

*Longboat Key Consolidated Retirement System*

**REQUEST FOR PROPOSAL**  
**INVESTMENT MONITOR/ CONSULTANT**

The Board of Trustees for the Longboat Key Consolidated Retirement System is seeking proposals from qualified bidders to provide investment consulting services to the Board. The Investment Consultant will be required to:

- a) Determine specific investment objectives and review the Statement of Investment Policy for the Investment Manager(s).
- b) Evaluate the investment performance for the Investment Manager(s) of the Plan.
- c) Attend at least one meeting per quarter to present an investment performance report. The report shall include the rates of return for the total portfolio, as well as equity and fixed income portions of the portfolio, calculated according to the Bank American Institute method.
- d) Provide a quarterly database ranking for the total portfolio return and comparisons to appropriate indices or benchmarks established by the Board. The Consultant shall also provide this information for each Investment Manager.
- e) Determine the standard deviation for the total portfolio and the investment managers in relation to the target indices or benchmarks.
- f) To be independent with no undisclosed investment manager or broker-dealer affiliation.
- g) Acknowledge a fiduciary to the Retirement System.

The Board will select a provider on the basis of the submitted written proposal and an oral presentation at the discretion of the Board. Such presentations shall only be scheduled with those individuals or firms whom the Trustees feel are best qualified to perform the required services. The Board reserves the right to withdraw this Request for Proposal at any time to protect its interests; the Board also reserves the right to reject any non-conforming or non-responsive proposals.

The request and submittal of your proposal shall in no way be construed as an obligation on the part of the Board to provide you with compensation for your efforts to contract with your firm. However, all proposals shall be considered a binding and irrefutable offer for a period of ninety (90) days after the proposal date.

The Longboat Key Consolidated Retirement System is a defined benefit pension plan serving the combined members of the closed General Employees, Police Officers, and Firefighters Retirement Systems for current and retired employees of the Townboat of Longboat Key. The Retirement System is a governmental entity subject to both the Public Records and Sunshine Laws. The Board of Trustees consists of nine (9) members: Five (5) members appointed by the Town Council; the City Manager or designee; and one Trustee elected by the members of each of the three (3) closed Retirement Systems.

The Consolidated Retirement System assets are currently in the process of consolidation. The Retirement System holds assets with one custodian that includes two separate accounts with assets as follows:

Manager	Account Type	Dec 31, 2014
Sawgrass Core Fixed Income	Separate Account	\$3,394,385
Mutual Fund: Vanguard Instl Index Fund	Mutual Fund	\$3,777,347
Mutual Fund: Vanguard Extended Mkt Index	Mutual Fund	\$1,725,774
Mutual Fund: Manning & Napier Overseas	Mutual Fund	\$1,295,256
Receipt & Disbursement Account	Cash Account	\$275,134
TOTAL		\$10,467,896

Manager	Account Type	Dec 31, 2014
HGK – Large Cap Value	Separate Account	\$1,675,926
Congress Asset Management	Separate Account	\$1,608,455
GW Capital	Separate Account	\$335,788
Oak Ridge Investment	Separate Account	\$358,238
Delaware Investments	Separate Account	\$323,903
Renaissance Investment Management	Separate Account	\$325,762
Madison Investment Advisors	Separate Account	\$2,082,119
Receipt & Disbursement Account	Cash Account	\$190,358
TOTAL		\$6,900,594

The Consolidated Retirement System holds assets in a second custodian currently managed in the following accounts:

Manager	Account Type	Dec 31, 2014
MFS	Separate Account	\$2,000,453
BlackRock	Separate Account	\$1,825,825
Wedgewood	Separate Account	\$3,286,557
Pacific Income Advisors	Separate Account	\$4,668,854
Kennedy	Separate Account	\$1,978,016
Harding Loevner	Separate Account	\$986,811
Wentworth Howser	Separate Account	\$708,593
Receipt & Disbursement Account	Cash Account	\$355,405
TOTAL		\$15,810,515

Additional attachments to this document include a copy of the current Investment Policies for the three closed retirement systems, the draft Investment Policy Statement for the Consolidated Retirement System, and the most recently available reports from the current Consultants for each of the three (3) former Retirement Systems of the Town of Longboat Key.

# Specific RFP Guidelines

## QUALIFICATIONS

In order to be considered a qualified bidder, an applicant must meet the following requirements:

1. Be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940. The consultant shall also be a fiduciary to the Retirement System in accordance with the provisions of Florida Statutes, Section 112.656.
2. Satisfy the definition of "professionally qualified independent consultant" set forth in Section 175.071 and 185.06, Florida Statutes.
3. Provide services on a hard dollar basis.
4. Have no association with any money manager for the Retirement System set forth in Section 1 (k).
5. Have no affiliation with a broker-dealer that allows for the possibility of undisclosed compensation.
6. Have substantial experience with five or more years experience in performance measurement and at least three years of experience in the public sector.

## RESPONSIBILITIES

In order to be considered a qualified bidder, an applicant must be able to provide the following services:

1. Provide a designated employee to regularly attend all quarterly investment meetings and any special meetings, as requested by the Board. The Board has quarterly meetings on the fourth Friday of the second month of each quarter at the Longboat Key Town Hall. The consultant would attend the meeting that falls on the fourth Friday of the second month of the quarter (i.e., February, May, August, November)
2. Evaluate the performance of any existing professional money manager and make recommendations to the Board regarding the selection of money managers for the next investment term.
3. Provide a review and analysis of rates of return and other pertinent data with respect to the investment portfolio of the Fund. The Board expects reports on a quarterly basis. The report shall detail the beginning and ending balance of each investment advisor's portfolio as designated by the Board and the percentage rate of return. The quarterly report should also contain an analysis of the Fund as a whole, with separate analyses of common stocks, long-term fixed income, convertible securities, and short-term investments.
4. Provide a continuing overview of the current investment environment with comments on the present investment strategy and recent performance.
5. Monitor the investments to make certain that they meet the investment policy as set by the Board.

6. Assist the Board in developing an investment policy, including manager selection, asset allocation, and performance evaluation.
7. Make calculations according to the American Banking Institute method of calculating time-weighted rates of return. All calculations must be made net of fees.
8. Reconcile and verify custodial trading confirmations with reports from the investment manager(s); arrange for quarterly reporting by the investment managers if desired by the Board.
9. Coordinate with the Board's legal counsel on such matters as may arise from time to time.
10. Assist the actuary in the timely gathering of data for the required actuarial valuation.
11. Provide timely assistance to outside auditors for preparation of the annual financial statement.
12. Perform such other duties as the trustees may require.

### REPORTING REQUIREMENTS

The applicant must be able to provide a quarterly report to include the following items:

1. The person who will deliver the report must have five or more years experience in performance measurement and three years of experience in the public sector.
2. The person who will deliver the analysis must have oversight responsibility for the collection of the necessary data and preparation of the report.
3. The report should detail the performance for the total portfolio, along with the performance for each portfolio manager or component. The performance evaluation should include the quarterly return net of investment fees, the standard deviation of the total portfolio and the individual investment managers in relation to the appropriate indices or benchmarks, the Beta for the total portfolio and each portfolio manager, and the alpha for the total portfolio and each portfolio manager.
4. The report must contain graphics illustrating or evaluating the performance.
5. The report must contain a written explanation of what each performance measure means.
6. The report should be delivered at least 8 days prior to the scheduled quarterly meeting.

**ALL SUBMISSIONS MUST CONTAIN THE FOLLOWING IN ORDER TO BE CONSIDERED:**

**I. IDENTIFICATION OF THE BIDDER:**

- a) The bidder's name, home office address, address of the office providing the services under the contract and telephone number for each.
- b) General description of the bidder, including size, total number of employees, number of employed investment professionals, primary business, other business or services, type of organization (franchise, corporation, partnership, etc.) and other descriptive material. Include information on all business units and % of total of the bidder's income derived from each unit.

- c) Identify any business affiliations or other lines of business in which the bidder engages.
- d) Describe any changes in the structure of the firm over the past five years, as well as any future changes currently planned or scheduled.
- e) List all key individuals responsible for the account. Indicate their names, titles, qualifications, number of years with the company, number of years in the position, total number of years in the industry, and years of experience in performance measurement in general, in the public sector, and with Florida public pension plans.
- f) List the institutional clients served by your firm by name and number of such clients, along with the average plan asset value and median plan asset value for the list of institutional clients. Also provide a separate list of Florida public clients by name with the approximate value of plan assets.
- g) List public employee Retirement Systems for which the individual who would be assigned to our account currently provides evaluation services, including system name and approximate value of investment portfolio. Also provide the address, telephone number, name and title of person(s) who may be contacted for reference.
- h) Please provide the accounts gained and lost by your firm for investment consulting services over the last three years. Describe the reason for each loss.
- i) Provide a current copy of the bidder's form ADV Part II accompanied by a letter stating that the service the bidder intends to provide is the same service described in the form ADV Part II. This letter must be signed by a registered signatory for the firm.
- j) Include an affirmative statement that both the firm and the individual submitting this proposal will abide by and uphold 112 Florida Statutes and the Florida Administrative Code as they pertain to Performance Evaluators and the investment management of this fund.
- k) Describe the bidder's understanding of the work to be performed.
- l) Report the relationship, if any, to (Investment Managers) Logan, Wasatch, Apex, Penn, Driehaus, Pear Tree, Agincourt, Ridgeworth, Thornburg, or US Bank (Custodian).
- m) Disclose any and all litigation involving the bidder and explain the nature of the litigation.

## II. GENERAL QUESTIONS:

- a) Briefly describe how you intend to service this account. What unique features of your plan services do you feel add the most value over time?
- b) List any additional services offered to the Plan under the fee schedule.
- c) What is your privacy policy with regard to sharing client or account information with a third party?
- d) Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.
- e) Describe your company's system back-up, security and disaster recovery procedures. Are files archived and stored at an off-site location? If so, what is the location? Have procedures been tested? When did you last perform a full-scale disaster recovery test?

- f) Describe any other quality control systems in place at your firm.

### III. INVESTMENT QUESTIONS:

- a) Identify research that you purchase or generate internally when recommending investment managers to the Board. What criteria do your firm use to narrow the selection of managers?
- b) Identify the universe used to monitor and evaluate the managers.
- c) Describe other due diligence that your firm uses to evaluate current or potential managers.
- d) Describe the criteria or process that your firm uses to recommend replacement of a manager.
- e) Provide your firm composite performance information for institutional accounts advised for trailing 1-, 3-, and 5- year periods ending December 31, 2012. Performance information should include a composite of total portfolio investment returns and the composite portfolio standard deviation, beta, and alpha relative to the appropriate benchmarks determined for institutional clients individually.

### IV. FIDUCIARY QUESTIONS:

- a) Does your firm, its affiliates, or the ultimate parent of the firm receive revenue, non-cash in-kind benefits, or similar perquisites from investment managers for consulting services or business functions provided, including, for example software sold, attendance at conferences, access to manager databases, or for any other reason? (Please specify type, source, and amount of revenue or such non-cash in-kind benefits, or perquisites.)
- b) Does your firm or any affiliates provide investment related products or services to both pension plan advisory clients and money managers? If so, please describe the services provided for money managers.
- c) Please describe your policies and procedures that ensure that the firm's advisory activities are insulated from any other business activities.
- d) Please describe your policies and procedures that ensure that all disclosures required to fulfill fiduciary obligations are provided to advisory clients.
- e) Please describe your policies and procedures to prevent/disclose conflicts of interest with respect to the use of brokerage commissions, gifts, gratuities, entertainment, contributions, donations and other emoluments provided to clients or received from money managers.
- f) Please describe any affiliations or business relationships with other pension consultants, consulting firms, investment management investigation companies or class action law firms.
- g) Please complete the attached SEC Consultant Questionnaire.

V. FEES:

- a) Provide a complete schedule that details all the fees associated with your program, including any conversion fees, expenses, travel, and fees for additional services.
- b) Fees should be inclusive. No other charges will be allowed unless specifically authorized by the Trustees. List any or all possible fees or expenses by your firm associated with termination of the account as well.
- c) Fees should be quoted strictly on a hard-dollar basis, payable after each quarterly report is presented and accepted by the Board.
- d) Please disclose any and all additional compensation of any kind and other economic value paid to the firm or individuals associated with the activities of the account.
- e) All fees must be guaranteed for a minimum of three years.

VI. REQUIRED DOCUMENTS:

- a) Submit one (1) copy of your response electronically for distribution. All costs of preparation and presentation associated with the bid inquiry are the responsibility of the Bidder.
- b) All responses to this request for proposal must include copies of all documents to which you expect the Plan to be bound.
- c) Attach a copy of the bonding and/ or fiduciary liability insurance maintained by your firm, if any.
- d) Include your responses to the attached SEC Consultant Questionnaire.
- e) Include a copy of the most recently filed SEC Form ADV, Parts I and II, for your firm.
- f) A completed Statement Under §287.133(3)(a) Florida Statutes on Public Entity Crimes.
- g) Provide a sample quarterly performance evaluation report.

VII. EVALUATION OF PROPOSALS:

- a) The Trustees may require an oral presentation by the proposer at a time and place scheduled by the Board.
- b) In evaluating the proposals, price will not be the sole factor. The Board may consider any factors it deems necessary and proper to determine the best value, including price, quality of services, response to this request and general reputation. The Board reserves the right to reject any or all proposals and to award all, part or none of this contract.
- c) If you have specific questions requiring an explanation of the content of these proposal specifications, submit a written request for interpretation or additional information to Scott Baur, 4360 Northlake Blvd. Suite 206, Palm Beach Gardens, FL 33410 or email [Scott@ResourceCenters.com](mailto:Scott@ResourceCenters.com).

- d) If chosen, the Bidder will be required to acknowledge fiduciary responsibility to the Fund as part of the contract.
- e) The Board will not be liable for any costs incurred in preparation of proposals.

**DEADLINE FOR RESPONSE**

The Administrator must receive all proposals no later than 5:00 PM on Friday, May 15, 2015.  
Please send hard copies to:

Longboat Key Consolidated Retirement System  
C/O PENSION RESOURCE CENTER  
4360 Northlake Blvd. Suite 206  
Palm Beach Gardens, FL 33410

Please forward the electronic copy to:

[Scott@ResourceCenters.com](mailto:Scott@ResourceCenters.com)