

REQUEST FOR PROPOSAL

CITY AND BOROUGH OF SITKA, ALASKA
RFP-PERMANENT FUND INVESTMENT MANAGER
PERMANENT FUND INVESTMENT MANAGER

Release Date: February 19, 2015

Proposals Due: March 19, 2015

City and Borough of Sitka

100 Lincoln Street • Sitka, Alaska 99835
(907) 747-1808
www.cityofsitka.com

REQUEST FOR PROPOSAL

PERMANENT FUND INVESTMENT MANAGER

The City and Borough of Sitka, Alaska (“The City”) hereby invites qualified firms to submit proposals for external management of the City’s Permanent Fund investment portfolio.

A detailed description of the requirements can be downloaded from the web:

www.cityofsitka.com
(Click on the Bids & RFP link)

Submit three (3) copies of your Request for Proposal:

City and Borough of Sitka, Municipal Clerk
100 Lincoln Street
Sitka, Alaska 99835

Proposals will be received until 2:00 p.m. local time Thursday, March 19, 2015. Questions regarding this proposal should be directed to John P. (Jay) Sweeney, III, Chief Financial and Administrative Office, at jay@cityofsitka.com, (907) 747-1836.

CBS reserves the right to accept or reject any or all proposals, to waive irregularities or informalities in the proposals, and to award the contract to the respondent that best meets the selection criteria.

NOTICE GIVEN by the Chief Financial and Administrative Officer, City and Borough of Sitka, this 19th day of February, 2015.

CITY AND BOROUGH OF SITKA

John P Sweeney III
Chief Financial and Administrative Officer

Publish: Sitka Daily Sentinel – February 20, 23, and 25, 2015

CITY AND BOROUGH OF SITKA, ALASKA
CITY AND BOROUGH OF SITKA PERMANENT FUND INVESTMENT MANAGER
SERVICES

GENERAL INFORMATION AND SPECIFICATIONS

1.0 GENERAL INFORMATION

1.1 Purpose

The City and Borough of Sitka (“The City”) is soliciting proposals from experienced, licensed, and insured investment advisory firms (Manager) for the City’s Permanent Fund (“the Fund”) investment portfolio. All the Fund’s assets are held in the name of the City by a third party custodian bank, First National Bank of Alaska Trust Services, and in two brokerage firms, Piper Jaffray & Company and KMS Financial Services, Inc. The current amount of assets in the Permanent Fund is approximately \$23,067,000.

1.2 Introduction to the City

The City was incorporated on December 2, 1971. The City is a unified home rule municipality under the laws of the State of Alaska; home rule municipalities operate under a charter approved by the voters. The City’s charter provides for a Council-Mayor form of government. The City provides a variety of local government services, including: public safety (police, fire, emergency dispatch and emergency medical services), public works, electricity, water, waste water, solid waste disposal, municipal harbors, a municipal airport terminal, cold storage plant, library, convention center, and general administrative services.

1.3 Origin of the Fund

The Fund was established by the Voters of the City through adoption of the Home Rule Charter (“the Charter”) of the City and Borough of Sitka on December 2, 1971. Provisions of the Charter pertaining to the Permanent Fund were further amended in 2000.

1.4 Fund Management and Investment Advisory Committee

The Fund is currently managed by the Chief Financial and Administrative Officer of the City under the oversight of a three (3) person Investment Advisory Committee with an additional City Assembly Member in an ex officio status.

1.5 Custodian Bank

The City retains a bank custodian to hold all invested cash and securities, except for mutual funds in the name of the City. The City has contracted with the First National Bank of Alaska to hold and safeguard all assets of the Fund. All transactions must clear through the custodian who holds the assets for the benefit of the City. All deposits and requests for withdrawal are transacted through the custodian. The custodian provides monthly reports regarding assets held at both book and market values and individual transactions

which have taken place. The monthly reports are reconciled to the independent monthly reports provided by the Manager. The City also holds several mutual funds which are held in the name of the City by two investment brokerages, Piper Jaffray & Company and KMS Financial Services, Inc.

1.6 Professional Investment Managers

The City wishes to transfer management of the Fund from the internal management of the Chief Financial and Investment Officer to external professional management (“the Manager”). The Manager must be a registered investment adviser with the United States Securities and Exchange Commission and may not serve in multiple roles as investment manager or securities broker custodian. The Manager's contract shall be for a period not to exceed five years, and during the final year of the contract, the City shall issue a new request for proposals (RFP) for professional investment manager(s).

1.7 Investment Policies

The Charter provides that the Fund shall be invested in accordance with policies set by City Ordinance. The policies for guiding the investment of the Fund are codified in the Sitka General Code.

The City's investment policies do not allow holding of individual stocks; equities are owned through mutual funds.

Ordinances Governing the Fund

Home Rule Charter, Article XI, Section 11.16.

SGC Sec 2.62 – Sitka Investment Committee

SGC Sec 4.19 – Permanent Fund

SGC Sec 4.28 – Investment Policy

1.8 Assets Held

On June 30, 2014, the Fund had a market value, excluding accrued interest, of \$22,601,595, which was invested as follows:

Mutual Funds	\$13,044,084
Corporate Bonds	\$508,632
U.S. Agencies and Treasuries	\$6,523,890
Collateralized Mortgage Securities (Pass Thru)	\$17,317
Municipal Bonds	\$567,745
Certificates of Deposit	\$734,715
Cash Equivalents	\$1,205,212

1.9 Questions and Comments

The City encourages all Managers to submit the most comprehensive and competitive proposal possible. Proposers are required to carefully review this RFP without delay for

defects and other issues. Proposers' protests based upon any omission, errors, or contents of the RFP will be disallowed if not made known prior to the proposal opening.

All questions regarding this proposal are to be submitted in writing to the Chief Financial and Administrative Officer March 5, 2015.

Address all questions or comments to:

John P. ("Jay") Sweeney III, Chief Financial and Administrative Officer
City and Borough of Sitka
100 Lincoln Street, Sitka, AK 99835

Questions or comments may be faxed to the Chief Financial and Administrative Officer at 907-747-7403 or emailed to jay@cityofsitka.com. The subject line of the correspondence, fax or email must read: "Questions: Permanent Fund Investment Manager".

Verbal requests for information will not be accepted. Questions or requests for clarification directed to any employee or elected official of the City other than the Chief Financial and Administrative Officer may be grounds for disqualification from the process. All questions will be compiled and distributed to all prospective proposers, along with the City's response(s).

The City assumes no responsibility for any interpretation or representation made by any of its officers, agents or employees unless interpretations or representations are incorporated in a written amendment to the RFP.

Proposers are required to limit their contacts for business transactions to City employees with whom they ordinarily interact and to avoid any direct contact with the Investment Advisory Committee members during this proposal period. Contact which would normally occur at regularly scheduled public meetings and the conduct of business directly related to the ongoing management of the Fund is permissible.

2.0 RULES GOVERNING COMPETITION

2.1 Examination of Request for Proposals

Proposers should carefully examine the entire RFP and any addenda issued thereto, and all related materials and data referenced in the RFP.

2.2 Proposal Acceptance Period

Award of this proposal is anticipated to be announced within 60 calendar days of the submission date.

2.3 Confidentiality

The content of all proposals will not be made public until the selection of the Manager is announced. Prior to selection, the Investment Advisory Committee and City staff will

have access to the contents of all proposals. In the course of evaluating proposals, contact will be made with Proposer's references and other clients, which will reveal the Proposer's interest in contracting with the City. After selection, the selected proposal is open for review by the public, excluding any tabulations and evaluations thereof. If proposer(s) identify specific materials and information as "proprietary," it must be prominently identified as such. In the event of a request for dissemination of items claimed as propriety, the proposer asserting that the item is not subject to inspection by the public will be notified and proposer alone shall bear the burden of defending claims that such items are not public.

2.4 Signature Requirements

All proposals must be signed. A proposal may be signed by: an officer or other agent of a corporate vendor, if authorized to sign contracts on its behalf; a member of a partnership; an owner of a privately-owned vendor; or other agent if properly authorized by a power of attorney or equivalent document. The name and title of the individual(s) signing the proposal must be clearly shown immediately below the signature.

2.5 Proposal Submission

Three (3) copies of the complete proposal package are to be submitted no later than 2:00 p.m. local time on Thursday, March 19, 2015, to the Municipal Clerk, 100 Lincoln Street, Sitka, Alaska 99835. Proposals shall be completely sealed in an envelope clearly marked with the company name. Neither the City nor their officers, agents or employees shall be responsible for the premature opening of or failure to open any proposal not properly addressed and identified.

Please note that overnight delivery from the lower 48 states is generally not available. Submittal of a proposal(s) via fax, electronic media or email is **not** acceptable.

2.6 Licenses and Certifications

Proposers shall include with their proposals copies of all licenses, certificates, registrations and other credentials required for performance under the contract.

2.7 Oral Change/Interpretation

No oral change or interpretation of any provision contained in this RFP is valid, whether issued at the pre-proposal conference or otherwise. Written addenda will be issued when changes, clarifications, or amendments to proposal documents are deemed necessary.

Proposer shall acknowledge receipt of each addendum in the space provided on the Cost Proposal Form (ATTACHMENT A). Only a proposal acknowledging receipt of all addenda may be considered responsive, unless the addendum, in the opinion of the Purchasing Agent would have no material effect on the terms of the proposal.

2.8 Modification of Proposals

Modifications will be accepted by the City and binding upon the responding firm, where the modification:

- Is received by the City at the place designated for submission of RFP responses prior to the deadline.
- Is sealed in an envelope clearly stating “Modification: Permanent Fund Investment Manager” and the name of the responding firm.
- Is signed by the same individual who signed the original submittal.

2.9 Late Submissions

PROPOSALS NOT PHYSICALLY RECEIVED PRIOR TO THE DATE AND TIME SPECIFIED WILL NOT BE CONSIDERED AND WILL BE RETURNED UNOPENED AFTER RECOMMENDATION OF AWARD.

2.10 Withdrawal of Submittal

A responding firm may, upon written notice, withdraw its submittal at any time.

2.11 Acceptance – Rejection of Submittal

The City may reject any or all proposals if it determines that it is in the best interest of the City and may waive irregularities, **other than** the requirements for **timeliness and manual signature**, if the irregularities do not affect the competitive advantage of any proposer.

2.12 Choice of Law and Jurisdiction

The laws of the State of Alaska shall govern this RFP, and any legal action brought thereon shall be filed in the First Judicial District, Sitka, Alaska.

2.13 Conflicts of Interests

No member of the INVESTMENT ADVISORY COMMITTEE, City Assembly of the City and Borough of Sitka or other officer, employee or agent of the City who exercises any functions or responsibilities in connection with the awarding of the contract shall have any personal interests, direct or indirect, in any ensuing contract as a result of this RFP.

2.14 Lobbying

The RFP selection process shall not be compromised or distorted by private lobbying outside the procedures designated to award the best proposal for the City and the public. No proposer may disclose their proposal to members of the City Assembly, members of the Investment Advisory Committee, or City employees prior to the date and time when all such proposals are to be opened and made public. A proposer who violates this sec-

tion will be disqualified from award and barred from eligibility for future proposals until all individuals who made or authorized the contact are removed from association with said Proposer.

3.0 SCOPE OF SERVICES

The Manager shall act as the City's fiduciary, responsible for providing investment services to the City for such funds as may be designated by the City. The Manager will manage and invest the Fund's assets in compliance with the City's investment policies. Investment policies will be adhered to without exception. The performance of the Manager will be measured against such benchmarks as designated by the Investment Advisory Committee.

The Manager will periodically reassess the Fund's investments and the City's investment policies and make recommendations for changes to the Fund's investments and the City's investment policies to achieve the City's goals. The Manager will work with the Investment Advisory Committee to implement any approved changes. The Manager may be asked to provide input in the development of ordinances involving the City's investment policies.

The Manager will provide information to the City's Chief Financial and Administrative Officer on an as needed basis for the proper accounting of the Fund's activities.

The Manager will provide the City Finance Department and or the City's auditor with any information necessary to complete the City's annual audit of the Fund.

The Investment Manager shall deliver to the City, or any person or persons designated by the City:

- (a) Monthly statements in such form (electronic preferred) as may be reasonably directed by the City, members of the Investment Advisory Committee or its designated agent. Such statements are to be delivered to the City's Administrator, Chief Financial and Administrative Officer and each member of the Investment Advisory Committee within 15 calendar days following receipt and reconciliation of custodial reports for the month on which they report, and shall include, but not limited to:
 - (1) A listing of all cash, cash equivalents and securities in the account and their respective cost, market values in U. S. dollars, percentage of portfolio by investment, percentage total by type, interest rates and maturities for fixed income investments and accrued interest as of the close of business on the last business day of each month,
 - (2) A listing in chronological order of each purchase and sale transaction for the account during the month,
 - (3) A listing of transactions resulting in realized capital gains or losses

in U. S. dollars during the month,

- (4) Provide independent confirmation of all securities transactions to the City and the custodian bank,
- (5) Provide credit ratings for the appropriate investment types from Standard and Poors and Moody's investors' services,
- (6) A narrative analysis of the past month's activity with an evaluation of performance as it is related to both the Manager's management style and market conditions. The narrative will also include the accounts return versus the appropriate benchmarks for the month,
- (7) A narrative of economic analysis to include the Manager's approach markets for the next monthly period,
- (8) An annual analysis of the City's success in inflation-proofing the portfolio.

The Manager shall make a physical or videoconferencing presentation to the INVESTMENT ADVISORY COMMITTEE, in Sitka, Alaska, at least quarterly to discuss and present written reports of, but not limited to, their investment activities, portfolio composition, yields, market projections, and investment strategies. The reports will include account performance versus the appropriate benchmark on a quarterly, year to date, one year, five year, and since inception basis. The Manager will also discuss and provide a written report verifying the investment Manager's compliance with the restrictions contained in the City's investment policies. The Manager will also provide additional reports or information as requested by the City and INVESTMENT ADVISORY COMMITTEE.

The Manager will be required to attend meetings upon the request of the City or INVESTMENT ADVISORY COMMITTEE as may arise from time to time.

The Manager shall make an annual physical presentation to the City Assembly on, but not limited to, the performance of the portfolio and market conditions.

Exclusive responsibility for the custody and safekeeping of the cash and securities held in the Fund shall remain with the custodian and safekeeping agent. All transactions, cash and securities, unless otherwise specifically agreed to in writing by the City, will be held in and transacted through a sub-account held with the Custodian. All instructions given by the Manager to the Custodian shall be in writing, signed by an authorized representative of the Manager; provided, however, that the Custodian may accept oral instructions from the Manager, subject to confirmation in writing within ten days. Fax transmissions may be used when acceptable to both parties.

The Manager must agree to cooperate with the City and the Custodian, including but not limited to:

- (a) timely reporting of all transactional information to the Custodian,
- (b) reconciling reports to the City with similar reports by the Custodian,

- (c) cooperating in the identification and remedy of failed transactions,
- (d) responding in a timely manner to all reasonable requests for information by the Custodian.

In carrying out its functions, the Manager will use its best efforts to obtain prompt execution of orders at the most favorable prices reasonably obtainable and in doing so will consider a number of factors, including, the overall direct net economic result to the City, the financial strength and stability of the broker, the efficiency with which the transaction is effected, the ability to effect the transaction at all where a large block is involved, the availability of the broker to stand ready to execute possible difficult transactions in the future and other matters involved in the receipt of "brokerage and research services" as defined in and in compliance with Section 28(e) of the Securities Exchange Act of 1934, as amended, and regulations thereunder.

In making investments, the Manager shall exercise the judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the management of large investments entrusted to it, not in regard to speculation but in regard to the long-term investment of the City considering the probable safety of capital as well as probable income.

3.1 Contract Formation

A contract in this matter will not be formed until executed by all parties, including the City Administrator, with the signature acknowledged by the City Clerk. Performance under this contract shall not begin until the contract is fully executed by all parties.

3.2 Term and Conditions

A. Term of Contract

The contract is projected to begin July 1, 2015 and shall be for a period not to exceed five years. During the final year of the contract, the City shall issue a new RFP for a Manager. Either party, for any reason, upon thirty (30) calendar day's written notice, may cancel the engagement.

B. Costs

The City is seeking an agreement in which total compensation is based upon a percentage of account balance without surcharge for travel or other costs. The City may require the Manager to physically attend one meeting per year in Sitka.

C. Payment

The City shall make payments to the investment Manager as follows: The investment

Manager shall submit monthly invoices for services rendered. The invoice shall itemize the manner in which the billing is calculated. Payment will be made by the City via wire transfer from the Fund. The investment Manager does not have authority to direct payment to itself from the investment account.

4.0 PROPOSAL AND SUBMISSION REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, it is required that the proposals be organized in the manner specified below and responses to section 4.4 must reference the item number.

4.1 Title Page

Show the Request for Proposal subject, the name of your firm, address, telephone number, name of contact person, and date.

4.2 Table of Contents

Clearly identify the material by section and page number.

4.3 Letter of Transmittal

4.3.1 Limited to not more than two printed pages.

4.3.2 Briefly state your firm's understanding of the work to be done and the firm's organization and its accounting environment.

4.3.3 Give the names of the persons who will be authorized to make representations for your firm, their titles, addresses, and telephone numbers.

4.3.4 The transmittal letter **must include** the original signature of an individual authorized to represent your firm.

4.4 Minimum Qualifications, Profile of the Investment Organization, Technical Qualifications, and Approach

A. Minimum Qualifications

1. Proposer must be registered with the SEC as an investment advisor.
2. Proposer must be licensed and properly registered to do business within the State of Alaska and, if required, within the City and Borough of Sitka.
3. Proposer (or affiliates) may not serve in multiple roles as investment manager and securities broker custodian.
4. Proposer must have five years experience as advisors with portfolios and municipalities of similar size to the City.
5. Proposer must have greater than \$500 million in institutional funds under management, including experience with governmental fund management.
6. Proposer must have no conflict of interest that would affect the objectivity, analy-

sis, and/or performance as required by the scope of work within this RFP.

7. Proposer must carry insurance in the minimum amounts as set out in Section 7.0 Insurance Requirements.

B. Organization

1. Describe your organization, date founded, ownership of your firm and any subsidiaries and affiliates relevant to the City.
2. Have there been any significant changes in ownership within the past five years?
3. Identify any affiliation with any other companies involved in some component of the financial services industry (e.g. brokerage, banking, insurance, mutual fund)?
4. Describe your firm's primary sources of revenue, categorized if possible between retail and institutional accounts.
5. Describe, if any sources of compensation other than fees you receive from clients for investment management services?
6. Describe, if any additional services not covered by the fee quote you have provided herein? Including the percentage of revenue derived from non-investment management activities.
7. Does your firm solicit or accept any form of compensation from any service provider under contract with the clients to whom you provide investment management services?
8. Please describe the nature and extent of any "soft dollar" arrangements currently in place.
9. Identify and provide background information on the key person or personnel who take the most active role(s) in the administration and management of the firm.
10. Provide an organizational chart.
11. Provide a copy of the firm's succession plan.
12. Explain your disaster recovery plan?
13. What do you consider your firm's strengths and limitations?

C. Personnel

1. Identify the number of investment professionals (portfolio managers, analysts, and researchers) employed by your firm, by classification, and specify the average number of accounts handled by portfolio managers. Are there any established limits on accounts or assets under management?
2. Identify the size and key personnel of your staff committed to public sector accounts, along with their credentials.
3. How many Investment Professionals has your firm gained or lost in the past three years?

	2013	2014	2015 YTD
# Additions			
# Departures			

D. Assets Under Management

1. Summarize your total assets under management over the past five years. Specify what portion of these assets consisted of governmental funds. Identify separately what portion was invested in Equity versus Fixed Income assets.

	Assets		
	Government	Other	Total
2015 YTD			
2014			
2013			
2012			
2011			

	Investment Class		
	Equity	Fixed Income	Total
2015 YTD			
2014			
2013			
2012			
2011			

2. Identify the types of accounts primarily managed by your firm.
3. List your five largest clients or most representative governmental clients.
4. Identify in the table below the number of clients gained and lost over the past five years.

	Accounts Lost		Accounts Gained	
	Number	Assets (\$)	Number	Assets (\$)
2015 YTD				
2014				
2013				
2012				
2011				

Please discuss reasons for accounts indicated as lost in the table above.

E. Investment Management Approach and Discipline

1. Briefly describe your firm's investment philosophy. How has this philosophy changed over time?
2. Describe how your firm organizes its investment management process. What oversight is provided to portfolio managers?
3. Does your firm have an Investment Committee? If so, how does it operate and what are its responsibilities?

4. What factors would typically form the basis for a recommendation to change the Fund's asset allocation Policy?
5. Does your investment management process make use of market timing with regard to the allocation and movement of monies among the various asset classes employed?
6. What is your firm's experience in developing investment policies and portfolio management guidelines for governmental funds?
7. Within the City's current investment policy, what, if any, changes would you recommend to exceed current benchmarked rate of returns?
8. Provide the process you would follow for recommendations to change City investment policy.
9. How are portfolios managed (e.g., team, individual manager)? Provide biographical information on the investment professional(s) who will be directly responsible for managing the Fund. What is the back-up when the manager is away?
10. Is there a firm-wide investment process or is the process dependent on the particular portfolio manager's style and outlook?
11. Using the City Charter and SGC describe your understanding of the restrictions on the types of investments authorized in relation to the Managers' investment authority.

F. Research

1. Briefly describe your firm's research process; include a breakout between in-house and external research.
2. What types of research do your strategies make use of (fundamental, technical, or quantitative analysis?)
3. What systems and information sources do you use during the research process?
4. Please provide a copy of your most recent economic and market commentary.
5. Explain how your firm uses modeling in asset class allocation recommendations. Provide projected future returns (for equities and fixed income) for one, three and five years

G. Portfolio Strategy & Characteristics

1. What role does interest rate forecasting play in the management of your clients' fixed income portfolios?
2. Is the average duration of a client's portfolio maintained within a specific range of the duration of the appropriate benchmark?
3. Are there any securities currently within your clients' fixed income portfolios that are illiquid?

H. Portfolio Risk

1. Describe what measures are used to track portfolio risk and what policies and processes exist to help your firm control risk.

2. Do you stress test your portfolios? If so, please describe the process.

I. Performance & Reporting

1. For the time period 12/31/10 through 12/31/14, provide relevant performance data, on both a total portfolio and equity-only and fixed income-only basis for at least five clients compared to industry averages and the client benchmark(s). Please specify if the performance reported is gross or net of fees and, if net, specify the nature of the fees that have been taken out.
2. Does your firm track composite performance of accounts invested in the various strategies offered? If so, are such composites calculated in compliance with GIPS standards?
3. For the past five years, provide a review of your firm's performance relative to peer groups, specifically noting periods of substantial outperformance or underperformance and the reasons for such.

J. Compliance and Internal Controls

1. Please describe your firm's compliance assessment process, including period covered and frequency.
2. Does your firm employ a full-time compliance officer? If so, to whom does the officer report?
3. Provide the name of the regulatory body that oversees your firm.
4. When was your firm's last regulatory inspection? Please provide a summary of the results of that inspection.
5. Has the firm been the subject of any orders or other sanctions by any regulatory or market authority within the past five years?
6. Is your firm, including any employee, officer or agent, or any affiliated company currently the subject of pending or ongoing litigation, formal investigation, or administrative proceeding relating to the management of client assets? If so, please describe.
7. Please provide a copy of your Forms ADV I and II with this proposal.
8. Describe any potential conflicts of interest that may exist in the management of the Fund's portfolio. How does your firm propose to address any such conflict? How does your firm monitor the potential for such conflicts to develop over time?
9. Have there been any instances within the past five years in which a client portfolio has been caused to violate its policy?

4.5 References

Provide at least three current client and three former client references (comparable sized accounts); including length of time you have managed their assets, client name, contact person, address, and phone number. In addition, please indicate if your performance was measured against a benchmark.

4.6 Cost Proposal Preparation Requirements

- A. Proposers must fill in each line of the Cost Proposal Form included as ATTACHMENT A, and all proposals shall follow the format on the Cost Proposal Form with respect to price quotations.
- B. Award will be influenced by the total cost, but will also be based on factors outlined in Section 5 Proposal Evaluations and Selection Process.

5.0 PROPOSAL EVALUATION AND SELECTION PROCESS

Proposals will be reviewed and scored by an evaluation committee made up of the Investment Advisory Committee. The proposal selected by the Investment Advisory Committee shall be subject to approval by the Assembly of the City and Borough of Sitka. During the evaluation process, the Investment Advisory Committee and the City reserve the right, where it may serve the City's best interest, to request additional information or clarifications from proposers, or to allow for corrections of errors or omissions **other than** the requirements for **timeliness and manual signature**.

At the discretion of the City or the Investment Advisory Committee, Managers submitting proposals may be requested to make oral presentations as part of the evaluation process. Each Manager selected for a presentation will be allotted sufficient time to present its proposal and to answer any questions that may be posed by the City or Investment Advisory Committee.

It is anticipated the selection will be completed no later than the April 28, 2015 Assembly meeting, with the contract executed as soon as possible thereafter.

The factors to be evaluated are as follows:

Minimum Qualifications

Proposers who do not meet the minimum qualifications will **not** be scored.

Experience (Organization, Personnel, and Assets under Management)

1. The firm's experience in providing services comparable to the City's needs.
2. The City will contact Proposers' current and former clients to inquire as to client satisfaction, and Proposers' performance in meeting client's benchmarks or other standards.
3. The overall experience, resources and qualifications of the firm.
4. Number of clients with assets within the range of the City's assets.

Technical qualifications (Investment Management Approach and Discipline)

1. The firm's investment management approach and discipline, including the de-

velopment of investment policies and portfolio management guidelines for governmental operating funds.

2. Understanding of the City's overall investment policies.
3. The credentials and experience of the person(s) assigned to the "City's" accounts.
4. Resources available to the firm, which indicates it has access to the services necessary to perform the work. The location where the primary services are to be provided and the ability to meet in person with City personnel and the Investment Advisory Committee when required during the performance of the contract.

Responsiveness

1. The overall quality and effort evident in preparing and submitting the proposal and conformance to the RFP requirements.
2. The City's evaluation of the overall capabilities of the firm to meet the required service levels described in this RFP.
3. The quality of the Respondent's standard account analysis statement(s)/reports.

References

References and other factors that the City believes would be in the best interest of the City to consider which were not previously described

Cost

Charges for Services relative to services provided.

The City reserves the right to accept or reject proposals on each item separately or as a whole, to reject any or all proposals without penalty, to waive informalities or irregularities, except for signature and timeliness requirements, and to contract as the best interest of the City may require in order to obtain the services which best meet the needs of the City as expressed in this RFP.

6.0 PROPOSED CONTRACT

In addition to carefully reading all of the information in the RFP, all Proposers must carefully read and review the attached proposed contract. The successful Proposer shall be required to enter into a Contract with the City, which will be substantially similar to the proposed contract.

7.0 INSURANCE REQUIREMENTS

Successful proposer shall be responsible for the purchase and maintenance of minimum insurance coverage as specified in this section. This insurance coverage shall be in ac-

ceptable form, and for the amounts specified by the City, or as required by law, whichever is greater.

This insurance coverage shall remain in effect for the life of this Agreement and shall be a part of the contract price. This insurance shall be primary and exclusive of any other insurance carried by the City.

- A. Commercial/Professional Liability Insurance: The Proposer is required to provide Commercial General Liability (CGL) insurance on an occurrence form with limits not less than \$5,000,000 Combined Single Limit per Occurrence and \$5,000,000 in the Aggregate not excluding premise operations, independent contractors, products and completed operations.
- B. Errors and Omissions: \$1,000,000 combined single limit per occurrence, unless included in subsection A. The general aggregate limit shall be \$1,000,000. The insurance shall be maintained in effect during the term of the contract. If the insurance is written on a claims-made form, the Proposer shall provide insurance for a period of two years after final payment of this Agreement. The policy(s) shall evidence a retroactive date, no later than the beginning of this Agreement.
- C. Fidelity Bond: Proposer agrees to maintain a fidelity bond of not less than \$1,000,000.
- D. Commercial general/automobile liability insurance shall not be less than \$1,000,000 combined single limit bodily injury and property damage per occurrence.
- E. Worker's compensation and employer's liability insurance shall be provided for all employees per Alaska State Statutes who are performing work under this Agreement.
- F. Certificate(s) of insurance as described in this section shall be provided by the successful proposer or their insurance companies or their agents. The City shall be named as an additional insured on the policies specified in paragraph C for the work specified in this Agreement. Certificates of insurance, acceptable in form and content, will be delivered to:

City and Borough of Sitka
100 Lincoln Street
Sitka, AK 99835

- G. There shall be no cancellation or material change of the insurance coverage, or intent not to renew the insurance coverage as specified in this Agreement, without thirty (30) days prior written notice to the City. Notice of cancellation, material change in coverage, or intent not to renew will be delivered to the address designated in paragraph E of this section. Cancellation or material change in issuance coverage without written authorization by the City is a material breach of this Agreement, and subjects this Agreement to termination for cause.

H. Upon renewal or change in policies during this Agreement, certificates of insurance shall be delivered to the address designated in paragraph E of this section.

8.0 SEVERABILITY

If any part of the agreement is declared to be void, invalid or unenforceable by any court of law, the other parts of the agreement shall remain in full force and effect.

9.0 APPEAL PROCESS

Any protest must be personally received at the office of Municipal Clerk, 100 Lincoln Street, Sitka, Alaska within 10 days after the notice of intent to award is provided.

City and Borough of Sitka, Alaska
ATTACHMENT "A"
RFP – PERMANENT FUND INVESTMENT MANAGER
COST PROPOSAL FORM

In submitting this proposal, we certify that we have examined the specifications documents, have received Addenda Nos. _____, and have included their provisions in our proposal. If awarded a contract under this proposal, we hereby agree to the terms set forth in the specifications documents and all addenda identified on this proposal. Annual fees will be billed and paid monthly based on month-end market value (determined by custodian).

Balanced Portfolio – Managing total portfolio

Portfolio Market Value (PMV)		Multiply	Basis Points	Equals	Management Fee
PMV up to	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	

Total Management Fee _____

ACKNOWLEDGE

I certify that I am a duly authorized representative of the firm listed below and that information and materials enclosed with this proposal accurately represent the capabilities of the office listed below for providing the services indicated. The City is hereby authorized to request any owner identified in this proposal to furnish any pertinent information deemed necessary to verify information provided or regarding reputation and capabilities of the firm.

Signature
Date: _____
Name: _____
Title: _____
Firm: _____

Type of Firm (check one)
____ Individual
____ Partnership
____ Corporation in the State of: _____
____ Other (Specific)

Office Address for which this submittal is made:
Street: _____
P. O. Box: _____
City, State, and Zip: _____
Telephone: _____
Alaska Business License No.: _____

City and Borough of Sitka, Alaska
RFP – PERMANENT FUND INVESTMENT MANAGER
PROPOSED CONTRACT

CITY AND BOROUGH OF SITKA
PROFESSIONAL SERVICES AGREEMENT

Date:

THIS AGREEMENT made effective on the above-written date between CITY AND BOROUGH OF SITKA hereinafter "City" and _____, hereinafter "Investment Manager."

1. Service of Investment Manager

- (a) This agreement is for professional services to the City. The Investment Manager shall perform the professional services described in RFP - Permanent Fund Investment Manager, which is incorporated by reference and made a part hereof. The Manager shall act as the City's fiduciary, responsible for providing investment services to the City and Borough of Sitka for such funds as may be designated by the City. The Manager will manage and invest the Fund's assets in compliance with the City's investment policies. Investment policies will be adhered to without exception. The performance of the Manager will be measured against such benchmarks designated by the Sitka Investment Advisory Committee.
- (b) The Investment Manager shall at the Investment Manager's own expense furnish to the City a copy of all information requested by the City for review of the Investment Manager's services while in progress.
- (c) The City shall provide the Investment Manager access in a timely manner, to such records, personnel, and other items necessary for the Investment Manager to perform the services under this contract.

2. Compensation

The City shall compensate the Investment Manager for its services in the amounts and in the manner set forth below. Annual fees will be billed and paid monthly based on month-end market value (determined by custodian). Any rebates, commissions, bonus or other compensation paid to Manager by third parties related to management of this account shall be identified and remitted monthly for deposit in the Fund.

Portfolio Market Value (PMV)		Multiply	Basis Points	Equals	Management Fee
PMV up to	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	
PMV on the next	\$ _____	X		=	

Total Management Fee _____

3. General Provisions

- (a) Independent Contractor. The Investment Manager is an independent contractor. It is neither an employee, partner nor joint venture with the City.
- (b) No Assignment. The Investment Manager may neither assign this agreement or any rights thereunder nor delegate any of its duties without first obtaining the written consent of the City.
- (c) Insurance. The Investment Manager shall procure and maintain insurance coverage in such amounts, with such deductible and for such period of time as set forth in the RFP-Permanent Fund Investment Manager. The Investment Manager shall provide to the City, upon request, certificates indicating such insurance is in effect. The insurance shall be in effect upon the date of execution of this agreement and shall be effective through the term of this agreement.
- (d) Indemnity. To the fullest extent permitted by law, the Investment Manager shall indemnify, defend and hold harmless the City and its employees from and against all claims, damages, losses and expenses, including but not limited to attorneys' fees, caused in whole or in part by any negligent act or omission of the Investment Manager, any subcontractor, anyone directly or indirectly employed by any of them or anyone for whose acts they may be liable, regardless of whether or not it is caused in part by a party indemnified hereunder. The obligations of the Investment Manager described in this paragraph shall not extend to the liability of the City, its agents or employees, arising out of the giving of or the failure to give directions or instructions by the City, its agents or employees provided such giving or failure to give is the primary cause of the injury or damage. The federal securities laws impose liabilities under certain circumstances on persons who act in good faith and therefore nothing herein shall in any way constitute a waiver or limitation of any rights which the undersigned may have under federal securities laws.
- (e) Ownership of Documents. All work products prepared by the Investment Manager in fulfilling its duties under this agreement shall be and remain the property of the City and the City shall have the right to use such products for any purpose without any further claim on the part of the Investment Manager for additional compensation. In the event that the City uses the Investment

Manager's work products for other than this project, the City hereby agrees to hold the Investment Manager harmless from any claims arising therefrom. The Investment Manager may retain a copy of any work product prepared by the Investment Manager in fulfilling its duties under this agreement for the Investment Manager's records.

- (f) Inspection. The City may, at reasonable times, inspect the Manager's facilities and activities that are related to the performance of this contract, and audit the Manager's services to determine whether they conform to the Manager's contract requirements.

- (g) Termination. The City may terminate this agreement in whole or in part whenever for any reason the City determines that such termination is in its best interest. Such termination shall be effected by personal delivery or by sending to the Investment Manager by certified mail notice of termination specifying the extent to which performance of work under this agreement is terminated. In the event of any termination, the Investment Manager shall be paid for services rendered to the date of termination.

- (h) Law and Venue. This agreement shall be governed by the laws of the State of Alaska. Venue for any legal proceeding relating to this contract shall be Sitka, Alaska.

- (i) Term. This agreement is for a five year term and shall commence on XXX, and shall end on XXX, and may be terminated at will by either party with 30 days notice.

- (j) Notice. Unless otherwise provided herein, any notices or other communications required or permitted by this agreement to be delivered to the City or the Investment Manager shall be in writing and shall be considered delivered when personally delivered to the party to whom it is addressed, or in lieu of such personal delivery, when deposited in the United States mail, first-class, postage prepaid, addressed to the City or the Investment Manager at the address set forth below:

**City and Borough of Sitka
Attn: John P. (Jay) Sweeney III
Chief Financial and Administrative Officer
100 Lincoln Street
Sitka, Alaska 99835**

**Management Company
Address
City, State, Zip**

- (k) Entire Agreement. This agreement constitutes the entire agreement between the City and the Investment Manager. It supersedes all prior oral and written understandings and agreements. It may be amended, supplemented, modified or canceled only by a duly executed written instrument. It shall bind the City and the Investment Manager, its successors, executors, administrators, assigns and legal representatives.
- (l) Benefits. Nothing contained in this agreement shall be construed to give any rights or benefits hereunder to anyone other than to the City and to the Investment Manager.
- (m) Consultants. The City reserves the right to enter into separate agreements directly with any Investment Manager for any services.

DATED the ____ day of _____, 2015.

City and Borough of Sitka

**City and Borough of Sitka
100 Lincoln Street
Sitka, Alaska 99835**

By: _____

Date: _____

Management Company

**Company Name
Address
City, State Zip**

By: _____

Title: _____

Date: _____

ATTEST:

APPROVED AS TO FORM:

Colleen Ingman, MMC, Municipal Clerk

Robin Koutchak, Municipal Attorney