



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



**INVESTMENT CONSULTING AND PERFORMANCE  
MEASUREMENT SERVICES  
REQUEST FOR PROPOSAL**

**ISSUED: DECEMBER 1, 2017  
SUBMISSION DEADLINE: JANUARY 15, 2018**

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**A. INTRODUCTION**

Dallas Police and Fire Pension (“DPFP”), a \$2.11 billion public pension plan, is requesting proposals from selected firms to provide professional investment consulting and performance measurement services on a non-discretionary, full-retainer basis.

**B. BACKGROUND**

DPFP is an independently governed component unit of the City of Dallas (City) and serves to provide retirement, death and disability benefits to police officers and firefighters employed by the City. DPFP is a single employer contributory defined benefit plan.

A retirement plan for Dallas police officers and firefighters was first created in 1916 by City of Dallas ordinance. In 1933, the 43rd Legislature enacted 6243a, Vernon’s Texas Civil Service Statutes, establishing DPFP in statutes. DPFP was restated and continued in 1989 by an Act of the 71st Legislature under Article 6243a-1. Article 6243a-1 was significantly amended by House Bill 3158 which was passed unanimously by the 85th Legislature and was signed into law by Governor Abbott on May 31, 2017. At December 31, 2016, DPFP had 10,070 members and beneficiaries.

Below are links to supplementary organizational and investment information on our website:

*Investment Policy Statement:* [https://www.dfp.org/Resources/7e796352-0de5-4105-9438-608c6cd76427/Investment\\_Policy\\_Statement-05-12-2016-FINAL-Web.pdf](https://www.dfp.org/Resources/7e796352-0de5-4105-9438-608c6cd76427/Investment_Policy_Statement-05-12-2016-FINAL-Web.pdf)

*Board of Trustees:* <https://www.dfp.org/Board/Board-of-Trustees/>

*DPFP Staff:* <https://www.dfp.org/About-Us/DPFP-Staff2/>

*Recent Investment and Performance Reports:* <https://www.dfp.org/Financial/Investments/>

**INVESTMENT CONSULTING AND PERFORMANCE  
MEASUREMENT SERVICES**

Based on the Investment Policy Statement approved in March 2016, the target allocations and ranges to asset categories and classes are as follows:

<b>Asset Class</b>	<b>Policy Benchmark</b>	<b>Target</b>	<b>Range</b>
<b>Cash</b>	90-day T Bills	<b>2.0%</b>	<b>0% – 5%</b>
<b>Plan Level Leverage</b>	(LIBOR + 300)	<b>0%</b>	<b>0% - 15%</b>
<b>Equity</b>		<b>30.0%</b>	<b>20% – 40%</b>
Global Equity	MSCI AC World (gross)	20.0%	10% – 23%
EM Equity	MSCI EM Equity (gross)	5.0%	0% – 8%
Private Equity	R3000 +3% (Rolling 3 Mo.)	5.0%	4% – 15%
<b>Fixed Income</b>		<b>33.0%</b>	<b>15% – 38%</b>
Short-Term Core Bonds	Barclays UST 1-3 Year	2.0%	0% – 5%
Global Bonds	Barclays Global Aggregate	3.0%	0% – 6%
High Yield	Barclays Global HY	5.0%	2% – 8%
Bank Loans	S&P Leveraged Loan Index	6.0%	3% – 9%
Structured Credit & Absolute Return	HFRI RV: FI (50/50-ABS/Corp)	6.0%	0% – 9%
EMD (50/50)	50% JPM EMBI/50% JPM GBI-EM	6.0%	0% – 9%
Private Debt	Barclays Global HY + 2% (Rolling 3 Mo.)	5.0%	2% – 7%
<b>Real Assets</b>		<b>25.0%</b>	<b>20% – 45%</b>
Natural Resources	S&P Global Nat Res (Rolling 3 Mo.)	5.0%	3% – 10%
Infrastructure	S&P Global Infra (Rolling 3 Mo.)	5.0%	3% – 10%
Real Estate	NCREIF	12.0%	10% – 25%
Liquid Real Assets	CPI + 5.00%	3.0%	0% – 6%
<b>Global Asset Allocation</b>		<b>10.0%</b>	<b>5% – 15%</b>
Risk Parity	60% MSCI ACWI/40% Barclays Global Aggregate	5.0%	2% – 8%
GTAA	60% MSCI ACWI/40% Barclays Global Aggregate	3.0%	0% – 6%
Absolute Return	HFRX Abs Ret Index	2.0%	0% – 5%
	<b>TOTAL</b>	<b>100.0%</b>	

**C. SCOPE OF SERVICES**

**1. GENERAL**

- i. The Investment Consultant is employed by DPFPP's Board of Trustees and owes its duty solely to the Board and the trust overseen by the Board.
- ii. The Investment Consultant will act solely in the interest of DPFPP and acknowledge its fiduciary duties are no less than the standards set forth in Section 802.203(a) of the Texas Government Code.

**2. INVESTMENT CONSULTING – OVERALL**

- i. Provide advice with respect to the establishment or refinement of DPFPP investment policies, guidelines and procedures, and their annual review.
- ii. Conduct asset-based asset allocation studies at least every two years or upon request and provide liability-based asset allocation studies as requested by DPFPP.
- iii. Assist with preparation of asset class or investment program strategic and annual plans.
- iv. Assist in the hiring and termination process of a manager including background material, analysis, evaluation factors, modeling and screens and making recommendations.
- v. Provide DPFPP research and analysis on specific investment topics upon reasonable request.
- vi. Answer ad-hoc questions timely, either by phone or by email.
- vii. Attend in-person at DPFPP Investment Advisory Committee or Board meetings, at least once a quarter, unless otherwise agreed by DPFPP.
- viii. Attend the Board's Annual Workshop and provide any reasonably requested information.
- ix. Provide education for the Board and designated DPFPP staff either as requested or as Consultant believes will be useful.
- x. Fulfill any responsibilities of the Consultant pursuant to the DPFPP Investment Policy Statement.
- xi. Advise on all other relevant matters pertaining to the prudent and optimal management of the portfolio as needed.

**3. INVESTMENT CONSULTING - PUBLIC ASSETS**

- i. Provide advice with respect to public investments.
- ii. Assist with manager searches for all public asset classes, as requested.
- iii. Provide written investment memorandums, including a recommendation, on all potential new and existing investments for DPFP.
- iv. Review and monitor existing investment managers supporting Consultant's ongoing decision on whether to recommend continued engagement of a manager.
- v. Advise on reinvestment of excess cash proceeds and periodic rebalancing of liquid assets in conformity with the asset allocation.
- vi. Assist DPFP in its relationships with potential and existing managers, when possible, in the negotiation of fees and the setting of appropriate benchmarks, including custom benchmarks.

**4. INVESTMENT CONSULTING - PRIVATE ASSETS: *Due to the current overallocation to private assets, it is unlikely that DPFP will be making significant commitments to new private asset investments over the next several years. As outlined in the response questionnaire, DPFP is requesting that firm's quote their Private Asset services on an as needed basis, in addition to the full-service consulting proposal. At a minimum, DPFP will require performance reporting on all Private Assets.***

- i. Provide advice with respect to Private Assets, including but not limited to private equity, hedge fund/absolute return, private debt, private energy, private infrastructure, real estate, natural resources, timber, agriculture, secondary investments, direct investments, co-investments and private equity fund-of-funds.
- ii. Provide services including program development, strategy allocation advice, annual planning, due diligence reviews, monitoring and manager searches. Quarterly performance reporting on Private Assets is a required function and should be incorporated into the general consulting and performance reporting fee proposal and not included as an ad-hoc service.
- iii. Conduct manager searches and provide written investment memorandums, including a recommendation, on all potential new and existing investments for DPFP.
- iv. Provide annual planning which will include annual updates to liquidity analysis and the annual pacing plan, which will outline recommended Alternative Strategies commitment levels to maintain vintage year diversification across the program.

- v. Assist DPFP with review and negotiation of the business terms of fund partnership agreements, including but not limited to: key man provisions, management fees, profit sharing, fund extensions, etc.
- vi. Provide ongoing investment monitoring which may include attendance at fund annual meetings.

**5. INVESTMENT MEASUREMENT AND PERFORMANCE REPORTING**

- i. Prepare quarterly investment performance measurement reports which will include (A) return attribution; (B) style analysis; (C) risk analysis; (D) analysis of all portfolio investments as compared to the designated style, the peer universe and the relevant benchmark; (E) DPFP's plan level return relative to its Policy Benchmark as well as peer public pension funds; (F) asset class returns relative to their stated benchmark; and (G) performance reporting for Private Markets and Real Estate holdings using IRR and other relevant performance metrics. Performance measurements will be on a net of fee basis.
- ii. Present quarterly investment performance results to the Board or the Investment Advisory Committee.
- iii. Report DPFP Plan level dollar-weighted returns as required by GASB. Special sector analysis will be included upon request.
- iv. Prepare an annual letter for the Comprehensive Annual Financial Report summarizing relevant investment information for the year.
- v. Answer questions from the external auditor and independent actuary as necessary.

**D. MINIMUM QUALIFICATIONS**

1. The firm must have five public pension defined benefit plan, full retainer general consulting clients with assets valued at no less than \$2.0 billion per client.
2. The firm must be a registered investment advisor under the Investment Advisers Act of 1940 and must be a fiduciary to DPFP.
3. The firm has been in business for at least five (5) years providing institutional investment general fund consulting service.

**E. PROPOSED TIMELINE & SUBMISSION SCHEDULE**

RFP Available to Prospective Firms	December 1, 2017
<b>Final Date for Proposal Submission</b>	<b>January 15, 2018</b>
Evaluation of Responses/Candidate Interviews	January - March 2018
Board Selection of Consultant	March or April 2018

**To be considered for selection, complete the attached Consultant Response Form and submit, along with any supporting documents or attachments, to [investments@dpfp.org](mailto:investments@dpfp.org) by the deadline listed above.**

Questions and Inquiries - please submit any questions or requests for clarification via email to [investments@dpfp.org](mailto:investments@dpfp.org). Do not contact DPFP Board members.

DPFP's staff will evaluate proposals and request in-person interviews with selected Firms. Finalists will be asked to make formal presentations to either DPFP's Board or Investment Advisory Committee. Selection of a Firm will be subject to Board approval.

Any costs incurred by your firm in participating in this process will not be reimbursed by DPFP.