

SEARCH DESCRIPTION

The Board Members of **The City of Washington Combined Pension Fund** is requesting proposals from investment managers for the active management of **Fixed Income Closed End Fund Relative Value** strategies. The Manager selected shall be expected to outperform the Bloomberg Barclays Global Aggregate Index.

Responding firms must have a minimum of \$100 million under management in total, \$50 million invested in the strategy, and a three-year performance history in the Fixed Income Closed End Fund Relative Value strategy. **The Board intends to allocate approximately \$1-2 million in this strategy.**

Proposals must be received at the Board prior to Thursday, January 17, 2019. Please forward five hard copies (one original, four photocopies) of your firm's Proposal to the person below. Any questions pertaining to this Request for Proposal are to be in writing or email to the person below:

Susie Koehler, Pension Coordinator
City of Washington Combined Pension Fund
55 West Maiden Street
Washington, PA 15301
skoehler@washingtonpa.us

INSTRUCTIONS

If deemed necessary by the Board, bidders may be selected for interview. 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 person(s) appointed by the Board to interview bidders.

The Board reserves the right to make an award without interviews of the bidders. Therefore, the proposals should be submitted on the most favorable terms of both price and technical approach. The Board also reserves the right to reject at its sole discretion any and all proposals received, and the Board shall have sole discretion in selecting the proposal that best meets the Board's needs.

MINIMUM CRITERIA CERTIFICATION

By responding to this RFP, bidders certify that they meet the following minimum criteria:

1. The bidder is a registered investment advisor pursuant to the Investment Advisors Act of 1940 for at least five years as of December 31, 2018.
2. The bidder has a minimum three-year performance history in the proposed product as of December 31, 2018.
3. The bidder has at least five years' experience managing investments for PA municipal defined benefit plans.
4. The bidder has at least \$100 million in total assets under management and at least \$50 million in the product being proposed as of December 31, 2018.

SEARCH EVALUATION CRITERIA

Managers will be evaluated in the following areas:

- Organization
- Investment Team
- Investment Philosophy
- Investment Process
- Investment Performance and Fees
- Overall fit within the City's Investment Policy Statement

GENERAL INFORMATION

Firm Name: _____

Address: _____

City: _____ **State:** _____ **Zip:** _____

Contact Name: _____ **Phone:** _____

Title: _____ **Fax:** _____

Email: _____

Proposed Strategy: _____

SUMMARY INFORMATION

Organization

1. Where is the firm located (include headquarters and satellite offices)?
2. What is the firm's ownership structure? Who are the major shareholders? Have there been any significant changes in the ownerships structure during the last three years?
3. What were the firm's total assets and assets in the strategy as of December 31, 2018?
4. Is the Firm a Registered SEC Investment Advisor? Will your firm act as a fiduciary for the City?
5. Does the firm own or have any affiliation with a broker/dealer? If yes, please describe.
6. Please provide a brief description of any past or pending regulatory action, litigation or other legal proceedings involving the firm or is employees?
7. What types of liability insurance (e.g. Errors and Omissions) does your firm carry?
8. Is your firm represented by any third-party firm or individual whose purpose is marketing, and/or gathering assets for the firm and are compensated as such?

Investment Team

9. Who is the portfolio manager(s) on this strategy? How long has the portfolio manager(s) managed this portfolio and how many years of industry experience does he/she have? Has there been any turnover on the investment team during the last five years?
10. What is the inception date of this product? When did the current portfolio manager or investment committee start managing this product?

Investment Philosophy

11. How would you characterize your investment style? What do you believe your edge is vs. your peer group and how do you think you add value?

Investment Process

12. Summarize your investment process in three or four bullet points. Specifically, what is your investable universe and how are investment ideas generated. Briefly outline your due diligence process and the kind of research performed when selecting investments.
13. Is the portfolio bottom-up or top down driven? Do you incorporate macro themes about the economy or stock market into the decision-making process?
14. How do you think about the benchmark when constructing the portfolio? How do you define "risk" and how do you control it in the portfolio? How many Closed End Fund investments does the final portfolio typically hold and what is the normal annual portfolio turnover?
15. What index is the most appropriate benchmark for your strategy? Does this benchmark include all of the securities you would consider investing in?
16. Describe the use of futures or other derivative strategies at the fund level or within the ETF's.
17. What is the firm's policy regarding the use of soft dollars?
18. What has been the portfolio's annual turnover rate in each of the past three years?

Investment Performance

19. Provide complete performance history since inception for the proposed strategy in a GIPS compliant manner. Has the product performance been audited and verified by a third party? If so, by whom and for what period?

Investment Fees

20. What investment fee schedule are you proposing for this mandate?
21. What are the underlying fees of the portfolio holding ETF's?

ACT 44 DISCLOSURE FORM

THE CITY OF WASHINGTON COMBINED PENSION FUND

LIST OF MUNICIPAL OFFICIALS & EMPLOYEES OF THE REQUESTING MUNICIPAL ENTITY

APPLICANTS: Certain questions on this Disclosure Form will refer to a *“List of Municipal Officials”*. To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and relevant employees.

MUNICIPALITY: Enter below, a list of municipal officials that have any involvement in the administration or management of the pension system – Elected Officials, Appointed Officials and Employees, Board Members, or other Pension Committee Members (if applicable). Do not include employees that are not in a management position or serve on a pension committee or in a decision-making position relative to this pension system. If a category listed below is not applicable, so state.

Elected Officials:			
Name:	Title:	Name:	Title:
Scott Putnam	Mayor	Carla Nicolella	Treasurer
Monda Williams	Councilwoman	Joe Manning	Councilman
Ken Wescott	Councilman	Matt Staniszewski	Councilman
Nicholas Dubina	Controller		
Employees or Appointed Officials:			
Name:	Title:	Name:	Title:
Robert Wilson	Police Representative	Susan Koehler	Pension Coordinator
Kevin Wilson	Fire Representative		

APPLICANT STANDARD DISCLOSURE QUESTIONS

APPLICANT INSTRUCTIONS: In accordance with Chapter 7-A of Act 44, 2009, ALL applicants responding to this RFP must complete the following Standard Disclosure Form Questions.

1. Initial each question (except **Q1:**) to provide your response in the space provided to the right of each question.
2. **THEN:** provide explanations for all *“Yes”* or *“Applies”* responses **AND**, the information requested in **Q1: (mandatory)**, on a separate sheet(s) of paper with the question you are responding to clearly noted. Attach your response sheet to this Disclosure Form.

Required Act 44 Professional Services Contract Disclosure Information:

In accordance with Pennsylvania Act 44 of 2009, all Professional Services Contracts must disclose the following information in their Request for Proposal (RFP) response documents. All potential vendors should refer to PA Act 44 of 2009 and become familiar with their procedures and disclosures and then adhere to these standards throughout the RFP process.

1. Disclose the names and titles of each individual who will be providing professional services to the municipal pension system, including advisors or subcontractors and a description of the responsibilities of each individual and their resumes (as an exhibit).

For any individual listed above:

a. Is the individual(s) listed above a current or former official or employee of the municipality entering into the contract: _____(No), If Yes, please explain below.

b. Is the individual(s) listed above a registered Federal or State lobbyist: _____(No), If Yes, please explain below:

2. Disclose the terms employment/compensation of any third-party intermediary agent or lobbyist who will directly or indirectly communicate with a municipal pension system official(s) or employee(s) in connection with any investment transaction involving the potential vendor and the municipal pension system. _____ (not applicable), If applicable, please explain below:

3. Disclose any person that enters into a professional services contract with a municipal pension system that has a direct financial, commercial, or business relationship with any of the municipal pension system officers or employees which controls the municipal pension system.

_____ (not applicable), If applicable, please explain:

4. Disclose any apparent, potential or actual conflicts of interest of any person or entity who potentially enters into, or applies for, submits an offer or bid for, responds to a request for, or otherwise solicits, a proposal or a contract with the municipal pension system.

_____ (not applicable), If applicable, please explain:

5. Disclose all contributions (political contributions and gifts) to which all of the following apply:

- a. A contribution was made after the Act's December 18, 2009 effective date.
- b. A contribution was made by an officer, director, executive-level employee, or owner of at least 5% of the potential vendor.
- c. The amount of the contribution was at least \$500 in aggregate.
- d. The contribution was made to a candidate for any public office serving in the Commonwealth of Pennsylvania or to an individual who holds that office.
- e. The contribution was made to a political committee of a candidate for public office in the Commonwealth or to an individual who holds that office.

_____ (not applicable), If applicable, please list the name and address of the contributor, the contributor's relationship to the potential vendor, the name, office and position of each person receiving a contribution, the amount of the contribution, and any gifts to an official or employee of the municipal pension system:

APPLICANT VERIFICATION

I, _____, hereby state that I am the _____ for
(Name) (Position)
_____ and I am authorized to make this verification.
(Contractor / Company Name)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for RFP Applicants seeking to provide Professional Services to the City of Washington Combined Pension Fund are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding **Applicant** to the penalties in Section 705-A (e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

Signature Date

DEFINITIONS FOR THIS DISCLOSURE FORM

TERM:	DEFINITION:
CONTRACTOR (ALSO – “APPLICANT”)	<p>Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension system in exchange for rendering professional services for the benefit of the municipal pension system.</p> <p><u>This term shall also Apply</u> to any Applicant who solicits, applies for, or responds to a Request for Proposal for the purpose of gaining a professional services contract.</p>
SUBCONTRACTOR OR ADVISOR	<p>Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.</p>
AFFILIATED ENTITY	<p>Any of the following:</p> <ol style="list-style-type: none"> 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	<p>As defined in section 1621 of the act of June 3rd, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.</p>
POLITICAL COMMITTEE	<p>As defined in section 1621 of the act of June 3rd, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.</p>
EXECUTIVE LEVEL EMPLOYEE	<p><u>ANY</u> employee or person or the person’s affiliated entity who:</p> <ol style="list-style-type: none"> 1. Can affect or influence the outcome of the person’s or affiliated entity’s actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or

	<p>2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.</p>
<p>MUNICIPAL PENSION SYSTEM</p>	<p>Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.</p> <p><i>Example: The Combined Pension Plan for the City of Washington.</i></p>
<p>MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES</p>	<p>Specifically, those listed in the preceding section titled: <i>“List of Municipal Officials & Employees for the Requesting Municipality:”</i> and / or whenever applicable, may include <u>any</u> employee of the Requesting Municipality.</p>
<p>PROFESSIONAL SERVICES CONTRACT</p>	<p>A contract to which the municipal pension system is a party to that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.</p>