



# Chattanooga Fire and Police Pension Fund

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Request for Proposal

February 6, 2025

The Board of Trustees (“Board”) for the Chattanooga Fire and Police Pension Fund (“Fund” or “CFPPF”) is offering a Request for Proposal (“RFP”) from investment consultants. The successful investment consultant must have a track record of providing independent, unbiased advice to boards of public defined benefit plans on appropriate asset allocation for the funds represented.

## **Background**

The Board is comprised of eight (8) Trustees. Three (3) Trustees are sworn Firefighters elected to the Board by sworn members of the Fire Department; three (3) Trustees are sworn Police Officers elected to the Board by sworn members of the Police Department; one (1) Trustee is a City Employee appointed by the Mayor of Chattanooga; one (1) Trustee is a citizen of Chattanooga appointed by the City Council.

The Board holds regularly scheduled meetings the first Thursday of each month at 9:00 a.m. The Board meets with the Investment Consultant on a quarterly basis for performance reports. The Fund typically holds the 1Q performance meeting in the afternoon in May or June in conjunction with an annual retirement seminar for our members, of which the Board asks our investment consultant to attend the seminar and discuss investment basics with our members. In addition, the Fund also holds one of the quarterly meetings with the Investment Consultant and some of the asset managers for due diligence to discuss strategy/performance in a different city to be determined by the Board each year over a 2-3-day time period.

The Board is responsible for the investment decisions for the Fund and seeks the advice of its investment consultant to determine the asset mix to provide benefits for the Fund’s members and beneficiaries. The Board relies on the advice of the investment consultant in establishing the Fund’s Investment Policy Statement, discount rate, and appropriate benchmarks for measuring performance of asset managers.

The CFPPF is a defined benefit public safety pension plan. As of the January 1, 2024 actuarial valuation, there were 817 active participants contributing to the Fund and 813 retirees/beneficiaries receiving benefits from the Fund. On January 1, 2024, the plan was 56.16% funded on an actuarial value basis. As of September 30, 2024, the total assets of the Fund were approximately \$334.07 million. The Fund receives approximately \$32.5 million annually in employer/employee contributions and disburses approximately \$32 million annually in benefits. The current assumed rate of return (ARR) is 6.75%.

The RFP is open to any investment consultant who meets the minimum qualifications. Candidates must complete the RFP in its entirety to be considered.

**Schedule**

The following schedule has been set by the Board and may be changed by them if necessary. If the schedule is modified, firms receiving the RFP will be notified by email. In no event will the dates listed below be changed to earlier dates without prior notification.

RFP issuance	February 6, 2025
Written indication to respond to RFP due	February 17, 2025
Written questions from respondents must be received by	February 28, 2025
Answers to written questions will be disseminated on	March 6, 2025
Proposals due	March 20, 2025 by 4:00 PM EST
Evaluation of proposals by CFPPF	March 20, 2025 – April 3, 2020
Finalists presentations and Contract Award	May 1, 2025

**Contact person**

Katrina Abbott, RPA  
Fund Administrator  
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**Written questions and answers**

**CFPPF asks that respondents submit their intention to reply to the RFP in accordance with the schedule.** In an effort to clarify any issues in this RFP, **the CFPPF** will respond only to questions that are presented in writing and received through the mail, via facsimile, or e-mail transmission. Questions should be addressed to the contact person only. All questions will be consolidated into a single Q&A document. The source of the questions will not be disclosed in the document. The Q&A document will be distributed to all firms who **provide written intent of their response** to the RFP.

**Proposals**

All interested firms should submit one bound copy by mail and one electronic copy of their responses to the contact person. Proposals received after the due date and time will not be considered.

Proposals may either be mailed or hand-delivered. If the proposal is sent by mail or commercial express delivery service, the respondents shall be responsible for actual delivery of the proposal to the proper address before the deadline. Faxed or emailed proposals without the corresponding bound copies will not be accepted. All timely proposals become the property of CFPPF. All

proposals should be considered to be public record (excluding SSAE 16 Type II report) and shall be available for viewing and reproduction as required by law.

The cost of preparing proposals will be borne by the respondents. Proposals are to address all the topics posed by CFPPF in the order in which they appear in this RFP. Answers are to be concise.

**Rules regarding contact:**

The proposal period begins on February 6, 2025 and ends on March 20, 2025.

The Board reserves the right to request additional information from any or all respondents to assist them in their evaluation process. However, no respondent may contact any Trustee or staff, other than the contact person, during the proposal period.

Current service providers who are responding to this RFP are expected to limit their contact for business transactions to CFPPF employees with whom they ordinarily interact and to avoid direct contact with Trustees or other staff regarding the proposal during this proposal period.

**Evaluation of proposals**

Proposals will be evaluated by the Board with the assistance of the Fund Administrator. During the evaluation process the Board may, at its discretion, request any or all firms to make oral presentations. Such presentations will provide firms with an opportunity to answer questions the Board may have on a firm’s proposal. Not all firms may be asked to make such oral presentations.

**Finalists’ presentations**

If the Trustees request presentations by finalists, each finalist will have approximately 45 minutes to meet with the Board. At that time the respondents may present additional written information. It is highly recommended that the primary contact be present at the finalist’s presentation.

**Selection criteria**

The selection of the firm to provide investment consulting services will be based upon the following weighted criteria:

Relevant experience of the firm	40%
Demonstrated ability to perform the services requested in the RFP and understanding the needs of CFPPF	50%
Fees and the relative value provided	10%

**Contract negotiation**

A written contract with the investment consultant selected will be required. Please state whether or not your firm is willing to be subject to the laws of the State of Tennessee. The quoted rates must be guaranteed for the contract period and negotiable in subsequent years. CFPPF reserves the right to award all, part, or none of this contract and may award contracts to more than one investment consultant if deemed appropriate and desirable.

## THE CHATTANOOGA FIRE AND POLICE PENSION FUND REQUEST FOR PROPOSAL FOR INVESTMENT CONSULTING SERVICES

### 1) Statement of Minimum Qualifications

- a) The firm must provide investment consulting services to clients with at least \$400 million Total Assets Under Advisement (AUA); at least \$400 million Institutional Tax-Exempt Public Fund AUA; and at least \$400 million Institutional Defined Benefits AUA.
- b) The primary consultant assigned to the Fund must have a minimum of five (5) years of experience providing domestic and international investment consulting services to public and/or private pension funds.
- c) As of January 1, 2025, the firm must have been in business at least five (5) years.
- d) As of January 1, 2025, the firm must have at least five (5) public pension fund clients.

### 2) Professional Qualifications

- a) Briefly describe your firm, the year it was founded, location of its headquarters and other offices and its ownership structure. Is your organization a subsidiary, parent, or affiliate of any other firm? If so, please describe in detail.
- b) Please describe the entire range of consulting services the firm provides to clients. Indicate the number of years your firm has performed the consulting services requested by this request for proposals to tax-exempt organizations.
- c) Disclose all conflicts of interest the firm has in serving in an investment consultant relationship (e.g. relationships with custodians, investment managers, brokerage firms, etc.).
- d) Has your firm been involved in litigation within the last five years or is there any pending litigation arising out of your firm's performance? If your answer is yes, explain fully.
- e) Has any officer or principal of the organization been involved in litigation relating to consulting activities, or have they otherwise been involved in a SEC investigation or litigation? If yes, provide a brief summary and indicate the current status of the proceedings.
- f) Please provide a list, with detailed explanations, of all complaints received by the Securities and Exchange Commission, FINRA, Dept. of Labor, IRS, or any other regulatory body against your firm or any of its employees.
- g) Is your firm a registered investment advisor with the SEC under the Investment

Advisors Act of 1940? If so, please submit a current Form ADV with your proposal. If not, what is your fiduciary classification?

- h) Does your organization have a written code of conduct and/or ethics? How often are employees required to review/affirm compliance with the written code of conduct/ethics?

### 3) Staffing and Organization

- a) Provide a list of individuals employed in the consulting group. Specifically identify consultants, professional support staff, administrative staff along with their credentials (e.g. CFA; CPA; CIMA; CFP, etc.).
- b) List the consultants you propose to assign to this relationship. Provide brief biographical information on each individual including their positions, education, training, years, and type of experience in investment management.
- c) How many analysts, employed by your organization, are responsible solely for investment manager research? How many analysts are responsible for performance evaluations, performance attribution analyses, manager searches, etc.?
- d) Which professionals will be responsible for attending periodic meetings with the Board regarding the Fund? Who will be the primary contact person for the Fund at your firm?
- e) Please indicate the personnel turnover in senior management of your consulting group over the past three years. Include their reasons for departure.
- f) What is the number of full-time employees in your firm? If your firm has more than one office, which office will be responsible for maintaining the primary relationship with the Fund?
- g) How many client accounts are assigned to each consultant? What is the range in asset values of these accounts? Is there a limit to the number of accounts that your firm will assign to any one individual?
- h) How are consultants apprised of developments in the investment arena? How do consultants in your firm keep current on Tennessee laws regarding public pension plans?
- i) Provide a list of all public pension fund clients currently under contract. Provide a representative list of all non-public pension fund clients currently under contract. How many clients have you gained in the last three (3) years? How many clients have you lost in the last three (3) years?

#### 4) References

- a) Attach a list of at least three client references for which the firm provides investment consulting services. Indicate the contact name, address and telephone number.
- b) Disclose formal or informal business relationships with investment managers or other service providers to pension trust funds.

#### 5) Approach to Asset Allocation and Manager Selection

- a) Describe the process and tools used to help clients develop investment policies and objectives.
- b) Discuss the methodology used for asset allocation modeling.
- c) Does the firm's approach include passive strategies such as indexation? If so, describe.
- d) Describe the experience the firm has with alternative investments (private equity, real estate, hedge funds, funds of funds, etc.). Provide a description of how alternative investments are used in current client portfolios.
- e) Include a copy of an investment policy statement that would be appropriate for a plan of this size.
- f) Describe the database utilized to monitor and evaluate investment managers' performance for purpose of manager selection. Is it proprietary or third party? If third party, who is the vendor? Do you receive any direct or indirect compensation from managers to be included in your database? How many managers are included in the database? How frequently is the investment management information updated, and what are the sources of data?
- g) What fees or other considerations do you receive from managers who wish to be maintained on your database?
- h) Describe the firm's process for identifying, evaluating and selecting potential investment managers. What is the firm's process for removing and changing managers?
- i) What criteria are used to recommend termination of a manager?
- j) What is the firm's process for meeting and conducting on-site visits with investment managers?

6) Outsourced CIO Services (O-CIO)

- a) What is your firm's position on O-CIO Services?
- b) Do you provide or are you affiliated with an O-CIO Service?
- c) If applicable, what effect would the Board's participation in your O-CIO Service have upon your services and proposal?
- d) If applicable, does your firm act as a fiduciary under your O-CIO Service? Who would be responsible for the Investment Policy Statement? Describe the Board's role in decision making regarding the Asset Allocation, manager selection, etc.

7) Performance Evaluation and Measurement

- a) Does the firm calculate performance measurement using standard, time and dollar weighted total return methodology and is this calculation performed manually or through the use of industry standard performance software? Describe the process and software utilized.
- b) Describe the methodology and sources of data for analyzing and evaluating client overall portfolio performance as well as individual manager performance.
- c) How many business days after the end of a reporting period are the performance reports available?
- d) Please provide a sample client report.
- e) Describe and illustrate any special indices constructed by your firm.

8) Proposed Fee Schedule

- a) Provide a comprehensive schedule that details all the fees associated with your program, including any conversion fees, expenses, travel, and fees for additional services.
- b) Fees should be all-inclusive. No other charges will be allowed unless specifically authorized by the Board. List any or all possible fees or expenses by your firm associated with termination of the account as well.

9) Verification of Insurability

- a) Each firm submitting a proposal shall be required to both demonstrate and maintain, for the duration of the contract, adequate insurance covering related to fiduciary and errors & omission liability. Please submit evidence of the required insurance coverage or affirmation that insurance requirements can be met.

10) Additional Information

- a) Proposals may include any additional information about your firm which would be relevant to the Board in terms of selecting. Firms should use this opportunity *to* explain why each is uniquely positioned to serve the Fund in this capacity.