



City of Norwich

Department of Finance – Purchasing Agent
100 Broadway, Room No. 105
Norwich, CT 06360

Phone: (860)823-3706
Fax: (860)823-3812
E-mail: whathaway@cityofnorwich.org

REQUEST FOR PROPOSALS

RFP No.: 19-05

Opening Date and Time: January 4, 2019 at 2:00 P.M.

Title: Investment Advisory Services

Special Instructions:

The following information must appear in the lower left hand corner of the envelope:

Sealed Proposal No.: 19-05

Not to be opened until January 4, 2019 at 2:00 P.M.

Return Proposals to:

William R. Hathaway, Purchasing Agent
City of Norwich
100 Broadway, Room 105
Norwich, CT 06360-4431



RETURN THIS FORM IMMEDIATELY

CITY OF NORWICH, CONNECTICUT

Acknowledgement of Receipt of RFP Documents

RFP No.: 19-05
Title: Investment Advisory Services

Please take a moment to acknowledge receipt of the attached documents. Your compliance with this request will help the City of Norwich to maintain proper follow-up procedures and will ensure that your firm will receive any addendum that may be issued.

Date Issued: 11/20/2018

Date Documents Received: _____/_____/_____

Do you plan to submit a response? _____ Yes _____ No

Company Name: _____

Address: _____

Telephone: _____ Fax: _____

E-mail Address: _____

Received by: _____

Note: Faxed or e-mailed acknowledgements are requested.

Fax No.: (860)823-3812

E-mail: whathaway@cityofnorwich.org

Fax or e-mail this sheet only. A cover sheet is not required.

DO NOT FAX OR E-MAIL YOUR RESPONSE TO THIS RFP

**CITY OF NORWICH
OFFICE OF COMMUNITY DEVELOPMENT**

Request for Proposals

Proposal No. 19-05

Sealed proposals for **Investment Advisory Services** will be received in the office of the Purchasing Agent, City of Norwich, 100 Broadway, Room 105, Norwich, CT 06360-4431, until 2:00 P.M. prevailing time on **January 4, 2019**. The names of all firms submitting a response will then be read aloud.

The bid documents may be downloaded from the following websites:

City of Norwich	http://www.norwichct.org/bid.aspx
State of Connecticut	http://das.ct.gov/SCP_Search/Default.aspx

Addenda, if any will be posted on the websites indicated above. All bidders, prior to submitting their bids, should check the above websites to ensure it has received all issued addenda.

The City of Norwich reserves the right to reject any and all bids, in whole or in part, to waive minor irregularities in the bidding and to award the bid to other than the low bidder if deemed in the best interest of the City of Norwich.

The City of Norwich is an Equal Opportunity/Affirmative Action Employer.

William R. Hathaway
Purchasing Agent

CITY OF NORWICH RETIREMENT SYSTEM

REQUEST FOR PROPOSAL FOR INVESTMENT ADVISORY SERVICES



Please forward questions/responses to:

Arthur J. Meizner, CFA, CAIA, CFP®, AIF®
Director, Investment Consulting Services
ameizner@hhconsultants.com

Hooker & Holcombe
65 LaSalle Rd., West Hartford, CT 06107

860.521.8400
hhconsultants.com

The City of Norwich Pension and Retirement Board
REQUEST FOR PROPOSAL
Investment Advisory Services for
The City of Norwich Retirement Fund and OPEB Trust

The City of Norwich Personnel & Pension Board (Board) is seeking proposals from qualified firms for investment advisory services to assist the Board in carrying out its fiduciary responsibilities. Responses to this Request for Proposal (RFP) must be received no later than 2:00 p.m. (EST) on January 4, 2019.

This RFP does not obligate the Board to complete the project and the Board reserves the right to cancel the solicitation if it is in the City's best interest.

The RFP documents may be downloaded from the following websites:

City of Norwich	http://www.norwichct.org/bid.aspx
State of Connecticut	http://das.ct.gov/SCP_Search/Default.aspx

I. INTRODUCTION

The Board is responsible for the proper operation of the City of Norwich's Pension Plan and OPEB Trust (Plans). In meeting this responsibility, the Board establishes objectives of the investment manager(s) of the Investment Fund, selects investment manager(s) of the Investment Fund and evaluates the performance of the investment manager(s) based on the established objectives. The Board annually (at a minimum) reviews and approves the contracts and/or fee schedule of its investment manager(s) and its investment custodian and approves the continuation of its business relationships with the investment manager(s) and its custodian.

The Plans currently have approximately \$178 million in pension and over \$18 million in OPEB assets. The two portfolios are currently managed in parallel allocation and investments.

The Board has established performance objectives for the funds under its control. In its efforts to meet or exceed these objectives, the Board utilizes the advice and recommendations of an investment advisor in the design, development and implementation of its investment program.

The Board has requested Hooker & Holcombe Investment Advisors, Inc. (HHIA) to assist in preparing and distributing a formal RFP to evaluate available investment advisory services. HHIA will not be submitting a proposal for the position. The Board and HHIA will review responses and will recommend a candidate to the Board for approval. The Board expects the process for evaluating and selecting an advisor will be completed by February 22, 2019, with commencement of advisory duties by May 1, 2019.

RFP Schedule

RFP released:	November 20, 2018
Deadline for receiving questions:	December 5, 2018
City's response to questions:	December 13, 2018
Proposals due to City:	January 4, 2019

Finalists selected:	Week of February 4, 2019
Finals presentations:	Week of February 18, 2019
Vendor selected:	February 22, 2019
Contract review:	Week of March 11, 2019
Transition:	March 15 – April 30, 2019
Start Date:	May 1, 2019

The selected advisor will report to the Board. In carrying out its responsibilities, the advisor will work closely with the Board and other City of Norwich staff.

The primary responsibilities of the advisor selected through this RFP process shall include, but are not limited to the matters of investment objectives and asset allocation, management structure (active vs. passive, investment style mixes), performance measurement and evaluation of other needs.

II. PURPOSE

The Board utilizes qualified advisors to provide independent, objective and creative input in the process of fulfilling its fiduciary responsibilities. The advisor employed by the Board will be expected to deliver analysis, advice and recommendations with respect to:

- Investment policies and investment management structure, including asset allocation, allocation optimization and asset/liability modeling;
- General investment, research, public market and regulatory analysis;
- Initial and ongoing evaluation, due diligence, selection and monitoring of investment managers and/or funds;
- Portfolio performance evaluation, including monthly reviews and outlook reports;
- Quarterly in-person meetings (and, as needed) with the Board;
- On-site consultation and assistance;
- Co-fiduciary responsibility with the Board for investment related processes;
- Special requests

Detailed requirements are set forth in Part V of this RFP.

III. MINIMUM ELIGIBILITY CRITERIA

The minimum criteria to be eligible to bid on this RFP are as followed:

- The investment advisory firm must have been in business for a minimum of five years. Allowance to this will be given to advisory teams that have been intact at another firm for a minimum of five years.
- The primary individual(s) (team) assigned to the City of Norwich Plans as lead advisor(s) must have a minimum of ten years professional experience in the investment advisory field.
- The lead advisors (team) must be providing investment advisory services to at least four public pension plans presently, at least one of which is in excess of 100 million dollars in assets.
- The firm must be able to maintain a real time electronic data processing interface with the plans' custodian. **This real time account access must be assessable by the City.** The firm must document that it has data redundancy and catastrophic data recovery programs currently in place.

IV. BACKGROUND

There shall be a Personnel and Pension Board consisting of five resident electors of the city appointed as herein provided, three members of said board, none of whom shall hold office in, or be employed by the city government, who shall be appointed by the council; the other two members of said board shall be appointed from the classified service by the members of such service at a meeting to be held at a time to be fixed by the chief executive officer of the city. There also shall be three alternate members of the Board.

As of July 1, 2017, the Pension Plan has:

Employees' Retirement Plan	Number of Members
Active employees	601
Terminated vested employees	32
Vested in employee contributions only	10
Retired, disabled and beneficiaries	597
Total Participants	1,240

The funded ratio as of July 1, 2017 was 62.2%.

The discount rate as of July 1, 2017 is 7.50%.

The inflation assumption is currently 2.75%.

Please refer to the enclosed Actuarial Valuation report for additional demographic details.

Investments and Managers

The Plans can invest primarily in domestic and international equities, global fixed income securities, real estate and alternative investments in the form of mutual funds, commingled investment trusts, ETFs, separate accounts, limited partnerships, private placements and MLPs. An investment advisor manages allocation and fund/manager selection of the Plans' assets.

The Pension Plan's current asset allocation, as of July 31, 2018:

City of Norwich Pension Plan	\$177,597,861
Investment Type	Asset/Style
	Weight %

Mutual Fund	Large Blend (P)	13.4
SMA	Large Growth (A)	11.0
Mutual Fund	Large Value (A)	3.4
SMA	Large Value (A)	9.1
SMA	Mid-Cap Growth (A)	3.4
Mutual Fund	Mid-Cap Value (A)	4.0
SMA	Small Growth (A)	3.5
SMA	Small Value (A)	3.2
US Equities		51.1
SMA	Foreign Large Blend (A)	5.8
SMA	Foreign Large Growth (A)	8.0
SMA	Foreign Large Value (A)	5.8
Foreign Equities		19.5
Total Equities		70.6
SMA	Intermediate-Term Bond (A)	6.5
SMA	Intermediate-Term Bond (A)	15.9
SMA	Short-Term Bond (A)	7.0
Total Fixed Income		29.4
(A) = Active		86.6
(P) = Passive		13.4

Please refer to the [City of Norwich Statement of Investment Policy](#) (ATTACHMENT A) for more information on the City of Norwich's Pension Plan's asset allocation.

The \$18.6 Million OPEB is weighted similarly.

In addition, the Board utilizes a master Custodian and Trustee (UBS & Comerica) to provide a variety of custody and recordkeeping services. Milliman now serves as the Plans' actuary.

V. SCOPE OF ADVISORY SERVICES

The Board has established investment performance objectives. In its efforts to meet or exceed these objectives, the Board has sought and will continue to seek the investment advisor's advice and recommendations for its investment program. The Board expects the selected advisor to provide independent, objective, creative and

proactive input to its decision making process. The advisor may be required to perform any or all of the following tasks:

A. Investment Policies and Asset Allocation Structure

1. Conduct an annual comprehensive review and analysis of the Plans' investment policies and recommend changes, if appropriate. The review should address investment objectives, asset allocation and management structure.
2. Assist in reviewing and updating a comprehensive written Investment Policy Statement for the Plans and investment guidelines.
3. Assist in developing an appropriate investment management structure for the Plans and each asset class, which considers the role of active versus passive management, available management styles and the advisability of altering management structures under differing market conditions.
4. Provide assistance in analyzing the investment characteristics of available asset classes and the risk/return potentials of alternative asset mixes.
5. Coordinate with the Plans' actuary to incorporate asset/liability needs of the Plans, actuarial assumed rate of return and capital market assumptions.
6. Advise in the development of guidelines and procedures for rebalancing the asset mix.
7. Provide the Plans with information about new developments in investment management techniques and portfolio management theory. Analyze how new techniques might improve the Board's investment program and whether they should be, or should not be, implemented.

B. Investment Manager & Fund Selection

1. Conduct manager and fund searches. Assist in establishing appropriate qualitative and quantitative selection criteria for reviewing potential candidates. Assist in screening prospective managers and funds and recommending finalists, which meet stated requirements.
2. Analyze the Plans' needs for particular managers within each asset class.
3. Provide ongoing monitoring, due diligence and recommendations of managers and funds.

C. Performance Evaluation

1. Facilitate the selection of appropriate performance benchmarks for each asset class and each manager and fund.
2. Assist in developing composite indices for the Plans to measure total fund performance related to an established target asset mix. Analyze actual performance relative to the composite indices on an ongoing basis.
3. Provide timely monthly performance analysis of the Plans' assets to assist in determining whether or not investment policies are being followed and whether investment goals are being achieved.
4. Provide performance attribution for each manager and fund and analyze individual and aggregate risk positions of the managers/funds on a periodic basis.
5. Evaluate manager and fund performance and consistency relative to investment guidelines and established benchmarks. Conduct ongoing discussions with managers/funds on investment performance and organizational issues (such as changes in ownership, staff, new products, etc.). Advise on manager and fund retention/termination, and assist in developing formal manager and fund review process. Help evaluate any underperformance of managers/funds. Conduct annual

organizational and performance audits of each manager and fund. Periodically analyze risk positions of each money manager and fund.

6. Assist the Board with negotiating appropriate management fees and with monitoring and evaluating transaction costs and efficiency. Evaluate and recommend appropriate earnings enhancement strategies (e.g., cash management and revenue recapture).

D. On-site Consultation and Assistance

1. Attend quarterly (and, as needed) Board meetings to review performance, assess the investment program and make recommendations.
2. Meet with the Board as necessary to assure timely completion of tasks set forth above
3. Board with fiduciary education and adoption of pension-related best practices. Keep the Board abreast of new developments in investment management techniques by making available ongoing research, topical papers and memoranda on current issues of interest to institutional investors.

E. Special Requests

1. Prepare analysis of specific issues designated by the Board. These may include topics such as socially responsible investments, shareholder-voting rights, tobacco-related investments or custodial relationships.

VI. SPECIFIC TERMS AND CONDITIONS

A. Communications

Requests for Information (RFIs) or clarifications regarding this RFP shall be submitted in writing no later than December 5, 2018 at 12:00 P.M. to:

William R. Hathaway, Purchasing Agent
City of Norwich
100 Broadway, Room 105
Norwich, CT 06360

Tel.: (860)823-3706
FAX: (860)823-3812
E-mail: whathaway@cityofnorwich.org

Any questions or comments directed to other City of Norwich employees, officials or agents may result in a respondent's proposal being disqualified.

B. Agreement Term

The initial agreement term will be for a period of five (5) years from the start date of the agreement. An additional option period of one to five years will be available at the sole discretion of the Board for the Investment Advisor Services. The agreement shall cover all functions described in this document for the five-year period and any subsequent renewal period that may be offered. The Agreement may be terminated upon receipt of thirty (30) days advanced written notice (the "Notice Period"), by either the Board or the Advisor. The thirty (30) day Notice Period may be reduced to any other shorter term as agreed to by both parties in writing.

C. Addenda

The City of Norwich reserves the right to revise or amend the specifications of this RFP not later than three (3) days prior to the proposal due date. Such revisions, if any, shall be announced by addenda. If the revisions and addenda require changes in quantities or specifications, or both, the date set for submitting proposals may be postponed by such number of days, as in the opinion of the City of Norwich, will enable proposers to revise their submissions.

D. Exhibits

Please include the following in your proposal:

- 1) A recent performance statement/report for a Plan of similar size to the Norwich Pension.
- 2) Sample Investment Policy Statement
- 3) Form Adv Part II, A & B

E. Proposal Due Date

One (1) original, six (6) hard copies and one (1) digital copy (on CD or flash drive) must be received in a sealed envelope no later than 2:00 PM, January 4, 2019. The flash drive shall contain two (2) folders. One titled Qualifications and the other titled Fee Proposal.

The City will not accept proposals received after the date and time noted above. The City will not accept submissions by e-mail or fax. Proposers are solely responsible for ensuring timely delivery.

Proposers are prohibited from contacting any other City employee, officer, official or agent concerning this RFP. A proposer's failure to comply with this requirement may result in disqualification.

The address for U.S. mail and hand delivery is:

The City of Norwich
William R. Hathaway
Purchasing Agent
City Hall – Room 105
100 Broadway
Norwich, CT 06360-4431

Additionally, please submit one (1) hard copy and one (1) flash drive to:

Arthur J. Meizner, CFA, CAIA, CFP®, AIF®
Hooker & Holcombe Investment Advisors, Inc.
65 LaSalle Road
West Hartford, CT 06107

Include a PDF and a **Word document** with the RFP answers and PDFs of the exhibits.

F. Proposal Withdrawal

Proposals may be withdrawn anytime prior to the proposal opening date and time. Proposals will be considered valid, and may not be withdrawn, cancelled or modified, for sixty (60) days after the opening date, to give the City sufficient time to review the proposals, investigate the proposers' qualifications, secure any required municipal approvals, and execute a binding contract with the successful proposer.

G. Evaluation and Selection

The Board shall evaluate the proposals based upon the following factors:

- 1) Particular capability to perform the services required, as stated in this RFP.
- 2) Standards and quality of the company/firm.
- 3) Overall experience and functionality of the primary service team.
- 4) Experience of team working with clients similar to the City of Norwich.
- 5) Skill and process working with sophisticated pension portfolios.
- 6) Fee structure, pricing and miscellaneous costs.
- 7) References.

The Board reserves the right to interview one or more firms submitting proposals prior to making a final decision to award a contract. The Board will award the agreement to the responsible proposer whose proposal the Board determines to be the most advantageous to the pension based upon the evaluation process, the evaluation factors and the outcome of negotiations, as described above.

H. Award

The Board reserves the right to correct, after proposer verification, any mistake in a proposal that is a clerical error, such as a price extension, decimal point error, etc. If any error exists in an extension of prices, the unit price shall prevail.

The Board reserves the right to accept all or any part of a proposal, reject all proposals, and waive any informalities or non-material deficiencies in a proposal. The Board also reserves the right, if applicable, to award the purchase of individual items under this RFP to any combination of separate proposals or proposers.

The Board will accept the proposal that, all things considered, is determined to be in the best interest of the plans. **Although price will be a factor, it will not be the only basis for award.** Due consideration may also be given to a proposer's experience, references, service, ability to respond promptly to requests, past performance, and other criteria relevant to the Board's interests, including compliance with the procedural requirements stated in this RFP.

The Board will not award the proposal to any business that or person who is in arrears or in default to the Board with regard to any tax, debt, contract, security or any other obligation.

I. Opening of Proposals

Proposals will not be publicly opened. All proposals and evaluations will be kept strictly confidential throughout the evaluation, negotiation and selection process. Only the members of the Board and other procuring officials, employees and agents having a legitimate interest will be provided access to the proposals and evaluation results during this period.

J. Sales Tax

The City of Norwich is exempt from the payment of federal excise taxes and Connecticut sales tax and use taxes. Such taxes must not be included in prices.

K. Interest

The City of Norwich will not pay interest on unpaid or disputed invoices, whether due or overdue.

L. Contract Changes

The Board may, at any time, by a written order and without notice to the sureties, make changes within the general scope of this agreement. If any such change causes an increase or decrease in the cost of, or the time required for the performance of any part of the work under this agreement, whether changed or not changed by any such order, a mutually acceptable equitable adjustment shall be made in the contract price and the agreement shall be modified in writing accordingly. Any claim by the Board for adjustment under this clause must be asserted within ten (10) business days from the date of receipt by the proposer of the notification of change.

M. Agreement Termination

In the event that this contract is terminated for any valid reason, the Board reserves the right to award this contract to the second highest-ranking proposer based on the original evaluations.

N. Contractor Evaluation and Demand to Cure

The investment advisor's performance will be evaluated by the City of Norwich's Board until completion or termination of the agreement. The quality of the advisor's performance in a number of areas will be rated as "satisfactory," "needs improvement," "unsatisfactory" or "not applicable." When evaluations are rated "less than satisfactory," the advisor will be notified. These notifications shall identify deficient areas in contract performance and afford the advisor the opportunity to correct/cure or present its position concerning items that were reported to be deficient.

Failure to cure deficiencies in performance relative to any of the standards or requirements set forth in this document will result in a "demand to cure" notification to the advisor from the Board. The third documented notification of a "demand to cure" within any 12-month period may be grounds to cancel this contract for cause.

VII. PROPOSAL FORMAT

Responses to this RFP shall be submitted in two (2), sealed opaque envelopes clearly marked in the lower left corner:

Envelope A – Statement of Qualifications (must contain information requested in Paragraphs A-H and J only. **Do not include any fee information in this envelope.** Failure to comply with this requirement shall result in disqualification of your proposal.).

Envelope B – Fee Proposal (Paragraph I only).

All responses to this RFP shall be organized in the manner outlined below. Advisors will be evaluated, in part, on their ability to communicate clearly and succinctly.

A. Cover Letter

Interested consultants/firms shall submit a one page cover letter addressed to William R. Hathaway, Purchasing Agent, signed by an authorized principal or agent of the firm. The letter shall provide an overview of the proposal as well as the name, title, telephone and fax numbers and the e-mail address to whom questions regarding the firm's response to this RFP may be addressed.

B. Organization

1. Name of firm.
2. Name, address, and telephone number(s) of key contact.
3. Ownership structure of firm.
4. Team structure and brief biographies of individuals to be assigned.
5. Business focus/client base.
 - a. What is the primary business focus of your firm? Is your firm affiliated with any organization(s), specifically a brokerage firm? If yes, please describe the relationship in full.
 - b. What is your team's targeted market in terms of plan size?
 - c. How many pension consulting clients does your team currently have? What is the average plan size of your team's clientele?
 - d. What is the client turnover (gains and losses) of your team over the last three years?
 - e. How many full-time staff is employed by your team and firm?
 - f. When did your organization begin providing investment advisory services?
 - g. Is providing investment advisory services currently one of your organization's principal lines of business?
 - h. What percentage of your organization's revenues in the last fiscal year was attributable to the investment advisory practice?
6. Is your organization registered with the Securities Exchange Commission (SEC) as an investment advisor under the Investment Advisors Act of 1940?
7. Please provide a copy of your organization's Form ADV Part II A&B.

C. Potential Conflicts of Interest

1. Does your organization provide trust, investment management or securities brokerage services (including commission recapture)? If so, please identify and explain all such services provided:
 - a. What percentage of your 2017 revenue was attributable to such trust, investment management or securities brokerage services?
 - b. Does your organization provide any other services or engage in any other lines of business aside from investment advisory, trust, investment management, or securities brokerage services? If so, please describe such services in detail, noting the percentage of your firm's 2017 revenue that was attributable to such services.
2. If any part of your organization provides brokerage services, soft-dollar services, directed brokerage, discount brokerage or commission recapture programs (collectively, "brokerage related services"):
 - a. What percentage of your organization's 2017 revenue was received in soft dollars?
 - b. What percentage of your organization's 2017 revenue was attributable to (or compensation for) brokerage-related services?

3. Does your organization offer or sell services or products to investment managers? If so, identify these in detail and name every manager who purchased any such services or products (with hard or soft dollars) over the last two fiscal years.
4. Please confirm that your organization and/or team will not accept any commissions or other remuneration from any service providers in exchange for placing business with that organization.
5. Does your organization and/or team solicit or accept fees for placing or helping to place money managers? If so, please explain.
6. Does your organization charge to include any investment managers in your database or in any search? If so, please explain.
7. Does your organization and/or team have any clients or associations that could present a conflict of interest and possibly compromise the objectivity of its advice to the City of Norwich? If so, please explain.
8. Does your organization and/or team receive any products or services from any investment managers? If so, identify each service and the amount of compensation paid, if any.
9. Do any of the members of the organization and/or team sit on the Board of any of the investment managers used in pension plans under advisement? If so, is there any financial remuneration?

D. Legal Fiduciary Status, Investment Advisory Status and Litigation

1. Does your organization consider itself to be a fiduciary in its role as investment advisor? Will your organization contractually agree to accept fiduciary responsibility with respect to its investment advisory services?
2. Does your organization serve as an independent fiduciary to any client subject to court supervision or a U.S. Department of Labor judgment or decree? If so, please identify them.
3. Has your organization, or a principal, employee, or agent of your organization, ever been investigated or charged by the SEC, the U.S. Departments of Justice or Labor, the Internal Revenue Service, or any other federal, state or local regulatory agency for any purported or actual violation of applicable law? If yes, please explain and provide date(s) of the violation(s).
4. Over the past five years, has your organization or any principal, employee or agent been named or threatened to be named as a party in any private or governmental litigation, arbitration or other dispute resolution proceedings; been a target in any governmental or professional investigation; or settled any actual or threatened claim? If so, please provide details including a copy of all relevant complaints and communications, a list of all parties, and the results or status of such proceedings(s), investigation(s) or settlement(s).

E. Insurance

1. Does your organization carry a fidelity bond and/or fiduciary liability, professional liability or any other insurance that would be beneficial to the Plans? If so, please describe the insurer, the type of insurance coverage, the beneficiary of such coverage, the limits of such coverage and the deductible amount under such coverage. Please also attach a copy of each such policy or an applicable certificate of insurance.
2. Is your organization currently aware of any claims that have been made, are being made or may be made with respect to such policies? If so, please describe.

- Has your organization ever assisted a client in reducing its fiduciary liability insurance premiums? If so, please explain how, and to what extent your organization has done this (and provide references), and whether and how your organization would assist the Plans in reducing its premiums.

F. Staffing and Facilities

- How is your organization and/or team structured to service your accounts?
- How many of your immediate staff are investment consultants?
- What is the average number of accounts handled per team member?
- Describe the qualifications and expertise of your organization and team’s professional staff (both local and national), including their years of service and experience in the public pension sector.
- Please list the name and location of the primary individuals who will be responsible for the City of Norwich’s Plans, and provide detailed biographies of such persons, including their tenure with your organization. How many Plans similar to Norwich’s do these primary individuals service?
- How many prime consultants have left your organization/team during the past two years? Include their reasons for leaving. Please describe the measures your immediate organization takes to assure continuity of service when a team member leaves your organization.
- Please provide a full disclosure of whether any of your organization/team’s professional staff has ever been suspended or disbarred from performing investment advisory services or other professional services, has been subject to any disciplinary actions, or has committed any criminal offenses evidencing fraud, dishonesty or breach of trust.
- Please describe the location(s) and capabilities of your organization’s computer/data processing staff. Is the entire staff in-house? Does your organization outsource any of these services? Please describe the security of these resources.

G. Clients

- Please provide a representative list of your organization/team’s investment advisory clients of similar size.
- Please list your immediate organization/team’s government public Pension system clients and the portfolio size for each.
- Please complete the following table for your team:

Size of Plan Assets	# of Plans	Total Pension Assets
UNDER \$75M		
\$75M TO \$150M		
\$150M TO \$250M		
OVER \$250M		
TOTAL		

- Please list the number of clients that have terminated your organization/team’s services during the past three years, including their reasons for termination.
- For reference purposes, provide the name, address, telephone number and contact person for four current clients (three must be government public Pension system clients) for whom your immediate organization provides comprehensive investment advisory services.

H. Services

1. General

Please indicate which of the services listed below your organization/team intends to provide to the Plans (Please indicate yes or no):

- a. attend in-person quarterly meetings (at a minimum);
- b. advise the Board during these meetings on the investment impact of plan amendments that may be considered;
- c. provide oversight of all investment aspects of the Board's operations;
- d. review and develop an investment policy statement and provide an analysis on the reasonableness of investment assumptions;
- e. advise the Board on the prudence and relative financial impact of various investments;
- f. review, develop and periodically rebalance asset allocation;
- g. recommend hiring, retention and termination of investment managers, mutual funds and other investment products;
- h. prepare and present monthly performance evaluations, including a review and report of all investment transactions by all investment managers in a five year investment performance history of the Plans (if source date is available);
- i. review and comment upon investment management agreements prepared by the Plans' counsel;
- j. develop and monitor adherence to individualized investment guidelines, risk controls, proxy voting and adherence to proxy voting policies;
- k. monitor custody bank and assist in retention and replacement, as appropriate;
- l. supervise, monitor and verify transfer of assets in the event of change of investment manager;
- m. provide assistance required by audits or examinations conducted by governmental agencies;
- n. assist in reducing fiduciary liability insurance premiums and address special investment and other issues as they arise.

2. Investment Policy Development & Portfolio Design

- a. Describe briefly the processes and tools your team uses to help clients develop investment policies and objectives.
- b. How does your team identify and understand the Plans' financial and investment objectives?
- c. In addition, comment on your team's process for recommending modifications to investment guidelines.
- d. Describe your team's philosophy and approach to using alternative investments, including:
 - 1) How you differentiate between traditional and alternative investments.
 - 2) Explain why you would use alternatives, i.e., risk reduction, alpha, non-correlated assets, etc.? Why would you not use them?
 - 3) Alternative investments you currently utilize.
 - 4) Typical percentage of alternative investments, including hedge funds.
 - 5) Delivery structure(s) in use (i.e., mutual funds, ETFs, separate accounts, limited partnerships, private placements, MLPs, etc.)

- e. Describe your philosophy and approach to using factor weighted (Smart Beta) funds?
- f. Describe your team's philosophy and approach to development of asset allocation strategies, including:
 - 1) Methodology and approach used for asset allocation modeling, including linkage to asset/liability modeling and funding.
 - 2) Application of major variables (i.e., risk tolerance, return, correlation, skewness, kurtosis, etc.).
 - 3) How frequently, and under what circumstances, do you believe asset allocation should be changed?
 - 4) Does your team employ a tactical allocation strategy? If yes, describe the parameters and the decision making process.
 - 5) Does your team use alternative asset allocation methodology beyond Markowitz? Please explain.
 - 6) Does your team utilize liability driven methodology? Please explain.

3. Manager Selection

- a. Briefly describe the process and methodology of choosing an investment manager and fund from initial screening through the development of your recommendation.
- b. Indicate the source of information for investment manager candidates, partnerships, funds, ETFs, etc.
- c. Does your organization and/or team conduct on-site due diligence meetings? Please explain. How often do you visit with managers or representatives of the funds used in your portfolios?
- d. Does your team classify equity managers and funds by style? If yes, please indicate the style categories your organization uses and what process it uses to determine the manager's/fund's style?
- e. How does your team verify the validity of limited partnership and separate account managers' performance records?
- f. What is your position relative to active and passive investing?
- g. Do you use multiple funds or managers for larger sleeves such as Large Growth, Core or Value?
- h. For portfolios of a similar size as the City of Norwich's pension plans, what types of investment vehicles (as shown below) would you use, and what percentage. Differentiate between traditional investments and alternative investments.
 - 1) Mutual Funds
 - 2) ETFs
 - 3) Individual bonds
 - 4) Individual stocks
 - 5) Limited Partnerships
 - 6) Separately Managed Accounts (SMA)
 - 7) Private Placements
 - 8) Other (explain)

4. Performance Measurement and Evaluation

- a. Describe your organization/team's approach to monitoring and evaluating portfolio performance, risk, investment style and individual investment managers for your clients. Please discuss how you benchmark the managers or funds.
- b. How often does your firm/team review an investment manager's performance?
- c. Explain what would cause you to recommend a manager or fund to be terminated?
- d. Briefly describe your organization's reporting system and the components of your performance reports. Please explain the extent to which these performance reports can be customized to meet a particular client's needs.
- e. Describe the types of analysis and investment performance comparisons included in a typical performance evaluation report. To what extent does your organization/team provide analysis of year-to-year changes? What is your organization/team's typical turnaround time for the preparation of such analysis?
- f. Are rates of return routinely presented on a net of fee basis?
- g. Databases:
 - 1) Please describe the databases your firm uses?
 - 2) Is the database proprietary to your firm or purchased?
 - 3) If purchased, how many do you use and for what purposes?
 - 4) How many investment managers are in your database(s)?
 - 5) If you maintain your own proprietary database, how does your firm gather, verify and analyze the data collected on managers for the database(s)? Include name of any external sources.
 - 6) Describe your screening process and capabilities.
 - 7) How many managers are actively monitored?

5. Risk Control

- a. Does your organization/team assist clients in developing individualized, written investment manager guidelines? If so, attach a sample of such guidelines for a domestic equity manager and for a domestic fixed income manager.
- b. Please explain how your organization/team measures and analyzes relevant financial characteristics regarding each manager's account and funds, and the entire fund portfolio in order to detect and control risk.
- c. How do you manage for extreme left-tail risk? Do you consider Value at Risk (VaR) or Conditional Value at Risk (CVaR)?
- d. How do you define risk for a defined benefit plan? How do you help sponsors mitigate that risk?
- e. What do you consider the critical success factors for a de-risking strategy?
- f. Describe the optimization or risk management techniques used in the portfolio construction process. Detail strategies employed to prevent excessive volatility.
- g. How does your approach differ for plans that are closed versus active?

6. Transition Management

- a. In light of the number of SMA positions in the current Plans, describe how you would transition the assets to your recommended portfolio and custodian?
- b. What extra costs would be involved?

7. Computer and Technical Capabilities

- a. Describe the software and hardware that will be used to support the proposed work plan.
- b. Describe your catastrophic data recovery plans. How often do you test your recovery system?
- c. Describe your maintenance and backup procedures including daily backups, retention timetable and off-site backup storage approach. Where are your off-site backup facilities located? Is the backup data saved on disc or in the cloud?
- d. Describe how any database(s) can be accessed by the Board staff.

I. Fees (Separate sealed envelope)

1. Please outline your fee structure for this plan. Please indicate all services you propose to provide and their associated fees. Specifically, detail in terms of your retainer, manager searches, performance monitoring on a monthly basis and other functions. **Please note that the City is seeking quarterly in-person (and, as needed) meetings a year.**
2. Please indicate the number of years for which your organization would be willing to guarantee its fees.
3. Please list any anticipated miscellaneous expenses and disbursements for which your organization will charge or seek reimbursement and unit costs of such expenses (if applicable).
4. Disclose your portfolio management philosophy as it relates to negotiating/establishing fee arrangements with money managers. Disclose your review/evaluation process to determine reasonableness of each investment manager fee. Disclose your process for periodic review and recommendation of service fee reductions or consolidation.
5. What are the anticipated fund, limited partnerships, separate account, ETF, etc., fees and expenses?
6. What are the estimated fees and expenses charged by your Custodian/Trustee?
7. Do you intend to charge for special projects or ad hoc work? If so, how would these services be defined and billed? Would there be a discount from the standard fees or special projects?
8. If hired, will your firm receive any other form of compensation from working with this account that has not yet been revealed? If yes, what is the form of compensation?
9. Describe in detail any mutual fund revenue sharing (recapture), 12b-1 fees, finder's fees, directed brokerage commissions (separate accounts), collective trust rebates, and any other revenues or fee rebates. Full transparency and disclosure of expenses, fees, revenue sharing, etc. is an absolute and nonnegotiable requirement.
10. If your organization plans to bill for special projects on an hourly basis, please include a schedule showing the hourly rates of the professionals who would be assigned to the Trust's account. If selected, your organization will be expected to provide detailed back-up documentation reflecting the number of hours expended on a special project, billing rates, the subject matter of the services rendered, and the particular person(s) rendering those services.

J. Miscellaneous

1. Please provide a confirmation of your organization/team's willingness and availability to commence work immediately upon selection and to devote sufficient resources to perform any and all services in a timely and efficient manner.
2. A certification that all information contained in the proposal is complete and accurate, signed by a person authorized to negotiate on behalf of and contractually bind your organization. Any misrepresentation in the proposal could result in the termination of the contract at any time and potential liability.
3. Any other information you feel will be beneficial to support your proposal.

NON-COLLUSION AFFIDAVIT

State of _____)
County of _____)

_____, being first duly sworn, deposes and says that:
(Individual's Name)

1. He/she is _____ of _____
(Sole Owner, Partner, President, Secretary, etc.) (Corporation Name)

herein after referred to as the "Proposer" that has submitted the attached bid;

- 2. He/she is fully informed respecting the preparation and content of the attached Proposal and of all pertinent circumstances respecting such Proposal;
3. Such Proposal is genuine and is not a collusive or sham proposal;
4. Neither the said Proposer nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including the affiant, has in any way colluded, conspired, connived or agreed, directly or indirectly with any other Proposer, firm or person to submit a collusive or sham bid, in connection with the contract for which the attached Proposal has been submitted or to refrain from bidding in connection with such contract, or has in any manner directly or indirectly, sought by agreement or collusion or communications or conference with any other Proposer, firm or person to fix the price or prices in the attached Proposal or of any Proposer, or to fix any overhead, profit or cost element of the Proposal price or the Proposal price of any other Proposer, or to secure through any collusion, conspiracy, connivance or unlawful agreement any advantage against the City of Norwich, CT or any person interested in the proposed contract; and
5. The price or prices quoted in the attached Proposal are fair and proper and are not tainted by any collusion, conspiracy, connivance or unlawful agreement on the part of the Proposer or any of its agents, representatives, owners, employees, or parties of interest, including this affiant.
6. That no officer or employee or person whose salary is payable in whole or in part from the City of Norwich is directly or indirectly interested in this Proposal, or in the supplies, materials, equipment, work or labor to which it relates, or in any of the profits thereof.

Signed: _____

Title: _____

Subscribed and sworn before me this _____ day of _____, 20_____.

Notary Public

My Commission expires on _____

CITY OF NORWICH
PERSONNEL & PENSION BOARD
Statement of Investment Policy

Adopted by the Personnel & Pension Board at its April 17, 2018 meeting

Section 1 - Introduction & Purpose

This statement of investment policy is set forth by the Board to reflect the investment policy, objectives, and constraints of the Plans.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the management of assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. The Board should review this statement at least annually and revise as necessary.

The statement of investment policy consists of the following sections:

Section 1 - Introduction & Purpose	2
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The Board is a fiduciary, and as such is responsible for directing and monitoring the management of the Plans’ assets. The Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

Investment Consultant

The consultant may assist the Board in: establishing investment policy, objectives and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

Investment Managers- The Plans’ assets will be diversified in order to mitigate concentration of market risk, credit risk, and foreign currency risk.

The investment managers, have discretion to purchase, sell, or hold the specific securities that will be used to meet the Plans’ investment objectives.

Custodian- The policies for safekeeping and custody are intended to mitigate custodial credit risk.

The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Plans, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold as well as movement of assets into and out of the Plans’ accounts.

Co-Trustee

The Board may appoint an outside individual or entity, such as a bank trust department, to be co-trustee. The Co-trustee will assume fiduciary responsibility for the administration of the Plans’ assets.

Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer the Plans’ assets prudently.

Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such expenses must be customary and reasonable, and will be borne by the Plans as deemed appropriate and necessary.

Definitions

- *Plans* shall mean the City of Norwich Employees’ Retirement Fund and Other Postemployment Benefits Fund.

ATTACHMENT A

- ***Board*** shall refer to the Personnel & Pension Board; which is the governing board established to administer the Plans as specified by the City's charter and code of ordinances.
- ***Fiduciary*** shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Plans' assets.
- ***Investment Manager*** shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Plans' assets.
- ***Investment Consultant*** shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
- ***Securities*** shall refer to marketable investment securities which are defined as acceptable in this statement.
- ***Investment Horizon*** shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for these Plans is Perpetuity.

Section 2 - Assignment of Responsibility**Responsibility of the Board**

The Board is charged by City Charter with the responsibility for the management of the assets of the Plans. The Board shall discharge its duties solely in the interest of the Plans, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.

The specific responsibilities of the Board relating to the investment management of the Plans' assets include:

- Projecting the Plans' financial needs, and communicating such needs to the Investment Managers & Consultants on a timely basis.
- Determining the Plans' risk tolerance and investment horizon, and communicating these to the appropriate parties.
- Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Plans' assets.
- Prudently and diligently selecting qualified investment professionals, including Investment Managers, Investment Consultants, Co-Trustees, and Custodians.
- Regularly evaluating the performance of the Investment Managers and Investment Consultants to assure adherence to policy guidelines and monitor investment objective progress by comparing to the benchmarks defined in Section 7.
- Developing and enacting proper control procedures; i.e. replacing Investment Managers and/or Investment Consultants due to fundamental change in investment management process, or failure to comply with established guidelines.

Responsibility of the Investment Managers

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager include:

- Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Reporting, on a timely basis, quarterly investment performance results.
- Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Plans' investment management.
- Informing the Board regarding any qualitative change to investment management organization: i.e. changes in portfolio management personnel, ownership changes, investment philosophy, etc.
- Voting proxies, if requested by the Board, on behalf of the Plans, and communicating such voting records to the Board on a timely basis.
- Investment Managers can communicate all of the above through the Investment Consultant

Responsibility of the Investment Consultant- The Investment Consultant is to monitor that the standards outlined meet all criteria for: market risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk.

The Investment Consultant's role is that of a non-discretionary advisor to the Board. Investment advice concerning the investment management of the Plans' assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines, and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

- Assisting in the development and periodic review of investment policy.

- Conducting investment manager searches when requested by the Board.
- Providing "due diligence", or research, on the Investment Managers, Mutual Funds, and Alternative Investments.
- Monitoring the performance and cost/expense ratios of the Investment Managers to provide the Board with the ability to determine the progress toward the investment objectives. Reporting daily online, monthly and audited reports quarterly.
- Monitoring adherence of Investment Managers' holding to the Investment Policy Statement.
- Communicating matters of policy, manager research, and manager performance to the Board.
- Reviewing Plans' investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Board.
- Provide ongoing informal education on relevant topics.

Responsibility of the Treasurer

- Care and custody of Plans' funds (Charter Chapter XIV, Section 15)
- Recommend corporate trustees for the Board's approval to manage the Plans' funds (Charter Chapter XIV, Section 15)

Responsibility of the Comptroller

- Assist the Board in administrative financial functions
- Assist the Board in evaluating actuarial assumptions
- Delivering any cash flow projections to the Consultant
- Monitor Plans' liquidity needs
-

The Deputy Comptroller may serve in the Comptroller's absence

Section 3 - Investment Objectives

General Investment Principles

- Investments shall be made solely in the interest of the beneficiaries of the Plans.
- The Plans' assets shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent man, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
- Investment of the Plans' assets shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- The Board may employ one or more investment managers of varying styles and philosophies to attain the Plans' objectives.
- Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.
- Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities or mutual funds.
- Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plans' objectives. However, the investment managers are to make reasonable efforts to control risks, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment styles and objectives.
- Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

Specific Investment Strategies and Goals

The overall goal is to achieve the Plans' long-term assumed rate of return of 7.5%, as recommended by the Actuary and approved by the Board.

The investment objectives of the Plans are not meant to be imposed on each investment account. The goal of each investment manager shall be to meet or exceed the market index, or blended market index, selected and agreed upon by the Board in Section 7 that most closely corresponds to the style of investment management. Display an overall level of risk in the portfolio which is consistent with the risk associated with their appropriate benchmark. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from the overall objectives of the Plans.

Section 4 - Risk & Liquidity

Definition of Risk

The Board realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Plans' assets understands how it defines risk so that the assets are managed in a manner consistent with the Plans' objectives and investment strategy as designed in this statement of investment policy. The Board defines risk as **the probability of not meeting the fund's liabilities or cash flow requirements.**

Liquidity Requirements

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Comptroller will periodically provide the investment consultant with an estimate of expected monthly net cash flows. The Comptroller will notify the investment consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

After giving consideration to the Plans' longer-term objectives and liquidity requirements, the Board requires at least 90% of Plan assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Plans, with a minimal impact on market price.

Diversification of Investment Managers

The Board does not believe it is necessary or desirable that securities held in the Plans represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification:

- the securities of any one company should not exceed 5% of the Plans' total assets. The total of all government or government agency securities are not to exceed 50% of the Plans' total assets.
- there is no required level of diversification for industries.
- there is no required level of diversification for individual Treasury securities.
- there is no required level of diversification for total allocation to Treasury securities.

Guidelines for Fixed Income Investments and Cash Equivalents

- Plan assets may also be invested in high yield and emerging market debt, provided that the allocation to these issues not exceed more than 10% of the Plans' total assets.
- No more than 10% of Plans' total assets may be invested in non-U.S. dollar denominated securities without prior Board approval.
- Money market funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade (BBB- by Standard & Poors or Baa3 by Moody's).

Guidelines for Equity Investments

- Investments in emerging market equities may not exceed 5% of the Plans' total assets.

Section 5 - Asset Allocation

Aggregate Plan Asset Allocation Guidelines

Investment management of the Plans' assets shall be in accordance with the following asset allocation guidelines (at market value)

Asset Class	Minimum	Target	Maximum
Equity	30%	70%	80%
Fixed Income	20%	30%	70%
Real Estate / Alts	0%	0%	10%
Cash	0%	0%	35%

Asset Sub-Class	Minimum	Target	Maximum
Large Cap Equities	0%	40%	50%
Small/Mid Equities	0%	15%	25%
Non-US Equities	0%	15%	25%
Emerging Markets	0%	0%	5%
US Fixed Income	20%	30%	70%
Non-US Fixed Income	0%	0%	10%
High Yield Fixed Income	0%	0%	10%
Real Estate/Alternatives	0%	0%	10%
Cash Equivalents	0%	0%	35%

The Board may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the Plans' total assets, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such investment managers will receive written direction from the Board regarding specific objectives and guidelines.

In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Board will instruct the Investment Managers to bring the portfolios into compliance with these guidelines as promptly and prudently as possible.

In the event that any individual Investment Manager's portfolio is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, the Board expects that the Investment Manager will bring the portfolio into compliance with these guidelines as promptly and prudently as possible without instruction from the Board.

Section 6 - Investment Guidelines

Allowable Equity Securities

- Common stocks
- Convertible notes & bonds
- Convertible preferred stock
- Non-US common, or preferred stock
- ADR's of non-US Corporations
- Mutual Funds that invest in equities
Rule 144a securities

Allowable Fixed Income Securities

- US Government & Agency securities
TIPS
- Corporate notes & bonds
- Mortgage backed bonds
- Preferred stock
- Collateralized Mortgage Obligations (CMO's)
- Non-US Fixed Income Securities
- Mutual Funds that invest in debt securities

Allowable Cash Equivalent Securities

- Treasury bills
- Money market funds
- STIF funds
- Commercial paper
- Banker's acceptances
- Repurchase agreements
- Certificates of deposit
- Interest-Bearing Savings & Checking Deposits

Prohibited Equity Securities

Prohibited Fixed Income Securities

- Collateralized Debt Obligations (CDO)

Prohibited Cash Equivalent Securities

- Bank Loans
- Direct Bank Loans

Other Securities not listed must have prior board approval

Section 7 - Definitions of Benchmarks**Quarterly**

The Investment Consultant will include a report by asset class using the following funds as benchmarks for each asset class. This report will include the quarter, year-to-date, one-year, three-year, and five-year returns of the Plans' funds compared to their respective benchmarks as well as the expense ratios for the Plans' funds.

<i>Asset Class</i>	<i>Benchmark</i>
Large Cap Equities	S&P 500
Mid Cap Equities	Russell Midcap
Small Cap Equities	Russell 2000
Non-US Equities	MSCI EAFE
Emerging Markets	MSCI Emerging Markets
US Fixed Income	Bloomberg Barclays Aggregate Bond Index
Non-US Fixed Income	Citigroup WGBI NonUSD Hedged USD
High Yield Fixed Income	Bloomberg Barclays U.S. Corp High Yield
Real Estate/Alternatives	Dow Jones U.S. Real Estate Index
Cash Equivalents	U.S. Treasury 1 Month Nominal Constant Maturity
