

**CITY OF MOBILE, ALABAMA  
POLICE AND FIREFIGHTERS RETIREMENT PLAN**

**INVESTMENT CONSULTING SERVICES  
REQUEST FOR PROPOSAL**

**November 28, 2022**

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**CITY OF MOBILE, ALABAMA  
POLICE AND FIREFIGHTERS RETIREMENT PLAN**

**INVESTMENT CONSULTING SERVICES  
REQUEST FOR PROPOSAL**

**Section I – Background**

The City of Mobile, Alabama Police and Firefighters Retirement Plan (“the Plan”) is a tax-qualified, defined-benefit plan serving nearly 1,657 members, some 906 of which are active employees. Assets currently under investment are valued at approximately two hundred fifty-two million dollars. The Board of Trustees (“Board”) is seeking to engage an outside investment consultant to assist the Board with asset allocation, selection of money managers, and to monitor manager performance. The Board may also require assistance in evaluating custodial firms and/or services.

**Section II – Administrative Matters**

**A. Minimum Eligibility Requirements**

The investment consulting firm must:

1. Be a registered investment advisor under the Investment Advisers Act of 1940.
2. Have provided investment-consulting services to other retirement systems with an asset value of at least \$50 million.
3. Agree to be a fiduciary to the Plan as that term is defined by the law and rules governing the Plan.
4. Agree to disclose all conflicts of interest, all sources of revenue and all affiliations.

## B. Schedule

The following schedule has been set by the Investment Committee and may be changed by the Board if necessary. Firms will be notified electronically if the schedule is changed.

- |                                  |                   |
|----------------------------------|-------------------|
| • RFP Issue                      | November 28, 2022 |
| • Proposals Due                  | December 27, 2022 |
| • Finalists' Presentation        | January 25, 2023  |
| • Contract Negotiation and Award | February 22, 2023 |

## C. Contact Person

All communications concerning this RFP shall be directed to:

Cody Scott  
Deputy Director of Pensions  
Mobile Government Plaza  
205 Government Street, 4<sup>th</sup> Floor  
Mobile, AL 36644  
251-208-7360  
251-208-7366 (FAX)  
[cody.scott@cityofmobile.org](mailto:cody.scott@cityofmobile.org)

## D. Questions and Answers

All questions about this RFP must be in writing addressed to the contact person. Responses will be in writing in a consolidated Q&A format that will be posted on the website.

## E. Proposals

All interested firms should deliver twelve, bound copies of their responses to the contact person by mail or express delivery. Faxed or emailed proposals will not be accepted. Proposals received after the due date will not be considered. There will be no waivers or exceptions granted for untimely delivery.

## F. Public Records

All proposals shall be considered public records and shall be available for viewing and reproduction as allowed by law.

### **G. Rules Regarding Contacts**

The proposal period begins on November 28 and ends December 27. The Board reserves the right to request additional information from any respondent; however, no respondent may contact any Board or staff member, other than the contact person, during the proposal period.

### **H. Right To Cure**

The Board reserves the right to waive or permit cure of non-material variances in a bid proposal.

### **I. Evaluation of Proposals**

The Investment Committee will evaluate proposals. During evaluation process, the Committee may request any or all firms to make oral presentations. The Committee may select up to three finalists to present to the full Board. Finalists may present additional written information.

### **J. Selection Criteria**

Firms will be judged based upon the following weighted criteria:

Relevant experience of the firm and the individual consultants proposed for Mobile	25%
Proposed work plan, soundness of approach and understanding of the needs of the Mobile Plan	25%
Demonstrated ability to perform the services referred to in the RFP	25%
Fee Structure	25%

### **K. Contract Negotiation and Award**

A written contract will be required and is subject to approval of Board Counsel. The Board reserves the right to award all, part, or none of this contract and may award contracts to more than one firm. The laws of the state of Alabama will govern all contracts. Firms are responsible for ascertaining the pertinent legal requirements and restrictions. Any and all litigation or other action commenced regarding this RFP shall be brought in Mobile County, Alabama. Please attach a sample contract to your response at Appendix D.

### **Section III – Scope of Services**

#### **A. Types of Services**

Review existing investment guidelines and investment policies; make recommendations for the development of new guidelines and policies and/or the amendment of existing ones. This includes assistance to the Board in establishing sound investment policies, periodically reviewing the Board's investment policies, and assisting with necessary revisions and consolidation of existing policies into one comprehensive Investment Policy Statement.

The following list outlines minimum services that may be required:

1. Review the existing asset allocation and make recommendations on what changes, if any, should be made.
2. Review existing contracts with all service providers (e.g., managers, custodians).
3. Provide investment management analysis, including quarterly performance measurement.
4. Advise on investment operations and management, including number and types of managers and perform manager searches.
5. Advise on management structure (active vs. passive, investment style mixes).
6. Monitor transaction costs and proxy voting.
7. Monitor manager compliance with investment guidelines.

### **Section IV – Additional Required Information**

#### **A. Standards of Conduct (1 page maximum):**

1. Does your firm have a written code of conduct or a set of standards for professional behavior? How are they monitored and enforced? Please attach a copy of your Code of Conduct.
2. Has your firm adopted AIMR's Code of Ethics and Standards? If so, how is employee compliance monitored?
3. How are consultants' recommendations to clients reviewed and monitored by your organization? Does your firm adhere to a level of consistency in consultant recommendations?

**B. Conflicts of Interest (No Maximum Page Limit):**

1. Please describe the firm’s conflict of interest policies. Please include an explanation of how these policies, and any other measures taken by the firm, limit the likelihood that a client could receive investment advice that is not solely aligned with their best interests.

Based on the list of investment managers currently managing assets for the Plan, disclose any “consideration”, i.e., cash payments or in-kind services including but not limited to brokerage, your firm, affiliates, or parent company receives from any of the Plan’s investment managers as follows:

Firm Name for Assets Under Management	Approximate in Millions
State Street Global Advisors (Russell 1000 Index Fund)	52.0
Orleans Capital Management	44.6
State Street Global Advisors (S&P 400 MidCap Index Fund)	28.0
Schroders International Multi-Cap Equity	17.5
WCM Focused International Growth (WCMIX)	15.7
American Core Realty	15.1
BHMS Small Cap Value	14.6
Pacific Asset Management – Bank Loans	14.3
American Strategic Value Realty Fund	12.9
Conestoga Small Cap Growth	11.4
Cash	8.3
PIMCO All Asset (PAAIX)	5.4
BlackRock Multi-Asset Income Fund (BIICX)	5.1
Corrum Capital Real Assets Fund, L.P.	3.5
LLCP Co-Investment Fund, L.P.	2.3
Timberland Investment Resources	1.4

2. Are there any potential conflict of interest issues your firm would have in servicing the Plan? If so, describe them.
3. What is your firm’s policy on acceptance of soft dollar payments? Do your investment consulting clients have soft dollar arrangements with your firm? If so, indicate what percentage of your clients have them and describe the nature of the soft dollar arrangement.
4. Does your firm hold or sponsor money manager or client conferences? If so, describe all conferences your firm has held or sponsored in the past three years. Please note if any Mobile Board or staff member have been in attendance.

5. What payments or in-kind products or services are accepted from money managers to attend such conferences, to be listed in your manager database, to receive consulting services, or for any other reason?
6. Has your firm, or anyone in your firm, provided any gifts, travel and room expenses, entertainment or meals to any Board member or staff during the past three years? If yes, describe the expenses and their purpose.
7. List and describe any professional relationship you have had with the Plan sponsor City of Mobile currently or at any time during the past three years.
8. Are there any circumstances under which your firm, or any individual in your firm, receives compensation, finder's fees, or any other benefit from investment managers or third parties? If yes, describe in detail.
9. Does the firm, its affiliates, or the ultimate parent of the firm act as a securities broker or introducing broker for clients? If yes, please provide the following information about the firm's brokerage operating policies:
  - a. Does the firm or affiliates accept directed brokerage or soft dollars as a method of payment for these services? Once a client's consulting fees are paid in full for a given year, how are the additional commissions allocated?
  - b. What percentage of commissions are credited to the client or offset against consulting fees? What percentage does the firm retain?
  - c. Does the brokerage operation accept "free trades" (i.e., trades unconnected to a commission recapture or directed commission programs)?
10. Does your firm or its parent, subsidiaries or affiliates provide trust, custodial, or investment management services? If so, please describe these services, any financial arrangements your firm has with these entities and the percentage of revenues attributable to these services.
11. Does your firm market or sell any services or products to mutual fund companies, investment managers, broker dealers or any other entity engaged in the investment business? If the answer is yes, explain.



12. If the firm accepts revenues from investment managers or acts as a securities broker or introducing broker, please provide the following information about the firm’s operating policies:

- a. Is there physical separation between the consulting area and the area(s) with manager revenue/brokerage activities?
- b. Is there personnel overlap between the consulting area and the area(s) with manager revenue/brokerage activities?
- c. What parties have oversight authority for both the consulting area and the area(s) with manager revenue/brokerage activities?
- d. What firewalls are in place to prevent the personnel and systems of the consulting area and area(s) with manager revenue/brokerage activities from sharing information?

**C. Background of The Firm (2 page maximum):**

- 1. Briefly describe your firm’s background, history, and ownership structure, including any parent, affiliated, or subsidiary company, and any business partners or joint ventures.
- 2. Provide a complete listing of all public fund clients, including the size of the client fund, and the type of fund (e.g., defined benefit, defined contribution), and the number of years the services were provided.
- 3. Please list the current number of institutional full-service retainer clients in each of the categories provided below, as of the period ended November 27, 2022 (NOTE: performance evaluation services or project-based work alone do not constitute full-service retainer investment consulting relationships):

	Less Than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion To \$5 Billion	\$5 Billion to \$15 Billion	\$15 Billion to \$50 Billion	Over \$50 Billion	TOTAL:
Public Employees Retirements							
Union Taft/Hartley							
Corporate							
Endowment/Foundation							

	<b>Less Than \$100 Million</b>	<b>\$100 Million to \$1 Billion</b>	<b>\$1 Billion To \$5 Billion</b>	<b>\$5 Billion to \$15 Billion</b>	<b>\$15 Billion to \$50 Billion</b>	<b>Over \$50 Billion</b>	<b>TOTAL:</b>
<b>Defined Contribution (Only)</b>							
<b>Hospital</b>							
<b>Other</b>							
<b>Total</b>							

4. List public sector clients who have terminated your consulting relationship during the past three years, and their reasons for doing so. Include contact names, titles and telephone numbers.
5. Describe the services your firm provides and give the percentage of revenue derived from investment consulting. Of your affiliate group, what percentage of total revenues for that group is derived from investment consulting?
6. How long has your firm been in the investment consulting business?
7. Provide an organization chart of your firm and describe the relationship between each component and your consulting group.
8. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, or personnel reorganizations? Do you anticipate future significant changes in your organization?
9. List the address of your main corporate office and indicate which office(s) will service Mobile and the number of professionals working in each office.
10. Describe any services of your organization that may not be offered by other consultants. (Include special expertise or capabilities and what the firm believes to be its key strengths and differentiating features.)
11. Describe the total staff of the firm and designate support staff, analysts, and professionals.
12. List the owners of the firm (from largest to smallest with respect to ownership) and their ownership percentages. Please include individuals and all other entities. If applicable, please also note the percentage of the firm that is (a) minority-owned and (b) women-owned.

13. For the period ended November 27, 2022, please list all services provided by the firm, the nature thereof, and the dollar revenue or percentages of total income that each service represents. In your response, please include the percentage of revenues both the firm and the ultimate parent company (if applicable) received from the following sources (total should add to 100%):

- a. Revenues from investment management organizations.
- b. Revenues from brokerage activity.
- c. Revenue from tax exempt institutional Investors.
- d. Revenue from other sources (please specify).

**D. Consultants (1 page maximum):**

- 1. How many investment consultants does your firm have?
- 2. Discuss the ways you manage growth, including any limits to the client/consultant ratio.
- 3. What is the average number of accounts handled per investment consultant?
- 4. Have any of your staff been disciplined, suspended, or disbarred from performing investment advisor or other professional services, or has committed any criminal offenses related to fraud, dishonesty, or breach of trust? If so, please explain.

**E. Consulting Team (2 page maximum):**

- 1. Please provide contact information for each consultant that will be assigned to Mobile in a grid similar to this.

Name	Address	Business Phone	Business Fax	E-mail Address

- 2. Please describe the role of each consultant for this assignment.
- 3. Please describe your team’s experience with similar work performed for other public retirement systems, corporate pension funds or similar institutional investors.
- 4. State whether the individuals assigned to the work have any responsibilities other than providing consulting services, and if so, specify such responsibilities.
- 5. Describe your firm’s backup procedures in the event that key personnel in this assignment should leave the firm.

6. As of November 27, 2022, how many professionals were assigned to investment manager research, selection, and monitoring? For each professional list the asset class covered, and the percentage of time spent on manager research as below.
7. As of November 27, 2022, please list the professionals (if any) dedicated full time to Asset Allocation and/or Asset/Liability modeling.
8. Please list the name, title, and year of departure for any investment professionals that left the firm in the past three years (please include the month, year, and reason for their departure).

**F. Asset Allocation (4 page maximum):**

1. What are your firm's capabilities regarding asset/liability modeling studies? What methodologies and tools are used by your firm?
2. Discuss the theory and methodology of the asset allocation models your firm employs. How do you develop asset class assumptions?
3. Describe your policy for recommending changes to a pension system's asset allocation in response to changes in the market environment.

**G. Investment Philosophy (3 page maximum):**

1. Explain your firm's position/approach regarding internal investment management versus external management.
2. Explain your firm's position/approach on the use of active versus passive management in the major asset classes.
3. List the factors you would consider in recommending real estate and alternative investment options. Describe the elements of a due diligence process for assessing the risk control and performance characteristics of such investments. Describe your firm's capabilities and experience in illiquid investments such as real estate and alternative investments.
4. List the factors you would consider in recommending derivative strategies. Describe elements of a due diligence process for assessing the risk control and performance characteristics of such investments. Describe your firm's capabilities and experience in the area of derivatives.
5. Describe your firm's philosophy and methodology for identifying and evaluating new investment opportunities
6. Describe your philosophy and approach to the development of an investment policy statement.
7. Detail your process for the development of asset class structures, investment objectives, and risk control policies (e.g., derivatives) and other investment approaches or techniques designed to reduce risk or add value, (e.g., securities lending, etc.)

8. Describe your process for maintaining a continuous review of investment policies.

**H. Investment Manager Database (2 page maximum):**

1. Please describe your database of investment managers. How many manager/products are contained in the database(s) that you use?
2. Are investment managers charged direct or indirect fees to be included in your database? If so, describe the fees.
3. Is your database also sold to third parties? How do you receive compensation for selling it?
4. Describe any advantages that you perceive your database has over competitors.
5. Describe your methodology and criteria for classification of managers by investment style, size, etc. How do you monitor consistency of style?
6. How often are managers in your database reviewed? Under what circumstances are managers added to your database? Deleted?
7. Describe how your firm or your database vendor gathers, verifies, updates, and maintains the data collected on managers for the database. Do you use surveys or meetings with managers?
8. How often do you meet with managers that are included in your database? What is the nature of those visits?

**I. Investment Manager Search and Monitoring (2 page maximum):**

1. Describe your firm's process for evaluation and selection of investment managers.
2. Describe your experience in selecting investment managers.
3. Describe how your firm's process for evaluation and selection of investment managers adds value beyond the mere provision of raw data.
4. Describe how you evaluate the impact of brokerage activity to your firm when you consider managers.
5. How do you evaluate a manager's trading capabilities and strategies in light of best execution requirements?

6. Please provide the following numerical information with respect to the firm's manager research activities in the current calendar year:
  - a. Public market manager searches conducted
  - b. Public market in-person manager meetings conducted
  - c. Public market managers tracked in firm database
  - d. Private markets assets recommended and placed for clients (not including Fund-of-Funds)
  - e. Private markets managers/opportunities evaluated (not including Fund-of-Funds)
  - f. Fund-of-Funds tracked in databases
  - g. Fund-of-Funds searches conducted
  - h. Hedge Funds tracked in databases
  - i. Hedge Fund searches conducted
7. Describe your procedures for monitoring whether investment managers are adhering to investment guidelines, including how, and how frequently, you would report deviations to the Trustees.

**J. Custodian Bank: Performance Evaluation (3 page maximum):**

1. Does your firm calculate performance in-house or through a third-party?
2. Do you have the capability of using rates of return calculated by the Plan custodian bank in your performance evaluation reports?
3. Please describe your firm's universe data for evaluating/ranking performance of investment managers and investment options. What other database does your firm use in its performance evaluation analysis and in its monitoring of investment managers and investment options? Are the returns in your universe rankings actual client returns or composite returns as reported by managers?
4. What amount of input does the client have in the content and format of an investment performance evaluation report?
5. Discuss the portfolio analysis your firm can provide. Do you have international analytic capabilities? Do your analytics apply to real estate? Private equity? Depletable assets, i.e., timber?
6. Describe your capabilities in the production/interpretation of trading cost studies.
7. Describe your capabilities in the production/interpretation of securities lending information.

8. Describe your capabilities in the development of risk/return characteristics of the asset mix as a whole and of each asset category and manager style, including private equity and real estate limited partnership investments.
9. How many managers are included in the peer group universe for each asset class and subclass? How many years of performance data are on the system for each asset class?
10. What factors do you consider to be critical in reporting performance? Do you have the ability to customize reports for your clients?
11. How are performance benchmarks for the total fund, different asset classes and investment manager styles chosen and constructed?
12. Do you use investment style benchmarks in your performance evaluation process? What are the sources of the underlying data and how are these benchmarks calculated and maintained?
13. Do you reconcile your calculated performance with investment managers' and custodians' report? If yes, please describe.
14. Describe your firm's performance attribution process and reports.

**K. Reporting (2 page maximum):**

1. What period of time is required to prepare reports after the end of each quarter? How quickly following the close of each reporting period can you deliver reports to the Trustees?
2. Give a brief overview of the hardware and software systems used in the production of performance reports.
3. It would be helpful to the Trustees in evaluating your proposal to review a sample, or samples of the reports you generate for other pension plans in performing services similar to those required of the Investment Consultant. Please enclose such a sample(s), excising to the extent you deem necessary, any client protected or proprietary data.
4. Is your firm's performance reporting software generated in-house or purchased?
5. Are rates of return routinely presented on a net of fees basis?
6. Please explain how your firm measures and analyzes the relevant financial characteristics of each investment manager's account and each investment option, and the Plan as a whole, to measure performance and analyze and control risk.

**L. Research (1 page maximum):**

1. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.
2. Describe the way external resources and sources of information are used in the research process. How does your firm integrate internal and external research?
3. Describe the type, subject matter and frequency of research provided to clients.
4. Describe your ability to provide customized computer-based analytical tools to your clients. Please describe features.
5. Describe your firm's process for monitoring industry and market trends affecting investment funds.

**M. Board and Staff Education (1 page maximum)**

Does your firm offer training of plan fiduciaries and staff as it relates to their investment responsibilities? If so, describe the type of training available and the qualifications of the individuals assigned to conduct the training.

**N. References**

Provide three client references for whom your firm does work like that requested in this RFP. Please include their names, titles and telephone numbers and primary contacts.

1. How long have you served each of the plans you cite as references?
2. Have you agreed to accept fiduciary responsibility as an investment consultant for any of these clients? If so, please identify the clients.

**O. Insurance and Liability.**

1. Describe the levels of coverage for errors and omissions insurance and any fiduciary of professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers. What is the policy deductible? What is the firm's Net Worth?
2. Describe your disaster recovery plan and facilities.
3. Has your firm sustained a loss or claim within the past five years on either your errors and omissions policy or your fidelity bond? If so, please give particulars.
4. Please describe any litigation to which your firm or its employees is currently a party to or which was settled or adjudicated by your firm or its employees within the past five years. Please describe any governmental investigations pending or resolved regarding your firm or its employees within the past five years, in each case, if related to the delivery of services of the type requested of the Investment Consultant.



5. Are you aware of any claims that have been made or are being made under any of your liability bonds or insurance? If so, please identify the nature of each claim, its date of origin, and the anticipated outcome of each claim.

**P. Subcontracting.**

1. If your firm uses the services of subcontractors for the performance of services hereunder, identify all such subcontractors and describe the skills and qualifications of each subcontractor and its individual employees.
2. Identify the cost associated with the portions of the project assigned to subcontractors.
3. Describe the responsibilities and percentage of time subcontractors will devote to the project.
4. Describe the contractual arrangement contemplated with subcontractors and describe generally the control/delegation/supervision of responsibilities anticipated in such arrangements.

**Q. Transition Period.**

If your firm is selected, please describe the details of any required transition process, including the transition period and information needed to complete a smooth transition, including time frames.

**Section V – Fees**

**A. Fees**

1. Provide a proposal regarding the fees to be paid to your firm for the services identified in the Scope of Services. The proposal should provide fees based upon a bundled fee for all services identified as well as an unbundled fee for each discrete service identified in the Scope of Services.
2. Identify the period of time the proposed fees will remain in effect.
3. Describe whether the firm has previously performed investment consulting services under the proposed fee arrangement and, if so, its experience.
4. Has the firm provided investment consulting services under alternative fee arrangements? If so, please describe.
5. State whether your firm's proposed fee arrangement consists of any incentive or contingent payments. If so, describe the manner of calculation in detail.

## **Appendices**

### **Appendix A. Biographies**

Include biographies for all consultants listed in your proposal. Indicate what year each consultant joined your firm and describe his or her position, current responsibilities, areas of expertise, experience, education, professional designations and memberships, and relevant publications and presentations.

### **Appendix B. Form ADV, Parts I and II**

Attach your firm's current Form ADV Parts I and II.

### **Appendix C. Annual Financial Report**

Attach your firm's current audited Annual Financial Report.

### **Appendix D. Sample Contract**

Attach a sample contract.