

WEST PALM BEACH POLICE PENSION FUND

REQUEST FOR PROPOSAL

INVESTMENT MONITOR/CONSULTANT

The Board of Trustees of the West Palm Beach Police Pension Fund is seeking proposals from qualified proposers to provide investment consulting services to the Plan. The Investment Monitor will be required to:

- a) Determine specific investment objectives and draft a Statement of Investment Policy for the Investment Manager(s), and review and update as needed.
- b) Evaluate the investment performance for the Investment Manager(s) of the Plan.
- c) Attend at least one meeting per quarter to present an investment performance report. The report shall include the rates of return for the total Pension Fund, as well as equity and fixed income portions of the Pension Fund, calculated according to the American Banking Institute method of calculating time-weighted rates of return.
- d) Provide a quarterly database ranking for the total Pension Fund returns and comparisons to appropriate indices on an annualized basis. The Consultant shall also provide this information for each Investment Manager.
- e) Be independent with no investment manager affiliation.
- f) Acknowledge a fiduciary relationship to the Pension Fund.

The Board will select a provider on the basis of the submitted written proposal, as well as an oral presentation at the discretion of the Board. Such presentations shall only be scheduled with those individuals or firms whom the Board feel are best qualified to perform the required services. The Board reserves the right to withdraw this Request For Proposal at any time to protect its interests; the Board also reserves the right to reject any non-conforming or non-responsive proposals.

The request and submittal of your proposal shall in no way be construed as an obligation on the part of the Board to provide you with compensation for your efforts to contract with the Fund. However, all proposals shall be considered a binding and irrefutable offer for a period of one hundred twenty (120) days after the proposal date.

*West Palm Beach Police
Pension Fund
RFP - Monitor/Consultant*

The West Palm Beach Police Pension Fund Police Pension Fund is a Chapter 185 (Florida Statutes) defined benefit pension plan for Police Officers employed by the City of West Palm Beach, Florida. The Pension Fund is a governmental entity subject to both the Public Records and Sunshine Laws. The Board consists of five (5) members: Two (2) full-time employees of the Police Department elected by the pension fund members; and two (2) residents of West Palm Beach, Florida appointed by the City of West Palm Beach and a fifth member appointed by the other four.

The assets of the Plan are presently invested in assets allocated as follows:

| <i>Fund Measurement</i> | <i>As of 03/31/09</i> |
|-------------------------|-------------------------|
| Large Cap Equity | \$31,928,186.00 |
| Mid Cap Equity | \$18,454,235.00 |
| Small Cap Equity | \$10,766,140.00 |
| International Equity | \$8,719,497.00 |
| Total Fixed Income | \$54,589,416.00 |
| Hedge Funds | \$7,102,308.00 |
| Cash | \$4,824,553.00 |
| Total | <u>\$136,384,335.00</u> |

Specifications

QUALIFICATIONS

In order to be considered a qualified proposer, an applicant must meet the following requirements:

1. Be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940. The consultant shall also be a fiduciary to the Pension Fund in accordance with the provisions of Florida Statutes, Section 112.656.
2. Satisfy the definition of "professionally qualified independent consultant set forth in Section 185.06, Florida Statutes.
3. Provide services on a hard dollar basis.
4. Have no association with any money manager for the Pension Fund set forth in Section I(k).
5. If you have a broker-dealer relationship details must be provided.
6. Have substantial experience with five or more years experience in performance measurement and at least three years of experience in the public sector, preferably within the State of Florida.

RESPONSIBILITIES

In order to be considered a qualified proposer, an applicant must be able to provide the following services:

1. Provide a designated employee to regularly attend all quarterly investment meetings and any special meetings, as requested by the Board.
2. Evaluate the performance of any existing professional money manager and make recommendations to the Board regarding the selection of money managers for the next investment term.

3. Provide a review and analysis of rates of return and other pertinent data with respect to the investment portfolio of the Fund. Reports will be expected on a quarterly basis. The report shall detail the beginning and ending balance of each investment advisor's portfolio as designated by the Board, detailing the beginning value, the ending value, and the percentage rate of return. The quarterly report should also contain an analysis of the Fund as a whole, and separate analyses of common stocks, long-term fixed income, convertible securities, and short-term investments.
4. Provide a continuing overview of the current investment environment with comments on the present investment strategy and recent performance.
5. Monitor the investments to make certain that they meet the investment policy as set by the Board.
6. Assist the Board in developing an investment policy, including manager selection and asset allocation.
7. Make calculations according to the American Banking Institute method of calculating time-weighted rates of return. All calculations must be made net of fees.
8. Reconcile and verify custodial trading confirmations with reports from the investment manager(s); arrange for quarterly reporting by the investment managers.
9. Coordinate with the Board's legal counsel on such legal matters as may arise from time to time.
10. Assist the actuary in the timely gathering of data for the required actuarial valuation.
11. Provide timely assistance to outside auditors for preparation of the annual financial statement.
12. Review and approve fees charged by the Investment Managers.
13. Perform such other duties as the Board may require.

REPORTING REQUIREMENTS

The proposer must be able to provide a quarterly report to include the following items:

1. The person who will deliver the report must have five or more years experience in performance measurement and three years of experience in the public sector.
2. The person who will deliver the analysis must have responsibility for the collection of necessary data and for report preparation.
3. The report must contain graphics illustrating the performance.
4. The report must contain written explanation of what each measure means.
5. The report should be delivered at least 7 days prior to the scheduled meeting.

ALL SUBMISSIONS MUST CONTAIN THE FOLLOWING IN ORDER TO BE CONSIDERED:

I. IDENTIFICATION OF THE PROPOSER:

- a. The proposer's name, home office address, address of the office providing the services under the contract and telephone number for each.
- b. General description of the proposer, including size, number of employees, primary business, other business or services, type of organization (franchise, corporation, partnership, etc.) and other descriptive material. Include information on all business units and % of total of the proposer's income derived from each unit.
- c. Identify any business affiliations or other lines of business in which the proposer engages.
- d. Describe any changes in the structure of the firm over the past five years, as well as any future changes currently planned or scheduled.
- e. List all key individuals responsible for the account. Indicate their names, titles, qualifications, number of years with the company, number of years in the position, total number of years in the industry, and years of experience in performance measurement in general, in the public sector, and with Florida public pension plans.

- f. List public employee retirement systems for which the individual(s) who would be assigned to our account currently provides evaluation services, including system name and approximate value of investment portfolio. Also provide the address, telephone number, name and title of person(s) who may be contacted for reference.
1. *Provide a client list for the firm. List the ratio of clients to consultants.*
- g. Please provide the accounts gained and lost for by your firm for investment consulting services over the last three years. Describe the reason for each loss.
- h. List total number of clients of your firm at the calendar year end of 2007, 2008 and year to date for 2009.
- i. List the names of any key employees who have left the firm in the past 2 years. List name; title; area of responsibility; tenure with the company; and reason for departure.
- j. Provide a current copy of the proposer's form ADV Part II accompanied by a letter stating that the service the proposer intends to provide is the same service described in the form ADV Part II. This letter must be signed by a registered signatory for the firm.
- k. Include an affirmative statement that both the firm and the individual submitting this proposal will abide by and uphold Chapter 112 Florida Statutes and the Florida Administrative Code as they pertain to Performance Evaluators and the investment management of this fund.
- l. Describe the proposer's understanding of the work to be performed.
- m. Report the relationship, if any, to Intech; Earnest Partners; Davis, Hamilton, Jackson; Munder Capital; Anchor Capital; Wells Capital; Stratton; DFA Investment Dimension; Driehaus; and Collins Capital.
- n. Disclose any and all litigation and/or SEC injunctions, orders or other actions or investigations involving the proposer and explain the nature of the legal process.
- o. Explain in detail any broker dealer affiliation including its impact on fees and potentials for conflicts of interest.

II. GENERAL QUESTIONS:

- a. Briefly describe how you intend to service this account. What unique features of your services do you feel add the most value over time?
- b. List any additional services offered to the Plan under the fee schedule.
- c. What is your privacy policy with regard to sharing client or account information with a third party?
- d. Detail your firm's policies, procedures, data encryption, and technical measures to prevent unauthorized access or alteration, fraud, theft, misuse, or physical damage to hardware, software, communications networks, and data.
- e. Describe your company's system back-up, security and disaster recovery procedures. Are files archived and stored at an off-site location? If so, what is the location? Have procedures been tested? When did you last perform a full-scale disaster recovery test?
- f. Describe any other quality control systems in place at your firm.

III. INVESTMENT QUESTIONS:

- a. Identify research that you purchase or generate internally when recommending investment managers to the Board. What criteria do your firm use to narrow the selection of managers?
- b. Identify the universe used to monitor and evaluate the managers.
- c. Describe other due diligence that your firm uses to evaluate current or potential managers.
- d. Describe the criteria or process that your firm uses to recommend replacement of a manager.
- e. Provide an analysis of the returns of you client's portfolio over 1-year; 5-year; and 10-year periods.

IV. FIDUCIARY QUESTIONS:

- a. Does your firm, its affiliates, or the ultimate parent of the firm receive revenue, non-cash in-kind benefits, or similar perquisites from investment managers for consulting services or business functions provided, including, for example software sold, attendance at conferences, access to manager databases, or for any other reason? (Please specify type, source, and amount of revenue or such non-cash in-kind benefits, or perquisites.)
- b. Does your firm or any affiliates provide investment related products or services to both pension plan advisory clients and money managers? If so, please describe the services provided for money managers.
- c. Please describe your policies and procedures that ensure that the firm's advisory activities are insulated from any other business activities.
- d. Please describe your policies and procedures that ensure that all disclosures required to fulfill fiduciary obligations are provided to advisory clients.
- e. Please describe your policies and procedures to prevent/disclose conflicts of interest with respect to the use of brokerage commissions, gifts, gratuities, entertainment, contributions, donations and other emoluments provided to clients or received from money managers.
- f. Please describe any affiliations or business relationships with other pension consultants, consulting firms, investment management investigation companies or class action law firms.
- g. Please complete the attached SEC Consultant Questionnaire.
- h. Please tell us if you or your company has any Wells Notices from the SEC.
- i. Did any of your clients have either direct or indirect exposure to fraud by any investment manager(s), hedge funds, or Bernard Madoff? *If so, please explain.*
- j. Does your firm recommend fund of fund structures? If yes, please explain your due diligence process and how it prevents possible fraud.
- k. Explain your firm's approach when recommending alternatives. Please explain what the key considerations are.

- l. List those individuals involved in the due diligence process for alternative assets.
- m. Do you have at least one Chartered Alternative Investment Analyst (CAIA) on staff?

V. FEES:

- a. Provide a complete schedule that details all the fees associated with your program, including any conversion fees, expenses, travel, and fees for additional services.
- b. Fees should be inclusive. No charges will be allowed unless specifically authorized by the Board. List any or all possible fees or expenses by your firm associated with set up or termination of the account as well.
- c. Fees should be quoted strictly on a hard-dollar basis, payable after the report is presented and accepted by the Board.
- d. Please disclose any and all additional compensation of any kind and other economic value paid to the firm or individuals associated with the activities of the account.
- e. All fees must be guaranteed for a minimum of three years.

VI. REQUIRED DOCUMENTS:

- a. All responses to this request for proposal must include copies of all documents to which you expect the Plan to be bound.
- b. Attach a copy of the bonding and/ or fiduciary liability insurance maintained by your firm, if any.
- c. Include your responses to the attached SEC Consultant Questionnaire.
- d. Include a copy of the most recently filed SEC Form ADV, Parts I and II, for your firm.
- e. Statement on Public Entity Crime pursuant to §287.133(3)(a), Florida Statutes.
- f. Provide a sample report.

VII. EVALUATION OF PROPOSALS:

- a. The Board may require an oral presentation by the proposer at a time and place scheduled by the Board.
- b. In evaluating the proposals, price will not be the sole factor. The Board may consider any factors it deems necessary and proper to determine the best value, including price, quality of services, response to this request and general reputation.
- c. The Board reserves the right to reject any or all proposals and to award all, part or none of this contract.
- d. If you have specific questions requiring an explanation of the content of these proposal specifications, submit a written request for interpretation or additional information to Bonni S. Jensen, **The Law Offices of Perry & Jensen, LLC; 400 Executive Center Drive, Suite 207, West Palm Beach, FL 33401**. Fax: 561.686.6550; or Email to bsjensen@perryjensenlaw.com with copies to Karen@perryjensenlaw.com and Angela@perryjensenlaw.com
- e. Submit seven (7) copies of your written response for distribution to the Fund at The Law Offices of Perry & Jensen, LLC. All costs of preparation and presentation associated with the bid inquiry are the responsibility of the Proposer.
- f. If chosen, the Proposer will be required to acknowledge fiduciary responsibility to the Fund as part of the contract.
- g. The Board will not be liable for any costs incurred in preparation of proposals.

DEADLINE FOR RESPONSE

All proposals must be **received** no later than **4:00 PM on Thursday, August 27, 2009**. Please send seven (7) hard copies to:

West Palm Beach Police Pension Plan
Consultant RFP
c/o Bonni S. Jensen
The Law Offices of Perry & Jensen, LLC
400 Executive Center Drive, Suite 207
West Palm Beach, Florida 33401-2922

Please forward an electronic copy to: rfp@wpbppf.com

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SEC CONSULTANT QUESTIONNAIRE

1. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided the Fund with all the disclosures required under those laws (including Part II of Form ADV)?
2. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for consideration? If so, describe those relationships.
3. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for consideration? If so, what is the extent of these payments in relation to your other income (revenue)?
4. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients? Explain your procedures.
5. If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commission paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?
6. If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?
7. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?
8. If you are hired, will you acknowledge in writing that you have a fiduciary obligations as an investment adviser to the plan while providing the consulting services we are seeking?
9. Do you consider yourself a fiduciary under ERISA with respect to the recommendations you provide the plan?
10. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other providers from whom you receive fees?

**SWORN STATEMENT UNDER SECTION 287.133(3)(a)
FLORIDA STATUTES, ON PUBLIC ENTITY CRIMES**

THIS FORM MUST BE SIGNED IN THE PRESENCE OF A NOTARY PUBLIC OR OTHER OFFICER AUTHORIZED TO ADMINISTER OATHS.

1. This sworn statement is submitted with the proposal to provide Investment Monitor/ Consulting services to the BOARD OF TRUSTEES OF THE WEST PALM BEACH POLICE PENSION FUND.
2. This sworn statement is submitted by _____
whose business address is _____,
and whose Federal Employer Identification Number (**FEIN**) is: _____.
3. I understand that a "public entity crime" as defined in §287.133(1)(g), Florida Statutes, means a violation of any state or federal law by a person with respect to and directly related to the transaction of business with any public entity in Florida or with an agency or political subdivision of any other state or with the United States, including, but not limited to, any bid or contract for goods or services to be provided to any public entity or an agency or policy subdivision and involving antitrust, fraud, theft, bribery, collusion, racketeering, conspiracy, or material representation.
4. I understand that "convicted" or "conviction" as defined in ¶287.133(1)(b), Florida Statutes, means a finding of guilt or a conviction of a public entity crime, with or without an adjudication of guilt, in any federal or state trial court of record relating to charges brought by indictment or information after July 1, 1989, as a result of a jury verdict, non-jury trial, or entry of a plea of guilty or nolo contendere.
5. I understand that "affiliate" as defined in ¶287.133(1)(a), Florida Statutes, means:
 - A. A predecessor or successor of a person convicted of a public entity crime;
or
 - B. An entity under the control of any natural person who is active in the management of the entity and who has been convicted of a public entity crime. The term "affiliate" includes those officers, directors, executives, partners, shareholders, employees, members, and agents, who are active in the management of an affiliate. The ownership by one person of shares constituting a controlling interest in another person, or a pooling of equipment or income among persons when not for fair market value under an arm's length agreement, shall be a prima facie case that one person controls another person. A person who knowingly enters into a joint venture with a person who has been convicted of a public entity crime in Florida during the preceding 36 months shall be considered an affiliate.

6. I understand that a "person" as defined in ¶287.133(1)(e), Florida Statutes means any natural person or entity organized under the laws of any state or of the United States with the legal power to enter into a binding contract and which bids or applies to bid on contracts for the provision of goods or services let by a public entity, or which otherwise transacts or applies to transact business with a public entity. The term "person" includes those officers, directors, executives, partners, shareholders, employees, members, and agents who are active in management of an entity.
7. Neither the entity submitting this sworn statement, nor any officers, directors, executives, partners, shareholders, employees, members, or agents who are active in the management of _____, the entity, nor any affiliate of the entity, have been convicted of a public entity crime subsequent to July 1, 1989.

(Please print firm name)

By: _____

(Please Print Name & Title)

Date: _____

STATE OF _____

COUNTY OF _____

Sworn to (or affirmed) and subscribed before me this ____ day of _____, 20__ by _____
 _____ who produced _____ as
 _____ identification. or who is personally known to me.

 Notary Public
 Commission No.: _____
 Commission Expires: _____