

## **INVESTMENT CONSULTANT RFP**

### **I. Introduction**

The Public Employees' Retirement System of Mississippi (PERS), Jackson, Mississippi, administers an investment portfolio of approximately \$13.5 billion in assets. As of March 31, 1998 the assets were invested as follows: 54% in domestic equities; 11% in international equities; 33% in domestic fixed income and 2% in cash. The portfolio is managed by seventeen outside investment managers, with a short term cash program managed in-house by the Investment Staff.

PERS also administers the Government Employees' Deferred Compensation Program (Deferred Comp) a \$400 million, 457 plan which currently includes ten investment options.

PERS is seeking investment consulting services to assist the Executive Director, Investment Staff and Board of Trustees (Board) in making prudent investment management decisions related to the PERS and Deferred Comp programs.

### **II. Services to be Provided**

Under the direction of the Board, Executive Director, Deputy Director, Investments or a designee, the services to be provided by the investment consulting firm shall include, but are not limited to the following:

#### **A. General**

1. Prepare reports reviewing and updating PERS investment policy, criteria and objectives which include strategies for bonds, stock, real estate and cash investments.
2. Prepare recommendations for amendments or modifications to the PERS' portfolio structure with justification for the same as warranted by changes in the market place.
3. Maintain a broad database of investment managers including their philosophies, styles, fee schedules, portfolio characteristics, firm characteristics, performance and client base. The information should be available for a wide range of investment managers including equity, bond, international, and options managers, as well as, real estate fund managers and currency overlay specialists.
4. Assist in the development of policies, procedures and guidelines for the various investment programs.
5. Attendance at the meetings of the Investment Committee of the PERS Board and other meetings as required.
6. Research and make recommendations for use of real estate investment and alternative investment strategies as directed.

7. Appear before legislative bodies as requested by PERS.

**B. Asset Allocation**

Provide continuous review of investment policy, portfolio mix, and investment strategy relative to changes in the capital market and structure of similar retirement systems.

**C. Manager Search and Selection**

Provide analysis of and assist in hiring external managers.

**D. Performance Measurement and Reporting**

1. Prepare quarterly evaluation reports on the performance of PERS' portfolio managers including a comparison with the performance of other managers and public plans.
2. Provide PERS with quarterly and annual performance analysis.
3. Provide PERS with quarterly and annual performance reports of theoretical portfolios, i.e. market indices, benchmarks and composite fund portfolios.

**E. Research and Analysis**

Prepare comprehensive analysis and advice on specific pension issues as requested by the Board.

**F. Investment Training**

1. Provide training to the Board and Staff on investment topics as requested.
2. Participate in a maximum of two (2) workshops per year on specific issues designated by the Board and Staff.
3. Participate in annual planning session for Investment Staff.

**G. Evaluation of Hardware and Software**

Evaluate and make recommendations for PERS' purchase of software to aid in internal analysis of portfolio performance, structure, and risk.

**III. Minimum Qualifications**

- A. The proposer must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

1. The firm must provide investment consulting services to clients with assets totaling at least \$5 billion.
2. The primary consultant assigned to the PERS account must have a minimum of five (5) years experience providing domestic and international investment consulting services to public and/or private pension fund plans.
3. As of June 30, 1998, the firm must have been in business at least two (2) years.
4. As of June 30, 1998, the firm must have at least two (2) public pension fund clients.

IV. **Information to be provided by Proposer**

Following is a list of the required information to be provided by the proposer. A proposer that does not provide the information requested below may, at the sole discretion of PERS be rejected. Please provide the information in the same order in which it is requested.

A. **Intent to Respond Notification**

The Intent to Respond Notice found in Appendix A must be returned by July 13, 1998. This notice may be faxed, but the original should be mailed to PERS as instructed in Appendix A.

B. **Cover Letter**

A cover letter, which will be considered an integral part of the proposal package, shall be signed by the individual(s) who is (are) authorized to bind the proposer contractually. This cover letter must indicate the signer is so authorized, and must indicate the title or position the signatory holds in the proposing firm. An unsigned proposal shall be rejected. The letter shall also contain the following:

1. The proposer's name, address, and telephone number.
2. A statement to the effect that the proposal is a firm and irrevocable offer good for one year.
3. A statement expressing the proposer's willingness to perform the services as described in this Request for Proposal.
4. A statement as to the availability of staff and other required resources for performing all services as described in this Request for Proposal.
5. Name, title, and telephone number of the account administrator.
6. The name, title or position, and telephone number of the individual signing the cover letter, and a statement indicating that the signer is authorized to bind the company contractually.
7. The proposer's Federal Employer Identification Number.

C. **Statement of Minimum Qualifications**

Proposers must complete the Statement of Minimum Qualifications contained in Appendix B substantiating how your firm satisfies each of the minimum qualifications. The statement must contain sufficient information as prescribed to assure PERS of its accuracy. Failure to provide complete information may, in the sole discretion of PERS, result in the rejection of the proposal.

D. **Proposal Questionnaire**

Proposers must complete and return the Proposal Questionnaire contained in Appendix C. The information requested must be provided in the prescribed format. Responses which, in the opinion of PERS, materially deviate from the prescribed format may be rejected. All responses to the questionnaire will be subject to verification for accuracy. Proposals containing false or misleading information may, at the discretion of PERS, be rejected.

E. **Fee Proposal**

Proposers must submit their fee in the format prescribed in Appendix D. Any deviation from the prescribed format which, in the opinion of PERS, is material, may result in the rejection of the proposal. The proposed fee shall include all costs and expenses for providing the services to PERS as described in this RFP, and shall be guaranteed for the term of the contract up to two (2) years. Once the Contractor is selected, the fee may be further refined depending on factors which may affect the proposed fee. In no case will the refined fee be higher than the fee contained in the proposal.

V. **Submission of Written Questions**

Questions proposers may have regarding the information presented in this Request for Proposal must be received in writing or via facsimile transmission the attention of the PERS Investment Consultant RFP Committee no later than July 13, 1998. All questions received by this date will be answered by PERS in writing without divulging the source of the query. Copies of all questions and PERS' responses will be sent to all parties who indicate the intent to respond to the Request for Proposal.

VI. **Addenda: Errors and Omissions**

PERS may modify any part of the Request for Proposal in writing by issuance of addendum. Addenda issued prior to the final filing date for submission of proposals will be sent to all parties who indicate the intent to respond to the Request for Proposal. Addenda issued after the final filing date will be sent to all proposers as appropriate.

If a proposer discovers any ambiguity, conflict, discrepancy, omission or other error in this Request for Proposal, (s)he shall immediately notify PERS of such error in writing and request clarification or modification of the document. Notice shall be given prior to the final filing date for submission of proposals. Modifications by PERS shall be made by addenda. Such clarifications shall be given by written notice to all parties who have been

furnished a Request for Proposal. If a proposer fails to notify PERS of a known error prior to the final filing date for submission, or an error that reasonably should have been known, s(he) shall not be entitled to additional compensation or time by reason of the error or its late correction.

The provisions of any written amendment or clarification issued by PERS pursuant to this section shall be deemed incorporated by reference, and made a part of the contract awarded as a result of this Request for Proposal.

## VII. Submission of Proposals

- A. Submit five (5) copies of your proposal in a sealed package. One of the copies must be marked as the "Master Copy" and be submitted in a loose-leaf, three-ringed binder which displays the proposer's name on the outside front cover. (Do not submit the Master Copy with spiral binding.)

Clearly identify the outside of the sealed proposal package with the proposer's name and return address and the statement "Response to Request for Proposal, Investment Consultant, 1998. FAILURE TO CLEARLY IDENTIFY THE OUTSIDE OF THE PROPOSAL PACKAGE MAY RESULT IN THE REJECTION OF THE PROPOSAL. PERS is not responsible for receipt of any proposal which is improperly labeled.

- B. Should your proposal contain information designated as confidential, a statement to that effect must be included in the cover letter. (Please mark any pages designated as confidential in the upper right hand corner.) PERS will use reasonable efforts to exempt such pages or items from public disclosure, but makes no representations or warranties that such efforts will be successful. Please note that the entire proposal cannot be considered confidential.
- C. Except as specifically requested by PERS, submission of proposals or any portion thereof via facsimile transmission, electronic, or magnetic media shall not be allowed. PERS shall not accept or consider any proposal material submitted in this manner.
- D. If, prior to the final filing date for submission of proposals, a proposer discovers an error or omission in a proposal already submitted to PERS, the only method of correcting, modifying, or completing the proposal is to withdraw the proposal in its entirety prior to the final filing date and time by written notification to PERS. A complete, corrected proposal package may be resubmitted, but not after the final filing date and time. Modification offered in any other manner, oral, written, or facsimile transmission, will not be considered.
- E. The proposals become the property of PERS upon submission. All costs for developing proposals and attending interviews are entirely the responsibility of the proposer and shall not be chargeable to PERS. PERS accepts no responsibility for lost and/or late delivery of proposals.
- F. Only one proposal from an individual, firm, partnership, corporation, or combination thereof, will be considered. Reasonable ground for believing a proposer has submitted

multiple proposals under more than one name will be cause for rejection of all proposals in which the proposer is interested.

### VIII. **Standards for Evaluating Proposals**

The purpose of the proposal evaluation process is twofold: (1) to assess the responses for compliance with minimum qualifications, content, and format requirements; and (2) to identify the proposers that have the highest probability of satisfactorily performing the services as described herein. The evaluation process will be conducted in a comprehensive and impartial manner.

PERS may reject any or all proposals and may or may not waive any immaterial deviation or defect in a proposal. PERS' waiver of an immaterial deviation or defect shall in no way modify the Request for Proposal documents or excuse the proposer from full compliance with the Request for Proposal requirements.

Proposals which contain false or misleading statements, or which provide references which do not support an attribute or condition claimed by the proposer shall be rejected.

**Any attempt by a proposer to initiate contact with any member of the proposal evaluation team, the PERS' Board members, or PERS staff, other than the designated contacts, may disqualify the proposer from further consideration.**

#### A. **Pre-evaluation Review**

1. Each proposal package will be date and time stamped when received. Proposals received after the final filing date, will not be considered.
2. Each proposal package will be inspected to ascertain that it is properly sealed and labeled. Proposals not passing this inspection may not be accepted.
3. All proposals will be reviewed to determine if they satisfy the minimum qualifications specified in Section III, and contain all the required submittals specified in Section IV. Appendix E contains the checklist which will be used for each proposal during this review. Those not satisfying the Minimum Qualifications or submitting the Information to be provided by Proposers may be rejected.

#### B. **Written Proposal Evaluation**

Proposals that pass the pre-evaluation review will undergo an evaluation process conducted by the PERS' Investment Staff and Executive Director.

#### C. **Clarification**

Proposers may be requested to provide additional information and/or clarify contents of their proposal package. Other than information requested by PERS, no proposer will be allowed to alter the proposal or add new information after the final filing date.

#### D. **Semi-Finalist Interviews**

Up to six (6) of the highest scoring proposers after the written proposal and fee evaluation will be considered semi-finalists and will have an oral interview with PERS' staff. The semi-finalists will be notified of the date and time of the interview to be held at PERS' Jackson office.

E. **Finalists Selections**

After completion of all evaluations up to three (3) finalists will be determined.

F. **Reference Checks and On-Site Inspections**

Reference checks will be conducted for each finalist. On-site inspections of offices may be conducted for any or all finalist at the option of PERS.

G. **Finalist Interviews**

The finalists will have an interview with the PERS Board or its Investment Committee.

IX. **Award of the Contract**

Based upon the overall scoring together with the finalists' presentations before the PERS Board or Investment Committee the contract will be awarded on or before November 1, 1998.

X. **Commencement Date**

The contract shall be effective December 1, 1998.

XI. **Schedule of Events**

Pension & Investments Ad	6/29/98
Deadline for Intent to Respond Notice	7/13/98
Deadline for Submitting Written Questions	7/13/98
Deadline for Submitting RFP Response	7/20/98
Committee Review Completed	8/7/98
Interview at PERS (tentative)	8/19/98
Finalists Selected	8/24/98
Site visits for Finalists (tentative)	9/15/98
Finalists' Presentations	9/30/98
Finalist Selected	10/27/98

Contract Begins

12/1/98