



CITY OF PHOENIX
RETIREMENT SYSTEMS

REQUEST FOR PROPOSALS
FOR
INVESTMENT AND REAL ESTATE ADVISORY SERVICES

DEADLINE FOR SUBMISSION

April 13, 2015

SUBMITTAL ADDRESS

City of Phoenix
Retirement Systems
200 W. Washington Street, 10th Floor
Phoenix, Arizona 85003
Email: copersrfp@phoenix.gov

CONTACT PERSON

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SECTION I –INTRODUCTION

A. General

The Board of Directors of the City of Phoenix Employees Retirement System (the “Trustees” or “Board”), as trustees of the City of Phoenix Employees Retirement Plan (“COPERS” or the “Plan”) is requesting proposals from qualified financial advisors to provide a full range of financial and investment advisory services to the Board as described in the Scope of Services.

B. City of Phoenix Employees Retirement Plan

The City of Phoenix Employees Retirement Plan (the “Plan”) was established on December 29, 1953 as Part II, Article II, Chapter XXIV of the Charter of the City of Phoenix (copy available upon request). Since this benefit creates a future liability for the City, the COPERS Trust has been established to fund this outstanding liability over time. The balance in the COPERS Trust as of December 31, 2014 is approximately \$2.2 billion.

C. Public Record

All proposals submitted in response to the RFP shall become the property of the Plan and shall become a matter of public record available for review pursuant to Arizona state law after the award notification.

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SECTION II - SOLICITATION TRANSPARENCY POLICY

A. Informal Discussions Prohibited.

Beginning on the date this RFP is issued and until the date a Proposer is recommended to the Trustees or this RFP is withdrawn, all financial advisors that respond to this RFP (the "Proposers") for financial and investment advisory services, including their employees, agents, representatives, proposed partner(s), subcontractor(s), joint venture(s), member(s), or any of their lobbyists or attorneys, will refrain from any direct or indirect contact with any person (other than the designated Contact Person) who may play a part in the selection process, including members of the Evaluation Committee (as described below), the City Manager, Assistant City Manager, Deputy City Managers, Department Heads, the Mayor and other members of the Phoenix City Council or members of the Board. As long as this RFP is not discussed, financial advisors that participate in this RFP process may continue to conduct business with the City and COPERS and discuss business that is unrelated to this RFP with City staff.

B. Open Meeting Required.

A Proposer may discuss its response to this RFP with the Mayor or one or more members of the Phoenix City Council or the Board, provided such meetings are scheduled through the designated Contact Person, conducted in person at 200 West Washington Street, Phoenix, Arizona 85003, and are posted as open meetings by the City Clerk at least 24 hours prior to the scheduled meetings. The posted notice shall identify the participants and the subject matter, as well as invite the public to participate.

C. No Undue Influence.

With respect to the selection of a financial advisor, the City Manager and/or City Manager's Office will continue the past practice of exerting no undue influence on the process. In all solicitations, any direction on the selection from the City Manager and/or City Manager's Office and Department Head (or representative) to the Evaluation Committee or other selecting authority must be provided in writing to all prospective participants.

D. Disqualification.

This policy is intended to create a level playing field for all participants and protect the integrity of the selection process. Proposers that violate this policy shall be disqualified.

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SECTION III - RFP RESPONSE INFORMATION

A. Submittals.

1. **Submittals shall be received no later than 3:00 PM MST on April 13, 2015 at the following location:**

City of Phoenix
Retirement Office
200 West Washington Street, 10th Floor
Phoenix, Arizona 85003
copersrfp@phoenix.gov

2. Each Proposer must submit an original, signed proposal in response to this RFP, five hard copies of the same and one electronic copy.
3. All questions regarding this RFP shall be directed to the contract person set forth below (the "Contact Person"):

Mr. Greg Fitchet
Investment officer
200 West Washington Street, 10th Floor
Phoenix, Arizona 85003
602-495-2021
greg.fitchet@phoenix.gov

4. Any Proposer that intends to respond to this RFP, but believes there is an ambiguity, inconsistency or error herein shall promptly notify the Plan of such defect. A Proposer's failure to notify the Plan of such defect shall waive its ability to assert the defect in the future.

B. Minimum Requirements.

To be eligible for evaluation by the Evaluation Committee, Proposers, at a minimum, must meet the following requirements.

1. Proposers must hold any and all licenses and authorizations necessary to provide the financial and investment advisory services described in the Scope of Services to the City.
2. Proposers must be registered under the Investment Advisors Act of 1940, as amended, and experienced in providing financial and investment advisory services to governmental entities.

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3. Proposers currently must be providing financial and investment advisory services to at least five clients, each with portfolio assets exceeding \$250,000,000.
4. The person assigned by the Proposer to lead any team in connection with an engagement resulting from this RFP must have at least seven years of financial and investment advisory experience in the governmental sector.
5. The Proposer shall certify and acknowledge in writing that it is a fiduciary with respect to the Plan.
6. The Proposer **MUST** be current and in compliance with all requirements of the Municipal Securities Rulemaking Board (MSRB), including Rule G-37. Each Proposer by virtue of submitting a proposal in response to this RFP represents and warrants to the Trustees and the City that its officers, directors, employees or agents have not made any contributions or undertaken any actions in violation of Rule G-37. Proposers which fail to comply with Rule G-37 will be disqualified from having its proposal reviewed by the Evaluation Committee as defined below.
7. In order to do business with the City and enter into contracts in connection with the Trusts, each Proposer must comply with Phoenix City Code, 1969, Chapter 18, Article V, as amended, Equal Employment Opportunity Requirements. Any questions regarding these requirements shall be directed to the Equal Opportunity Department, (602) 262-6790.

C. Scope of Services.

The Trustees are searching for a qualified investment advisory firm to provide ***general pension investment and real estate consulting*** services to the Plan. Proposers may bid on one or both of these services. A separate fee schedule shall be included for each service.

The financial advisor(s) sought under this RFP will assist the Trustees review and update the investment policy, select financial and investment related service providers, as needed, and oversee the performance of each investment manager for the overall purpose of maintaining the Plan corpus, while maximizing return and minimizing risk, respectively.

Proposers must demonstrate extensive experience and superior capability for providing financial and investment advisory services. The successful Proposer, if any, may provide some or all of the following services under the general direction of the Trustees of each Trust, respectively, and City staff:

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1. Review the Plan documents and the related ordinances and investment policies.
2. Assist with the review, revision and implementation of investment policies for the Plan, as necessary.
3. Develop asset allocation models for the Plan consistent with the risk and return objectives of the Plan and with its investment policy. Discuss the methodologies, assumptions and constraints utilized for the model and the rationale for each.
4. Provide annual asset allocation reviews and recommendations to the Trustees for the Plan, including an annual report of general economic conditions and forecasts of interest rates, inflation, and risk and returns for all asset classes.
5. Conduct and assist the Trustees with the selection of other financial or investment related service providers, including conducting searches for and/or preparing, distributing and evaluating requests for proposals for investment managers and custodians, respectively.
6. Analyze responses to any request for proposals for an investment manager for the Plan and advise the Trustees on the capabilities of the proposers, including an analysis of each proposer's personnel, investment philosophies and processes, internal and risk controls, risk-adjusted performance, performance relative to benchmarks and peers, and fees.
7. Analyze responses to any request for proposals for a custodian for the Plan and advise the Trustees on the capabilities of the respondents, including an analysis of each Proposer's personnel, service levels, systems, reporting, accuracy, and responsiveness.
8. Perform a quarterly performance analysis of each investment manager, including peer universe comparisons at the asset class and total fund levels, and provide quarterly reports setting forth such analysis. Make recommendations to the Trustees regarding each investment manager.
9. Periodically review the performance of investment managers through various methods, including interviews and on-site visits.
10. Attend meetings related to the Plan as requested.
11. Provide research and reports to the Trustees and City staff on various investment topics, and provide educational presentations to the Trustees and City staff as requested.

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D. Information Required in Proposal.

Responses to this RFP should be concise, clearly written, and provide the information in the following four categories requested (including resumes)--(i) Organization, (ii) Personnel, (iii) Experience and (iv) Fees - in the order requested. Responses that are generic, or do not specifically include the information requested in this RFP, will be deemed non-responsive and will not be evaluated. ***A strict limit of 30 pages, not including any attachments, will be enforced. Responses that do not adhere to this page limit will be deemed non-responsive and will not be evaluated.***

1. The “*Organization Section*” of the Proposal shall include:
 - a. Proposer’s name and address and the contact information of the person or persons within the firm who will serve as the City’s key contact or contacts with respect to this RFP.
 - b. Provide the year firm was established, an overall description of the legal structure, total number of employees, ownership (list each owner by percentage of ownership), the major services provided, the year it began providing financial and investment consulting services to governmental clientele, and its financial condition. List any changes to the Proposer’s legal or organizational structure anticipated over the next 12 months.
 - c. Provide an organizational chart of the firm. Identify senior management, their major responsibilities and the organizational units they supervise. Identify the organizational unit that would be responsible for providing services under any contract resulting from this RFP.
 - d. Provide the Proposer’s financial statements for its last two fiscal years (audited if available). Include at a minimum the Balance Sheet, Income Statement and Statement of Retained Earnings.
 - e. A list of all services provided by the Proposer during its most recently completed fiscal year and the percentage of total income that each service represents; and if the Proposer has a parent company, the percentage of total income that the Proposer’s services represent to the total income of the parent company.
 - f. A list of all investigations or notices of an investigation involving any of Proposer’s directors, officers or employees by any governmental or regulatory agency concerning fiduciary responsibility or relating to the securities, financial or consulting industries.

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- g. A list of all lawsuits filed or claims made against the Proposer or any of its directors, officers or employees, related to their participation in the securities, financial or consulting industries.
 - h. A copy of the Proposer's most recent Form ADV parts I and II.
 - i. Any relationship between Proposer and any non-affiliated firm that may be compensated if Proposer is selected under this RFP, including all business relationships with investment managers or other service providers that the Plan may hire in connection with providing the services required by this RFP, including any commission recapture programs.
 - j. Any actual or potential conflicts of interest, which may arise if the Proposer is selected under this RFP and the Proposer's plan to manage them.
 - k. A copy of any written code of conduct.
2. The "*Personnel Section*" of the Proposal shall include:
- a. Proposer's staffing plan, including the team and senior management to be assigned if Proposer is selected under this RFP.
 - b. Resumes for each member of the team identified above, include education, licenses, professional affiliations, years of governmental financial and investment advisory experience, and total years with Proposer.
 - c. Describe the Proposer's compensation and incentive arrangements for employees.
 - d. Provide both the total number of personnel departures and new hires by calendar year for 2012 through 2015 along with subtotals for each year that correspond to the firm's organizational units provided in 1(c) above. For each departure and new hire, please state the individual's title at the time of the departure or the hire and whether the individual was a shareholder of the firm. If any individuals who joined or departed are not listed, please explain why.
3. The "*Experience Section*" of the Proposal shall describe:
- a. Proposer's unique strengths and competitive advantages and how they generate value and superior performance for its clients.
 - b. The processes Proposer has in place to measure Proposer's performance and its recommendations regarding how the Trustees should evaluate Proposer's performance.

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- c. Provide the number of governmental and institutional clients serviced by the Proposer and the total assets under advisement at the end of each of the last three calendar years.
- d. For each of the last three calendar years, provide the client name and total dollar amount of assets advised for each financial and/or investment consulting client that terminated their relationship with the Proposer. Provide the reason for each termination.
- e. Proposer's experience with developing and reviewing investment policies for public sector clients, including the process used by Proposer for developing such investment policies.
- f. Proposer's theory and methodology for (i) developing asset allocation models, (ii) establishing asset class risk and return assumptions, (iii) modeling asset classes, and (iv) reviewing its capital market expectations in light of actual performance.
- g. Proposer's experience preparing searches for investment managers for clients, including criteria used by Proposer in its search process, the practices it uses to initially screen such investment managers and the number of requests for proposals for investment managers Proposer has issued over the last 18 months. Include an actual investment manager search report with your response.
- h. Describe Proposer's investment manager database, if any, and if applicable, whether Proposer created and has a proprietary interest in the database or purchased the database from a third party provider, whether or not investment managers are charged for inclusion in the database, the number of investment managers currently included in the database, the Proposer's methodology for gathering data about investment managers, and how often such data is updated. Include an actual investment manager research report with your response.
- i. Proposer's experience and process used to assess an investment manager's performance, including the criteria considered when analyzing performance or recommending that an investment manager be terminated. Include a sample performance report.

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- j. Proposer’s experience in preparing and presenting educational materials regarding investments and investment services to governmental boards and committees.
- k. References from three current clients that have utilized the Proposer’s financial or investment advisory services for at least three years, including the client name, contact person, telephone number, and e-mail address

4. The “*Fees Section*” of the Proposal shall include:

- a. Proposer’s fees for providing the services described in the Scope of Services.
- b. Identify any other costs or expenses the Trusts may incur if Proposer is selected under this RFP to complete the Scope of Services.

SECTION IV - EVALUATION AND SELECTION PROCESS

A. Evaluation Committee.

Proposals that meet the minimum requirements set forth in Section III. B. of this RFP will be evaluated by a committee of at least three evaluators (collectively, the “Evaluation Committee”). The Evaluation Committee may include outside professionals or professionals from the City’s Retirement Department or other City departments who can provide additional expertise.

B. Evaluation Criteria.

The Evaluation Committee will evaluate responses based upon a possible 1000 points apportioned as follows:

- 300 pts. Experience and qualifications of the Proposer in providing financial advisory services.
- 300 pts. Qualifications and experience of assigned staff.
- 250 pts. Quality and responsiveness of the Proposal.
- 150 pts. Fees and costs

C. Supplemental Information.

The Board reserves the right to request supplemental information that the Evaluation Committee deems necessary to complete the evaluation process. The Board also may confirm any information provided in the Proposer’s submittal.

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D. Approval of the Trustees.

The Evaluation Committee will recommend the successful Proposer to the Trustees of the Plan, which Trustees will have, the right to select the successful Proposer.

SECTION V - ADDITIONAL TERMS AND CONDITIONS OF RFP

A. Costs.

Each Proposer will be responsible for all costs it incurs to respond to this RFP and if selected to negotiate a contract, all costs related to negotiating such contract with the Trustees, whether or not the contract is finalized. All materials and documents submitted by the Proposer in response to this RFP or any additional requests for materials and documents made by the Board for evaluation pursuant to this RFP will become the property of the Board and will not be returned.

B. Agreement.

No verbal agreement or conversation with any officer, agent, or employee of the City or the Board either before or after execution of any contract resulting from this RFP, shall affect or modify any of the terms or obligations contained or to be contained in the contract. Any such verbal agreements or conversation shall be considered as unofficial information and in no way binding upon the City, the Board, the Trustees or the successful Proposer. All agreements shall be in writing and contract changes shall be by written amendment signed by the parties thereto.

C. Reservation of Rights.

1. The issuance of this RFP does not constitute an agreement by the City or the Trustees that it will enter into any contract with any Proposer. The City and the Trustees expressly reserve the right to:
 - a. Waive any immaterial defect or informality in any RFP response or proposal procedure.
 - b. Accept or reject any or all Proposals, or any part thereof.
 - c. Reissue or cancel this RFP with or without modification.
 - d. Procure any service described in this RFP by any other means.

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- e. Investigate thoroughly the financial status, experience and record of each Proposer that responds to this RFP.
 - f. Negotiate with the Proposer selected by the Evaluation Committee to acquire the financial and investment advisory services that best meet the City's and the Trustee's needs.
 - g. Negotiate with another Proposer in the event the Proposer the Board initially selects refuses or fails to timely execute a formal agreement with the Board or timely provide the required insurance certificates or other documents.
 - h. Any other option deemed by the Board to be in the Plan's best interest.
2. The Board reserves the right to disqualify any Proposer that fails to provide information or data requested or who provides materially inaccurate or misleading information or data. The Board further reserves the right to disqualify any Proposer on the basis of any real or apparent conflict of interest that is disclosed by the Proposer or any other data or information available to the Board. This disqualification is at the sole discretion of the Board. By submission of a proposal, the Proposer waives any right to object now or at any future time, before any body or agency including, but not limited to the Board, the City Council of the City or any court as to the exercise by the Board of such right to disqualify or as to any disqualification by reason of real or apparent conflict of interest determined by the Board. The applicable Trustees reserve the right to replace the disqualified Proposer.

D. Applicable Law.

Any and all disputes arising in connection with this RFP shall be governed according to the laws of the State of Arizona. By submitting a response to this RFP, each Proposer agrees that the venue for any such action brought to enforce provisions of any contract resulting from this RFP shall be in the State of Arizona.

E. Non-waiver of Liability.

The Plan, as a public entity supported by tax monies, in execution of its public trust, cannot agree to waive any lawful or legitimate right to recover monies lawfully due it. Therefore, Proposer by submitting a response to this RFP agrees that it will not insist upon or demand any statement whereby the Plan agrees to limit in advance or waive any right the Plan might have to recover actual lawful damages in any court of law under applicable Arizona law.

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F. Parol Evidence

This Contract is intended by the parties as a final expression of their agreement and is intended also as a complete and exclusive statement of the terms of this Contract. No course of prior dealings between the parties and no usage in the trade shall be relevant to supplement or explain any term used in this Contract. Acceptance or acquiescence in a course of performance rendered under this Contract shall not be relevant to determine the meaning of this Contract even though the accepting or acquiescing party has knowledge of the nature of the performance and opportunity to object

SECTION VI - PROTEST PROCESS

An unsuccessful Proposer may file a protest no later than 3:00 p.m. Phoenix local time on the seventh calendar day following the date on which the Board has emailed notice of the selected firm to each Proposer.

All protests shall be in writing, filed with the Contact Person identified herein and include the following:

- Identification of this RFP by name;
- The name, address, and telephone number of the protester;
- A detailed statement of the legal and factual grounds of protest including copies of relevant documents;
- The form of relief requested; and
- The signature of the protester or its authorized representative.

The Board's Procurement Authority will issue a written decision within fourteen calendar days after the protest is filed.

SECTION VII - REQUIRED CONTRACT TERMS AND CONDITIONS

A. Standard Provisions.

The successful Proposer agrees that the following provisions will be included in any contract resulting from this RFP:

1. Any contract entered into as a result of this RFP shall set forth the relationship between the Plan and the Proposer, and the rights and obligations of the parties shall only be those expressly set forth therein. The successful Proposer will be required to agree as part of any such contract that no person supplied by it in the performance of the contract is or will be during the term of such contract an employee of the City, and further agrees that no rights of the City's Civil Service, Retirement or Personnel Rules accrue to any such persons. The successful Proposer will have the total responsibility for all salaries, wages, bonuses, retirement, withholdings, workers' compensation and occupational disease compensation insurance, unemployment compensation, other benefits and taxes and premiums appurtenant thereto concerning such persons provided by such Proposer in the performance of the contract, and shall save and hold the Plan and the Board harmless with respect thereto.

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2. Proposer will notify the Plan and specifically identify any notices from any regulatory authority with respect to any violation or alleged violation of any law or regulation by the Proposer or any subcontractor.
3. Each Proposer recognizes that any contract entered into as a result of this RFP shall commence upon the day first provided and continue in full force and effect until termination in accordance with its provisions.
4. The Proposer agrees to provide the insurance and indemnification reflected on Exhibit A hereto.
5. The Plan is prohibited by A.R.S. § 41-4401 from awarding a contract to any contractor who fails, or whose subcontractors fail, to comply with A.R.S. § 23-214(A), which requires that employers verify the employment eligibility of their employees through the federal e-verify system. Therefore, if the Proposer is not an individual, the Proposer must agree that:
 - a. The Proposer and any subcontractor it uses warrants their compliance with all federal immigration laws and regulations that relate to their employees and their compliance with § 23-214, subsection A.
 - b. A breach of warranty under paragraph (a) shall be deemed a material breach of the contract and is subject to penalties up to and including termination of the contract.
 - c. The Plan retains the legal right to inspect the papers of any Proposer or subcontractor employee(s) to ensure that the Proposer or subcontractor is complying with the warranty under paragraph (a).

B. Confidentiality and Data Security.

1. All data, regardless of form, including originals, images and reproductions, prepared by, obtained by, or transmitted to the successful Proposer in connection with any contract resulting from this RFP is confidential, proprietary information owned by the Plan. Except as specifically provided in the resulting contract, a successful Proposer shall not disclose data generated in the performance of the service to any third person without the prior written consent of the Trustees or its designee.

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2. Personal identifying information, financial account information, or restricted City or Trust information, whether electronic format or hard copy, must be secured and protected at all times to avoid unauthorized access. At a minimum, the successful Proposer must encrypt and/or password-protect electronic files. This includes data saved to laptop computers, computerized devices or removable storage devices.
3. When personal identifying information, financial account information, or restricted City information, regardless of its format, is no longer necessary, the information must be redacted or destroyed through appropriate and secure methods that ensure the information cannot be viewed, accessed, or reconstructed.
4. In the event that data collected or obtained by the successful Proposer in connection with a contract resulting from this RFP is believed to have been compromised, the Proposer shall notify the City's Privacy Officer immediately. The Proposer agrees to reimburse the City for any costs incurred by the City to investigate potential breaches of this data and, where applicable, the cost of notifying individuals who may be impacted by the breach.
5. The successful Proposer agrees that the requirements of this Section shall be incorporated into all subcontract agreements entered into by the Proposer in connection with any contract resulting from this RFP. It is further agreed that a violation of this Section shall be deemed to cause irreparable harm that justifies injunctive relief in court. A violation of this provision regarding confidentiality and data security may result in immediate termination of the resulting contract without notice.
6. The obligations of the successful Proposer under this Section shall survive the termination of this RFP and the resulting contract.

C. Background Screening.

1. The Proposer agrees that all contract workers and subcontractors that the Proposer furnishes to the Trustees pursuant to any contract shall be subject to background and security checks and screening (collectively "Background Screening") at the Proposer's sole cost and expense as set forth in this Section. The Background Screening provided by the Proposer shall comply with all applicable laws, rules and regulations. The Proposer further agrees that the Background Screening requirements are necessary to preserve and protect public health, safety and welfare. The Background Screening requirements are the minimum requirements for any contract. The Plan and the Trustees in no way warrant that these minimum requirements are sufficient to protect the Proposer from any liabilities

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that may arise out of the Proposer's services under any contract or the Proposer's failure to comply with these requirements. Therefore, in addition to the specific measures set forth below, the Proposer shall take such other reasonable, prudent and necessary measures to further preserve and protect public health, safety and welfare when providing services under any contract resulting from this RFP.

2. Because of the varied types of services performed, the City has established three levels of risk and associated Background Screening. The risk level and Background Screening required for any contract resulting from this RFP is **Minimum Risk**.

A minimum risk Background Screening ("Minimum Risk") means the Background Screening required when the Proposer or any of its employees or subcontractors: (i) will not have direct access to City facilities or information systems; or (ii) will not work with vulnerable adults or children; or (iii) when access to City facilities is escorted by City workers. The Background Screening for Minimum Risk shall consist of the screening required by A.R.S. § 41-4401 and following to verify legal Arizona worker status.

3. By executing a contract, the Proposer certifies and warrants that it has read the Background Screening requirements and criteria in this Section, understands them and that all Background Screening information furnished to the City is accurate and current. Also, by executing any such contract, the Proposer further certifies and warrants that it has satisfied all such Background Screening requirements for the Minimum Risk as required.
4. The Proposer shall include the terms of this Section in all contracts and subcontracts for services for any contract resulting from this RFP.
5. The Background Screening requirements are material to Trustees decision to enter into any contract resulting from this RFP and any breach of these requirements by the Proposer shall be deemed a material breach of such contract. In addition to the indemnity provisions set forth in any section of the contract resulting from this RFP, the Proposer shall defend, indemnify and hold harmless the City for any and all claims arising out of the Proposer's failure to comply with these Background Screening requirements.
6. The Proposer's obligations and requirements that Contract Workers satisfy the Background Screening requirements shall continue throughout the entire term of any contract resulting from this RFP. The Proposer shall maintain all records and documents related to all Background Screenings and the Plan reserves the right to audit the Proposer's compliance with this provision.

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D. Records.

All books, accounts, reports, files, and other records relating to any contract resulting from this RFP will be subject, at all reasonable times, to inspection and audit by the Plan for five years after completion of such contract. Such records will be produced at a City of Phoenix office as designated by the Plan.

E. Offset Provisions.

The successful Proposer will recognize and be required to abide by the provisions of the City Charter, which require and demand that no payment be made to any Proposer as long as there is any outstanding liquidated undisputed obligation due to the Plan and direct that any such obligations be offset against any payment due the Proposer as a contractor under such contract.

F. Implied Contract Terms.

Each and every provision of law and any clause required by law to be in the contract shall be read and enforced as though it were included herein, and if through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party the Contract shall forthwith be physically amended to make such insertion or correction.

G. Assignment Prohibited.

Any contract resulting from this RFP and any rights or obligations hereunder, may not be transferred, assigned or subcontracted without the written consent of the applicable Trustees. Any attempted assignment of those rights and obligations without such consent will be automatically null and void and of no force or effect.

H. Severability.

Any contract resulting from this RFP shall remain in full force and effect even if one or more of its terms or provisions have been held to be invalid or unenforceable. Such a holding shall result in the offending term or provision being ineffective to the extent of its invalidity or unenforceability without invalidating the remaining terms and provisions hereof; the contract shall thereafter be construed as though the invalid or unenforceable term or provision were not contained herein.

I. Insurance and Indemnification.

The successful Proposer agrees to provide the insurance and the indemnification reflected on Exhibit "A" hereto.

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J. Default; Remedies.

In the event the successful Proposer fails to comply with the terms and conditions of any contract resulting from this RFP, the Plan shall have all remedies available to it in law and in equity.

K. Delay In Exercising Contract Remedy.

Failure or delay by the Plan to exercise any right, power or privilege in any contract resulting from this RFP shall not be deemed a waiver thereof.

L. Contract Cancellation.

All parties acknowledge that any contract resulting from this RFP is subject to cancellation pursuant to the provision of A.R.S. § 38-511.

M. Advertising

Contractor shall not advertise or publish news releases concerning this Contract without the prior written consent of the Department Director, and the City shall not unreasonably withhold permission.

N. Exclusive Possession

All research and materials created, developed, compiled or produced pursuant to or as a result of this contract (including but not limited to all reports) will be considered ordered and commissioned by the City as works made for hire under the copyright laws and made in the course of services rendered.

All services, information, computer program elements, reports, and other deliverables which may be created under this Contract are the sole property of the City of Phoenix and shall not be used or released by the Contractor or any other person except with prior written permission by the City.

O. Compliance With Laws

Contractor agrees to fully observe and comply with all applicable Federal, State and local laws, regulations, standards, codes and ordinances when performing under this Contract regardless of whether or not they are referred to by the City. Contractor agrees to permit City inspection of Contractor's business records, including personnel records to verify any such compliance.

Because the Contractor will be acting as an independent contractor, the City assumes no responsibility for the Contractor's acts.

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P. Continuation During Disputes

Contractor agrees that notwithstanding the existence of any dispute between the parties, insofar as is possible, under the terms of the Contract, the Contractor shall continue to perform the obligations required of Contractor during the continuation of any such dispute unless enjoined or prohibited by an Arizona Court of competent jurisdiction.

Q. Strict Performance

Failure of either party to insist upon the strict performance of any item or condition of the Contract or to exercise or delay the exercise of any right or remedy provided in the Contract, or by law, or the acceptance of materials or services, obligations imposed by this Contract or by law shall not be deemed a waiver of any right of either party to insist upon the strict performance of the Contract.

R. Force Majeure

Except for payment of sums due, neither party shall be liable to the other nor deemed in default under this Contract if and to the extent that such party's performance of this Contract is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and occurs without its fault or negligence. Force majeure shall not include late performance by a subcontractor unless the delay arises out of a force majeure occurrence in accordance with this force majeure term and condition.

If either party is delayed at any time in the progress of the work by force majeure, the delayed party shall notify the other party in writing of such delay, as soon as is practical, of the commencement thereof and shall specify the causes of such delay in such notice. Such notice shall be hand-delivered or mailed certified-return receipt and shall make a specific reference to this provision, thereby invoking its provisions. The delayed party shall cause such delay to cease as soon as practicable and shall notify the other party in writing when it has done so. The time of completion shall be extended by contract modification for a period of time equal to the time that results or effects of such delay prevent the delayed party from performing in accordance with this Contract.

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S. Organization – Employment Disclaimer

The Contract resulting hereunder is not intended to constitute, create, give rise to or otherwise recognize a joint venture agreement or relationship, partnership or formal business organization of any kind, and the rights and obligations of the parties shall be only those expressly set forth in the Contract. The parties agree that no persons supplied by the Contractor in the performance of Contractor's obligations under the Contract are considered to be City's employees and that no rights of City civil service, benefits, retirement or personnel rules accrue to such persons. The Contractor shall have total responsibility for all salaries, wage bonuses, retirement, withholdings, workmen's compensation, occupational disease compensation, unemployment compensation, other employee benefits and all taxes and premiums appurtenant thereto concerning such persons, and shall save and hold the City harmless with respect thereto.

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EXHIBIT "A"

INSURANCE AND INDEMNIFICATION REQUIRED

I. **INSURANCE REQUIREMENT**

Any Proposer which enters into a contract with the Trustees as a result of this RFP (together with its subcontractors, if any) will procure and maintain insurance against claims for damages, which may arise from or in connection with the performance of the scope of work assigned to the Proposer and its subcontractors, if any, under the contract. Such insurance shall be maintained until all of the Proposer's obligations under the contract have been discharged or satisfied, including any warranty periods. The insurance requirements herein are minimum requirements and in no way limit the indemnity covenants contained in the contract. The Plan in no way warrants that the minimum limits contained herein are sufficient to protect the Proposer from liabilities that might arise out of the performance by the Proposer, its agents, representatives, employees or subcontractors of the work under any contract resulting from this RFP and such Proposer is free to purchase additional insurance as may be determined necessary.

A. Minimum Scope and Limits of Insurance:

The successful Proposer will provide coverage with limits of liability not less than those stated below.

1. Commercial General Liability - Occurrence Form

Policy shall include bodily injury, property damage and broad form contractual liability coverage.

• General Aggregate	\$2,000,000
• Products - Completed Operations Aggregate	\$1,000,000
• Personal and Advertising Injury	\$1,000,000
• Each Occurrence	\$1,000,000

The policy shall be endorsed to include the following additional insured language: "The City of Phoenix and the Plan shall be named as additional insureds with respect to liability arising out of the activities performed by, or on behalf of the successful Proposer".

2. Automobile Liability

Bodily Injury and Property Damage for any owned, hired, and non-owned vehicles used in the performance of a contract arising from this RFP.

• Combined Single Limit (CSL)	\$1,000,000
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The policy shall be endorsed to include the following additional insured language: "The City of Phoenix and the Plan will be named as additional insureds with respect to liability arising out of the activities performed by, or on behalf of the successful Proposer, including automobiles owned, leased, hired or borrowed by such Proposer".

3. Worker's Compensation and Employers' Liability

• Workers' Compensation	Statutory
• Employers' Liability	
Each Accident	\$100,000
Disease - Each Employee	\$100,000
Disease - Policy Limit	\$500,000

Policy shall contain a waiver of subrogation against the City of Phoenix.

This requirement shall not apply if the successful Proposer or subcontractor is exempt under A.R.S. 23-901, AND when such Proposer or subcontractor executes the appropriate sole proprietor waiver form.

4. Professional Liability (Errors and Omissions Liability)

The policy shall cover professional misconduct or lack of ordinary skill for services described in the contract or this RFP.

• Each Claim	\$1,000,000
• Annual Aggregate	\$2,000,000

In the event that the professional liability insurance required by any contract resulting from this RFP is written on a claims-made basis, the successful Proposer warrants that any retroactive date under the policy shall precede the effective date of any such contract; and that either continuous coverage will be maintained or an extended discovery period will be exercised for a period of two years beginning at the time work under such contract is completed.

B. Additional Insurance Requirements: The policies shall include, or be endorsed to include the following provisions:

1. On insurance policies where the Plan is named as an additional insured, the Plan shall be an additional insured to the full limits of liability purchased by the successful Proposer even if those limits of liability are in excess of those required by the contract resulting from this RFP.

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2. The successful Proposer's insurance coverage shall be primary insurance and non-contributory with respect to all other available sources.

- C. Notice of Cancellation: Each insurance policy required by the insurance provisions of this RFP must provide the Plan, within two business days of receipt, a notice if a policy is suspended, voided or cancelled for any reason. Such notice shall be sent directly to Greg Fitchet, Investment Officer, COPERS, by mailing to 200 W. Washington Street, 10th Floor, Phoenix, Arizona 85003 or emailing greg.fitchet@phoenix.gov.

- D. Acceptability of Insurers: Insurance is to be placed with insurers duly licensed or authorized to do business in the state of Arizona and with an "A.M. Best" rating of not less than B+ VI. The Plan in no way warrants that the above-required minimum insurer rating is sufficient to protect the successful Proposer from potential insurer insolvency.

- E. Verification of Coverage: The successful Proposer shall furnish the Plan with certificates of insurance (ACORD form or equivalent approved by the Plan) as required by this RFP and the contract. The certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and any required endorsements are to be received and approved by the Plan before work commences. Each insurance policy required by this RFP must be in effect at or prior to commencement of work under the contract and remain in effect for the duration of the financing and the contract. Failure to maintain the insurance policies as required by this RFP or to provide evidence of renewal is a material breach of contract. All certificates required by this RFP shall be sent directly to Greg Fitchet, Investment Officer, COPERS, by mailing to 200 W. Washington Street, 10th Floor, Phoenix, Arizona 85003 or emailing greg.fitchet@phoenix.gov. The Plan contract number and a description of the financing shall be noted on the certificate of insurance. The Plan reserves the right to require complete, certified copies of all insurance policies required by this RFP at any time. **DO NOT SEND CERTIFICATES OF INSURANCE TO THE CITY'S RISK MANAGEMENT DIVISION.**

- F. Subcontractors: The successful Proposer's certificate(s) shall include all subcontractors as additional insureds under its policies or the Proposer will furnish to the Plan separate certificates and endorsements for each subcontractor. All coverages for subcontractors will be subject to the minimum requirements identified above.

- G. Approval: Any modification or variation from the insurance requirements in this RFP shall be made by the Law Department, whose decision shall be final. Such action will not require a formal contract amendment, but may be made by administrative action.

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II. INDEMNIFICATION

The successful Proposer under any contract resulting from this RFP (the Indemnitor herein) must indemnify, defend, save and hold harmless the Trusts, the Trustees, the Plan and its officers, officials, agents, and employees (the "Indemnitee") for, from and against any and all claims, actions, liabilities, damages, losses, or expenses (including court costs, attorneys' fees, and costs of claim processing, investigation and litigation) ("Claims") caused or alleged to be caused, in whole or in part, by the negligent or willful acts or omissions of the successful Proposer or any of its owners, officers, directors, agents, employees or subcontractors in connection with any contract resulting from this RFP. This indemnity includes any Claims arising out of, or recovered under, the Workers' Compensation Law or arising out of the failure of such Proposer to conform to any federal, state or local law, statute, ordinance, rule, regulation or court decree. It is the specific intention of the parties that the Indemnitee will, in all instances, except for Claims arising solely from the negligent or willful acts or omissions of the Indemnitee, be indemnified by the Proposer for, from and against any and all Claims. The successful Proposer will be responsible for primary loss investigation, defense and judgment costs where this indemnification is applicable. In consideration of the award of any contract resulting from this RFP, the successful Proposer waives all rights of subrogation against the Indemnitee for losses arising from the work performed by or on behalf of such Proposer for the City and the Plan. This indemnification shall survive termination or expiration of any contract resulting from this RFP.

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EXHIBIT "B"

RFP PRODUCTION TIMELINE

ACTIVITY	DATE
Issue RFP (Posted to Internet)	March 12, 2014
Offerors' Written Questions Due By 3:00 pm, MST	March 20, 2014
Responses to Written Questions Posted to Internet By	March 27, 2015
Offers Due to Retirement Department at 3:00 p.m. MST ("Offer Date")	April 13, 2015
Notification of Finalist Status	May 1, 2015
Interview Finalists	May 14, 2015
Establish Finalist	May 21, 2015
Effective Date	July 1, 2015