plan assets is one of the important sources of funds for this objective. The Plan's philosophy is to employ a disciplined approach that seeks to add value to the Plan's assets and minimize risks. It is intended that assets be managed in accordance with these objectives and guidelines by the Board.

Management of the Plan's assets is designed to ensure preservation of principal and protection from inflation, optimization of return, and liquidity as required for intended uses. The Plan embraces a long-term view regarding its investment portfolio. Long-term funds are identified as being permanent capital in support of the Plan's long term

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objectives. The objective is to provide a reasonable rate of return that meets inflation, plus a growth factor over a long-term horizon.

In recognition of the prudence required by fiduciaries, reasonable diversification is sought where possible. Therefore, control of volatility is sought through diversification of asset classes and investment styles. Domestic equity segments are intended to provide protection from inflation and provide real growth, domestic fixed income segments are intended to provide protection from deflationary environments, and to provide a source of funds required for approved spending purposes. Investments in international equity are intended to enhance return and control risk by reducing the fund's reliance on domestic equity markets.

Investment managers are appointed following a systematic search for those with demonstrated excellence in the style desired. To optimize access to such managers, while minimizing management fees and transaction costs assessed to the Plan, pooled funds and index funds may be considered together with separate account management. Managers are given discretion to manage funds entrusted in accordance with the style for which they are employed provided they comply with the restrictions and limitations as may be determined by the Board from time to time.

The Board retains the services of an independent investment consultant for the purpose of assisting the Plan in developing and attaining the fund objectives. The consultant will assist in establishing objectives, offering alternative models of asset allocation, identifying appropriate managers or funds, preparing Requests for Proposals for investment managers, producing timely quarterly reports that monitor performance of individual managers against benchmarks established within this policy, and peer group universes' of similar managers, as well as performance of the entire fund against its objectives and against other appropriate indices. The consultant will also provide assistance on revisions and modifications as appropriate and comply with PERAC requirements applicable to investment consultants.

Certain categories of investments are either not permitted for investment or are subject to certain PERAC investment restrictions. The investment consultant should be familiar with these investment restrictions.

It is expected that the Investment Consultant attend the regularly scheduled monthly meeting of the Board. Typically, the Board meets on the last Wednesday of every month. Additional meetings throughout the year should be anticipated. At reasonable times and at the direction of the Board, meetings shall be held with the manager(s) and the investment consultant to discuss performance results, economic outlook, organizational changes and other pertinent matters.

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It is the policy of the Plan to avoid conflicts of interest in its operations and in the selection of investment managers or funds. Therefore, administrative officers or members of the Board shall not have a financial relationship in any manager or fund retained by the Plan, or any entity, in which such consultant may have an interest, shall be party to any transaction with, or have a financial or other interest in any investment manager providing to the Plan or any fund which the Plan has an investment.

Potential investment consultants are required to execute certain required PERAC Disclosure and Certification Terms.

Potential investment consultants must have substantial experience in providing investment consultant services to Massachusetts Contributory Retirement Systems established under Chapter 32 of the Massachusetts General Laws. The Plan requires a minimum of ten (10) years combined experience providing investment policy and asset allocation services to at least four (4) Massachusetts Contributory Retirement Systems to meet this threshold.

Potential consultants must be familiar with PERAC's Investment Regulations, 840 CMR 16.00-26.00, et seq. and comply with all of PERAC's reporting, including, but not limited to, their online reporting system currently known as Prosper and disclosure requirements. An investment consultant providing services to the Board must maintain or have access to a database enabling it to provide performance analysis on public market portfolios and/or private pension fund clients.

**PART II**

In this section the Board asks for information that will allow the Plan to get to know prospective investment consultants. You are asked to respond to all questions directed at gaining an understanding about your philosophy, your personnel, and your clients, systems, services and capabilities.

In responding to this request for proposal, please address the following:

**A. Organization And Consulting Philosophy**

1. Please provide your firm's home office address, address of the office which will be providing services, the primary contacts' name and telephone number.
2. Please provide a general description of the firm, including when the firm was founded and by whom; current ownership and affiliations; name and titles of key officials and any significant developments over the last five (5) years.

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3. How many years has your firm provided consulting services? How many of those years have been to Contributory Retirement Systems established under Chapter 32 of the Massachusetts General Laws?
4. Describe your investment advisory consulting services or other non-profit investment related services you provide clients.
5. Is your firm free from conflict of interest with money management or brokerage firms? Do you receive any revenue from such firms? If so, describe the nature of services you provide such firms. Describe any affiliations with brokerage firms and/or money management firms.
6. Describe, if applicable, any litigation or allegations of any wrong doing connected with the consulting services or recommendations made to any clients by your firm.
7. What is your firm's philosophy on active versus passive (indexing) management?
8. What is your firm's philosophy on pooled funds versus separately managed accounts?
9. Consulting firm performance - how do you believe the Board should measure the performance of its consultant?
10. Other information - describe the characteristics that set your firm apart from your competitors and suggest any other ways that your firm may add value to this System's investment program.
11. Please provide an organization chart of your firm, showing names and roles and/or job function.

**B. Clients**

1. Provide the name(s) and location of the individuals who will be responsible for this account. Also, provide a brief biography including titles, functions, academic credentials, professional affiliations, relevant work experience and number of years with your firm.
2. How many client accounts are assigned to each of the person(s) named above? What is the range of asset values of these client accounts?

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3. What is your turnover rate for consultants? How many have left your firm within the past three (3) years? What is your turnover rate for your analytic staff? How large is this staff at the current time?
4. How many clients does your firm serve on an annual retainer basis? What is the average size of your relationships? What percentage of your clients are public' retirement systems?
5. Provide a list of representative clients, public retirement system clients, for which your firm currently provides investment consultant services.
6. List references for three (3) clients similar to this system, for whom you provide investment consulting services. Please include client name, address, telephone number and contact person.
7. List client terminations over the last three (3) years, reason for termination, and number of new clients added over that period.
8. How many clients does each consultant serve?

**C. Software And Tools Used In Support Of Consultant Services**

1. Describe the software packages and databases you utilize in the following areas. Is it developed in house, or purchased outside?

**D. Manager Searches**

1. Describe your firm's experience and capabilities in conducting searches for investment managers. How many searches has your firm performed during the past 24 months? What criteria do you use in evaluating managers? How do you verify investment manager information such as performance history?
2. Describe your philosophy and process for conducting proper due diligence when conducting a manager search.
3. Describe the databases your firm utilizes in the manager search process. Do managers compensate either you or your firm for entry into your database?
4. How do you choose managers to be included in your database, and when are managers deleted?

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5. Discuss your custodian search capabilities and procedures.
6. Does your organization negotiate fees and minimum account sizes with investment managers?

**E. Investment Policy And Asset/Liability Studies**

1. Describe your experience in the development of investment policy objectives.
2. Describe your general philosophy regarding portfolio diversification.
3. How do you believe investment returns over the next five (5) years will differ from the past ten (10) years? How should portfolios be constructed to reflect these beliefs?

**F. General Advisory Services**

1. Describe your firm's abilities to advise a client on pertinent issues, including investment market developments, regulatory issues, proxy voting, etc.
2. Does your firm provide educational sessions for the board-related committees? Provide examples.
3. Does your firm provide client assistance in transitioning assets in the event of a change in investment managers? Do you assist in preparation of related communications? If so, please describe your firm's involvement.

**G. Performance Measurement/Evaluation**

1. Provide a typical evaluation report. Are your reports prepared in house by your staff, or is the process outsourced?
2. Describe how your firm monitors investment manager's compliance with policy, objectives, and guidelines.
3. Explain briefly how you measure performance of equities and fixed income holdings.
4. What is your organization's typical turnaround time for the preparation of performance analysis?
5. Are rates of return routinely presented on a gross or net of fee basis?

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6. Does your organization purchase universe data or do you maintain your own? If purchased, from whom?

**H: Legal**

1. Is your firm registered as an investment advisor with the Securities and Exchange Commission?
2. Does your firm consider itself to be fiduciary in its role as an investment advisor?
3. Has your firm or a principal of your firm ever been investigated by the SEC or another regulator? If yes, please explain.
4. Has your firm or a principal of your firm ever been charged by the SEC or any other regulatory agency of any violation of applicable law? If yes, please explain.
5. Do you have any clients or relationships that could present a potential conflict of interest in your serving this System? If yes, please explain.
6. Does your firm or any of its consultants currently or in the past, ever had any lawsuits against them concerning the performance of investment advisory service for clients? If yes, please explain.

**I. PERAC**

1. Describe your firm's experience in dealing with PERAC investment regulatory requirements.

**PART III**

**A. Fees**

1. Please provide a fee schedule for the services to be performed. The quote should be on "hard dollar" basis. How long are you willing to guarantee the fee? Is that guarantee for the dollar amount, or for the schedule?
2. Verify that your fee is all-inclusive, for all services provided. Identify any costs not included that may be billed in addition.
3. Do you receive incentive bonuses or any other form of compensation from managers who provide investment management, custodial or brokerage services to your clients?

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4. Do any of your clients pay you on a performance fee basis? If so, describe the arrangement, and how it differs from your standard fee schedule.
5. Do you set up soft dollar payment schedules with the managers you use?
6. Do clients pay a "wrap fee" or a fee plus commission?

**PART IV: DOCUMENTS TO BE SUBMITTED**

Your response must be submitted by email to [kkb@norfolkcrs.com](mailto:kkb@norfolkcrs.com) . Your email **must** be identified in the subject line "Investment Management Consultant Proposal."

Your response must include the following PERAC documents:

1. Vendor Contact Information Form
2. Vendor Certification
3. Vendor Disclosures Form
4. Placement Agent Statement (*Please include all attachments*)
5. Retirement Board Evaluation Materials
6. A letter affirming that the individual submitting the response has the authority to contractually bind the firm and acknowledging that the firm will be responsible for any error or omission on its part; warranting that all information and statements in the RFP are complete and true; and acknowledging that any statement or claim contained in the response to the RFP found to be incomplete misleading, or false will be grounds for immediate disqualification or dismissal and may be subject to legal action. The letter shall be signed under the pains and penalties of perjury.

(Retirement Board Procurement Compliance Certification form and Retirement Board Member Certification form have been removed from the above list.)

In addition your response must include a **separate attachment** to the email labeled "Price Proposal". This attachment must include:

1. Response to Part III of this Request for Proposals.
2. Your proposed contract; the contract term may not exceed seven (7) years, subject to the same terms and conditions and at the sole discretion of the Board. Contracts must contain a provision that they are subject to PERAC approval.



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**All proposals must be submitted by 12:00 p.m. Eastern Standard Time on Monday, December 17, 2018. *PROPOSALS OR UNSOLICITED AMENDMENTS WILL NOT BE ACCEPTED AFTER THE CLOSING DATE AND TIME.* The proposals should be emailed as described above.**

Prior to the delivery date set forth above potential consultants may correct, modify or withdraw previously submitted proposals. **No phone calls will be entertained.**

Bidders may be selected for interviews at the Board's discretion. Each bidder selected for an interview will be allotted sufficient time to orally present its proposal and to answer any questions that may be posed by the Board. The bidders will be evaluated on the basis of the criteria set forth in this request for proposal.

Selected proposals shall be subject to (a) approval of the Board, (b) a written contract, and (c) approval by PERAC. Failure to agree on mutually acceptable contract language will void the award of the proposed engagement to the selected bidder. The Board shall have sole discretion in determining whether the parties are unable to reach agreement on the language of the written contract.

The Board reserves the right to reject any and all proposals or to waive any omissions in the proposal packages that it deems insubstantial.