Police and Firemen’s Retirement System of New Jersey
State of New Jersey
50 West State Street – 9th Floor
Trenton, NJ 08608-1220

January 13, 2020

Re: Request for Qualifications for Independent (Outside) Investment Consultant for the Police and Firemen’s Retirement System of New Jersey

The Police and Firemen’s Retirement System of New Jersey, (“PFRSNJ”) hereby announces the issuance of a Request for Qualifications (“RFQ”) for an outside Investment Consultant to assist the Chief Investment Officer (“CIO”) and Board of Trustees of PFRSNJ make strategic decisions regarding asset allocation of the fund’s $27 billion dollars of investments.

The Minimum Qualifications for this engagement are as follows:

The firm shall be expected to share fiduciary responsibility for the Plans with the PFRSNJ. The firm must be a registered investment advisor under the Investment Advisors Act of 1940, and shall have any other required licenses and registrations as required by federal and New Jersey state law, if any. Firms must meet the mandatory minimum qualifications in order to be considered as an Investment Advisor for the Fund.

REQUIRED EXPERIENCE: Key professionals must have a minimum of five (5) years’ experience in the following areas:

1. Management and investment consulting services to pension funds at the State level including investment policy, development and asset allocation.

2. Identifying, evaluating and selecting money managers for public pension fund clients.

3. Monitoring money managers in various asset classes and styles for State pension fund clients. The key professional and/or organization must not have, nor could they potentially have, a material conflict of interest with the PFRSNJ.

4. General advisory experience to a comparable pension fund.

SPECIFIC SERVICES: Contractual services for pension investment consulting will include, but not be limited to the following:
1. Development of Investment Policy Objectives and Guidelines Assist the PFRSNJ in the development and periodic review of policy statements that properly reflect the PFRSNJ’s tolerance for risk and that best help the PFRSNJ meet its rate-of-return, funded status and administrative expense objectives. The goal of the PFRSNJ is to achieve 100% funded status.

2. Asset Allocation Studies Evaluate the Plans’ current asset allocation and asset allocation guidelines to determine whether or not they are consistent with the PFRSNJ’s investment objectives and guidelines as outlined by the Investment Policy Statement (IPS).

3. Investment Manager Search/Recommendation when deemed necessary or appropriate, assist the PFRSNJ in its due diligence and search for investment manager(s) that conforms to investing guidelines as outlined in the IPS.

4. Development of Investment Manager Performance Standards/Guidelines Assist the PFRSNJ in the development and review of performance with which the PFRSNJ can measure each investment manager.

5. Performance Measurement & Monitoring Assist the PFRSNJ in developing and implementing appropriate benchmarks so that the PFRSNJ can determine and evaluate investment management performance, overall progress toward meeting the Plan's investment objectives, and fees charged by all service providers.

6. Monitor Compliance by providing written quarterly reports to the Investment Committee and advise the PFRSNJ of pension best practices and make appropriate suggestions for adopting pertinent practices in line with prevailing regulations.

7. Assist in Fund Diversification Assist the PFRSNJ in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment vehicles and managers to be utilized by the Plan.

8. Compliance including advising the PFRSNJ on all federal and state law compliance requirements for the Plans.

9. Coordinate with the PFRSNJ’s Chief Investment Officer to develop the appropriate asset allocation plan, and to assist the Chief Investment Officer in determining the appropriate amount of risk that the fund is incurring with investments.

10. It is contemplated that the Investment advisor will be able to model impacts of particular investment strategies on the overall funding of the PFRSNJ system. Additionally, it is contemplated that the investment firm selected will be able to provide general investment
advice regarding investment returns for the fund, consistent with the Board’s fiduciary duties, and will assist the PFRSNJ’s Chief Investment Officer carry out his or her duties to the fund.

11. The Investment Consultant will provide a financial prospective to the Board of Trustees on prospective investment regulations.

12. The Investment Consultant will assist the Board with Determining appropriate fiduciary insurance for the fund; provide input on prospective CIO candidates; assist the Investment Committee in formulating key questions to ask a CIO applicant during the hiring process; provide feedback regarding ethics rules for investments; provide feedback for appropriate continuing investment education for the trustees; advise in conjunction with the Board’s Director of Legal Affairs regarding the carve out on Common Pension Fund D, and E; and finally to provide investment advice on an as needed basis to the CIO for the fund.

The effective date of this RFQ is January 13, 2020. The response to the RFQ is to be submitted on or before 2:00 p.m. on January 31, 2020. A firm will be selected based on the criteria set forth in the RFQ.

The PFRSNJ Chairman requests that interested firms submit a proposal in accordance with the RFQ. The RFQ is available on the New Jersey Treasury Department’s website at http://www.state.nj.us/treasury/pensions/

The response should be marked as follows: “Investment Consultant for PFRSNJ”

Questions may be submitted no later than January 24, 2020 at 3:00 p.m. to PFRSNJ, Attention: PFRSNJ Board Secretary, at the following address: Lisa.Pointer@treas.nj.gov

Please note that the “subject” line of your email address must specifically reference the RFQ as follows: “Investment Consultant for PFRSNJ”

Sincerely yours,

Ed Donnelly
PFRSNJ Board Chairperson
Request for Qualifications for Investment Consultant for the Police and Firemen’s Retirement System

Date issued: January 13, 2020

Question and Answer Cut-Off Date: January 24, 2020 @ 3:00 p.m.
Email Lisa.Pointer@treas.nj.gov

Proposal Due: January 31, 2019 @ 2:00 p.m.
Email to Lisa.Pointer@treas.nj.gov

Ed Donnelly
Chairperson
Police and Firemen’s Retirement System of New Jersey
1. Purpose and Intent
The PFRSNJ Board of Trustees serve as officers of the Police and Firemen’s Retirement System. The Trustees issue this Request for Qualifications ("RFQ") intending to select a firm to serve as General Investment Advisor for the Scope of Services as described in section 2. The purpose of the procurement is to provide general investment advice for the PFRSNJ. The outside investment consultant will work with PFRSNJ’s Chief Investment Officer to accomplish the goals and policies set forth by the Board of Trustees. Work will be on an as needed basis, and notice will be provided to the selected investment consultant as work is required by the PFRSNJ.

The Board Chairman or his designee will be the sole point of contact for all matters pertaining to this engagement and to oversee and coordinate the activities of the Investment Advisor.

2. Background – The PFRSNJ will be required to procure investment advice for the fund’s roughly $27 billion dollars of assets. This advice was formerly provided through the Division of Investments in the Department of Treasury, but since the enactment of Chapter 55, P.L. 2018, these functions can be carried out by the PFRSNJ itself. As such, it is soliciting the advice of an investment consultancy firm that will work with the PFRSNJ’s selected Chief Investment Officer and the Board of Trustees to establish the investment policy for the PFRSNJ fund.

3. Minimum Requirements
The firm shall be expected to share fiduciary responsibility for the Plans with the PFRSNJ. The firm must be a registered investment advisor under the Investment Advisors Act of 1940, and shall have any other required licenses and registrations as required by Federal and New Jersey state law, if any. Firms must meet the mandatory minimum qualifications in order to be considered as an Investment Advisor for the Fund.

Key professionals must have a minimum of five (5) years’ experience in the following areas:

A. Management and investment consulting services to pension funds at the State level including investment policy, development and asset allocation.

B. Identifying, evaluating and selecting money managers for public pension fund clients.

C. Monitoring money managers in various asset classes and styles for municipal pension fund clients. The key professional and/or organization must not have, nor could they potentially have, a material conflict of interest with the PFRSNJ.
4. Restrictions

Investment Consultants must have knowledge of “pay to play” statutes, and be in compliance with the same. Furthermore, the Investment Consultant must not have any conflict of interest that would prohibit it or impair its giving of investment advice.

PFRSNJ shall not be liable for any damages to any bidders or successful law firms, and will not provide indemnification for any bidder or selected firm.

5. Scope of Services

Contractual services for pension investment consulting will include, but not be limited to the following:

A. Development of Investment Policy Objectives and Guidelines Assist the PFRSNJ in the development and periodic review of policy statements that properly reflect the PFRSNJ’s tolerance for risk and that best help the PFRSNJ meet its rate-of-return, funded status and administrative expense objectives.

B. Asset Allocation Studies Evaluate the Plans’ current asset allocation and asset allocation guidelines to determine whether or not they are consistent with the PFRSNJ’s investment objectives and guidelines as outlined by the Investment Policy Statement (IPS).

C. Investment Manager Search/Recommendation when deemed necessary or appropriate, assist the PFRSNJ in its due diligence and search for investment manager(s) that conforms to investing guidelines as outlined in the IPS.

D. Development of Investment Manager Performance Standards/Guidelines Assist the PFRSNJ in the development and review of performance with which the PFRSNJ can measure each investment manager.

E. Performance Measurement & Monitoring Assist the PFRSNJ in developing and implementing appropriate benchmarks so that the PFRSNJ can determine and evaluate investment management performance, overall progress toward meeting the Plan’s investment objectives, and fees charged by all service providers.

F. Monitor Compliance Provide written quarterly reports to the Investment Committee advise the PFRSNJ of pension best practices and make appropriate suggestions for adopting pertinent practices in line with prevailing regulations.
G. Assist in Fund Diversification Assist the PFRSNJ in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment vehicles and managers to be utilized by the Plan.

H. Compliance including advising the PFRSNJ on all federal and state law compliance requirements for the Plans.

I. Provide general investment consultancy and related services on behalf of the PFRSNJ that will assist it in reaching its goal of 100% funded status for the plan.

J. The Investment Consultant will assist the Board with Determining appropriate fiduciary insurance for the fund;

K. Provide input on prospective CIO candidates; assist the Investment Committee in formulating key questions to ask a CIO applicant during the hiring process;

L. Provide feedback regarding ethics rules for investments; provide feedback for appropriate continuing investment education for the trustees;

M. Advise in conjunction with the Board’s Director of Legal Affairs regarding the carve out on Common Pension Fund D, and E; and

N. To provide investment advice on an as needed basis to the CIO for the fund.

6. Experience

Interested firms should include a summary of relevant experience, by consultant, together with proposed billings rates.

Firms shall be selected based upon prior experience as detailed above, and will be evaluated upon prior work.

7. Term of Services.

The selected firm will enter into a retainer agreement, and the services shall begin once the agreement has been signed. The Police and Firemen’s Retirement System must be allowed to cancel the contract with an investment advisor upon thirty days’ notice to the advisor.