

TAUNTON CONTRIBUTORY RETIREMENT SYSTEM

REQUEST FOR PROPOSALS FOR INVESTMENT CONSULTANT SERVICES

The Taunton Retirement Board (hereinafter, the "Board") invites proposals from qualified entities seeking to serve as Investment Consultant to the Board.

Proposals are available via written request and may be obtained up to the proposal deadline of **Thursday, February 22, 2024 at 12:00 P.M. EST.** Please send your request **electronically to the email address below:**

Paul J. Slivinski, Executive Director
pslivinski@taunton-ma.gov

The Retirement Board reserves the right to cancel or reject in whole or in part any or all proposals in the best interest of the Taunton Retirement System.

Introduction

The City of Taunton Contributory Retirement System (hereinafter, "the System") was established by the Massachusetts Legislature to provide a defined benefit retirement plan for employees of the City of Taunton. Employee benefits and laws governing the System are set forth in Chapter 32 of the Massachusetts General Laws. The System is managed by a five (5) member board consisting of the City Auditor (*ex officio* member,) a second member appointed by the Mayor, a third and fourth member who are elected by the members in or retired from service of the System from among their number, and a fifth member chosen by the other four.

As of September 30, 2023, the market value of the pension fund was \$382 million. The pension fund's portfolio currently consists of investment portfolios with several investment managers.

The System's membership currently consists of approx. 1,400 active members and 996 retired members. Employee contributions to the System range from 5% to 9% of the member's regular compensation, depending upon the date of membership. The System's Market Value funded ratio as of January 1, 2022 was 79%. Employees of the City of Taunton do not participate in the Social Security System.

Proposal Requirements

By responding to this Request For Proposals, the Investment Consultant represents that it is knowledgeable of, in compliance with and throughout the term of any contract awarded comply with the applicable provisions of M.G.L. 32, §§ 23 and 23B, as amended by Chapter 176 of the Acts of 2011, and with the Investment Regulations promulgated by the Massachusetts Public Employee Retirement Administration Commission ("PERAC"), as set forth in 840 CMR, pursuant to M.G.L. c. 7, § 50 and any other laws relating thereto. The Investment Consultant must be a registered investment advisor pursuant to the Investment Advisors Acts of 1940 (15 U.S.C. 80b-1 et seq.).

Evaluation Criteria and Rating

1. Minimum Criteria. Excepting minor informalities, proposals for services not addressing or meeting the Minimum Criteria will be excluded from evaluation. M.G.L. c. 32, § 23B(b) defines “minor informalities” as “minor deviations, insignificant mistakes and matters of form rather than substance of the proposal or contract document which can be waived or corrected without prejudice to other offerors, potential offerors or the retirement board.”

The following are the minimum criteria:

- a) The firm must be registered as an investment adviser pursuant to the Investment Advisers Act of 1940 (15 U.S.C. 80b - 1 *et seq.*).
- b) The firm and/or individuals employed by the firm is preferred to have at least 5 years working experience in the field of Massachusetts public pension fund investments.
- c) The firm and/or individuals employed by the firm is preferred to have at least 5 years working experience with M.G.L. Chapter 32 and the regulations of PERAC, 840 CMR 16.00 through 23.00, including experience in policy restrictions including South Africa and Northern Ireland and tobacco.
- d) The Primary Consultant assigned to the System’s account must provide General Consulting Services, including investment policy and asset allocation consulting services to at least five (5) public and/or private pension funds.
- e) The firm must maintain or have access to a database of domestic and international public market managers and have at least five years of experience in providing performance analysis on public market portfolios for public and/or private pension fund clients.
- f) A firm representative must be available to meet with the Board on a monthly basis for performance review and monitoring.
- g) The firm must state that all actions and recommendations with respect to the System will be for the sole purpose and benefit of the System.
- h) The firm must agree that the fee schedule shall not be based on a percentage of assets but shall be based on a fixed dollar amount based on services provided.
- i) The firm must agree to comply with applicable provisions of M.G.L. Chapter 32 and PERAC regulations, including but not limited to 840 CMR 17.04: Standards of Conduct for Qualified Investment Managers and Consultants.
- j) The firm must certify in writing in the response to this request for proposal as follows:

The undersigned certifies under penalties of perjury that this bid or proposal has been submitted in good faith and without collusion or fraud with any other person. As used in this certification, the word “person” shall mean any natural person, business, partnership, corporation, union, club, or other organization, entity or group of individuals.

2. Rating evaluations shall be established as Advantageous, Highly Advantageous, Not Advantageous, or Unacceptable.

3. Assignment of rating:

- (a) **“Advantageous”** will be assigned to responsive proposals addressing all items and meeting all criteria for each part of the proposal.
- (b) **“Highly Advantageous”** will be assigned based on:
- Strength, stability and longevity of the entity.
 - Length of time the entity and/or individuals has worked as a team or unit.
 - Scope of research available to monitor and provide the services required.
 - Level of the ability of the firm and/or individuals to provide information updates and clarification of new and pending legislation.
 - Depth and completeness of reports.
 - Data and reports presented in a clear and concise format.
 - A firm commitment to attend regular and special meetings of the Board beyond those established by the Minimum Criteria.
 - High level of client satisfaction
- (c) **“Not Advantageous”** will be assigned for those proposals submitted by entities who have:
- Minimal experience with public pension funds and agencies.
 - Minimal experience as a working team or unit
- (d) **“Unacceptable”** will be assigned for proposals that materially fail to meet or address the items enumerated in this request, or proposals that fail to include required documentation.

Proposals containing “optional” services will not be given a higher rating.

Important note: To avoid an “unacceptable” rating for failure to address any item of the Request for Proposals, e.g., an item is not applicable to the entity, an explanation of such should be stated in the response.

MANDATORY CONTRACTUAL TERMS AND CONDITIONS

M.G.L. c. 32, §23B defines the mandatory contract provisions for the procurement of investment related services for Massachusetts Public Retirement Systems.

The following mandatory contractual terms and conditions must be incorporated into the final written contract between the Board and the selected contractor:

- The contract shall not exceed a term of seven (7) years, including any renewal, extension or option;
- The contractor is a fiduciary with respect to the funds which the contractor advises or invests on behalf of the Board;
- The contractor shall not be indemnified by the Board;
- The contractor is required to annually inform PERAC and the Board of any arrangements in oral or in writing, for compensation or other benefit received or expected to be received by the

contractor or a related person from others in relation to the contractor's services to the Retirement Board or any other client;

- The contractor is required to annually disclose to PERAC and the Board compensation, in whatever form, paid or expected to be paid, directly or indirectly, by the contractor or a related person to others in relation to the contractor's services to the Board or any other client; and
- The contractor is required to annually disclose to the Board and PERAC in writing any conflict of interest the contractor may have that could reasonably be expected to impair the contractor's ability to render unbiased and objective services to the Board.

In addition to the foregoing mandatory terms, any contract or agreement by and between the Board and its Investment Consultant must contain a termination clause by which the contract may be terminated with 30 days' written notice of either party to the other.

Documents to be Submitted

Your response must be submitted in the following format:

1. Seven (7) complete packages, including one (1) package electronically.
2. Each package must include:
 - Proposed Investment Consulting Services Agreement with mandatory terms
 - Two sets of **Completed and Signed Originals** of the following forms:
 - i. PERAC Vendor Certification
 - ii. PERAC New Vendor Disclosures
 - Failure to submit completed Vendor Certification and New Vendor Disclosures may result in a rating of "Unacceptable" and rejection of proposal.

The PERAC forms are enclosed with the RFP package. Forms are available on PERAC's website by accessing the following link:

<https://www.mass.gov/lists/perac-compliance-investments-forms#compliance-&-investments-forms-for-vendors->

Submission Requirements

Each envelope must clearly state whether it is a "PROPOSAL FOR SERVICES" or a "PROPOSAL FOR PRICING." **ANY ENVELOPE NOT CLEARLY IDENTIFIED WILL BE RETURNED AS UNACCEPTABLE.**

1. Please submit your written proposal to:

**TAUNTON RETIREMENT BOARD
104 DEAN STREET, SUITE 203
TAUNTON, MA 02780**

Electronically: pslivinski@taunton-ma.gov

2. Your proposal should be no more than 20 pages long, excluding resumes and the requested sample Client Report (1 copy only). Proposals must be submitted and received by 12:00 P.M. on **Thursday, February 22, 2024**. Proposals may not be transmitted by fax.

3. If you have any questions regarding this Request for Proposal, please submit all questions electronically to: Paul J. Slivinski, Executive Director at pslivinski@taunton-ma.gov
4. The Board reserves the right to seek additional information from, and to schedule interviews with, any and all respondents. Finalists should anticipate being interviewed in the month of **March and/or April 2024** by the Board. If additional interviews are required which cannot be performed on that date, the Board will arrange for additional date(s) for interviews.
5. A bidder may correct, modify or withdraw a proposal by written notice to the Board prior to the time and date set for the opening of proposals. The Board reserves the right to cancel or reject in whole or part any or all proposals in the best interest of the retirement system. The Board reserves the right to seek additional information relative to any and all proposals, to waive any minor non-compliance or non-conformity with the Request for Proposal, and to enter into any agreement in the best interest of the Retirement System.

General Information

Opening of Proposals: Friday, February 23, 2024 @ 10:00 a.m.

Proposals will be opened by the Executive Director, in front of at least one witness. A register of proposals will be maintained for public inspection.

Expected Timing of Award:

The Board expects to make an award within 90 days of the due date of the RFP; the timing of the award of the contract may be extended at the Board's discretion.

Proposal

Please provide the following information about your entity. The Board does not require a specific format, but requires respondents to include the following areas in its proposal. Please limit your response to a maximum of twenty (20) pages not including personnel biographies/resumes or a copy of your performance report.

I. Background.

- A. Please provide a brief history of the entity.
- B. Please identify the location of the headquarters and branch offices.
- C. Please provide a description of the ownership structure of the entity and number of employees.
- D. Please identify any financial relationships or affiliations with other entities (insurance company, brokerage firm, commercial bank, investment banking firm, etc.)
- E. Please list experience in providing investment consulting services to public pension plans.
- F. Please list the services provided to clients in a full-service consulting relationship.

Indicate any services which may be considered the entity's areas of greatest expertise.

- G. Please identify the entity's future goals, particularly how such goals may pertain to accepting new client business and the overall quality of client service.
- H. Please provide a list of public fund clients and any private clients who have authorized such a disclosure. If you have private clients who do not wish to be identified, please disclose how many such clients to which your firm provides services.
- I. Has the firm or any member or professional employee ever been convicted of any crime described in Section 411 (A) of ERISA, fined, suspended, or censored by the Securities and Exchange Commission or any securities self-regulatory organization or named as defendant in any litigation involving charges of violation of ERISA?
- J. Please submit the firm's ADV form, Part II.
- K. Would the awarding of the contract of the firm result in a violation by the Board of PERAC Rules & Regulations 840 CMR 1:03?

II. Operations.

- A. Please indicate whether your accounts are serviced by teams or by individual consultants.
- B. Please indicate the average number and size of accounts per team or consultant.
- C. Please describe the entity's ability to do prompt, comprehensive and accurate reporting.
- D. Please indicate the percentage of revenues derived from consulting services. List other services or products which are offered. Indicate whether the entity or an affiliate manages money for clients.
- E. Please explain in detail any potential or actual conflict of interest (or appearance of a conflict of interest) which may arise if the entity is selected to advise the Board. Include other client relationships which may inhibit or enhance services to the Board.
- F. Please describe any circumstances under which the entity or its employees receive fees from investment managers.
- G. Please indicate whether the entity sells or brokers investment vehicles.
- H. Please indicate whether the entity actively manages the investment of accounts.
- I. Please indicate whether the entity accepts or pays referral or finder's fees.

- J. Please give details on the number, name(s) and asset values of any public fund clients that were terminated or not renewed in the last three years with reasons for the termination or non-renewal.

III. Investment Analysis Approach.

- A. Please outline the entity's process for:
 - 1. The development of the client's overall investment policy as well as investment policy for specific asset classes.
 - 2. The development of client investment objectives.
- B. Please describe the entity's asset/liability modeling capability.
- C. Please define the entity's investment style analysis.
- D. Please provide a listing of reports routinely supplied to clients.
- E. Please indicate whether the entity provides to its clients written narratives on the manager's performance, portfolio restructuring, guideline discrepancies, style deviations, etc.

IV. Manager Search and Due Diligence.

- A. Please indicate the number of money managers currently being evaluated.
- B. Please describe the criteria by which the entity decides which managers to evaluate.
- C. Please describe the selection of the database of managers for performance comparison. Please indicate whether managers pay a fee to be in the database. Indicate the number of managers in the database.
- D. Please describe how the due diligence of investment managers is performed.
- E. Please describe your criteria for hiring as well as terminating investment managers.

V. Miscellaneous.

- A. Please indicate any special knowledge of the investment or funding issues affecting Massachusetts Public Retirement Systems.
- B. Please list any services or attributes not mentioned in this Request for

Proposals which the Board should consider.

- C. Please provide three (3) client references, including the names, addresses and telephone numbers of contact persons.
- D. Please provide the names and asset values of any public fund clients who have terminated services in the last three years.
- E. Please provide **ONE (1) COPY** of a Client Report which is representative of the reports customarily supplied to clients.

VI. Fee Structure.

- A. Proposals for pricing must be sealed and separately submitted from the proposal for services and must include a copy of the PERAC Vendor Certification.
- B. In as much detail as possible, please describe your proposed fee structure for your services to the Board, and use the form provided in the Appendix when submitting your firm's fee proposal.

VII. Specific Board Issues.

- A. Please identify and provide credentials of those consultants who would be assigned to the account. The Lead Consultant should be prepared to attend a Board interview.
- B. Please describe in detail the type of information you expect to be receiving from the Board's staff, its investment managers and custodian.

VIII. Conflicts of Interest

- A. Are there any potential conflict of interest issues your firm would have in servicing the Board? If so, describe them.
- B. How does your firm identify and manage conflicts of interest?
- C. Does your firm hold or sponsor money manager or client conferences?
- D. Have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any Board member or staff during the past 12 months? If yes, please describe the amount of expenses and what it was for.
- E. 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, please describe in detail.

IX. SCOPE OF SERVICES

1. Review of the Board's existing asset allocation and strategy of its existing investment managers.
2. Review of the Board's existing investment objectives and philosophy.
3. Monthly review of investment managers for:
 - a. performance monitoring; compliance with all statutory and PERAC regulatory provisions;
 - b. compliance with the Board's objectives and philosophy;
 - c. compliance with the Board's agreement with the manager(s).
4. Prepare recommendations, as required by the Board, for a methodology for the reduction of fees and charges associated with investments and investment related issues, where appropriate.
5. Provide information and interpretation of new and pending legislation on any and all public pension fund issues and submit a report to the Board of the impact of such legislation to the system and the members.
6. Present financial performance of the system to the Board not less than quarterly, as well as to any other Committees or Boards as directed.
7. Provide other services that may be required relative to the Board's management of its investment managers and the compliance with all laws and regulations governing the Board.

X. RULE FOR AWARD

The fee and non-fee proposals submitted in response to this RFP will be considered separately, opened separately and evaluated separately. The Board will evaluate the non-fee proposal prior to opening the fee proposal. Bids will not be opened publicly but rather will be considered by the Board privately. All information will be released publicly upon completion of the selection process.

If the Board requires clarification or additional information, the Executive Director will communicate the request to the designated contact of the Proposer. The Board reserves the right to interview one or more Proposers to seek clarification during the evaluation process.

The Board will review the non-fee proposals and provide ratings based on the criteria contained in this RFP. Upon the completion of this review by the Board, the Executive Director will open the fee proposals.

The Board will select the most advantageous proposal based on the ratings and written

evaluation of the Board and the cost proposals. The most advantageous proposal may not be the lowest cost proposal and it may not have the highest composite ranking. The selected proposal will be based on the Board's evaluation of the costs and benefits associated with each proposal. The proposal selected will be that which provides the best combination of quality and price for the System.

The Executive Director will provide a report to the Board on the selection process. The Board reserves the right to seek clarification on any aspect of any proposal as part of their review. No agreement for services under this RFP shall be executed until the Board authorizes such agreement.

APPENDIX
FEE PROPOSAL FORM

Proposers must complete this form and submit it in a separate, sealed envelope.

1. Annual Investment Consulting Fees:

Year 1:	\$ _____
Year 2:	\$ _____
Year 3:	\$ _____
Year 4:	\$ _____
Year 5:	\$ _____
Year 6:	\$ _____
Year 7:	\$ _____

Total Investment Consulting Fees (Add Years 1 to 7)¹ \$ _____

¹ Total Fees for Years 1-7 will be considered the firm's total fee for this proposal.