

LUZERNE COUNTY EMPLOYEES' RETIREMENT PLAN & TRUST REQUEST FOR PROPOSALS FOR INVESTMENT ADVISORY AND CUSTODIAL SERVICES

The Luzerne County Employees' Retirement Plan & Trust is soliciting proposals from qualified firms interested in providing a broad range of investment advisory and custodial services.

Minimum qualifications include, but are not limited to the following:

- Five or more years of advisory service experience as of December 31, 2007
- Registered investment advisor
- Perform custodial services/functions
- Provide a free trading desk for professional investment managers
- No use of co-mingled funds

Please note that this is not a solicitation for an external money manager, but for an experienced investment advisor and custodian.

The contract will be awarded for a four-year period and is expected to commence October 1, 2008.

The Request for Proposals may be obtained from the Luzerne County Controller's Office or on the County's website: www.luzernecounty.org.

Five copies of the proposal including one unbound copy must be submitted to **Luzerne County Employees' Retirement Plan & Trust, Penn Place Building, 20 N. Pennsylvania Avenue, Wilkes-Barre, PA 18701** no later than **3:00PM on August 15, 2008**. Proposals received after the deadline will not be considered and will be returned to the proposer.

**Request for Proposal
Luzerne County Retirement Board
Investment Advisory/Custodial Services**

Company Information

1. Provide the full name of your company.
2. List the name and addresses of your parent company and/or other affiliates. Provide a brief description of each relationship.
3. Provide a brief summary of your firm. Attach a copy of your most recent annual report.
4. List the address of the local office that will provide service for our relationship.
5. Provide the name of the main person(s) and contact(s) for our relationship. Please include information on their education, backgrounds, certifications and levels and duration of experience.
6. If there have been significant changes in your organization in the past twelve months, please provide a summary of the changes and include a timeline.
7. If your organization is planning to implement changes during the next two years, please provide a summary of the changes and include a timeline.
8. Provide a history of your investment consulting services and include the years of experience.
9. Specify whether you and your firm are a registered investment advisor with the NASD.

Summary of Services

1. Outline the method of developing appropriate investment policies for the Luzerne County Retirement Plan.
2. Describe your interaction and involvement with the Retirement Board during the investment policy development process.
3. Outline your process and time frame for structuring the appropriate asset allocation mix.
4. Describe your interaction and involvement with the Retirement Board during the asset allocation process.

5. Describe your method and time frame of identifying potential managers. Include any databases you typically utilize in your search.
6. Describe the role that your firm would like to take in manager presentation to our Retirement Board.
7. If you or your firm receive any direct or indirect compensation from the managers you help us select, please describe.
8. Provide the methodology used to compute investment manager rates of return. Please comment on the frequency with which portfolios would be priced and the treatment of cash flows and the treatment of fees.
9. Provide the methodology on how the total fund and separate asset class rates of return are calculated. If the rates of return include the use of accrued income, please explain. Provide a description of how you incorporate accrued income into the calculations of returns.
10. Provide a description of how you evaluate the value added through active management. That is, through security selection decisions and asset allocation decisions.
11. Describe your process of reviewing investment managers' compliance with investment objectives and guidelines.
12. Specifically describe your performance evaluation system and philosophy behind it.
13. Provide a list of your services that are being outsourced. Include information on your ability to influence changes to the services or software to meet the needs of our fund.
14. Provide information on the timing of distributing copies of the investment performance measurement reports to the Retirement Board following the end of a reporting period. Specifically describe what types of exhibits would be used in a summary report presented to the Retirement Board. Include other types of exhibits that you would include in a detailed analysis of performance. Please provide sample copies of these reports.
15. If your company provides custodial services for our accounts, please provide a list and description of charges for the services.
16. If your company provides online access for the Retirement Board to view their assets and account values, please include a description of how often the values updated.
17. If your company provides a free trading desk for the professional money manager to trade at no cost or markup, please provide a description of the services.

References

1. Quantify the number of clients using your services and include the value of funds currently under your existing consulting agreements.
2. Provide the number of clients which are public retirement plans. Include the number of Pennsylvania County pension plan clients currently under your existing consulting agreements.
3. Provide three client references with at least two being public retirement plans, with their asset size, phone numbers and contact person's name.

Fees

1. Provide a detailed description of your fees for the requested service. Also indicate how out of pocket expenses will be handled. Include a sample billing showing how fees are calculated.
2. Specify any fees or expenses that would be recurring, versus one time initial fees.
3. Provide the period of time for which you guarantee the fee schedule and state if your engagement includes a minimum term. Please attach a sample engagement contract.
4. Describe any additional charges that might apply.

Other Services

1. Please provide any other relevant materials or information to support your proposal.
2. If you have any additional comments or suggestions for us to consider, please include.
3. In the event you were chosen to be the monitor/custodian, describe the transition from our current monitor/custodian and include a timeline. Describe if there would be anytime when our portfolio managers would not be able to trade for our account and if there would be a time when we would not be able to get a daily balance of our portfolio.

Conflicts of Interest

1. If you, your firm or affiliate manage money for clients, please describe the organizational controls implemented to prevent any conflicts of interest.

2. If your firm or affiliate is a broker/dealer, explain how your firm trades for client accounts through this broker/dealer. Describe the organizational controls implemented to prevent any conflicts of interest.
3. If you buy products or services from any investment advisors, please describe.
4. If you sell products or services to any investment advisors, please describe.
5. If you sell database information and/or performance analysis to investment managers, please explain if you receive compensation directly or indirectly. Include a summary of how you prevent conflicts of interest.
6. If you charge direct or indirect fees for investment managers to be included in your firm's database, include a listing and description of the fees. Provide a summary of how you prevent conflicts of interest.
7. Describe the circumstances under which you would receive or could receive fees or soft dollars from investment managers or their affiliates.
8. Specify the circumstances under which you would receive fees, or any other hard or soft dollar arrangements, from broker/dealers and provide a brief description.
9. Explain in detail, any potential conflict of interest, which would be created by you or your firm's representation of the Luzerne County Employees' Retirement System and interaction with the members of the Retirement Board. Please include any activities of affiliated or parent organizations, as well as, other client relationships, which may inhibit services to the Board.
10. Provide the date, amount and recipient of any political contributions you have made, in excess of \$250.00, to any Luzerne County elected official or elections committee from January 1, 2004 to the present.

Submission Information

1. Deadline for submission is **3:00PM on August 15, 2008**.
2. Send five copies of the proposal, **including one unbound copy**, to Luzerne County Employees' Retirement Plan & Trust, Penn Place Building, 20 North Pennsylvania Avenue, Wilkes-Barre, PA 18701.