



CITY OF MADISON

321 SW Rutledge Street • Madison FL 32340-2498
850-973-5081 • Fax 850-973-5084
Suncom 296-5081 • 296-5084



Police Officers' and Firefighters' Retirement System Board of Trustees

RFP No. 2020-01 Investment Consulting Services

City of Madison * 321 SW Rutledge St. * Madison, FL 32340

CITY OF MADISON

Advertisement

RFP No. 2020-01

Investment Consulting Services

Proposals for Investment Consulting Services will be received by the Board of Trustees for the City of Madison Police Officer's & Firefighters' Retirement System at the office of the City Clerk, 321 SW Rutledge Street, Madison, FL 32340 until May 1, 2020.

The Board is soliciting Requests for Proposal (RFP) from investment consulting firms to provide general investment advice and counsel regarding the Police Officers' & Firefighters' Retirement System Trust funds.

Any proposal received after 2:00 p.m. on May 1, 2020 whether by mail or otherwise, will be returned unopened. Proposers are responsible for ensuring that their proposal is marked by the Clerk's office personnel by the deadline indicated.

An original and five (5) copies of the proposal shall be submitted in a sealed envelope/package addressed to Lee Anne Hall, City Clerk, City of Madison and clearly marked "**RFP No. 2020-01 – Investment Consulting Services**".

CITY OF MADISON

Advertisement

RFP No. 2020-01

Investment Consulting & Management Services

PART I

PROPOSAL TERMS AND CONDITIONS

- 1-1 **Introduction:** The Board of Trustees for the City of Madison Police Officer's & Firefighters' Retirement System (the "Board") is soliciting Requests for Proposals (RFP) for Investment Consulting firms to provide general investment advice, counsel and portfolio implementation services to the City of Madison Police Officers' & Firefighters' Retirement System (the "Plan"). This search was authorized by the Board and seeks to identify potential full-service investment consultants. The consultants will report to the Board.
- 1-2 **Proposal Submission and Withdrawal:** The Board must receive all proposals by 2:00 p.m. on May 1, 2020. The proposals shall be submitted to the following address:

**City of Madison
City Clerk
321 SE Rutledge Street
Madison, FL 32340**

Please clearly mark the outside of the proposal package as follows: **RFP No. 2020-01 – Investment Consulting Services**. The package should also include the proposer's return address.

Once opened, proposals become property of the City of Madison, Florida (the "City") and the Board and will not be returned to the proposer.

- 1-3 **Number of Copies:** Proposers shall submit an **original and five (5) copies**.

- 1-4 **Development Costs:** Neither the Board, the City of Madison, nor its administrators will be responsible nor shall be held liable for any expenses incurred in connection with the preparation of responses to this RFP. Proposers should prepare their proposals simple and economically, providing a straightforward and concise description of the Proposer's ability to meet the requirements of the RFP.
- 1-5 **Inquiries:** Interested Proposers may contact the Board regarding questions about the proposal by email at byronpoore@mccbflorida.com, Attention: Byron Poore. Written requests for clarification on the meaning or interpretation of the RFP will be received until five (5) days prior to the submittal date.
- 1-6 **Addendum:** The Board may record its response to inquiries and any supplemental instructions in the form of written addenda. The Board may provide written addenda up to two (2) days before the date fixed for receiving proposals. Proposers may contact the Board to ascertain whether any addenda have been issued. Failure to do so may result in an unresponsive proposal. Any oral explanation given before the RFP opening will not be binding.

All proposers are expected to carefully examine the proposal documents. Any ambiguities or inconsistencies should be brought to the attention of the Board through written communication as soon as possible.

- 1-7 **Contract Award:** The Board anticipates entering into an Agreement with the Proposer submitting the proposal judged by the Board to be the most advantageous. The Board reserves the right to accept or reject any proposals, with or without cause, to waive technicalities or to accept the proposals which, in their sole judgment, best serve the interest of the Board, or to award a contract to the next most qualified proposer if the successful proposer does not execute a contract within sixty (60) days after being notified of the award of the proposal. The Board also reserves the right to abandon the project and/or to solicit and re-advertise for other proposals.

The Proposer understands that this RFP does not constitute an offer or an Agreement with the Proposer. An Agreement shall not be deemed to exist and is not binding until proposals are reviewed and verified as responsive by appointed

staff, and the best proposal has been identified, approved by the Board and executed by all parties.

Any proposal may be withdrawn at any time up to five (5) days after the submittal date. Any proposal not so withdrawn shall constitute an irrevocable offer for a period of six (6) months to provide to the Board the services set forth in the RFP.

- 1-8 **Contractual Agreement:** When a proposal is accepted, a contract will be issued as proposed, subject to any revisions which may be mutually agreed upon by the Board and proposer. This RFP shall be included and incorporated in the final award. The order of contractual precedence will be the Contract original Terms and Conditions, and proposer response. Venue for any and all legal action to enforce the award will be in Madison County, Florida and the contractual obligations will be interpreted according to the laws of Florida. **Any additional contract or agreement requested for consideration by the Proposer must be attached and enclosed as part of the proposal.**
- 1-9 **Selection Process:** The proposals will be evaluated by the Board. After review, up to three (3) proposers will be selected to present in-person oral presentations at a special meeting to be held by the Board on **May 5th, 2020**. The criteria for selection is in the sole discretion of the board and will include, but not be limited to, factors described in the RFP. Nothing herein will prevent the Board from assigning work to any firm deemed responsive and responsible. The Board reserves the right to further negotiate any proposal, including price, with the highest rated Proposer.
- 1-10 **Public Records:** Proposals become “public records” and shall be subject to public disclosure consistent with Chapter 119.07 Florida Statutes. Proposers must invoke the exemptions to disclosure provided by law in the response to the RFP, and must identify the data or other materials to be protected, and must state the reasons why such exclusion from public disclosure is necessary. Document files may be examined, during normal working hours by appointment.
- 1-11 **Public Entity Crimes:** In accordance with Florida Statute 287.133, no award will be made to any person or affiliate identified on the Department of Management

Services' "Convicted Vendor List". This list is defined as consisting of person and affiliates who are disqualified from public contracting and the purchasing process because they have been found guilty of a public entity crime. A "person" or "affiliate" includes any natural person or entity, including predecessor or successor entities or an entity under the control of any natural person who is active in its management and who has been convicted of a public entity crime.

1-12 **Cone of Silence:** The Cone of Silence is a prohibition on any communication, except for written correspondence, regarding a particular request for proposal, request for qualification, bid or any other competitive solicitation between:

(1) Any person or person's representative seeking an award from such competitive solicitation; and

(2) Any member of the Board of Trustees of the City of Madison Police Officer's & Firefighters' Retirement System, any member of the City of Madison governing body or staff, or any employee authorized to act on behalf of the Board or City governing body to award a particular contract.

For the purposes of this section, a person's representative shall include but not be limited to the person's employee, partner, officer, director, consultant, lobbyist, or any actual or potential subcontractor or consultant of the person. The cone of silence shall be in effect as of the deadline to submit the proposal, bid, or other response to a competitive solicitation. The cone of silence applies to any person or person's representative who responds to a particular request for proposal, request for qualification, bid or any other competitive solicitation, and shall remain in effect until such response is either rejected by the Board or withdrawn by the person or person's representative.

The provisions of this article shall not apply to oral communications at any public proceeding or oral presentations before the Board. The cone of silence shall terminate at the time the Board awards or approves a contract, rejects all bids or responses, or otherwise takes action which ends the solicitation process.

1-13 **Conflict of Interest:** The award hereunder is subject to provisions of State Statutes and County and City Ordinances. All proposers must disclose with their

proposal the name of any officer, director, agent or employee who is also an employee, affiliate or Official of the City of Madison or a member of the Board of Trustees. Further, all proposers must disclose the name of any City employee, affiliate or Board member who owns, directly or indirectly, an interest in the Proposer's firm or any of its branches.

1-14 **Non-Collusion:** Proposer certifies that their proposal is made without prior understanding, agreement or connection with any corporation, firm or person submitting a Proposal for the same materials, services, supplies, or equipment and is in all respects fair and without collusion or fraud.

1-15 **Disclosure and Disclaimer:** Any action taken by the Board in response to the proposals made pursuant to this RFP or in making any award or failure or refusal to make any award pursuant to such proposals, or in any cancellation of award, or in any withdrawal or cancellation of this RFP, either before or after issuance of an award, shall be without any liability or obligation on the part of the Board or their advisors.

In its sole discretion, the Board may withdraw this RFP either before or after receiving proposals, may accept or reject proposals, and may accept proposals which deviate from the RFP. In its sole discretion, the Board may determine the qualifications and acceptability of any party or parties submitting proposals in response to this RFP (each such party being hereinafter a "Proposer").

Following submission of a proposal, the Proposer agrees to promptly deliver such further details, information and assurances, including, but not limited to, financial and disclosure data, relating to the proposal and/or the Proposer, including the Proposer's affiliates, officers, directors, shareholders, partners and employees, as requested by the Board.

The information contained herein is provided solely for the convenience of proposers. It is the responsibility of a Proposer to assure itself that information contained herein is accurate and complete. Neither the City nor the Board, nor their advisors provide any assurances as to the accuracy or any information in this RFP. Any reliance on the contents of this RFP, or on any communications with

the City or Board representatives or advisors, shall be at each Proposer's own risk. Proposers should rely exclusively on their own investigations, interpretations and analyses in connection with this matter. The RFP is being provided by the Board without any warranty or representation, express or implied, as to its content, accuracy or completeness and no Proposer or other party shall have recourse to the City or Board if any information herein contained shall be inaccurate or incomplete. No warranty or representation is made by the City or Board that any proposal conforming to these requirements will be selected for consideration, negotiation or approval.

Neither the City nor the Board, or any representatives thereof shall have any obligation or liability with respect to this RFP, or the selection and award process contemplated hereunder. Neither the City nor the Board, or any representatives thereof, warrant or represent that any award or recommendation will be made as a result of the issuance of this RFP. All costs incurred by a Proposer in preparing and responding to this RFP are the sole responsibility of the Proposer. Any recipient of this RFP who responds hereto fully acknowledges all the provisions of this Disclosure and Disclaimer and agrees to be bound by the terms hereof. Any proposal submitted pursuant to this RFP is at the sole risk and responsibility of the party submitting such proposal.

This RFP is made subject to correction of errors, omissions, or withdrawal without notice. Information contained in the RFP is for guidance only and each recipient hereof is cautioned and advised to independently verify all of such information. In the event of any differences between this Disclosure and Disclaimer and the balance of the RFP, the provisions of this Disclosure and Disclaimer shall govern.

- 1-16 **Proposal Contents:** All material submitted becomes the property of the Board. The Board shall have the right to use any or all ideas presented in any reply to this RFP without restriction. Selection or rejection of the proposal does not affect this right.
- 1-17 **Termination by Owner for Cause:** The Board may terminate any contract entered into as a result of this RFP in the event:

- a. Contractor fails or refuses to prosecute the work or any severable part, with the diligence that will insure its completion within the time specified in the contract;
- b. Contractor fails to perform the services required of the Contractor under the contract;
- c. Contractor violates any fiduciary duty to the Plan or any laws, ordinances, rules or regulations of any governmental authority having jurisdiction;
- d. Contractor materially breaches any of the provisions of the contract or this RFP.

Wherein a single or combination of the above causes exist such cause(s) have not been cured after seven (7) days written demand by the Board, the Board may, with full reservation of, and without prejudice to any other right or remedy the Board may have, upon giving Contractor and the surety five (5) days written notice, terminate the contract. No payments shall be due to the Contractor until the Work is fully and finally completed.

1-18 Termination for Convenience:

- a. The Board may terminate performance of work under this contract in whole or in part (the "Work Terminated") if the Board determines that such termination is in the Plan's best interest. The Board shall commence termination by delivering to the Contractor a Notice of Termination, specifying the extent of the Work Terminated and the effective date.
- b. After receipt of a Notice of Termination, a Contractor shall immediately proceed with the following obligations, regardless of any delay in determining or adjusting any amounts due under this clause:
 - a. Stop work as specified in the notice.
 - b. Complete performance of the work not terminated.
 - c. Continue to perform any legal obligation with respect to the Plan until termination is final.

1-18 Insurance: The awarded service provider shall obtain and maintain at it's own cost and expense at all times during the life of the contract, the following insurance coverages. All insurance policies shall be issued by companies authorized to do business under the laws of the State of Florida. The insurance shall be evidenced

by certificates and/or policies including premiums as determined by the City of Madison. It shall be an affirmative obligation upon the Service Provider to advise the Plan Administrator within 24 hours or the next business day of cancellation, non-renewal or modification of any stipulated insurance and failure to do so shall be construed to be a breach of contract. The Board reserves the right to require additional coverages and limits based upon the particular service or change in service provided by the Service Provider.

Comprehensive General Liability Insurance coverage with limits of liability not less than \$1,000,000 Each Occurrence/\$2,000,000 Aggregate. The Certificate of Insurance shall indicate an Occurrence Basis. The Plan shall be endorsed as an additional insured under the General Liability coverage. The Service Provider's General Liability coverage shall be primary and non-contributory.

Professional Liability (Errors & Omissions) - professional liability or equivalent errors & omissions liability with limit of not less than \$10,000,000 per occurrence. For policies written on a claims made basis, the service provider shall maintain a retroactive date prior to or equal to the effective date of this contract. In the event the policy is canceled, non-renewed, switched to an occurrence form or there is a change in retroactive date, architect or engineer must purchase an extended reporting period rider during the life of this contract of not less than 3 years. Coverage is to apply on a primary basis.

All required insurance policies shall provide a waiver of subrogation and rights of recovery against the Board, including its agents, officers, past and present members, elected officials and representatives, the insurance policy in effect shall protect both parties and be primary and non-contributory for any and all losses covered by the above described insurance. Insurers have no recourse against the Board for payment or assessments in any form on any insurance policy.

A copy of a current Certificate of Insurance should be included with your proposal.

PART II

NATURE OF SERVICES

2-1 **Purpose and Scope of Work:** The Board seeks proposals from qualified Investment Consulting Firms to provide general investment advice and counsel to the Board, its affiliates and any contracting parties for the investment and management of funds for the City of Madison Police Officers' and Firefighters Retirement System.

The Plan was established by ordinance No. 2019-27 for the purpose of offering benefits to employees currently employed as Police Officers and Firefighters and retirees who were previously employed as Police Officers and Firefighters. The Plan is overseen by a Board of Trustees consisting of one Police Officer, one Firefighter, two City Commission appointees who are residents of the City of Madison and one appointee elected by majority of the previous four (4) trustees. Additionally, the plan administrator for the Plan is the Board or a designee thereof.

The total market value of the fund balance as of December 31, 2019 is approximately \$5.6 million. In Fiscal Year 2019, there were payments to thirteen (13) pension recipients totaling (\$387,463) and contributions from thirty (30) current employees totaling \$317,948. The plan is 82% funded per an actuarial valuation completed in June 2019.

2-2 **Scope of Services Requested:** Services to be provided by the Proposer(s) shall include, but not be limited to, the following:

1. Development of Investment Policy, as well as the periodic review and revision of such policy in accordance with Florida law and the Board's investment objectives.
2. Asset Allocation recommendation, to include portfolio optimization guidance for achieving a target rate or return range with reduced risk and volatility.

3. Provide monthly statements on investment activity, earnings and the value of the investment portfolio. These reports must include valuation as required by Governmental Accounting Standards Board (GASB) standards. Provide quarterly investment reports including a description of market conditions, investment strategies employed performance and suggested changes to investment strategy.
4. Provide recommendations to assist the Board in selecting a financially strong and adequately insured custodian, responsible for holding Plan assets. Proposer must be able to effectively coordinate with the custodian directly for any service needs to include withdrawal instructions on an ad hoc basis.
5. Work with Board to identify criteria for manager and/or fund inclusion.
6. Provide manager, fund and general investment search and research. Advise when a manager should be placed on a watch list or probation and/or terminated.
7. Coordinate presentations, if requested, among fund managers.
8. Consult with Board on matters related to performance, news and developments in the capital markets, asset classes and/or funds that would make a material impact on the performance of the fund.
9. Attend regular Board meetings in-person at least annually, by phone at least quarterly and on an as-needed basis at the Board's request.
10. Respond to Board, administrator and staff inquiries and requests for services in an appropriate and timely manner.
11. Monitor and ensure compliance with investment guidelines in the Investment Policy Statement, including rebalancing of assets, subject to approval by the Board. Monitor material changes in regulations impacting investments and the management of public funds for pensions.
12. Monitor performance of investment managers and prepare a report on a quarterly basis with updates on performance along with a comparison to both the actuarial assumed rate of return and an independent benchmark comprised of widely recognized and accepted indexes.

13. Identify a designated Consultant as well as a point of contact for service-related items for the Board.
14. Provide written acknowledgement of Fiduciary relationship to the Board and Plan.
15. Provide educational workshops on an as needed basis to support the development and growth of the current Board and/or Plan members.
16. Perform any other services not specifically listed that would normally be done periodically on a monthly, quarterly or annual basis.

2-3 **Evaluation Criteria.** Proposals will be evaluated by the Board in order to ascertain which Proposal best satisfies the scope of the services requested. Evaluation consideration will include, but not be limited to, the following:

1. Responsiveness of the Proposal in clearly stating an understanding of the work to be performed.
2. Technical ability of the Proposer(s) and consultant assigned to the case to perform consulting services.
3. Experience of Proposer(s) and assigned consultant.
4. The fees and expenses are a significant factor. Fees and expenses will be a particularly important factor when all other evaluation criteria are relatively equal.

2-4 **Proposal Content and Format:** Proposals must provide complete information for the each of the categories and/or questions below. Proposals which do not include the following information may be deemed non-responsive and may not be considered for the contract award.

I. Organization

- a. Name of firm
- b. Address or Location of office servicing the account
- c. Contact Person

- d. Phone
- e. Email address

II. Business Profile

- a. Company Culture and Management Philosophy
- b. Biographical information of parties related to the account. Include a brief history of the firm and each consultant who will be assigned to the account.
- c. Registration Status, Licenses and/or credentials of individuals and the firm
- d. List of Support Staff to be associated with the account
- e. Assets Under Management (AUM) or Advisement
- f. Fee Structure
- g. Any other information Proposer might deem relevant to the RFP

III. Investment Consulting Services

a. Asset Allocation:

- i. Describe your firm's qualifications with respect to its independence, ability, capacity, skill, financial strength and number of years your firm has provided pension fund consulting services to public pension plans.
- ii. Describe the firm's philosophy, approach and methodology to the development of asset allocation generally and then specifically for a Public Pension Plan.
- iii. Describe the variables included in the development of the asset allocation policy.
- iv. Describe how often, if at all, asset allocation policy should be changed.
- v. Describe briefly the software, include name, utilized in the development of the asset allocation policy.
- vi. Describe the firm's involvement with the plan actuary within the Plan's modelling and valuation process.

b. Investment Policy

- i. Describe how your firm develops investment objectives, investment policy and guidelines.

- ii. Provide a recommendation of an Investment and asset allocation policy for achieving an assumed actuarial rate of return in the 7.5% - 8% range.
 - iii. Provide a sample Investment Policy Statement for the recommended asset allocation.
- d. Manager Research, Recommendation and Monitoring
- i. Describe in detail the firm's philosophy on Active and Passive investment strategies and which strategy or combination thereof you will be recommending for the management of the Fund along with what type of products/funds/accounts are required for the recommended approach.
 - ii. Describe the firm's process to conduct manager searches including the criteria considered for making a recommendation to utilize a specific manager.
 - iii. Describe the monitoring process for managers and the specific criteria considered when placing a watch on the manager or making the recommendation to replace a manager. Describe how often the monitoring process is performed. Describe the typical annual turnover in a portfolio. Describe how long a manager should be given to achieve the stated objective the manager would be hired for before being placed on a watch list or terminated.
 - iv. Describe the typical fees involved in selecting and utilizing a manager. Give a sample of a portfolio and all the fees included.
 - v. Does your firm receive compensation either directly or indirectly from any investment manager you recommend?
- e. Performance Monitor
- i. Describe in detail your performance measurement system, the philosophy behind it, the metrics included and how often reports will be provided to the Board.
 - ii. Describe the benchmark index utilized to compare actual investment performance returns.

- iii. Provide a sample typical performance report.
 - iv. Describe how quickly reports will be provided after the reporting period.
 - v. Provide a comprehensive performance report for a sample portfolio along with a report for each manager that would be a current recommendation for the portfolio.
 - vi. If possible, provide actual performance for the recommended portfolio over the previous ten (10) years and five (5) years. Additionally, if possible, show performance since June 2017.
- f. Other
- i. Describe the transition process in the event your firm is awarded the contract.
 - ii. Describe any additional services or educational opportunities provided to the Board or Plan members.
 - iii. Is the firm or any of its principals or employees currently engaged in any litigation with the SEC, current or former client or any other person or organization related to your business activities?
 - iv. Has the firm been terminated for cause from any client or sanctioned or otherwise disciplined by the SEC or any other regulatory agency?
 - v. Has the firm or any of its principals or employees been convicted of any Public Entity Crimes in Florida or any other State?
 - vi. Describe how your firm stays current with Florida public pension laws.
- g. Provide a summary of your firm's total clients and assets under investment consulting advisement. Indicate a breakdown by public pension funds, corporate pension funds, Taft Hartley funds, endowments and others. At a minimum, please include:
- i. Total number of investment consulting clients
 - ii. Number of clients and assets by category
 - iii. Fund size of average client
 - iv. Representative client list

- v. List at least five (5) public employee retirement systems for which your firm currently provides evaluation services
- h. Fees
 - i. Provide a comprehensive total fee schedule broken out by services.
 - ii. Include a list of fees for specific money managers or products recommended.