CITY OF PITTSBURGH
COMPREHENSIVE MUNICIPAL PENSION TRUST FUND

REQUEST FOR PROPOSAL
INVESTMENT CONSULTING SERVICES

Department of Finance
1st Floor, City-County Building
Pittsburgh, PA 15219

February 3, 2011

CITY OF PITTSBURGH
Comprehensive Municipal Pension Trust Fund

Investment Consulting Services
Request for Proposals

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A. INTRODUCTION

In 1987, the Comprehensive Municipal Pension Trust Fund (CMPTF) of the City of Pittsburgh was created to consolidate the assets of three pension plans covering employees of the City for the purpose of providing funding to cover the retiree obligation to its employees and to achieve the best possible return on investments. Today the CMPTF serves more than 3,000 active employees and over 3,500 retirees.

The CMPTF is governed by a seven member non-compensated Retirement Board. The Director of the Department of Finance for the City of Pittsburgh is the executive director for administration of the CMPTF. The Board is solely responsible for establishing policy and through the executive director, for the administration and management of the CMPTF investments.

The CMPTF is seeking an Investment Consultant to the Board of Trustees (Board). The required services are in five categories as shown below and described more fully in Exhibit A, Scope of Work.

1) Asset Allocation and Liability Studies
2) Investment Policies, Guidelines and Implementation
3) Performance Monitoring and Reporting
4) Due Diligence for Public and Private Market Managers
5) Market Research and Education

The term of the agreement with the selected Investment Consultant will be three-years with two (2) one-year extension options and a provision for annual extensions based upon the agreement of both parties. **<u>Consultant is expected to commence services on April 1, 2011.</u>**

B. MINIMUM QUALIFICATIONS

Prospective Consultants must meet the following minimum qualifications to the CMPTF's satisfaction to be given further consideration. Failure to satisfy the minimum qualifications may result in the rejection of the proposal.

The selected Consultant must have at least five years of experience performing substantially similar services for institutional investors.

C. PROPOSAL REQUIREMENTS AND INFORMATION

At a minimum, the proposal must include the following information to be considered and comply with the stated submission instructions.

1. Submission of Written Questions

   Questions that Prospective Consultants may have regarding the information presented in this Request for Proposals must be received by the CMPTF administrative office in writing via United States mail, e-mail tony.pokora@city.pittsburgh.pa.us or facsimile transmission at (412) 255-2438, no later than February 11, 2011 4:00 p.m. local time. Without divulging the source of any query, all questions and the CMPTF responses will be available on the CMPTF website info page at http://cmptf.pittsburghpa.gov after February 11, 2011.

2. Statement of Minimum Qualification

   Prospective Consultants must complete a Statement of Minimum Qualification *(Attachment 2)* substantiating that the Prospective Consultant satisfied the minimum qualification requirement. Failure to provide complete and accurate information may result in the rejection of the proposal.

3. Fee Proposal

   Prospective Consultants must submit their fees in the format prescribed in the questionnaire *(Attachment 3)*. Any deviation from the prescribed format, which in the opinion of the CMPTF is material, may result in the rejection of the Proposal.

4. Submission of Proposal

   a. Submit ten (10) written copies of your Proposal in a sealed package and one version electronically. One written copy must contain a cover letter with original signature of a person(s) authorized to contractually bind the Prospective Consultant, to be labeled "Master Copy", and placed in a loose-leaf, three-ringed binder, which displays the Prospective Consultant's name on the outside front cover and the spine. (Do not submit the Master Copy with spiral binding.)

   b. All Proposals must be delivered by February 25, 2011, 4:00 p.m. local Pittsburgh time. Proposals received, in whole or in part, after this date and time will not be considered. The sealed Proposals must be plainly marked with the title, firm name and address, and must be marked with "DO NOT OPEN," as shown below.

<u>Ten (10) Written Copies and One (1) Electronic Version</u>
Comprehensive Municipal Pension Trust Fund
Attention: Scott Kunka, Director of Finance
City of Pittsburgh
Room 526
414 Grant Street
Pittsburgh, PA 15219
MAIL ROOM – DO NOT OPEN

c. All Proposals shall include the documents identified in the Required Attachment checklist *(Attachment 1)*. Proposals not including the proper required attachments may be deemed non-responsive. A non-responsive Proposal is one that does not meet the basic Proposal requirements.

d. A Proposal may be rejected if it is conditional or incomplete, deemed non-responsive, or if it contains any alterations of form or other irregularities of any kind. The CMPTF may reject any or all Proposals and may waive any immaterial deviation in a Proposal. The CMPTF waiver of immaterial defect shall in no way modify the Request for Proposals or excuse the Prospective Consultant from full compliance with all requirements if selected and engaged.

e. Costs for developing Proposals and participating in the selection process are entirely the responsibility of the Prospective Consultants and shall not be charged to the CMPTF. There is no expressed or implied obligation for the CMPTF to reimburse Prospective Consultants for any expense incurred in preparing proposals or participating in the selection process in response to this request.

f. An individual who is authorized to contractually bind the Prospective Consultant shall sign the Prospective Consultant Certification Sheet *(Attachment 4)*. The signature must indicate the title or position that the individual holds in the firm. An unsigned Proposal may be rejected.

g. A prospective Consultant may modify a Proposal, after its submission, by withdrawing its original Proposal and resubmitting a new Proposal before the Proposal submission deadline date. Proposal modifications offered in any other manner, oral or written, will not be considered.

h. A Prospective Consultant may withdraw its Proposal by submitting a written withdrawal request to the CMPTF, signed by the Prospective Consultant or an agent authorized, through the contact person named in Section 4b above. A Prospective Consultant may thereafter submit a new Proposal before the Proposal submission deadline. Proposals may not be withdrawn without cause subsequent to Proposal submission deadline.

i. The CMPTF shall have no obligation during the evaluation to discover and report to the Prospective Consultant any defects and/or errors in the submitted documents.

Prospective Consultants, before submitting their documents, should carefully proof them for errors and adherence to the Request for Proposals requirements.

5. Prequalification Evaluation

Each Proposal package will be inspected to ascertain that it is properly sealed, labeled and received by the deadline. Proposals not passing this inspection may be rejected.

6. Proposal Evaluation Process

a. The Proposal must be organized to correspond with all requirements and formats set forth in this Request for Proposals. The Proposal should be clear, concise and must be complete. All information must be contained in the Proposal. No assumptions will be made regarding the intentions of the Prospective Consultants in submitting the Proposal. Written Proposals must be bound and organized in a manner to facilitate ease of review by evaluators. All sections will be used in the evaluation. A Prospective Consultant not providing all requested information may be rejected.

b. All Proposals submitted will be evaluated for form and content in accordance with the provisions stated in this Request for Proposals. Clarifications may be requested from the Prospective Consultant at any phase of the evaluation process for the purpose of clarifying ambiguities in the information presented in the Proposal.

c. Proposals and any subsequent presentations should be submitted with the most favorable terms the Prospective Consultant can offer. If the CMPTF is unable to execute Agreements with the selected Consultant for any reason, the CMPTF reserves the right to award an Agreement to another responsive and responsible Prospective Consultant who's Proposal conforms to the requirements of this Request for Proposals.

d. The purpose of the Proposal evaluation process is two-fold: (1) to assess the responses for compliance with the minimum qualification; content and format requirements; and (2) to identify the Prospective Consultant that has the highest probability of successfully performing the services as described herein. The evaluation process will be conducted in a comprehensive and impartial manner as set forth herein:

7. Addenda: Errors and Omissions

The CMPTF may modify any part of this Request for Proposals in writing by issuance of an addendum. Addenda issued prior to the final filing date for submission of Proposals will be sent to all parties who were sent the Request for Proposals and will also be available on the CMPTF website info page at http://cmptf.pittsburghpa.gov.

Addenda issued after the final filing date will be sent to all responding Prospective Consultants who are still under consideration at the time of the issuance of the addenda.

If a Prospective Consultant discovers any ambiguity, conflict, discrepancy, omission or other error in this Request for Proposals, the Prospective Consultant shall immediately notify the CMPTF (to the attention of Tony Pokora, Assistant Director of Finance) of such error in writing and request clarification or modification of the document. Such notice shall be given before the final filing date for submission of Proposals. Modifications of the Request for Proposals by the CMPTF shall be made by addenda. Clarifications by the CMPTF shall be issued by written notice to all parties who were sent the Request for Proposals. If, before the final filing date for submission, a Prospective Consultant fails to notify the CMPTF of a known error, or an error that reasonably should have been known, the Prospective Consultant shall not be entitled to additional time to submit their proposal by reason of the error or its late correction.

8. Performance Bond

A Performance Bond may be required.

9. MBE/WBE Subcontracting

Minority Business Enterprise (MBE) and/or Women Business Enterprise (WBE) participation is requested in all Fund 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.

Proposals shall include a plan on how and to what extent the MBE/WBE participation will be utilized. A copy of a current MBE/WBE certification letter for the bidding firm or the subcontractor must be submitted with the proposal. PENNDOT, the County of Allegheny, the City of Pittsburgh and the Commonwealth of Pennsylvania Department of General Services are recognized governmental certifications. Certifications by the Port Authority of Allegheny County and regional minority purchasing councils must be accompanied by one of the above-mentioned governmental entities.

The goals suggested by the Fund for the MBE and/or WBE utilization are 25% and 10%, respectively. The manager of the MBE/WBE program for the City will review each proposal in cooperation with the Minority and Women's Business Enterprise Review Committee.

Proposed subcontracting firms must be clearly identified in the proposal and include all required information regarding an applicant for the primary contract applicant. Following the award of the contract, no additional subcontracting will be allowed without the express prior written consent of the Fund.

ATTACHMENT 1 – REQUIRED ATTACHMENT CHECKLIST

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A complete Proposal package will consist of the items identified below

Complete this checklist to confirm that the items are included in the Proposal. Place a check mark or "X" next to each item that you are submitting. For the Proposal to be responsive, all required attachments must be returned, including this checklist. Submit ten (10) written copies and one (1) electronic copy of the Proposal to the CMPTF. The Master Copy must contain original signatures.

	Attachment:	*Attachment Name/Description:*
_____	Attachment 1	Required Attachment Checklist
_____	Attachment 2	Minimum Qualification Certification
_____	Attachment 3	Proposal Questionnaire
_____	Attachment 4	Prospective Consultant Certification Sheet

ATTACHMENT 2 – MINIMUM QUALIFICATION CERTIFICATION

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____
Prospective Consultant Firm Name

The Prospective Consultant must substantiate that the firm satisfies the minimum qualification, to the CMPTF satisfaction to be given further consideration. This certification and the associated proposal must contain sufficient information as prescribed to assure the CMPTF of its accuracy. Failure to provide complete information, based on the sole judgment of the CMPTF, may result in the immediate rejection of the Proposal.

Does the Prospective Consultant firm have at least five years of experience performing substantially similar services for institutional investors?

Yes: _____ No: _____

____
Name of Firm

____________________________________ ______________________________
Prospective Consultant – Authorized Signature Printed Name

____________________________________ ______________________________
Title Date

ATTACHMENT 3 – PROPOSAL QUESTIONNAIRE

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A. INSTRUCTIONS

The CMPTF is considering Proposals for Investment consulting Services as outlined in this Request for Proposals. All prospective Consultants shall complete each of the sections of this questionnaire. The required services are in five categories as shown below and described more fully in Exhibit A, Scope of Work.

1. Asset Allocation and Liability Studies
2. Investment Policies, Guidelines and Implementation
3. Performance Monitoring and Reporting
4. Due Diligence for Public and Private Market Managers
5. Market Research and Education

Responses should be clear, concise and must be complete.

FIRM NAME:____

MAIN ADDRESS:____

____

CONTACT:

Name:____

Title:____

Phone:____

Email:____

This questionnaire is intended to provide the CMPTF with specific information concerning your ability to provide Investment Consulting Services as described in this Request for Proposals. Please try to limit your responses to no more than one (1) page per question and type each response in the same order as in this questionnaire.

B. <u>SECTION I – GENERAL</u>

1. Provide an historical overview of your firm including ownership and office locations.

2. Complete the following table with your firm ownership information.

Name	Ownership %	MBE / WBE eligible

3. Provide a list of services your firm provides and the percentage of revenue to the firm.

Type	Assets under Management	Revenue ($ millions)	Revenue %
Consulting			
Asset Management			
Other			
TOTAL			

4. Complete the following classification for Client Type – (Public Pension Plan, Corporate Pension Plan, Taft-Hartley Plan, Endowment, Foundation or Other)

Client Type	Assets ($millions)	1st Year of Service

5. Complete the following table with clients for which within the last five years your firm formerly provided services similar to those described in this RFP. Use more space as required.

Client Type	Assets ($millions)	1st Year of Service	Last Year of Service

6. Indicate if your firm is a Registered Investment Advisor under the Investment Company Act of 1940 and if so, attach the current SEC ADV Parts I and II.

7. Provide an Organizational Chart of your firm.

8. List your firm's key professionals in the format provided below. Identify with an asterisk (*) those who will be assigned to the CMPTF account. In an Appendix to this questionnaire, provide a detailed biography and current responsibilities for each person identified. Use more space as required.

Name	Title	Location	Clients	Years with Firm	Total Years of Investment Experience

9. Is your firm currently involved with any litigation? If so, please provide an explanation.

10. Provide a copy of your Ethics Policy.

11. Provide a copy of your policy that controls personal investment transactions.

12. Describe any potential conflicts of interest your firm might encounter if selected to provide the services described in this RFP and how these will be mitigated.

13. Provide a statement that no officer, member, employee or agent of the CMPTF has any known personal or pecuniary interest, direct or indirect, in the services contemplated by this Request for Proposals.

14. Provide a list of and describe your firm's professional relationships involving the CMPTF or the City of Pittsburgh in the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest.

15. State whether any individual who will be assigned to the contract is a current or former official or employee of the City of Pittsburgh or the CMPTF. If applicable, provide details.

16. State whether any individual who will be assigned to the contract has been a registered Federal or Pennsylvania lobbyist. If applicable, provide details.

C. SECTION II – EXPERIENCE

1. Describe your philosophy for achieving an outperforming investment program for a public pension plan.

2. Provide a list of clients that have an outperforming investment program.

3. Describe your process for performing a comprehensive asset allocation and liability study.

4. Provide a list of clients for which your firm has completed an asset allocation and liability study.

5. Explain your philosophy on the role of policies within a public pension plan.

6. List the clients for which your firm has implemented effective investment policies.

7. Explain your methods for reconciling performance with the client custodian.

8. Provide a sample performance report for a client assessing performance and compliance at the fund, asset class and manager levels.

9. Explain your methods for evaluating external public and private market managers including systems for collecting and analyzing data, process for filtering, due diligence procedure, process for scoring or recommendation and criteria and procedure for watch listing or termination.

10. Explain your approach for including minority and women owned managers in market manager searches.

11. Provide a copy of a comprehensive asset manager due diligence report resulting in a recommendation and investment.

12. Provide three references from investment management firms with respect to your due diligence, including at least one firm which you have recommended for termination.

13. List five client references for which the firm has provided the services listed in Exhibit A, Scope of Work, within the past three (3) years. The CMPTF reserves the right to contact any of the client references and to conduct reference checks beyond that supplied by the Prospective Consultants.

D. SECTION III – FEES

Prospective Consultants must submit their proposed fees in the format prescribed below. The proposed fees shall include all costs payable by the CMPTF for providing Investment Consulting Services to the CMPTF as described in the Scope of Work.

Once the Consultant is selected, the fee may be further revised depending on factors that may affect the proposed fee. In no case will the revised fee be higher than the fee contained in the Proposal. The length of the Agreement will be three (3) years with two (2) one-year extension options and a provision for annual extensions based upon agreement by both parties.

The retainer services are:

1. Asset Allocation and Liability Studies
2. Investment Policies, Guidelines and Implementation
3. Performance Monitoring and Reporting
4. Due Diligence for Public and Private Market Managers
5. Market Research and Education

	Fee
Year 1	$
Year 2	$
Year 3	$
First One-Year Extension	$
Second One-Year Extension	$

ATTACHMENT 4 – PROSPECTIVE CONSULTANT CERTIFICATION SHEET

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To the best of our knowledge, all information and representations provided are true, complete and accurate.

We warrant and represent that our firm did not confer with any other persons or organizations submitting information regarding the search in progress.

The Prospective Consultant warrants that it maintains error and omissions insurance as well as fiduciary liability insurance providing a prudent amount of coverage for negligent acts or omissions and that such coverage will be applicable to Prospective Consultant's actions under the agreement. The Prospective Consultant must show proof of insurance prior to execution of a contract, and must demonstrate at least five million dollars ($5,000,000) of insurance covering acts of fraud or dishonesty.

Prospective Consultant warrants that it will not delegate its fiduciary responsibilities assumed under the agreement.

We have read the complete materials and agree to the terms and requirements upon which this Investment Consulting Services Request for Proposals is conditioned.

The offer in this Proposal will remain valid for a period of 270 days from the submission deadline.

The signature affixed hereon and dated certifies compliance with all the requirements of this Proposal. The signature below authorizes the verification of this certification. An Unsigned Prospective Manager Certification Sheet May Be Cause For Rejection.

Firm Name	Telephone Number
Address	
Primary Contact	Email Address
Prospective Consultant Name (print)	Title
Signature	**Date**

EXHIBIT A – SCOPE OF WORK

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The selected Investment Consultant will be an advisor to the CMPTF, subject to the obligation of obtaining the best net price and most favorable execution of investment transactions, and work closely with the staff to provide the services described herein. The selected Investment Consultant will attend all quarterly CMPTF Board of Trustee meetings and other meetings as reasonably requested.

1. Asset Allocation and Liability Studies

Specific responsibilities include:

- Performing comprehensive liability analysis
- Coordinating liability analysis findings with the CMPTF actuary
- Calculating and projecting Fund solvency
- Establishing asset classes and benchmarks
- Establishing long-term market return expectations and correlations for the asset classes
- Recommending appropriate risk tolerances, and
- Recommending appropriate long-term asset allocation targets and ranges.

2. Investment Policies, Guidelines and Implementation

The selected Investment Consultant will provide expert investment advice and recommendations for the CMPTF. Specific duties performed by the selected Investment Consultant will include considerations, recommendations and implementation regarding:

- Performance benchmarks and objectives
- Targeted portfolio structures
- Risk parameters
- Allowable investments
- Program roles and responsibilities
- Program cost effectiveness
- Participating in annual planning sessions with the Board and staff
- Strategic and tactical approaches, and
- Rebalancing of funds in coordination with the CMPTF custodian to maintain/implement established objectives.

3. Performance Monitoring and Reporting

The selected Investment Consultant will provide expert performance monitoring and reporting for the CMPTF. Specific duties will include the following:

- Reconciling performance figures with the CMPTF custodian

- Providing quarterly performance evaluation reports consistent with respective benchmarks, performance objectives, guidelines and risk levels
- Providing expert market commentary and trends
- Compliance and exceptions to policies, strategies and guidelines
- Asset transition cost reports prepared in conjunction with the CMPTF designee, and
- Performance vs. benchmarks and objectives
    - Asset class composites
    - Market managers, and
    - Other reports as requested

4. Due Diligence for Public and Private Market Managers

The selected Investment Consultant will provide expert due diligence for prospective public and private market managers for the CMPTF. Duties performed will include the following:

- Development of evaluation factors and methods, evaluating proposals, interviewing managers, making recommendations and implementing the selection and termination of managers, and
- Reviewing the benchmarks, performance objectives, risk tolerances and investment guidelines for the selected market managers.

5. Market Research and Education

The selected Investment Consultant will provide expert market research and education including:

- Proactively advise the Board and administrative staff of new investment vehicles and techniques or major changes in existing practices within the industry and, upon request, prepare a comprehensive analysis and make recommendations concerning these developments
- Participate in ad hoc workshops on specific issues designated by the Board
- Respond to Board member and/or staff inquiries
- Share all firm research, including research papers
- Report any significant changes in the firm's organizational structure and staffing to the CMPTF in a timely manner, and
- Provide assistance on special projects as needed.