

**TOWN OF TRUMBULL  
REQUEST FOR QUALIFICATIONS & PROPOSAL (RFQ/P)  
INVESTMENT COUNSULTING SERVICES – TOWN PENSION PLAN**

RFQ/P: 6058

DUE: APRIL 22, 2014 at 12:00 NOON

**EXECUTIVE SUMMARY**

The Trumbull Pension Board (The "Board") is headquartered in Trumbull, CT and is accepting proposals for investment consulting services from a select group of service providers to assist with the investment of funds in their defined benefit pension plan (the "Plan").

The minimum requirements and scope of services are set out in this request for qualifications / proposals (RFQ/P). All proposals should be marked "Proposal-Investment Consulting Services" and five (5) paper copies mailed or delivered to:

**Attn: Robert J. Chimini, Purchasing Agent  
Town of Trumbull  
5866 Main Street, Trumbull, CT 06611**

**AND**

**Attn: Trumbull Pension Board  
Trumbull Finance Department  
5866 Main Street, Trumbull, CT 06611**

Proposals must be received no later than 12:00PM on APRIL 22, 2014. Proposals received after the closing date will not be considered unless the specified date and time are extended by The Board.

**MINIMUM REQUIREMENTS**

To be selected for this investment consulting mandate, the firm must meet the following minimum requirements:

- The investment consulting firm must be properly registered.
- The investment consulting firm must agree to be an "investment fiduciary" as that term is commonly understood in relation to ERISA.
- The investment consulting firm must have provided at least five years of investment consulting services.
- The investment consulting firm must agree to enter into a consulting services agreement that may be terminated for any reason by either of the parties with at least 30 days' written notice.

**SCOPE OF SERVICES**

The Board seeks an experienced and qualified firm to provide general investment consulting services to the Board. At a minimum, the firm selected shall be prepared to provide the following services:

- Present written quarterly reports to the Board on the performance of the Plan's portfolio.
- Attend quarterly Investment Board meetings and ad-hoc meetings as requested, facilitate all aspects of investment manager searches and address other investment issues as required or needed by the Board and/or other staff.
- Monitor, refine, and recommend changes to the Plan's investment policies and guidelines on an ongoing basis.
- Perform investment manager searches and make recommendations as requested or required by the Board.
- Perform ongoing due diligence on the Plan's investment managers and portfolios, including but not limited to special analyses, interviews with key personnel, assessments of performance and operations.
- Keep the Board informed of developments related to the Plan's investments, investment managers, relevant regulatory issues, etc., as they become known or applicable.

**DESCRIPTION OF THE PLAN**

The Fund maintains a pension fund

**DEMOGRAPHICS OF THE FUND as of July 1, 2013**

- |  |                                 |
|--|---------------------------------|
| • Assets (Market Value)                  | \$18,992,173                    |
| • Assets (Actuarial Value)               | \$19,096,003 Funded Ratio—28.1% |
| • Actuarial Accrued Liability            | \$67,905,500                    |
| • Retired Participants – Beneficiaries-- | 300                             |
| • Active Participants                    | 325                             |
| • Monthly Payments (est.)                | \$3,700,000                     |

*Town of Trumbull currently contributes approximately \$1,600,000 each year in addition to each participant contributing 6% of their base salary annually. We anticipate that this will continue for the foreseeable future.*

## CURRENT ASSET ALLOCATION STRATEGY

The nominal rate of return objective for the Plan is in excess of the benchmarks used. The current asset allocation for the plan is as follows:

| <u>Asset Class</u>     | <u>Target Allocation</u>                           |
|------------------------|--|
| Domestic Equities      | 45%  |
| International Equities | 20%  |
| Fixed Income           | 30%  |
| Cash                   | 0% (Exception: maintain beneficiary disbursements) |
| Inflation Protection   | 5%   |

## PROPOSAL REQUIREMENTS

- Your firm must submit a proposal cover letter signed by a person authorized to legally bind the company. The letter must include a brief description of the proposal and a statement that the proposal will remain valid until The Board selects a company to provide the services in this RFQ/P or terminates its search for a vendor.
- Your firm must include a cost proposal as referenced in the Cost Proposal section of this RFQ/P.
- Your firm must identify and provide relevant qualifications of any subcontractors you will utilize in conjunction with The Plan.
- Your firm must include a complete disclosure statement indicating if any member of your firm would have a conflict of interest, or the appearance of a conflict of interest, if your firm were selected. Describe the nature of any relationship or situation that might cause speculation as to the objectivity of the services to be performed.
- Your firm should provide additional information that would help The Board in evaluating your firm and its qualifications. Please focus on information that would distinguish your firm as being uniquely qualified for this project.
- Your firm must submit the original, plus five (5) paper copies of its proposal to the address provided herein, as well as a "soft copy" to: [mpires@trumbull-ct.gov](mailto:mpires@trumbull-ct.gov).

## PROPOSAL CONTENT

Your firm's proposal must address and contain the following information in the order presented and in the outline format as provided:

### I. ORGANIZATION (THE TERM "ORGANIZATION" INCLUDES SUBSIDIARIES, AFFILIATES, AND PREDECESSORS IN INTEREST.)

#### A. History and Structure

1. Name, address, and telephone number, and all prior names by which your organization has been known and the dates thereof. In addition, include the name, title, telephone number, email address, and fax number (plus the address if different from above) of the person authorized to negotiate on behalf of and contractually bind your organization.
2. When was your organization founded?
3. Explain your organization's present ownership structure, including affiliates and subsidiaries.
4. Explain changes in the ownership structure of your organization since its inception and any expected changes in the next one to two years.
5. Please provide a copy of your organization's Form ADV – Parts I and II.
6. Please list the primary location that will service The Board.

#### B. Philosophy

1. Please describe your consulting philosophy in detail. Include a description of your approach and philosophy to providing asset allocation and portfolio structuring advice.
2. Please also describe your process for recommending asset allocation changes to the client portfolio and the client's investment policy statement.

#### C. Potential Conflicts of Interest

1. Does your organization provide custodial or investment management services? If so, please identify and explain all such services provided. Also state what percentage of last fiscal year's revenues was attributable to such custodial or investment management services.
2. Does any part of your organization provide brokerage services, soft-dollar services (including revenue sharing), and directed brokerage, discount brokerage or commission recapture programs (collectively, brokerage related services)? If so:
  - a. What percentage of your organization's last fiscal year's revenues was received in soft dollars?

- b. What percentage of your organization's last fiscal year's revenues was attributable to or compensation for brokerage-related services?
  - c. Identify all investment managers who traded through or are involved with your organization's brokerage-related services.
3. Does your organization offer or sell any services or products to investment managers? If so, identify these in detail and name every manager who purchased any such services or products (with hard or soft dollars) over the last two fiscal years.
4. Please confirm that your organization will not accept any commissions or other remuneration from any service providers in exchange for placing or renewing The Board's business with that organization.
5. Does your organization solicit or accept any form of compensation (direct or indirect) for placing or helping to place investment managers, custodial banks, or other service providers? If so, describe the circumstances.
6. Does your organization solicit or accept any form of compensation (direct or indirect) to include any investment managers, custodial banks, or other service providers in your database or in any search? If so, please explain.
7. Does your organization solicit or accept any form of compensation (direct or indirect) from investment managers, custodial banks, or other service providers that are under contract with the clients for whom you perform investment consulting services? If so, please explain.
8. Does your organization have any clients or associations that could present a conflict of interest and possibly compromise the objectivity of its advice to The Board? If so, please explain.
9. Does your organization receive any products or services from any investment managers? If so, identify each such service and whether compensation is paid and, if paid, the amount of compensation paid.
10. Does your organization solicit or accept any payment from investment managers or custodial banks for participation in client conferences or other events that your organization sponsors for its clients? If so, identify each such conference or other event in the last two fiscal years, the entity from which payment was solicited or received, and the amount of such payment.

#### **D. Legal Fiduciary Status, Investment Advisory Status and Litigation**

1. Will your organization agree expressly in writing to accept "investment fiduciary" responsibility consistent with the term as it is commonly understood under ERISA with respect to its investment?
2. Has your organization or a principal or employee or agent of your organization ever been investigated or charged by the SEC, the U.S. Departments of Justice or Labor, the Internal Revenue Service, or any other federal, state or local regulatory agency for any purported or actual violation of applicable law? If yes, please explain.
3. Over the last five years, has your organization or any principal or employee or agent been named or threatened to be named as a party in any private or governmental litigation, arbitration or other dispute resolution proceedings; been a target in any government or professional investigation; or settled any actual or threatened claim? If so, please provide details including a copy of all relevant complaints and communications, a list of all parties, and the results or status of such proceedings(s), investigation(s) or settlement(s).

#### **F. Insurance**

1. Please describe the level of coverage for SEC-required (17g-1) fidelity bonds, errors and omissions insurance, and any fiduciary or professional liability insurance your firm carries. List insurance carriers supplying the coverage and their AM Best Rating.
2. Is your organization currently aware of any claims that have been or are being made with respect to such bonds or policies? If so, please describe.
3. Is your organization currently aware of any notices to the insurer with respect to such policies? If so, please describe.

## **II. STAFFING AND FACILITIES**

1. Please provide a detailed listing of your firm's professional staff by category including consultants and analysts.
  1. How is your organization organized to service your investment consulting accounts?
  2. What is the average number of accounts handled per investment consultant?
  3. Please list the name and location of the primary individual(s) who would be responsible for the Board's account and provide detailed biographies of such persons, including their tenure with your organization, and expertise. With respect to the person(s) named, please also list the number of clients that are assigned to each, and other relevant information. Please describe the relationship among these individuals and indicate the percentage of work expected to be performed by each.
  4. Provide an organizational chart for the individual(s) who would be assigned to the Board's account.
  5. Describe your process for recruiting, hiring, and retaining key professionals.
  6. How do you compensate your professional staff?

7. Describe the turnover rate for professionals engaged in investment consulting over the past three years. Briefly explain their reasons for leaving and describe the measures your organization takes to assure continuity of service.
8. Please provide a full disclosure of whether any of your organization's professional staff has ever been suspended or disbarred from performing investment advisory services or other professional services, has been subject to any disciplinary actions, or has committed any criminal offenses evidencing fraud, dishonesty or breach of trust.
9. Please describe the size, organization, location(s) and capabilities of your organization's computer/data processing staff. If any of the staff you have described are employed through outside consultants, please give the proportion of the staff that are employed in-house and the proportion that are employed through outside consultants.

### III. CLIENTS

1. How many pension plans does the firm manage?
2. Please provide a representative list of your organization's corporate sector investment advisory clients.
3. Please list retirement plan clients that have terminated your organization's investment advisory services during the past three years, and indicate their stated reasons for terminating your organization's services.
4. Please state the total number of new investment advisory clients that your organization has gained in the last three years.
5. How many of your clients have also asked you to work with their DB administrator?
6. For references purposes, provide the name, address, telephone number and contact person for three (3) current pension investment advisory clients serviced by the primary individuals who would be responsible for the Board's account.

### IV. SERVICES

#### A. General Investment Consulting and Advice

*Please confirm your organization's intent to comply with each of the requirements in the Scope of Services as follows:*

1. Present Written Quarterly Reports to the Board on the performance of The Plan's overall portfolio.
2. Attend quarterly Board meetings and present reports, facilitate all aspects of investment manager searches and address other investment issues as requested or required by the Board.
3. Attend ad-hoc meetings of the Board; depending on the amount of notice, these could be attended by conference call.
4. Monitor, refine and recommend changes to the Board's investment policies and guidelines on an ongoing basis.
5. Perform investment manager searches and make recommendations as requested or required by the Committee.
6. Perform ongoing due diligence on The Board's investment managers and overall portfolio, including but not limited to special analyses, interviews with key personnel, assessments of performance and operations, and by keeping the Board and other administrative staff informed of developments as they become known.
7. Keep the Board informed of developments related to the Plan's investments, investment managers, relevant regulatory issues, etc., as they become known

#### B. Investment Policy, Guidelines, Development, & Implementation

1. Describe briefly the processes and tools your organization uses to help clients develop investment policies/guidelines and objectives, including long-term asset allocations. Also, describe how your firm monitors compliance with policies and guidelines.
2. Describe your development of investment portfolio structure and strategy, including multiple managers and active versus passive management.
3. Describe briefly your process in transitioning our Plan to a new investment line-up and or a new administrator. Please include time frames and the anticipated role of Company staff.

#### C. Manager Selection

1. Describe in detail the process you will use to conduct manager searches for our plan.
2. Describe your manager search database, including the number of managers it contains, the source of information, and the process of manager inclusion.
3. Do you conduct on-site visits of investment managers that are in your database? How many? How often?
4. Describe the process of monitoring the activities of the various managers. How often do you perform this assessment? How do you assess that the manager is maintaining consistency with their mandated style? What is the average rate of turnover of investment managers for each of your accounts?

#### **D. Performance Measurement and Evaluation**

1. Briefly describe your organization's reporting system and the components of your performance reports. Please enclose a sample performance report and explain the extent to which the performance reports can be customized to meet a particular client's needs.
2. Is your organization's performance reporting software generated in-house or purchased? If purchased, please identify the software that your organization uses.
3. Does your organization purchase universe data for fund performance or for investment manager performance or does it maintain its own? If purchased, from whom?
4. Describe the types of analysis included in a typical performance evaluation report.
5. How frequently do you recommend performance evaluation reviews be conducted with clients? How quickly after the end of a reporting period are you able to report on that period?

#### **E. Other**

##### **How do you describe the culture of your firm?**

What are the firm's key strengths, competitive advantages, and weaknesses? Highlight the aspects of your service that make you unique from the competition.

#### **V. EVALUATION / SELECTION PROCESS; GENERAL INFORMATION**

The Board will evaluate proposals, conduct interviews, and make an award decision. The timing of the interviews will be established on a mutually agreed date and time so that the individual(s) with primary responsibility for providing the services contained in this RFQ/P may attend any interviews on behalf of the firm.

#### **QUESTIONS ABOUT THIS RFP OR THE PROJECT & PROPOSAL SUBMISSIONS**

Questions about this RFQ/P or the project should be submitted, in writing, no later than **12:00PM Noon on April 17, 2014** to Maria Pires, Finance Director, 203.452.5013 or [mpires@trumbull-ct.gov](mailto:mpires@trumbull-ct.gov)

**Robert J. Chimini, Purchasing Agent**  
Town of Trumbull  
5866 Main Street, Trumbull, CT 06611  
**AND**  
Trumbull Pension Board  
Trumbull Finance Department  
5866 Main Street, Trumbull, CT 06611

#### **VI. COST PROPOSALS**

We are requesting that firms submit their cost proposals (assume a 3 year contract) on the following basis:

1. A fee based on Plan assets (or another basis), which will include the Scope of Services section outlined in this RFQ/P. Please describe fully any offsets, additions or other elements of this fee proposal, such as revenue sharing or other soft dollar arrangements, etc.

If there should be a material change in the Scope of Services, or if this RFQ/P results in the opportunity for an expanded ongoing consulting relationship, additional pricing would be mutually negotiated.

#### **VII. MISCELLANEOUS**

##### **1. ASSIGNMENT OF RIGHTS, TITLES, AND INTERESTS**

Any assignment or subcontracting by a proposer, bidder, supplier, or contractor for work to be performed, or goods and/or services to be provided, in whole or in part, and any other interest in conjunction with a Town procurement shall not be permitted without the express written consent of the Town of Trumbull.

##### **2. TAXES**

All purchases made by the Town, and associated with the award of this requirement shall be tax exempt. Any taxes must not be included in bid prices. A Town Tax Exemption Certificate shall be furnished upon request.

##### **3. AWARD AND AUTHORITY**

The purchasing authority of the Town shall issue notification of award in writing.

##### **4. HOLD HARMLESS CLAUSE**

Any contractor or subcontractor of the Town agrees to indemnify, hold harmless and defend the Town from and against any and all liability for loss, damage or expense which the Town may suffer or for which the Town may be held liable by reason of injury, including death, to any person or damage to any property arising out of or in any manner connected with the operations to be performed under this request and subsequent Contract, whether or not due in whole or in part of any act, omission or negligence of the Town or any of its representatives or employees.

**5. WORK REGULATIONS AND STANDARDS**

All work activities performed in association with this request must be performed and completed for the Town in accordance with current Federal State and Local regulations. All services performed shall also conform to the latest OSHA standards and/or regulations.

**6. ADDENDUMS**

It is the responsibility of all proposal submitters to verify with the Town if any addendums or changes to this have been. All and any addendums will be posted on the Town of Trumbull – Purchasing department website. [www.trumbull-ct.gov](http://www.trumbull-ct.gov).

**7. CONFLICT OF INTEREST**

No purchase shall be made from nor shall services (other than services as an officer, agent, or employee of the Town) be secured from any officer or employee of the Town, or from any partnership or corporation in which such officer or employee is a partner or officer, or holds a substantial interest, unless such relationship and the fact that such purchase is contemplated shall be made known in writing to the agency making such purchase, and notice thereof posted, for at least five (5) days before such purchase be made, in the office of the agency making such purchase and in a public place in the Trumbull Town Hall.

**8. ORAL PRESENTATIONS**

During the evaluation process, the Board may, at its discretion, request any one or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the Committee may have on a firm's proposal. Not all firms may be asked to make such oral presentations.

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APPENDIX A

RESPONDENT GUARANTEES AND WARRANTIES

**Respondent Guarantees:**

The Respondent certifies it can and will provide and make available, at a minimum, all services set forth in this request.

**Respondent Warranties**

Respondent warrants that it is willing and able to comply with State of Connecticut laws with respect to foreign (non-state of Connecticut) corporations.

**Respondent warrants** that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officers, employees or agents thereof.

**Respondent warrants** that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of the Town of Trumbull.

**Respondent warrants** that all information provided by it in connection with this proposal is true and accurate.

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
By (Signature)

\_\_\_\_\_  
Address

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Company Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Telephone/Fax