

CITY OF TORRINGTON, CONNECTICUT PENSION BOARDS

REQUEST FOR PROPOSAL

**PENSION PLAN INVESTMENT PERFORMANCE EVALUATION
AND CONSULTING SERVICES**

For initial period of three (3) years with an option of renewal every two (2) years for a maximum of (7) seven years.

The City of Torrington invites proposals for Pension Plan Investment Performance Evaluation and Consulting Services. Ten (10) copies of each proposal should be sent to:

HAND DELIVERY

City of Torrington, Connecticut
Ms. Shirley King
Purchasing Agent
Room 109A
140 Main Street
Torrington, CT 06790

U.S. POSTAL SERVICE MAIL

City of Torrington, Connecticut
Ms. Shirley King
Purchasing Agent
Room 109A
140 Main Street
Torrington, CT 06790

Deadline for submission of proposals is November 1, 2007 at 10:00 AM.

The deadline for acquiring a Request for Proposal is October 18, 2007.

All questions shall be submitted in writing prior to October 25, 2007 to either:

Alice T. Proulx
City of Torrington
City Comptroller
Room 109A
140 Main Street
Torrington, CT 06790
Telephone (860) 489-2205
Fax (860) 489-2582

Richard Friday
City of Torrington
City Treasurer
Room 110
140 Main Street
Torrington, CT 06790
Telephone (860) 489-2334
Fax (860) 496-5921

CITY OF TORRINGTON, CONNECTICUT PENSION BOARDS

REQUEST FOR PROPOSAL

**PENSION PLAN INVESTMENT PERFORMANCE EVALUATION
AND CONSULTING SERVICES**

I. PURPOSE

The purpose of this request is to solicit proposals from firms interested in serving as Pension Plan Investment Performance Evaluation Consultant for the Trustees of the City of Torrington Pension Plans. The Boards of Trustees of the City of Torrington are seeking professional firms to perform investment performance evaluations for the current defined benefit plans, consulting services associated with the evaluation of investment manager performance, review of investment guidelines with appropriate recommendations, asset allocation services, investment manager searches and other miscellaneous projects.

II. GENERAL INFORMATION

The City of Torrington is a city of approximately 36,000 located in northwest Connecticut. It has a Mayor/Council form of government. The Boards of Trustees were created by local ordinance to manage and administer the defined benefit plans for General and Public Safety employees. The City of Torrington Employees Retirement Fund Board of Trustees consists of the Mayor, City Treasurer, City Council, and two members of each union. The Police and Fire Pension Fund Board of Trustees consists of the Mayor, City Treasurer, Board of Safety and two members of each union. The Board of Trustees has full responsibility and authority for Plan investments, valuation, and administration.

III. OVERVIEW OF EXISTING PLAN

In addition to participation in the social security retirement system authorized by the Federal Social Security Act the City sponsors the following retirement plans:

- A. The City of Torrington Pension Plans (employees, police and fire pension plans) are defined benefit, contributory pension plans covering employees of the City of Torrington and certain Board of Education employees. Certified employees of the Torrington Board of Education covered under the State Teachers Retirement Plan are not included in the pension plan. The market value of the Employees Retirement Plan was \$25,594,983 as of June 30, 2007 with approx. 266 participants. The market value of the Police and Fire Retirement Plan was \$37,497,917 as of June 30, 2007 with approx. 274 members. The current equity and fixed income investment guidelines adopted by the Pension Board are attached as Exhibit.

IV. LENGTH OF CONTRACT

The contract for pension plan investment performance evaluation and consulting services will cover an initial period of three (3) years. The Boards of Trustees of each pension plan will have the option separately to extend the contract for additional two-year renewals under the same terms and conditions (except as modified) for a maximum of (7) seven years. The contract will provide for early termination by either party upon (60) sixty days written notification of the intention to do so.

V. SELECTION OF PENSION PLAN INVESTMENT PERFORMANCE EVALUATION AND CONSULTING SERVICES FIRM

A. Timetable

The following is a timetable for selection of the pension plan investment performance evaluation and consulting services firm.

1. Request for proposals available September 20, 2007.
2. The deadline for acquiring a Request for Proposal is October 18, 2007.
3. Deadline for delivery of proposals to the Purchasing Office is November 1, 2007 at 10:00 A.M.

Deliver to Purchasing Office

City of Torrington, Connecticut
Ms Shirley King
Purchasing Agent
Room 109A
140 Main Street
Torrington, CT 06790

U.S. Postal Service

City of Torrington, Connecticut
Ms Shirley King
Purchasing Agent
Room 109A
140 Main Street
Torrington, CT 06790

B. Selection Criteria

The following criteria is to be used to evaluate proposal responses and to select a short list of proposers to make oral presentations.

1. Quality of written proposal and completeness of response to all response items.
2. Ability to meet service requirements.
3. Experience in providing similar services to other public funds.
4. Commitment by the firm and individual consultants to be assigned to this account.
5. Qualifications and experience of individuals assigned to this account.
6. Aggregate service cost.

C. Terms and Conditions

1. The City reserves the right to reject any and all proposals and has the right to waive any irregularities or informalities in a proposal at any time during the proposal process until a Contract has been awarded.
2. The award of the contract will be to the firm whose proposal in the opinion of the Boards of Trustees is the best proposal, taking into consideration all the aspects of the proposer's response, as well as the total net cost to the Retirement Funds.
3. The City will not be responsible for any expenses incurred in the preparation of proposals or presentation or costs incurred during the contract negotiations.
4. The City will consider proposals from parties who are able to provide full consulting services on a timely basis, and are free from any obligation and interests, which might conflict with the interests of the City of Torrington.

SCOPE OF SERVICES

1. Quarterly written reports are to be provided.
2. A minimum of four oral briefings annually is to be provided.
3. Ten (10) copies of the reports shall be provided within (40) forty days of quarter end, provided all necessary information supplied to the consultant is timely and accurate. The reports provided should contain information, which is typical or standard for such reports provided to the firm's other pension fund evaluation clients. At a minimum, the report should provided an Executive Summary of (10) ten pages or less and the following:
 - a. Summary statistical information of the market value of the assets, asset allocation, and analysis of the total fund as well as components of the total fund. Components of the total fund shall be defined as the equity component (stocks), the fixed income component (bonds), the cash components (cash and cash equivalents), and other categories as may be adopted by the Boards of Trustees
 - b. Total time weighted return for each asset class for the composite portfolio.
 - c. Separate information for each manager and for the composite portfolio.
 - d. Comparison of actual returns with generally recognized indices, and with an appropriate universe of other similarly invested public pension funds.
 - e. Information presented in both table and graph form.
 - f. Calculations, which allocate the total return between the general market forces and the management decisions of the investment managers.

- g. A complete analysis of the risk of both the stock and bond portfolios.
 - h. An indication of whether the manager is meeting and adhering to the investment policies and guidelines and measurement of performance against investment guidelines goals.
4. Telephone consultations as needed regarding matters within the consultant's area of expertise.
 5. Preparation of Comprehensive Annual Financial Report (CAFR) market and historical cost values of portfolio to meet GAAP and GASB statement requirements.
 6. Periodic review of the written statement of proposed investment goals, guidelines, and objectives.
 7. Development of a proposed or suggested asset allocation policy.
 8. Conduct Manager Searches. Services to be provided if the Pension Board chooses to utilize this service shall include:
 - a. Analysis leading to the identification of appropriate investment styles consistent with the long-term investment objectives.
 - b. Development and distribution of a Request for Proposal to outside investment managers with appropriate styles.
 - c. Clarification of the RFP to potential managers.
 - d. Receive proposals from potential managers.
 - e. Evaluate proposals, develop a short list, and lead the interview process.
 - f. Assist in selecting and negotiating with investment managers.
 - g. Suggest or propose appropriate procedures for transferring assets to new managers.
 9. Evaluation and presentation of alternative investments.
 10. Coordination of investments to provide required cash flow necessary in Pension Plan operation.
 11. Review and recommendation of custodian and outside fees.
 12. Attendance at Board of Trustees meetings as scheduled.

B. Additional Related Services as needed. These may include:

1. Review and presentation of limited or designated funds such as "Green" or "Human Rights" funds.
2. Miscellaneous research projects.

FORMAT OF PROPOSAL

In order to facilitate the review process, it is required that proposals be organized in the following manner:

A. Table of Contents

B. Letter of Transmittal indicating interest and providing other information, which would assist the City in the selection process. A person legally authorized to bind the firm to a contract must sign this letter.

C. A statement demonstrating your understanding and your capability of providing the services described in the Scope of Services.

D. Summary of Bidders Qualifications.

1. Identification of the project manager, the project team, the specific responsibilities of each team member and the qualifications of each team member. Indicate the percentage of the individual's time expected to be devoted to this area of business and the City of Torrington.
2. The names of other comparable clients (including public sector) served and the services provided for the past 12 months including those handled by project manager above. Also include size of each fund. Personal references at each client must be able to be provided if the preparer is chosen for a further presentation.
3. General description of firm, including: number of professional employees, available services, years in business, technical qualifications and affiliations with other companies and corporations.
4. Examples of reports or materials provided other municipal clients, i.e. materials demonstrating innovation and leadership in the area of pension investment performance consulting.
5. Registration with S.E.C. as investment advisor. Firm and project manager/leader must also be licensed to do business in the State of Connecticut.

E. Profile of Bidder

1. General description of the approach taken in establishing and maintaining the client relationship.
2. Explanation of methodologies employed in investment performance evaluation and consulting.
3. Explain if your software systems were developed entirely in-house or contracted through an outside service.
4. Explain the size, composition and source of your database used for relative comparison purposes.
5. Provide information on how the fee and method of payment for the following services will be determined.
 - a. Evaluation of Manager Performance (per manager)
 - b. Establish investment guidelines, goals and objectives
 - c. Determine Asset Allocation
 - d. Manager Search
 - e. Miscellaneous additional services including custodial fees.

F. Information regarding Evaluation of Manager Performance:

1. Provide a complete sample report, which illustrates the types of information and format of quarterly reports, which will be provided to the Boards.
2. Provide a discussion of your general approach, philosophy, capabilities and experience in providing performance evaluation services.

G. Information regarding Establishment of Investment Guidelines, Goals and Objectives and Asset Allocation.

Provide a discussion of your general approach, philosophy, capabilities and experience in providing consulting services to establish goals, guidelines and objectives and the establishment of an asset allocation.

H. Information regarding Manager Search Services:

Provide a discussion of your general approach, philosophy, capabilities and experience in providing manager search consulting services. Indicate your source of information for investment manager candidates.

I. Other

Such information as may be deemed appropriate by the proposer.

J. A statement of those items in the Scope of Services your firm is unable or unwilling to provide must be listed.

IX CONTRACT REQUIREMENTS

A. Any prospective firm must make an affirmative statement to the effect that its retention, if selected, shall not result in a conflict of interests or create an appearance of impropriety with any person or organization, which may be affected under this program. Should any potential or existing conflict be known by a prospective firm, said prospective firm must specify the person or organization with which the conflict exists or might arise, the nature of the conflict and whether the prospective firm would or would not step aside or resign from that conflicting engagement or representation if selected by the City of Torrington.

B. The firm selected shall provide a certificate of insurance indicating the following minimum coverage:

Workers' Compensation – As required by law (if participants are employees)

Professional Liability – Minimum limits of \$1,000,000 per occurrence. If the policy is on claims made basis, the policy shall be continually renewed for two years beyond the termination date of this contract and its renewals.

All insurance coverage shall be primary.

C. No assignment of the final contract can be made without the written consent of the City of Torrington.

X. NUMBER OF COPIES REQUIRED

It is requested that (10) ten copies of the proposal be in one package.

XI. EVALUATION OF PROPOSALS

Proposals will be evaluated by the Boards or subcommittees to ascertain which proposal best meets the needs

of the City. Evaluation consideration will include, but not be limited to, the following:

- A. Responsiveness of the proposal in clearly stating an understanding of the work to be performed.
- B. Experience and technical ability of the firm and project staff to perform consulting, planning and advisory services.
- C. Reputation and experience of the firm.
- D. The fees and expenses, although a significant factor, may not be the dominant factor. Fees and expenses will be a particularly important factor when all their evaluation criteria are relatively equal.

XII. ORAL PRESENTATION

Formal oral presentation by each firm submitting a proposal is not expected to be necessary. However, if there is an indicated need to seek clarification of any information contained in a proposal, or the Boards of Trustees wish additional information on any matter, one or more firms may be requested to submit clarifying information in writing. An oral presentation may be required of the top finalists.

XIII. REJECTION OF PROPOSALS

The Boards of Trustees reserve the right to reject any or all proposals and to award the contract in the best interest of the City of Torrington.

