

ALLEGHENY COUNTY SANITARY AUTHORITY



REQUEST FOR PROPOSAL

Investment Management Services:

Pension Plan for Management Employees of Allegheny
Sanitary Authority

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1. INTRODUCTION - SERVICES REQUESTED

Introduction

The Allegheny County Sanitary Authority ("ALCOSAN") is seeking an investment manager for the Pension Plan for Management Employees of Allegheny Sanitary Authority ("Plan"). The Plan is a defined benefit pension plan. The following pages and the attachments are ALCOSAN'S request for proposals for investment services and related administration and bookkeeping services, relative to the Plan in compliance with Act 44 of 2009.

At a minimum, proposals must provide the information requested in the following pages, including Attachment "A" (Act 44 Disclosure Form) and Attachment "B" (Proposal Questionnaire Form).

The proposer is free to include additional information as it deems appropriate.

Services Requested

ALCOSAN is looking for an investment manager for the Plan. The main responsibilities of the investment manager will include advice on the asset allocation of the portfolio and the establishment of an investment policy statement ("IPS"). In addition, the investment manager will construct and maintain an investment portfolio, including ongoing monitoring and investment changes as needed. The investment manager will also be required to provide periodic, at least annually, information as requested by ALCOSAN to comply with disclosure requirements as prescribed by generally accepted accounting principles. The Plan's current trustee and custodian is PNC Bank, and any investment manager who cannot provide these services must agree to work with PNC Bank as the Plan's trustee and custodian until, and if, such time that a change is deemed appropriate by the Plan's Pension Committee ("Committee"). The investment manager also will agree, through this RFP, to meet with the Committee quarterly to keep them updated on market developments and the portfolio.

As of 12/31/2019, the market value of the pension plan is \$52,599,139.

2. SPECIFICATIONS RELATING TO THE SERVICES REQUESTED

The anticipated standard services which should be addressed in responding to the attached Questionnaire (Attachment B) include investment services; related recordkeeping and administrative services; assistance and guidance relating to distributions, rollovers, 1099R filings; possible trustee services; and services related to conversion from the current investment manager.

3. PROCEDURES

To compete for this work, your response to this RFP, including the completed "Attachment A" Disclosure and "Attachment B" Questionnaire should be delivered by 2:00 p.m. EST on Friday, August 28, 2020.

PLEASE SUBMIT YOUR RESPONSE/SUBMISSION TO THE FOLLOWING:

<https://my.rfp360.com/public/rfp/9d80f8b7-0688-4597-9d58-8d3fcdcdf52a>

Questions regarding this RFP should be directed via e-mail only to:

nsmith@ceritypartners.com

The Proposals will be reviewed and evaluated to determine the most qualified, and will include but not be limited to, a review of the proposer's qualifications, experience, expertise, expenses and fees to be charged. Note that the

engagement will not necessarily be awarded to the lowest bidder, and interview of certain respondents may or may not be utilized.

ALCOSAN also reserves the right to request additional information from all respondents, to waive any defect or abnormality, to award or not award all or any portion of the work described herein, to issue modifications to RFPs, or otherwise to move forward in the best interest of ALCOSAN.

The successful proposer will be engaged to provide such services as may be specified by ALCOSAN at its discretion. ALCOSAN may require that any contract or engagement preserve ALCOSAN's right to terminate at any time without cause or notice and that the successful bidder may terminate upon no less than 90-days written notice. There shall be no charges or fees for termination. ALCOSAN shall, however, pay for any services provided through the date of termination.

4. REQUIRED RFP SUBMISSIONS

The following Required Submissions shall be completed and included with your response to this RFP:

1. Act 44 Disclosure Form- see ATTACHMENT "A"
2. RFP Questionnaire Form- see ATTACHMENT "B"

ATTACHMENT "A"

Act 44 Disclosure Form

Completely reply to the following inquiries

(Attach additional pages as necessary):

1. List the names and titles of everyone who will be providing professional services relative to this contract including advisors and subcontractors.
2. Relative to question 1 above, describe the following:
 - A. Are any of the above current or former officials or employees of ALCOSAN? If so, when were they last employed by ALCOSAN?
 - B. Are any of the above a registered federal or state lobbyist?
 - C. What are the responsibilities of everyone regarding the proposed services?
3. Have you in the last year or do you now retain a third-party intermediary, agent or lobbyist to directly or indirectly communicate with ALCOSAN? If so, please describe.
4. Has your firm or anyone in your firm solicited a contribution to any municipal official in office at ALCOSAN or to the political party or political actions committee of an official in office at ALCOSAN?
5. Confirm that, since on or after XXX no one at your firm has communicated with, nor will they communicate with (or cause or agree to allow any third party to communicate with), any officials or employees of ALCOSAN except for requests for technical clarifications or proposal submission logistics directed to William Inks, Director of Finance & Administration. The confirmation shall be signed on firm letterhead by a person with the authority to bind the firm.
6. List all contributions made by your firm or an Affiliated Entity to a municipal official or candidate for office at ALCOSAN made on or after January 1, 2014. An affiliated entity means:
 - 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.
7. List any direct financial, commercial or business relationship with any municipal official or pension system of ALCOSAN held by your firm or any Affiliated Entity.
8. List any gift including money, services, loan, travel, lodging, entertainment, discount or other thing of value, to any official, employee of ALCOSAN or a fiduciary of its pension plan.
9. Confirm that no one at your firm or an Affiliated Entity was employed by ALCOSAN in the last 12 months.
10. List any other disclosure made pursuant to Act 44 of 2009. (Attach additional pages as necessary)

ATTACHMENT "B"

PROPOSAL- RFP QUESTIONNAIRE FORM

I. COMPANY INFORMATION

1. List your firm's complete name, address, telephone and fax numbers. Briefly describe the organization, the year it was founded, location of its headquarters and other offices.

2. Provide a brief history of your firm and your parent organization.

- A. How long has the firm been providing investment consulting services to defined benefit plans and Pennsylvania municipal pension funds?
- B. What is the total asset base of the pension funds on which you consult?
- C. What is the current number of governmental or municipal pension funds, including amount of assets, for which the firm currently acts as an advisor?

3. Describe your firm's ownership structure, including specific details regarding your parent and any affiliated companies

4. Describe all line(s) of business in your firm, your parent organization and any affiliated companies.

5. Does your firm provide services other than investment consulting services? If so, are these separate from the company's investment services? How?

Delivery partners (outside organizations included in the delivery of functions found in the RFP).

6. Is your firm, its parent or affiliate, a registered investment advisor with the SEC under the Investment Advisors Act of 1940?

7. Within the last five (5) years has your organization or any officer or principal been involved with any business litigation or other legal proceeding relating to your consulting activities? If so, provide an explanation and indicate the status or disposition.

8. If your firm, its parent or affiliate is a broker/dealer, do you trade for client accounts through this broker/dealer?

9. Identify the consultants or other key staff who would be involved in servicing our account. Provide biographical data on these individuals.

10. What experience does the lead consultant have with governmental plans and Pennsylvania Municipalities and experience providing investment advisory services to non-profits and/or foundations. Please include total number of governmental, non-profit and foundation plans and average account size.

11. Describe what distinguishes the firm in working with non-profit organizations.

12. What type of fiduciary protection, if any, is offered by your firm?

13. Describe your intended interaction and involvement with the Pension Committee and staff.

14. Do you provide any educational opportunities to your clients' trustees, staff and plan participants?

II. INVESTMENT APPROACHES/PHILOSOPHIES

1. Describe your firm's approach to investment research. Please indicate relationship with research/academics outside your firm.

2. Give examples of how your research has been integrated into your products and services.
3. What are your general investment philosophies with regards to the portfolio structure of a municipal pension plan?
4. Do you have any proprietary funds in your fund line up?
5. What type of platform do you use? Is it open architecture? Please describe the types of investment options that would be available? (Mutual Funds, ETF's, CIT's, etc.)
6. What is the total number of funds available for ALCOSAN to invest in?
7. Describe your firm's investment management process and what makes it different from competitors?
8. Please describe your firm's approach to equity investing including but not limited to:
 - a) Liquidity
 - b) Upside I Downside capture
 - c) Diversification
 - d) Risk
9. Describe your firm's approach to fixed income investing.
10. Will ALCOSAN's MMO be utilized in determining your investment strategy? If so, how?
11. Will ALCOSAN's pension plan liabilities utilized in determining your investment strategy? If so, how?
12. Please attach a hypothetical fund line up for ALCOSAN's plan.
13. Describe your firm's approach to monitoring and overseeing client investments.
14. Explain how risk is factored into the investment policy recommendations.
15. What is the firm's approach to portfolio rebalancing?
16. Does the firm follow a strategic asset allocation approach, at tactical asset allocation strategy, or a combination of both approaches?

III. ASSET ALLOCATION

1. What is your firm's process for establishing client goals and objectives?
2. Describe your firm's asset allocation process, including, the development of investment policies and guidelines for investment managers? How often is this reevaluated or adjusted?
3. How does your firm develop asset class assumptions?
4. Do you take funding levels and/or risk tolerance into consideration in establishing a target asset allocation? If so, how?
5. Who provides custodial services for accounts that are managed by the firm?

IV. INVESTMENT MANAGER RESEARCH

1. Provide information on the databases utilized to monitor and evaluate investment managers' performance for the purpose of manager selection. How many managers are in the database? How frequently is the investment management information updated? Is the database proprietary or third-party?
2. Describe the due diligence process utilized in the selection of an investment manager.

3. Give an overview of your firm's approach and criteria for placing a manager on a watch list. Under what conditions would a manager be removed from the watch list?
4. Did you receive any direct or indirect compensation from an investment manager to be included in your database? You must include free services or sponsorship of unrelated events.

V. PERFORMANCE REPORTING

1. Describe your firm's performance reporting and evaluation services.
2. What methods and sources of data do you use in calculating investment performance of a client's portfolio? Do you reconcile your calculated performance with investment managers and custodians? Describe this process.
3. How often are performance reports produced and delivered? How many business days after the end of a reporting period are the performance reports available? Can the reports be customized? Include a sample performance evaluation report in the appendix of your response.
4. Discuss the performance attribution your firm is capable of providing and describe how you evaluate "value added" in active management.
5. Describe how benchmarks are chosen or developed. Describe your custom benchmark capabilities.
6. Describe your process for reviewing investment manager compliance of investment objectives and guidelines.
7. Is performance GIPS compliant?
8. Is your firm able to provide composite historical performance of managed portfolios?

VI. TRANSITION

1. Describe your transition process and include a proposed timeline.

VII. AFFILIATED SERVICES

1. Does your firm provide trustee or custodial services?
2. Can your firm provide custodial bank search services?

VIII. FEES

1. Please provide a fee proposal and fee structure for services outlined in the RFP. Provide a cost breakdown for each aspect, especially if the fee is "all-inclusive."
2. Are you willing to guarantee your fees for a specified period of time?
3. Describe, in detail, all forms and sources of compensation you would anticipate receiving should you be awarded this contract? Include any commissions, 12b-1 trailer fees or compensation of any sort paid to any entity.
4. What is your firm's policy on annual donations to non-profit clients?
5. Does your firm offer a discounted fee structure to non-profit clients?

IX. ADDITIONAL INFORMATION

1. Please attach your firm's ADV Part 2.
2. Are there additional comments or suggestions that the Pension Committee should consider?
3. Please describe all insurance coverage your firm carries including, but not limited to: errors & omissions, employee dishonesty and all liability insurance. Please include information about excess insurance coverage your firm carries.
4. Please indicate if, within the past five years, the firm, an officer or principal has been involved in actual or threatened litigation, administrative or regulatory or similar investigation proceedings relating to your investment advisory assignments. If so, please provide an explanation and indicate the status or disposition.

X. REFERENCES

1. Provide five (5) municipal client references. Specific names and contact information will be requested for provider finalists.

Providers should submit clear and concise responses to all questions. Questions related to services that you do not wish to bid on should be answered with "N/A".