



Pittsburgh's Comprehensive Municipal Pension Trust Fund

Request for Proposals

Professional Services

Emerging Local Managers for Pittsburgh's Comprehensive Municipal Pension Trust Fund

City of Pittsburgh

Department of Finance, Room 200

City-County Building

Pittsburgh, PA 15219

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1. Introduction

1.1 General Information

The City of Pittsburgh's Comprehensive Municipal Pension Trust (CMPTF) contains the investments and assets that are used to fund (in part) outstanding pension liabilities. At the end of calendar year 2014 current assets were valued around \$668 million while liabilities were around \$1.1 billion. The current funded to unfunded ratio is currently 58%.

This request for proposals is open to local fund managers that have a principal or office location within a one hundred mile radius of the City County Building, 414 Grant Street, Pittsburgh, PA 15219 but within the Commonwealth of Pennsylvania. Candidates must have a proven track record of high and consistent investment yields.

1.2 Definitions

Act 44 of 2009 of the Commonwealth of Pennsylvania: Act 44 of 2009 of the Commonwealth of Pennsylvania shall refer to the Pennsylvania law with certain disclosure requirements for professional service providers to municipal pensions.

AGREEMENT: Agreement means the negotiated contract between the City of Pittsburgh Comprehensive Municipal Pension Trust Fund Board or its designee and the Contractor for performing services set forth in this Request for Proposals (RFP).

CHANGE: Change is the addition to, or reduction of, or other revision to the scope of work in the Contractor's proposal and/or in the Agreement.

CITY: City means the City of Pittsburgh, a municipal corporation of the Commonwealth of Pennsylvania, acting by and through its qualified officials and employees.

CMPTF: Pittsburgh's Comprehensive Municipal Pension Trust Fund or its Board

DEPARTMENT: Department refers to the Department of Finance of the City of Pittsburgh.

DIRECTOR: Unless otherwise indicated, the term Director refers to the Director of Finance of the City of Pittsburgh and/or his/her designated representative. The Director of Finance is also the Executive Director of the Comprehensive Municipal Pension Trust Fund.

FUND MANAGER: In this case the fund manager is Marquette & Associates – the overall investment manager of the City of Pittsburgh Comprehensive Municipal Trust Fund.

LOCAL: Local means within a one hundred mile radius of the City County Building, 414 Grant Street, Pittsburgh, PA 15219 but within the borders of the Commonwealth of Pennsylvania.

MBE/WBE: MBE means minority business enterprise. WBE means women's business enterprise. Also implied in this definition are Veteran Owned Business and Disabled Owned Business.

RESPONDENT/PROPOSER: An entity that has submitted a proposal in response to this RFP.

SCOPE OF WORK: The scope of work is the detailing of all services and actions required of the Contractor, which will become the obligations of the Contractor in the Agreement.

CONTRACTOR: Contractor means the Contractor selected by the Board of the CMPTF, if any, for these professional services.

2. Nature of Services Required

2.1 Overview

The CMPTF is soliciting proposals from firms and agencies that are interested in providing professional services for the management of a set amount of assets in the CMPTF. The contract will be with the CMPTF and the contract period will be January 1 2016 to December 31 2019, renewable at the discretion of the CMPTF's portfolio manager. Any contract is cancelable at any time based on performance of the manager.

The CMPTF would meet with a selected contractor or contractors to discuss investment constraints and compliance with the investment policy of the fund. A successful candidate would display a solid background in fund management with the ability to outperform the market at large and other fund managers of their class.

In accordance with the City of Pittsburgh's Home Rule Charter, the services sought under this engagement are considered to be professional services. As such, the CMPTF will base its selection on criteria which shall include, but are not limited to, qualifications of the firm, prior experience of the firm in this field, and minority or female owned business participation. It should be explicitly noted that while proposed fees will be considered; it will not be the basis for an award of business.

The CMPTF encourages responses from small firms, minority-owned firms, women-owned firms, veteran-owned firms, firms owned by persons with disabilities and firms that have not previously done business with the City of Pittsburgh.

All respondents will be asked to submit five (5) copies of a proposal for professional services to become an emerging manager of the CMPTF. A copy in digital format must also be submitted by the due date and time.

2.2 Scope of Work

- The City of Pittsburgh will supply the successful candidate with the following:
 - Information pertaining to the Comprehensive Municipal Pension Trust as a whole including performance and asset distribution.
 - Contract information for working with Marquette Associates (the pension fund manager) and a clear outline of their vetting requirements. Vetting information and conditions from Marquette Associates can be obtained at any time from the CMPTF by request.
 - Clear expectations of performance and conduct.
 - Amount of funds under management will be determined by the trustees but small amounts are probable for initial amounts under management.

2.3 Confidentiality

- All data related to investments or use of pension funds must be sent to the CMPTF's fund manager and should not be released publically.

2.4 Questions

- All questions should be directed to Paul Leger, CMPTF Executive Director, via email at (paul.leger@pittsburghpa.gov). Answers will be shared with all respondents via website.

3. MBE/WBE

MBE/WBE

Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) participation is requested in all City of Pittsburgh and CMPTF contracts. Such participation may be demonstrated by utilization of MBE/WBE firms through the use of subcontracts with such firms in support services, supplies, etc. The response shall include in the proposal a plan on how and to what extent the MBE/WBE participation will be utilized, a copy of a current MBE/WBE certification(s) and a letter(s) of commitment signed by the MBE/WBE subcontractor(s) must be submitted with the proposal. The Pennsylvania Unified Certification program which includes, PENNDOT, County of Allegheny, City of Philadelphia, the Commonwealth of Pennsylvania Department of General Services, and the Port Authority of Allegheny County are recognized governmental certifications. In addition, certifications from the Small Business Administration 8a program are acceptable. Certifications from private “local” purchasing Councils are reviewed on a case by case basis at the discretion of the Equal Opportunity Review Commission.

The CMPTF also requires that all respondents demonstrate good faith efforts to obtain the participation of veteran-owned businesses in work to be performed under CMPTF contracts. The levels of veteran-owned participation will be monitored by the CMPTF.

The goals suggested by the City of Pittsburgh for the MBE/WBE are 25% of the dollar amount of the amount under contract.

The Equal Opportunity Review Commission of the City of Pittsburgh will review each proposal in cooperation with the Mayors appointed Commission and may authorize waivers of this requirement in cases where these conditions cannot be met.

In order to demonstrate good faith commitment to these goals, all respondents are required to complete and submit with their responses either: the attached MBE/WBE Solicitation and Commitment Form (which details the efforts made by the respondent to obtain such participation), or the attached MBE/WBE Solicitation and Commitment Form–Waiver Request, which details why no MBE/WBE business participation could be obtained. Failure to submit one or the other of these forms will result in rejection of the response. Copies of these forms are provided.

For further information, including definitions and additional requirements, please see Chapter 177A (Sections 177A.01 et. Seq.) of the City code and Section 161.40 of the Pittsburgh City Code. The CMPTF operates under these guidelines.

4. Time Requirements

4.1 Proposal Calendar

The following is a list of key dates up to and including the date proposal submissions are due.

Request for proposal issued: 10/19/2015

Due date for questions: 11/3/2015

Answers to any questions raised by a Respondent will be answered via email. Any Respondent believing that there is any ambiguity, inconsistency, or error in this RFP shall notify the CMPTF in writing or electronically by the above mentioned deadline. Failure to notify the CMPTF will constitute a waiver of claim related to aforementioned ambiguity, inconsistency, or error.

Any manager planning to respond to the RFP should contact James Wesner, CFA, at Marquette Associates, for the appropriate Manager Due Diligence Questionnaire.

jwesner@marquetteassociates.com

Due Date for proposals: Monday, 11/9/2015 at 4:00 PM (Both electronic and hardcopy versions).

All proposals must be submitted to:

Attn: Paul Leger, CMPTF Executive Director, Rm 200
City of Pittsburgh
Department of Finance
414 Grant Street
Pittsburgh, PA 15219

Envelopes should be clearly marked “*Emerging Local Managers for CMPTF*”

The electronic copy of the proposal should be submitted to Paul.Leger@pittsburghpa.gov

There is no expected responders’ conference but responders may be asked to attend an interview as part of the contract award process.

4.2 Notification

Selected firm to be notified upon completion of the selection process. Please be aware that the CMPTF may select multiple respondents or no respondents.

4.3 Date Services May Commence

The selected Respondent, if any, shall not begin performing services until an executed agreement with the CMPTF Manager is in place. No fee shall be paid or due until the parties have an executed agreement in place, which is subject to the terms set forth herein. Successful responders may continue participation in the fund at the will of the CMPTF Manager, in the same way as all other fund managers.

5. Proposal Requirements

5.1 General Requirements

The Contractor shall submit its proposal by placing five (5) bound copies (letter-size paper, Word format, font size 12) in separate sealed envelopes enclosed inside another sealed envelope. Clearly mark the outside of the envelope "*Emerging Local Managers for CMPTF*". Copies must be submitted to the Executive Director of the CMPTF no later than 4:00pm on 11/9/2015 at the address below:

Attn: Paul Leger, Director of Finance, Rm 200
City of Pittsburgh
Department of Finance
414 Grant Street
Pittsburgh, PA 15219

The Narrative proposal shall include the following:

- A. Letter of Transmittal which includes name and contact information for the contact person for the proposal.
- B. Project Organization and Staffing – The Contractor shall include a Project Organization Chart which includes the names and titles of all key personnel to be assigned to the project.
- C. A brief listing of the entire Contractor's experience on similar type work should also be provided. This listing should include at least 5 references for similar types of work. Public sector references are preferred but not required.
- D. Personnel Resumes – Resumes of education and experience of all key personnel identified in the Project Organization Chart shall be included. Each individual is to be listed by name corresponding to their area of expertise. All subcontractors must also be identified.
- E. The Contractor shall present a written narrative description of the manner in which the services provided are to be performed. Please limit description of services to not more than six (6) pages. Narrative should describe how the respondent will comply with the investment policy of the trust.
- F. The Contractor shall indicate the status of the firm's coverage concerning Public Liability Insurance, Workers' Compensation and Professional Liability Insurance and monetary limitations.

- G. The Contractor must address MBE/WBE participation or submit a required explanation if waivers are requested to not participate.
- H. A willingness to enter into a professional services agreement (as further defined herein) with the CMPTF and to comply with the terms agreed to by the parties' therein.

5.2 Additional Terms and Conditions

- A. Any proposals received after the deadline will not be considered.
- B. All materials submitted in the response to this RFP will become property of the City of Pittsburgh. Respondents shall not retain and rights, including, but not limited to intellectual property rights, to the information and/or ideas contained within or accompanying their Proposals.
- C. The content of all proposals will be maintained as confidential until the Final Respondent selection is publically announced, but may be subject to disclosure pursuant to applicable law (e.g. Pennsylvania Right to Know Law) and Act 44 thereafter.
- D. Submission of a Response indicates acceptance by the Respondent of the terms and conditions of this RFP unless clearly and specifically noted otherwise in the response.
- E. Respondents are responsible for all costs associated with the responses to this RFP. In no event shall the CMPTF or the City of Pittsburgh or its Pension Funds be responsible for any costs related to the preparation of a response to this RFP or for attending any requested meetings, if any, before the review committee.
- F. By responding to this RFP, the Respondent shall be deemed to have represented and warranted that its submission was not made in connection with any competing Respondent submitting a separate response to this RFP, is in all respects fair, and was without collusion or fraud.
- G. Pursuant to Section 161.36 of the City of Pittsburgh Code, the Respondent must include a disclosure of any finder's fees, fee splitting, firm affiliation or relationship with any broker-dealer, payments to consultants, lobbyists, or commissioned representatives or other contractual arrangements that could present a real or perceived conflict of interest.
- H. By responding to this RFP, the Respondent certifies that no attempt has been made, or will be made, by the Respondent to induce any other person or firm to submit or not to submit a submission for the purpose of restricting competition.
- I. Respondent shall not subcontract or make investments on behalf of any other company, agency, or individual.

- J. This RFP is also subject to Section 161.22 of the City of Pittsburgh Code related to debarment from responding on and participating in City contracts. Respondents must be in compliance with any and all regulations and laws regarding banking, investing, or doing business in the City of Pittsburgh.**
- K. Respondent must confirm its willingness to enter into a Professional Services agreement with the CMPTF and to comply with the terms agreed to by the parties' therein. The CMPTF's Professional Services agreement terms include, but are not limited to, insurance (liability and workers compensation) and indemnification requirements.**

***Notification to a Respondent that it has been selected by the CMPTF to perform services desired under this RFP is only preliminary. The final selection remains subject to the negotiation and execution of a Professional services agreement with the CMPTF Manager.**

A. The CMPTF reserves and may exercise the following rights and options with respect to the selection process:

- I. To reject any and/or all proposals and reissue the RFP at any time prior to execution of a final contract, if, in the CMPTF's opinion it's in the CMPTF's best interest to do so.**
- II. To supplement, amend, substitute, or otherwise modify this RFP at any time prior to selection of one or more respondents for negotiation and to cancel this RFP with or without issuing another RFP.**
- III. To accept or reject any or all of the items in any proposal and award the contract in whole or in part if it is deemed in the CMPTF's best interest to do so.**
- IV. To reject the proposal of any Respondent who, in the CMPTF's sole judgment has been delinquent or unfaithful in the performance of any contract with the CMPTF, is financially or technically incapable, has tax delinquencies to the City of Pittsburgh, the School District of Pittsburgh, or is otherwise not a responsible respondent.**
- V. To reject any proposal that, in the CMPTF's sole judgment, is incomplete, is not in conformity with applicable law, is conditional in any way, or deviates from the mandated requirements of the RFP.**
- VI. To waive any informality, defect, and/or deviation from this RFP that is not, in the CMPTF's sole judgment, material to the proposal.**
- VII. To permit or reject, at the CMPTF's sole discretion, amendments (including information inadvertently omitted), modifications, alterations, and/or corrections to proposals on a fair and consistent basis.**

- VIII. The CMPTF also reserves the right to request that some or all Respondents submit additional information or attend interviews at CMPTF offices at no cost to the CMPTF.

5.3 Lobbyist Provision

I. Conflict of Interest

- A. By submission of a proposal to this RFP, respondent agrees that it presently has no interest and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of the services required under this RFP.
- B. No proposal shall be accepted from, or contract awarded to, any individual or firm in which any City or CMPTF employee, Director, Trustee or Official has a direct or indirect financial interest in violation of applicable City, CMPTF, or State ethics rules. Entities that are legally related to each other or to a common entity which seeks to submit separate and competing proposals must disclose the nature of their relatedness.

5.4 Insurance Requirements

Prior to the beginning of any work or program covered under this Agreement, the Contractor shall deliver to the CMPTF, Certificates of Insurance duly executed by the officers or authorized representatives of a responsible and non-assessable insurance company, evidencing the following minimum coverages for the benefit of the City as an additional insured, which insurance shall be non-cancellable, except on thirty (30) days prior written notice.

<u>Public Liability</u>	<u>Each Occurrence</u>	<u>Aggregate</u>
Bodily injury, including Death and property Damage combined.	\$500,000.00	\$1,000,000.00
Professional Liability	\$1,000,000.00	
Worker's Compensation	Statutory Limit per State Law	

All premiums shall be at the expense of the Contractor. It should also be noted that a "claims made policy" is not acceptable. All certificates must carry a notation as to whether the liability policy is an occurrence policy.

5.5 Limitation on Communication per Act 44 of 2009 of the Commonwealth of Pennsylvania

A proposed contractor shall not cause or agree to allow a third party to communicate with officials or employees of the CMPTF or the City of Pittsburgh regarding the award of this contract except for requests for technical clarification of the request for proposal.

5.6 Disqualification per Act 44 of 2009 of the Commonwealth of Pennsylvania

- I. A person or affiliated entity that, within the past two years, has made a political contribution to a City of Pittsburgh official or candidate for City of Pittsburgh office may not enter into a professional services contract with the CMPTF.
- II. A person or affiliated entity that enters into a professional services contract with the CMPTF may not have a direct financial, commercial, or business relationship with any official of the CMPTF or a City of Pittsburgh official, unless the CMPTF consents in writing to the relationship following full disclosure.
- III. A person with a professional services contract may not offer or confer a gift having more than nominal value, including money, services, loans, travel, lodging, entertainment, discount, or other thing of value to any official, employee, or fiduciary of the CMPTF or City of Pittsburgh official.

5.7 Disclosure Requirements per Act 44 of 2009 of the Commonwealth of Pennsylvania

- I. With respect to any individual who will be providing professional services to the CMPTF, including any advisors or subcontractors, please provide the following:
 - (a) Name and title of each individual who will be providing professional services and a description of the responsibilities of each individual with regard to the contract.
 - (b) Whether the individual is a current or former official or employee of the City of Pittsburgh.
 - (c) Whether the individual has been a registered Federal or State lobbyist.
- II. State whether you have employed or compensated any third party intermediary, agent, or lobbyist to directly or indirectly communicate with a CMPTF official or employee or an official or employee of the City of Pittsburgh in connection with any transaction or investment involving the proposed contractor and the CMPTF.
 - (a) If so, provide the following:
 1. Name of each third party intermediary, agent, or lobbyist.
 2. The compensation provided.
 3. Dates of communication with the CMPTF.
 4. Nature of communication with the CMPTF.

(b) This disclosure shall not apply to an officer or employee of the proposed contractor who is acting within the scope of the firm's standard professional duties on behalf of the proposed contractor, including the actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance pursuant to a professional services contract with the CMPTF.

III. Provide the following with regard to any political contributions made within the last five years by an officer, director, executive-level employee, owner of at least 5% of the proposed contractor, or made by any political committee affiliated with a proposed contractor (such as "The ABC Bank Political Action Committee") to a candidate for public office in the Commonwealth of Pennsylvania, or a candidate's political committee, aggregating at least \$500:

- (a) The name and address of the contributor.
- (b) The contributor's relationship to the proposed contractor.
- (c) The name and office or position sought by each person receiving a contribution. In the case of a contribution to a political committee, also provide the name of the candidate it supports and the office or position sought by the candidate.
- (d) The amount of the contribution.
- (e) The date of the contribution.

If any candidate supported, either by a direct contribution or by a political committee contribution, was a current public official at the time of the contribution, provide the office or position held.

The information included in the Disclosure Requirements shall be updated as changes occur.

6. Evaluation Procedures

6.1 Review of Proposals

The proposals will be evaluated and scored during the review process. The CMPTF reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

Upon receipt of the proposals the CMPTF will select the proposal that best meets its needs. The proposal with the lowest price will not necessarily be accepted, nor will any reason for the rejection of any proposal be indicated. Authorization to enter into a contract with the selected Respondent (if any is selected) is also subject to approval by CMPTF Board.

6.2 Evaluation Criteria

Proposals will be evaluated using various criteria such as the firms' performance record, investment process and philosophy, experience of investment professionals, amount of funds currently under management, MBE/WBE participation, and the ability to work with our overall comprehensive pension fund consultant, Marquette Associates. Firms meeting the mandatory criteria will have their proposals evaluated for both technical qualifications and costs. All proposals will be vetted by Marquette Associates in the same way that all other fund managers are vetted.

6.3 Mandatory Elements

- A. The firm is independent and licensed to practice in the City of Pittsburgh, the Commonwealth of Pennsylvania, and the United States of America**
- B. The firm has no conflict in interest with regard to any other work performed by the firm, the City of Pittsburgh, or the CMPTF.**
- C. The firm adheres to the instructions in this request for proposal on preparing and submitting the proposal.**
- D. The firm submits a copy of its latest external quality control review report and the firm has a record of quality and high performance fund management.**

7. Fee Proposal Summary

The City of Pittsburgh CMPTF Fee Proposal Summary

Firm Proposing:

Fee Structure Proposed:

The undersigned hereby certifies that the above fee structure constitutes a firm quotation for the Management of funds in the CMPTF.

Signed:

Title:

Date: