



CITY OF
— FAIRBANKS —

REQUEST FOR PROPOSAL
COVER SHEET

SUBMITTAL DEADLINE
March 2, 2009 at 4:30 pm

ISSUE DATE: February 5, 2009
PROJECT: Investment Advisory Services
No: FB-09-03

Project No.: **FB-09-03**

DELIVER PROPOSALS TO:
City Clerk
City of Fairbanks
800 Cushman Street
Fairbanks, Alaska 99701
March 2, 2009 by 4:30 pm
**Proposals Delivered To Another Location Will
Not Be Considered.**

PURCHASING AGENT

ANTONIO SHUMATE

Date:

SECTION FOR VENDOR USE: **RETURN THIS ORIGINAL** (COPY FOR YOUR FILES)

PROJECT: _____

DATE OF PROPOSAL: _____

BUSINESS NAME: _____

BUSINESS LICENSE NUMBER: _____

MAILING ADDRESS: _____

PHYSICAL ADDRESS: _____

TELEPHONE NUMBER: _____

FAX: _____

D.V.

TITLE.

THIS IS NOT AN ORDER. THE ATTACHED TERMS AND CONDITIONS SHALL
BECOME PART OF ANY CONTRACT RESULTING FROM THIS REQUEST FOR

PROPOSAL. PROPOSALS SHALL BE SUBMITTED IN THE INDICATED FORMAT;
ORIGINAL SIGNATURES MUST BE SUBMITTED ON THE FORM PROVIDED.

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1. **MINIMUM CRITERIA**

In order to be eligible to submit a response the firm must meet the following Minimum Criteria:

City of Fairbanks Investment Management Services RFP

Minimum Criteria:

The lead consultant assigned to this account must have at least seven years of investment management/consulting experience, at least three of which must be with the proposing firm. Please elaborate on these qualifications.

2. **GENERAL INFORMATION**

A. Background

The City of Fairbanks Permanent Fund (“the Fund”) was created by the voter approval of an amendment of the City Charter. The net proceeds of the 1997 sale of the Fairbanks Municipal Utility System, as well as the net proceeds of the sale of specified City real property, are deposited into the Fund. The City Charter allows an annual appropriation from the Fund, not to exceed 4.5% of the Fund’s five year average value. The Charter provides that the Fund shall be invested in accordance with policies set by City Ordinance. (City Charter Section 8.8).

Fairbanks General Code Section 2-260 provides for the Fund’s purpose and overall policy:

a) *Purpose of fund.* The purpose of the permanent fund is to maximize income for capital and operating expenses of the city and preserve in trust assets of the city for present and future generations of city residents. The principal goal shall be to preserve principal and maintain purchasing power while maximizing total return over time.

(b) *Investment policy.* The investment goal of the city is to yield growth of investments over and above the rate of inflation and earn a real rate of return, over time, in excess of three percent per annum. Principal and undistributed earnings placed or deposited in the permanent fund constitute its corpus and shall be invested in perpetuity only in income-producing investments as follows:

FGC Sections 2-260 and 2-261 set forth details of the investment policies, provides for the engagement of an investment manager, adopts an asset allocation system and a benchmarking system to evaluate the performance of the investment manager. The City is seeking written proposals from qualified investment advisors/consultants for review and advice on three issues for the seven years ending 12/31/08:

1. The extent to which current City of Fairbanks Fund investment ordinances (including asset allocation) meet the purpose and policy of the Fund, as set forth in FGC 2-260(a–b), while allowing for a 4.5% annual withdrawal as allowed by City Charter.
2. Any amendments to existing Ordinances which the proposer, in the exercise of professional judgment, recommends in light of the Fund’s purpose and goal and an annual 4.5% withdrawal.

3. Provide a comparative analysis of the performance of the current investment manager versus the existing benchmarks set by ordinance.

B. Objective

The objective of this RFP process is to evaluate proposing consultants' capabilities which will enable the City to select a consultant for providing services described herein. The selection of a successful respondent and the execution of an agreement will be accomplished in accordance with the Fairbanks Code of Ordinances.

3. **INSTRUCTIONS FOR RESPONDENTS**

A. Questions, Objections or Comments

Proposers are required to carefully review this Request for proposal without delay for defects and questionable or objectionable matter. Potential proposers are encouraged to notify the City Chief Financial Officer James Soileau of their interest. Questions, objections or comments must be made in writing and received no later than February 20, 2009, so any necessary amendments may be published and distributed to potential proposers and prevent the opening of defective proposals. Proposers' protests based upon any omission, errors or contents of the Request For Proposals will be disallowed if not made known prior to the proposal opening.

Address all questions, objections or comments to: James Soileau, Chief Financial Officer, Finance Department, City of Fairbanks, 800 Cushman St., Fairbanks, AK 99701. Faxed inquiries to (907) 459-6731 are encouraged, as is email to "jnsoileau@ci.fairbanks.ak.us."

B. Disclaimer

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

C. Quantity & Delivery

Deliver this original document and five (5) proposal copies to the address below before the deadline. Package(s) containing proposals must be sealed, marked and addressed as described above.

D. Improper Delivery

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.

E. Fax Submittals

Submittal of a proposal via fax is **not** acceptable.

F. 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 his proposal to members of the City Council, members of the City Permanent Fund Review Board (“PFRB”), 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 section will be disqualified from award under this proposal.

A list of all Council, Review Board members and City employees is available on request.

After the proposals are made public, the City shall select those proposals which are deemed responsive and which merit further discussion. Any person/entity whose proposal is selected for further evaluation shall confine all contacts with the City representatives to those permitted by the formal selection procedures. Any person whose proposal is not selected must not discuss the matter with City employees, City Council/PFRB members, but may file a protest under the City procurement code, FGC Article VII, Sections 54-281/54-292.

4. **PROPOSED SCOPE OF WORK**

A. General

The scope of work consists of a one-time engagement for the following services by a selected consultant:

- (1). Perform an objective performance evaluation of the City’s investment program for the City’s Permanent Fund investments, addressing, in detail, the three issues set forth in Section 2 (“General Information”) of this Request for Proposals.
- (2). Review the City portfolio against appropriate indices, universes and/or benchmarks as recommended by the City’s investment managers.
- (3). Provide professional advice so the City will achieve the Fund’s purpose and overall policy in light of permitted annual withdrawals.
- (4) Selected consultant will be required to submit their preliminary findings and recommendations to the Permanent Fund Review Board.
- (5) Consultant may not manage in any capacity any portion of the portfolio or have any conflicts of interest.
- (6) Present a written and oral report of final findings and recommendations to the City Council at a regularly scheduled meeting of the City Council.

5. **REQUIRED INFORMATION TO BE PROVIDED**

The following items are to be provided by the selected proposer:

A. Firm Identification

- a. Please state in full the name and address of your organization, the names of all officers, and any local or out-of-town branches or offices that may be used in connection with performance of these services.
- b. Identify the legal structure of your firm, i.e. whether you operate as an individual partnership or corporation.
- c. Please provide a resume of the principal who will be responsible for servicing the Permanent Fund Trust and any other individuals who would service the account, include licenses and/or certifications.
- d. Please provide a brief history of your entity.
- e. Provide an organizational chart of your firm.

B. Statement of Understanding

State your understanding of the scope of services represented in the RFP and your role and ability to accomplish those services.

C. Customer Service

- a. Describe your relationship and communication services with your clients. Provide specific examples with respect to any clients you may have.
- b. Please provide a sample report.

D. Experience

Detail your firm's experience with providing similar financial investment services to other clients.

E. Cost of Services and Level of Effort

While cost is a key consideration, it will not be the only factor in selecting a successful proposer.

F. Required Disclosures

Please provide responses to the following questions:

- a. Do you have see any ***potential*** conflicts of interest? If so, how will you prevent an actual conflict from developing?
- b. Is your firm covered by errors & omissions insurance?
- c. Do you sell information gained from prior consulting engagements?

- d. Does your firm, its principals, or affiliates own any part or have a contractual relationship with a money management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the relationship(s).
- f. Has your firm, its principals, or any affiliate ever been associated with the following issues? If the answer is yes to any of these questions, please provide details and documentation.
 - i. The focus of a non-routine Securities and Exchange Commission (SEC) inquiry or similar investigation by any similar federal, state or self-regulatory body or organization?
 - ii. A party to any litigation concerning fiduciary responsibility or other investment related matters?
 - iii. Submission of a claim to your errors and omission, fiduciary liability and/or fidelity bond insurance carrier(s)?
 - iv. Censored, sanctioned or disciplined by a regulatory agency?

G. References

Provide a list of both private and public sector references with all contact information and indication of years of service with the client.

H. Avoidance of any Conflict of Interest with other Clients.

The City will not enter into an agreement with a proposer who has other clients with a conflict of interest with the City unless the City Attorney advises that the conflict may be waived. In such case, the City will require the successful proposer to obtain an express waiver of consent from said other client of proposer.

I. Operations.

Proposers should provide the following information with any proposal:

- A. Please indicate the average number and size of accounts per team or advisor. Please indicate the largest number of accounts handled by one team or advisor.
- B. Please explain how the consultant or team dedicated to the City Permanent fund would function including Primary Consultant(s), back-up, quality control and support services.
- C. Please indicate turnover of professional staff, recent changes in ownership or senior management, consultants and personnel dedicated to consulting services.
- D. Please provide a list of clients with which your firm has served as an investment advisor or advisor within the last three years. Please include the name of the appropriate contact person and phone number.
- E. Please provide the names and asset values of any clients who have terminated services in the last three years due to unsatisfactory performance or prior to full completion of contract services.

6. INSURANCE

Consultant shall maintain throughout the period of this contract, insurance in the following minimum requirements:

A. Commercial General Liability Insurance: The Contractor is required to provide Commercial General Liability (CGL) insurance on an occurrence form with limits not less than \$25,000 Combined Single Limit per Occurrence and \$25,000 in the Aggregate not excluding premise operations, independent contractors, products and completed operations.

B. Comprehensive Automobile Liability Insurance: The Contractor shall cover all owned, hired, and non-owned vehicles with coverage limits not less than \$50,000 single limit per occurrence for bodily injury and property damage.

C. Workers' Compensation and Employers' Liability Insurance: Statutory requirements by the applicable state law or regulation. Employers' Liability insurance shall be \$100,000 each accident for bodily injury, \$500,000 policy limits for bodily injury by disease, \$100,000 per employee for bodily injury by disease.

7. TENTATIVE SCHEDULE DATES

Proposal Submittal:	March 2, 2009
Award	March 23, 2009
Completion	Preliminary Report to PFRB: April 16, 2009 Final written report: April 30, 2009

8. OWNER'S RESPONSIBILITIES

The City will provide a contract services manager to assist the consultant, coordinate the work and administer the contract.

9. STATUTORY REQUIREMENTS

The consultant chosen will be expected to comply with all Federal, State, Borough and City laws and statutes.

10. CONTRACTUAL REQUIREMENTS

The contract form is expected to be the City of Fairbanks Professional Services Contract, attached, and modified appropriately to fit this project.

11. SUBMISSION OF PROPOSALS

Consultant's proposal shall contain the following information:

- A) Present proposed project manager and staff, including their detailed qualifications and experience. Identify key team members by name. Clearly indicate the degree of actual project participation by each identified team member.
- B) Provide your firm's qualifications and experience with similar projects.
- C) Proposed basis of compensation and a task breakdown, illustrating estimated consultant hours applied to the scope of work by specialty.
- D) Describe your proposed plan of accomplishing the objectives, organization, methodology and management, and structure of the proposed project staff and/or subconsultants. List all primary projects your firm is presently working on or will be working on during the design of this project. Provide references for each of these projects.
- E) Indicate the financial resources of the firm to perform the contract.
- F) Any additional information which may warrant consideration.

12. SELECTION PROCESS

The City of Fairbanks, through a selection committee, will review the submitted proposal using the selection criteria on the attached RFP Evaluation Form. Contract negotiation will begin with the most qualified and suitable firm of demonstrated competence for professional services to determine whether an agreement can be reached. If an agreement cannot be reached, then the City may negotiate with the next most qualified and suitable firm. The final contract will be submitted to the Mayor for approval.

13. AWARD OF CONTRACT

A contract may be awarded to the responsible and responsive firm whose proposal is determined to be the most advantageous to the City, taking into consideration price and the evaluation factors set out in the request for proposals.

14. RIGHT TO REJECT AND NOT AWARD

The City may accept or reject any and all proposals or waive irregularities, and reserves the right not to award the contract when it is in the best interest of the City to do so.

15. EXHIBIT LISTING

- | | |
|-------------|---|
| Exhibit "A" | Draft City of Fairbanks professional services agreement |
| Exhibit "B" | RFP evaluation form |
| Exhibit "C" | Certificate of Insurance form |

EXHIBIT "A"

CITY OF FAIRBANKS
Investment Advisory Services

FB-09-03

PROFESSIONAL SERVICES CONTRACT

THIS AGREEMENT, made at Fairbanks, Alaska, this ____ day of _____, 2009, by and between the CITY OF FAIRBANKS, a municipal corporation of the State of Alaska, hereinafter referred to as the "City", and _____ hereinafter referred to as "Consultant".

WITNESSETH:

WHEREAS, the City of Fairbanks has made a request for proposal for professional services for investment advisory services; and

WHEREAS, the Consultant was selected according to procedures of the Fairbanks General Code of Ordinances.

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS, in consideration of the premises and of the covenants and agreements to be performed by the parties hereto, the City and Consultant mutually agree as follows:

1. Scope of Services. The scope of work will be set forth in the Consultant's proposal dated _____, 2009, which is attached to and made a part of this contract as Attachment "A".

2. Compensation. The City agrees to compensate Consultant as follows:

3. Time Required to Perform the Scope of Services. Consultant agrees to begin work immediately on the Project described herein following the date of written notice to proceed by the City. Such work shall be conducted in accordance with the schedule listed in Attachment "A". Consultant agrees to complete the work described herein prior to _____.

4. Project Review. This service shall be the direct responsibility of _____, of _____, who will participate in all key elements of the project.

5. Contract Administration. Consultant shall be responsible to, and under the control of, the Chief Financial Officer, or his designee, in the performance of its obligations

under this agreement. Consultant shall communicate with the City through the said CFO or his designee.

6. Delegation/Assignment. The services and duties to be performed by Consultant are mutually agreed to be unique and personal, and neither party shall assign rights nor delegate any duties under this agreement without the written consent of the other.

7. Equal Opportunity Employers. The City and Consultant are both Equal Opportunity Employers and, as such, agree they will not discriminate against any employee or applicant for employment because of race, color, religion, national origin, ancestry, age, sex, marital status, change in marital status, or physical or mental handicap.

8. Termination. The obligation to provide further services under this agreement may be terminated, (a) by the City with or without cause upon thirty (30) days notice to Consultant and, (b) by Consultant for cause upon thirty (30) days written notice to the City. In the event of termination by the City for cause, Consultant will be paid for services rendered and expenses incurred as of the date of notification. In the event of termination by Consultant for cause or by the City without cause, Consultant will be paid for services rendered and expenses incurred as of the date of notification plus reasonable demobilization expenses not to exceed ten percent (10%) of the portion of the ceiling or lump sum price allocated to the task or phase in progress when termination occurs. In such case, Consultant shall provide to the City any partially completed information, data, results, computations, preliminary information, draft reports or similar partially completed work which are in the possession of Consultant and for which Consultant claims any payment from the City. City acknowledges it may not treat such partially completed work as final. In no case will the total compensation exceed the total ceiling price in effect at the time of termination.

9. Jurisdiction: Choice of Law. Any civil action arising from this contract shall be brought in the Superior Court, Fourth Judicial District, for the State of Alaska, at Fairbanks, or in the United States District Court, for the State of Alaska, at Fairbanks. The law of the State of Alaska shall govern the rights and duties of the parties under this contract.

10. Entire Agreement. This contract and any writings incorporated by reference herein embody the entire agreement of the parties. This contract shall supersede all previous communications, representations or agreements, whether oral or written, between parties hereto. In WITNESS WHEREOF, the parties have executed this contract as the day and year first above written.

FIRM:_____

ATTEST: (When Applicable)

By:_____

Title:_____

Date: _____

CITY OF FAIRBANKS :

Theresa M. Strle
Title: Mayor

Date: _____

ATTEST :

By: Janey Hovendan
Title: City Clerk
Date: _____

APPROVED AS TO FORM:

By: Herbert P. Kuss
Title: City Attorney
Date: _____

APPROVED AS TO CONTENT:

By: James N. Soileau
Title: CFO
Date: _____

EXHIBIT "B"
FB-07-15
REQUEST FOR PROPOSAL EVALUATION FORM

FIRM: _____

REVIEWER: _____ DATE: _____

Evaluation Criteria

Points Weight Award

1.	Objectives & Services: Determine how well the proposer understands the objectives of the project and the services required for each phase. How well does the proposer show how the services meet the objectives? Have design considerations and alternatives been addressed? Has the proposer identified problems and opportunities?	0-5	15	
2	Qualifications & Experience: FIRM & STAFF How well has the firm demonstrated that it has the qualifications and experience to complete the required services on time, and with quality results?	0-5	10	
3	Qualifications & Experience: PROJECT CONSULTANT Evaluate the qualifications and experience the Consultant brings to the requirement, and the individual's ability to complete the services on time and in a professional manner.	0-5	25	
4	Qualifications & Experience: INVESTMENT ADVISORY SERVICES Evaluate special knowledge of Owner's requirements in investing and managing funds.	0-5	20	
5	Compensation, Methodology and Management: Evaluate the Proposer's descriptive approach to performing the service, considering Proposer's description of services to be provided and basis of compensation.	0-5	15	
6	Quality of Proposal and Conformance to RFP: Assess the overall quality and effort evident in preparing and submitting the proposal, review and evaluate conformance to the RFP format requirements	0-5	10	
7	Workload and Resources: Evaluate the current and pending time commitments of the proposer, and staff and Proposer's adequacy of personnel, facilities and other resources necessary to perform the services.	0-5	5	
8	Business History and References: Consider length of time the proposer has been in business under the current name or prior names. Evaluate the number of prior projects performed by the proposer that are similar to the services under this RFP. Review business and project references.	0-5	5	
9	Manhour Effort and Task Breakdown Review and evaluate the Proposer's explanation of manhours applied to the scope of work by team member, and the logical flow of task breakdown.	0-5	10	

EXHIBIT "C"

CERTIFICATE OF INSURANCE - SAMPLE FORMAT ONLY

This certifies to CITY OF FAIRBANKS, 800 Cushman Street, Fairbanks, Alaska 99701 that the following described policies have been issued to:

Insured _____

Address _____

Location of operations insured _____

Description of work: **INVESTMENT ADVISORY SERVICES FB-09-03.**

POLICIES EXPIRATION AND INSURERS	LIMITS in thousands (1,000)	POLICY
Worker's Compensation	<u>Bodily Injury</u> <u>Property Damage</u>	<u>NUMBER</u> <u>DATE</u>
_____ (Insurer)	Employer's Liability \$ _____	
Comprehensive General Liability	Each Person Each Occurrence	Each Occurrence
_____ (Insurer)	_____ Combined Single Limit	_____ Aggregate
Comprehensive Auto Liability	Each Person Each Accident	Each Accident
_____ (Insured)	_____ Combined Single Limit	
Umbrella Liability		

(Insured)

All policies are in effect at this time and will not be canceled, limited, or allowed to expire without renewal until after 30 days written notice has been given to the certificate holder named on the top line. any coverage afforded the certificate holder as an Additional Insured shall apply as primary and not excess to any insurance issued in the name of the certificate holder.

The following coverages or conditions are in effect: Yes No
Blanket Contractual Liability

Date _____

(Authorized Signature)