CITY OF OVERLAND PARK, KANSAS

REQUEST FOR PROPOSALS

FOR INVESTMENT CONSULTING SERVICES

POLICE DEPARTMENT RETIREMENT PLAN
FIRE DEPARTMENT RETIREMENT PLAN
RETIREE HEALTH CARE BENEFIT PLAN

July 18, 2017

8500 SANTA FE DRIVE
OVERLAND PARK, KANSAS 66212
CITY OF OVERLAND PARK, KANSAS

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TABLE OF CONTENTS

I. INTRODUCTION AND PURPOSE ............................................................. 1

II. SCOPE OF SERVICES ........................................................................... 2

III. PROPOSAL PROCESS AND DEADLINE ............................................ 4

IV. EVALUATION PROCESS .................................................................... 5

V. PROPOSAL REQUIREMENTS ................................................................. 7

VI. PROPOSAL SCHEDULE .................................................................... 16

VII. CONTRACT REQUIREMENTS ............................................................. 17

EXHIBIT A – INVESTMENT POLICY STATEMENT
CITY OF OVERLAND PARK, KANSAS

REQUEST FOR PROPOSALS

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I. INTRODUCTION AND PURPOSE

The City of Overland Park, Kansas (the “City”) is located in the Kansas City metropolitan area. It has a population of approximately 189,000, is the second largest City in the State of Kansas and the largest city in Johnson County, Kansas. The City has twelve elected council members and an elected Mayor, which comprise the Governing Body. The Governing Body hires a professional City Manager as the chief administrative official. For additional information regarding the City, please see the City’s website at www.opkansas.org.

The City sponsors the Police Department Retirement Plan (“PDRP”); the Fire Department Retirement Plan (“FDRP”); and the Retiree Health Care Benefit Plan (collectively the “Plans”).

The PDRP and FDRP are noncontributory defined benefit plans, funded solely by the City. They are closed to new members; however current members continue to accrue benefits. As of May 31, 2017, total plan assets of the PDRP and the FDRP were approximately $98,000,000 and $41,000,000, respectively. There are 307 Members in the PDRP and 183 Members in the FDRP, including actives, vested terminated, and retirees. As of the last actuarial valuations on January 1, 2017, the funded status of the PDRP and FDRP were 104.6% and 106.0%, respectively.

The Retiree Health Care Benefit Plan is an Other Post Employment Benefit Plan. As of May 31, 2017, total plan assets of the Retiree Health Care Benefit Plan was approximately $6,000,000.

The Plans are administered by a 4-member committee (the “Plan Administrator”) that is vested with the responsibility for the general administration, management, and operation of the Plans and with the trust and investment powers conferred under the respective Plan Documents. The investment of the assets of the Plans is overseen by a 7-member Investment Committee (the “IC”) which was appointed by the Plan Administrator.

The Plan Administrator is seeking proposals from qualified firms to act as the investment consultant (the “Consultant”) to the IC. The Consultant will advise and assist the IC in administering all of the IC’s investment activities related to the Plans as described in this Request for Proposals (“RFP”). The Plan Administrator has final approval on any contract awarded as a result of this RFP.
The contract is expected to begin on or about January 1, 2018 and have an initial term of five (5) years. The Plan Administrator shall have the option, in its sole discretion, to extend the contract for up to two (2) additional one-year periods, one (1) year at a time.

All proposals submitted pursuant to this RFP will become part of the Plan Administrator’s official procurement files. No obligation is made by retention of these proposals. The Plan Administrator is not required to award any contract as a result of this RFP.

The City is a Kansas municipality and as such is bound by the provisions of the Kansas Open Records Act (“KORA”) K.S.A. 45-215 et seq. By providing a proposal, the respondent acknowledges that its proposal, once opened, is presumed to be an open record. If the respondent submits certain information that it believes to be subject to an exemption under the KORA, the particular exception from mandatory disclosure outlined in the Act must also be noted. The words “Confidential” and/or “Proprietary” are not sufficient.

This RFP, including attachments, is available in electronic format by contacting Mike Russo by e-mail at mike.russo@opkansas.org.

II. SCOPE OF SERVICES

In general, the Consultant will assist the IC in the on-going process of investment policy development and implementation. The Consultant will serve in a fiduciary capacity and will acknowledge in writing the Consultant’s fiduciary status, without qualification. In all cases, the Consultant will offer advice to the IC that is solely in the best interest of the members and beneficiaries of the Plans.

The services required include, but are not limited to, the following:

- Conduct an annual review and analysis of investment policies, objectives and portfolio structure, and recommend changes, if appropriate. Review and recommend updates to the Plans’ Investment Policy Statement;

- Perform evaluations of the Plans’ asset allocation policies at least annually, giving consideration to market conditions, asset class performance, benchmarks, actual and policy asset allocation, financial flows in and out of the funds, and performance attribution. The evaluation is to be conducted at the total fund, asset class, and individual manager levels, and should include a detailed analysis of the funds’ risk and return characteristics, and performance appraisals of all portfolios;

- Work with staff to develop and recommend (and periodically update) asset allocation and investment strategy for the funds. The strategy should reflect an assessment of the investment environment both current and expected, with a focus on expected returns and risks, the Plans’ risk tolerance, and the investment objectives of the Plans;

- Monitor and evaluate, on an on-going basis, the performance of the IC’s investment managers; develop performance benchmarks for use in evaluating the performance of the investment managers; review the investment managers’ compliance with investment
objectives and investment guidelines; and prepare and submit to the IC investment manager performance reports on at least a quarterly basis; the reports shall be in final form and ready for submission to the IC no later than twenty-one (21) days following the last day of the period to which the report relates;

- Advise on manager monitoring/retention/termination if applicable, and assist in developing a formal manager review process;

- Provide investment manager search and selection services in order to make recommendations, including: use of valuation criteria to determine structural fit within the Plans’ existing portfolio; organizational stability and soundness; consistency of investment process; stability of manager staff; long-term investment performance track record;

- Assist with negotiating appropriate investment management fees and with monitoring and evaluating manager trading and transaction costs;

- Prepare and submit to the IC quarterly reports indicating each Plan’s total return, net of fees, and showing each Plan’s allocation among asset classes; the quarterly reports shall be presented in final form to the IC at pre-scheduled meetings; the Consultant shall attend and present the reports at the quarterly meetings;

- Compare the investment performance of the total fund, asset classes and investment managers to relevant benchmarks and “peer groups”;

- Conduct performance attribution analysis to determine the value added by investment policy, asset allocation and security selection;

- Recommend appropriate performance benchmarks for the total fund, each asset class, portfolio composite, and investment manager;

- Advise and assist the IC regarding the IC’s selection of investment managers and custodian bank(s); evaluate proposals received from potential investment managers and custodian bank(s) and prepare and submit to the IC a report on its findings;

- Provide information on an on-going basis to the IC concerning investment issues, market conditions, and alternative strategies for achieving the Plans’ investment objectives, including, but not limited to, advice regarding portfolio valuation and evaluation, and risk analysis;

- Design, plan and present educational seminars to the IC regarding investment activities as the Consultant deems necessary or as requested by the IC;

- Support the IC through written and/or oral presentation at meetings with the Overland Park City Council and executive management staff and other parties as determined by the IC;
• Evaluate and advise the IC on its ability to achieve its long-range investment objectives given the Plans’ structure, legislative basis and resources, and make recommendations as to legislative or administrative changes that could improve the IC’s ability to meet its investment objectives;

• Provide advice and recommendations on various other investment policy issues including, but not limited to: currency management, derivatives, rebalancing, use of soft dollars, securities lending, proxy voting, etc.;

• Proactively provide advice to the IC about new investment management ideas, tools, processes and developments in investment management techniques, etc. and discuss with staff and the IC how these new ideas and techniques might improve the investment program and whether they should be implemented;

• Develop an appropriate investment management structure for the Plans and each asset class that considers the role of active versus passive strategies and investment management styles under different market conditions;

• Work with staff and the actuary to conduct an asset/liability study of the Plans at least every five (5) years, including recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations;

• Examine the appropriateness of the investment benchmarks used to assess the Plans’ investment performance, measure their quality and describe their strengths and weaknesses. Furthermore, recommend benchmark changes to the IC as appropriate.

III. PROPOSAL PROCESS AND DEADLINE

The following describes the anticipated proposal process, including timing, expected proposal format/distribution, how to obtain additional information, and contact information.

All proposals and related reference information submitted in response to this RFP will become the property of the City and will not be returned. Each respondent submitting a proposal waives any right of confidentiality as to the proposal documents. If a respondent submitting a proposal considers certain material in the proposal proprietary information, it shall clearly designate those portions of the proposal it wishes to remain confidential. As a public entity, the City is subject to making records available for public disclosure, to include bids and proposals submitted in a competitive bid process. The City will attempt to maintain the confidentiality of material marked proprietary; however, it cannot guarantee that information will not be made public.

Submission of a proposal indicates acceptance by the respondent submitting the proposal of the terms, conditions and specifications contained in this RFP, to include the contract requirements set forth herein.

The City will not pay for any information herein requested, nor is it liable for any costs incurred by those submitting proposals. The Plan Administrator reserves the right to select the proposal that will best meet the needs of the IC. Proposals that do not meet the stated requirements will be
considered in non-compliance and will be disqualified unless the Plan Administrator waives such non-compliance.

The Plan Administrator reserves the right to (1) accept or reject any and all proposals and to waive any technicalities or irregularities involving any proposal and to cancel the RFP process at any time prior to entering into a formal contract for investment consulting services, (2) not award a contract for any or all of the investment consulting services that are the subject of this RFP process, (3) negotiate contract terms acceptable to the IC with the Consultant, (4) disregard all nonconforming, non-responsive or conditional proposals, (5) reject the response of any respondent which does not submit a proposal to the IC’s satisfaction and (6) in its sole discretion, enter into preliminary negotiations with more than one respondent.

The contents of this RFP and any clarifications distributed or issued by or on behalf of the Plan Administrator shall become part of the contractual obligation of the Consultant and incorporated by reference into the ensuing contracts as the Plan Administrator deems appropriate.

All questions concerning this RFP must be submitted by email to mike.russo@opkansas.org no later than August 1, 2017. All responses to questions regarding this RFP will be posted on the City’s internet site, www.opkansas.org/bids-and-proposals at least five (5) days (August 8, 2017) prior to the deadline for submission of proposals.

**Deadline for Proposals**

Proposals are due no later than 3:00 P.M. CT on August 15, 2017. Please submit an electronic version of your proposal to Mike Russo at mike.russo@opkansas.org. In addition, two (2) copies of your proposal must be submitted in printed form to the City at the address listed below in a sealed envelope or box with the following words clearly marked on the outside of the envelope: Request for Proposal: City of Overland Park Investment Consulting Services. The respondent’s name and address must be clearly indicated on the envelope or box. There will be no public opening of the proposals. It is the sole responsibility of the respondent to see that its proposal and the appropriate documents are delivered on time. Any proposal received after the scheduled closing time for the receiving of proposals will be returned to the respondent unopened and will not be considered.

**Mailing Address for Proposals**

Proposals shall be mailed or delivered to the following address:

City of Overland Park  
Attn: City Clerk  
8500 Santa Fe Drive  
Overland Park, KS 66212

**IV. EVALUATION PROCESS**

After the due date, all proposals that comply with all the proposal requirements will be distributed to the IC. The proposal submitted will be the primary document upon which the IC will evaluate each vendor. This document must include the qualifications and relevant
experience of those assigned to the project. All proposals will first be screened in determining whether the respondent has previously performed the type of services requested herein and whether the requirements of this RFP are met. After review of the proposals, the IC may determine a short list of qualified firms for interviews/presentations. The IC reserves the right to accept or reject any and all proposals and all or part of a proposal and may waive informalities, technical defects, and minor irregularities in the proposals received.

In reviewing proposals, the criteria and factors considered by the IC shall include, but are not limited to the following:

A. Scope of Services – The extent to which the respondent’s description of the scope and objectives is sufficiently detailed, logically presented, consistent in terms of the format and content, and demonstrates a clear understanding of objectives as outlined herein;

B. Approach – The extent to which the proposal presents a clearly defined and well thought-out method(s) to achieve each objective and the extent to which the method chosen appears to be an effective, efficient way to accomplish each objective;

C. Experience, expertise and qualifications of key investment consulting personnel assigned to the IC;

D. Proposed Cost of Services;

E. Responsiveness to requested proposal format – The quality of the proposal and the degree to which it conforms to the required format;

F. Feedback – Information from references and others who have had experience with the respondent;

G. Presentation – The quality of the presentation and interviews if this evaluation method is used.

The IC reserves the right to utilize other appropriate selection and evaluation criteria as it deems necessary and appropriate.

During this process, please be prepared to be contacted for clarification of previously submitted information or asked for additional information.

By submission of a proposal, each entity submitting a proposal certifies that:

- It has not paid nor agreed to pay any person, other than a bona fide employee of the respondent, a fee or a brokerage fee resulting from the award of the contract.

- The IC may, by written notice to the entity submitting the proposal, reject the RFP or cancel any award under this RFP if it is found by the IC that gratuities, in the form of entertainment, gifts or otherwise were offered or given to any representative of the IC with a view toward securing an order or other favorable treatment with respect to this
RFP or the entity submitting the proposal participated in collusion with another entity to restrain or eliminate competition.

- The contents of this RFP and any clarifications distributed or issued by the IC shall become part of the contractual obligation and incorporated by reference into the ensuing contracts, as the IC deems appropriate.

V. PROPOSAL REQUIREMENTS

Respondents shall construct and submit their proposal in the following format and a tab must separate each section. Proposals without all of this information will be disqualified; however, the IC reserves the right, in its sole discretion, to waive minor technicalities and errors in the best interests of the IC.

SECTION 1 – TRANSMITTAL LETTER

Respondents must submit with their proposals a transmittal letter that identifies the respondent submitting the proposal, and includes a commitment by that respondent to provide the services required by the IC.

A person legally authorized to bind respondent to the representations in the response must sign the transmittal letter.

SECTION 2 – EXECUTIVE SUMMARY

Present in brief (not to exceed three (3) pages), concise terms, a summary level description of the contents of the proposal and your company and its capabilities. In addition, the summary should include a brief discussion of:

- the vision or strategic direction for the firm for the next five years
- the firm’s strengths and weaknesses in the area of consulting
- any additional information highlighting what sets your firm apart from other consulting firms

The respondent must identify any services that are provided beyond those specifically requested. If the respondent is providing services that do not meet the specific requirements of this RFP, but in the opinion of the respondent are equivalent or superior to those specifically requested, any such differences must be noted in the executive summary. However, failure to provide the services specifically required may result in disqualification of the proposal.

SECTION 3 – QUESTIONNAIRE/INFORMATION
Please respond to all questions below, in the order that they are presented in this section of the RFP. Indicate the question number and restate it prior to providing your response or answer.

Name and Contact Information

1. What is the current name of the firm?
   a. If the name has changed, what was the previous name?
   b. What was the original name of the firm when it was founded?

2. Please provide the following information on the firm:
   Address of head office:
   Phone Number:
   Firm’s Internet (www) Address:

3. Please provide the following information on the primary RFP contact for the firm:
   Name:
   Title:
   Phone Number:
   Fax Number:
   Email Address:

History, Ownership and Organization of the Firm

4. In what year was the firm founded or established?

5. Please provide the names of the current owners of the firm and indicate their percentage of ownership.

6. Please provide a brief description of the current ownership and corporate structure of the firm. Indicate the names of any subsidiary or affiliated companies and briefly describe the nature of their businesses and the relationship between the firm and these other companies.

7. Have there been any significant changes in the firm’s ownership, structure, or organization over the past three years? What significant changes, if any, do you anticipate in the future?

8. Please list the location of all offices and the number of professional staff in each office. Indicate the office that would service this account.

Services

9. Is the firm registered as an investment advisor under the Investment Advisor Act of 1940?
   a. Since what year has the firm been providing investment consulting services to pension plans?
10. Please confirm whether or not the firm can provide all of the services listed in Section II of the RFP under “Scope of Services.”
   a. Indicate any services that the firm cannot or will not provide.
   b. List additional services, if any, which would be included in the fee proposal.
   c. List any other products or services that may be of interest to a plan sponsor and whether there would be an additional cost for any of these services.

Source of Investment Consulting Revenue

11. Does the firm or any affiliate of the firm (including any subsidiary or parent company) provide any services in addition to investment consulting, such as:
   - Human resources, actuarial and benefits consulting?
   - Investment management services?
   - Broker/dealer services?
   - Fund-of-funds services?
   - Any other services (please specify)?

12. Please indicate the percentage of total revenue received by the firm (including any subsidiary company) from investment consulting and any additional services listed above during the most recent fiscal year:

Source of Total Firm Revenue Percentage of Revenue

   - Investment consulting
   - Human resources, actuarial and benefits consulting?
   - Investment management services?
   - Broker/dealer services?
   - Fund-of-funds services?
   - Any other services (please specify)?

Independence and Objectivity

13. If the firm or any affiliate provides services other than investment consulting, please explain briefly what policies or procedures the firm has established, or what actions the firm takes, to avoid or mitigate any potential conflicts of interest that could arise in providing advice to its pension plan clients.

14. Does the firm or an affiliate provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in firm’s database, (ii) conference fees, (iii) brokerage commissions, etc.?
   a. If so, please describe briefly the nature of these services and compensation.
   b. Does the firm or an affiliate provide any services or conduct any business with the Plans’ current investment managers?
15. Does the firm have any arrangements with broker-dealers under which it, or an affiliated company, will benefit if investment managers place trades for their clients with such broker-dealers?

16. Does the firm accept a pension plan’s brokerage commissions as payment for its services? If so, please explain briefly how it ensures that the plan receives best execution in securities transactions.

Conflict of Interest

17. Please disclose any potential conflicts of interest that may arise from the firm’s representation of the Plans, including the activities of any affiliated, subsidiary, or parent company.

18. Within the last five (5) years, has your firm or an officer or principal of the firm derived any remuneration from any investment manager; and if so, please identify the manager, the amount of remuneration and the consideration provided in exchange for the remuneration.

19. Please describe the nature of any professional relationship that the firm or anyone in the firm has had with the City of Overland Park during the past three (3) years.

Institutional Clients

20. How many institutional clients does the firm currently have? What are the total assets under advisement?

21. Please indicate the number of public institutional consulting clients that the firm currently has by type of client and size of assets:

   Public Pension Plan
   Under $50 million
   $50 - $100 million
   Over $100 million

Total Number of Clients

22. Please indicate the number of institutional consulting clients that the firm currently has by length of service:

Length of Service/Number of Clients

- Less than 1 year
- 1 – 5 years
- 6 – 10 years
- Over 10 years
23. How many consulting client relationships were terminated within the last three (3) years?
   a. What was the total value of assets of the terminated relationships?
   b. In how many cases of such terminations was the firm dismissed outright or the contract rebid and the firm not retained or not asked to bid? Explain.

24. Does the firm participate in any independent surveys of investment consultants’ performance, expertise or service quality (e.g. Institutional Investor, Plan Sponsor, etc.)? If so, how has it ranked in each of the last three (3) years?

Professional Staff

25. Please indicate the number of professional staff (not administrative or clerical staff) that the firm currently employs in each of the following categories. Each person should be assigned to only one category.

   **Number of Professional Staff**
   - Lead Consultants:
   - Other Consultants:
   - Analysts:
   - Firm Management:
   - Economists:
   - Marketing:
   - Technical/Systems:

   **Total Professional Staff:**

26. Please indicate the total turnover in professional staff during the last three (3) years.
   - Hired
   - Terminated
   - Resigned
   - Retired

27. How many professional staff have the Chartered Financial Analyst (CFA) designation? How many are currently enrolled in these programs?

28. How many professional staff will be assigned to this account?

29. Please provide the following information on the lead consultant and the support consultant(s) to be assigned to this account:
   - Name
   - Title
   - Role
   - Years of institutional investment experience
   - Years of investment consulting experience
   - Years with the firm
   - Educational qualification
- Number of accounts as lead consultant
- Names of above accounts
- Number of accounts as support consultant
- Names of above accounts

30. Please provide the name, title and role, and/or function of the other members of the team to be assigned to this account.

Asset Allocation

31. Since what year has the firm been conducting asset allocation studies for pension plans? How many studies has the firm conducted over the past three (3) years?

32. Are the asset allocation studies based on analysis of both assets and liabilities of the pension plan, or assets only?
   a. Is the modeling of assets and liabilities stochastic or deterministic?
   b. Does the asset allocation incorporate scenario analysis?
   c. Please explain briefly how the modeling of the assets is integrated with or linked to the modeling of the liabilities.

33. Are the various components of the asset allocation model internally developed, or were any licensed from one or more third-party vendors? Please provide the names of the third-party vendors, if any.

34. If the asset allocation recommendation is to be based on analysis of the risk versus reward of alternative asset allocation policies, over what future time period or periods is the impact of these policies simulated and why?
   a. How does the asset allocation model define and measure reward for a defined benefit pension plan?
   b. How does the model define and measure risk?

35. How are the assumptions or inputs to the asset allocation model determined?
   a. Based on historical returns, volatility and correlations.
   b. Historical data with adjustments to reflect current market conditions.
   c. Estimates of future inflation, real yields and risk premiums.
   d. Economic forecasts of inflation, interest rates, and economic growth.
   e. Other, or a combination of the above (please explain briefly).

36. What is the methodology for developing these assumptions?
   a. Who in the firm is involved in this process?
   b. How often are these assumptions updated or revised?

37. Are there any asset classes or market segments that are NOT included in the asset allocation model?
a. If so, how is the allocation to these asset classes determined in the asset allocation study?

b. If alternative or non-traditional asset classes (such as real estate, private equity, hedge funds, etc.) are included, how does the model deal with non-market valuation and/or non-normal distribution of returns of these asset classes? Please explain briefly.

38. How does the firm recommend that its clients rebalance the asset allocation of their funds? Please explain briefly.

39. Does the firm advocate short-term or tactical changes in asset allocation in response to changing market-conditions? If so, what approach does it recommend to its clients?

Investment Manager Search, Selection & Review

40. How many investment manager searches has the firm conducted over the past three years for the following asset classes and investment strategies? What was the total value of assets involved in each type of search?

- Global Equities (all styles & market segments)
- Global Fixed Income (including core, core plus, convertible, multi-strategy, high yield, mortgages, developed and emerging markets, etc.)
- Alternative Investments (real estate, private equity and hedge funds)
- Other Asset Classes (including commodities, timberland, infrastructure, etc.)

41. Is there a unit or group within the firm dedicated to manager research? (i.e. spends 100% of its time on)
   a. If so, how many professional staff are in that group?
   b. How many other professional staff, if any, are involved in manager research or due diligence? What percentage of their time on average do they spend on these activities?
   c. How many staff, if any, are dedicated to research on alternative investment managers and funds (real estate, private equity, hedge funds, and other real assets)?

42. Please briefly describe the firm’s search and due diligence process for selecting investment managers.

43. Does the firm maintain a list of preferred managers, and does it normally recommend managers from that list?
   a. What is the process for maintaining that list?

Monitoring and Oversight

44. Please explain briefly how the firm evaluates the investment performance of a retirement system at the total fund level?
   a. What benchmarks does it use to measure total fund performance?
b. Are there any liability-related benchmarks that the firm uses to determine the impact of total fund performance on the funded position of the pension plan?

45. What benchmarks does the firm use to measure the performance of asset classes, investment managers and portfolios?
   a. Are there any asset classes, market segments, and investment styles or strategies for which the firm does NOT have benchmarks to measure performance?
   b. Does the firm have the ability to develop customized benchmarks or normal portfolios for specialized investment strategies?

46. What performance measurement databases or systems does the firm use to compare the performance of the total fund as well as individual asset classes, investment managers and portfolios against their peer groups?
   a. How many pension funds are covered in those databases? How many of them are public funds?
   b. How many investment managers and portfolios/products are included?
   c. For each database, please indicate where the data comes from, how it is verified, who calculates the investment returns, and how any discrepancies are resolved.

47. Does the firm provide performance attribution analysis at the total fund level as well as for individual asset class portfolios? Which asset classes?

48. Can the firm monitor or track the compliance of the client’s investments with the items listed below? If so, please explain briefly how it does this.
   a. Policies and guidelines of the plan?
   b. Investment manager mandates, agreements or contracts?
   c. Laws and regulations?

49. Does the firm periodically undertake a formal and comprehensive review and evaluation of its clients’ investment managers?
   a. How often does it recommend that such an evaluation be done for each manager?
   b. In addition to investment performance, what other aspects or features of a manager’s service or organization would be covered in such an evaluation?

Education

50. How does the firm provide education to IC members and staff?
   a. At regular IC meetings
   b. Half or one-day seminars or workshops at client offices
   c. IC retreats
   d. Annual client conference
   e. All of the above

Litigation and Insurance
51. Has the firm, or any officer, principal, or employee of the firm or an affiliated company, ever been investigated and/or charged by the Securities and Exchange Commission (“SEC”), the U.S. Department of Labor (“DOL”), or any other regulatory authority for violation of applicable laws? If so, please explain.

52. Has the firm, or any officer, principal, or employee of the firm, ever been involved in any business litigation or other legal proceeding? If so, please explain and indicate the current status of the litigation.

53. Does the firm, or any officer, principal, or employee of the firm, have any lawsuits pending against it concerning the delivery of investment consulting or related services for any client? If yes, please explain.

54. Please provide the level of insurance coverage that the firm carries for professional or fiduciary liability and for errors and omissions. For each type of insurance, please indicate:
   a. The name of the insurance carrier; and
   b. The annual aggregate coverage as well as the coverage per claim.

SECTION 4 – PHILOSOPHY AND APPROACH TO CONSULTING

1. What is the general philosophy of the firm regarding an investment consultant’s relationship with the Investment Committee, staff, and investment managers?

2. State as clearly as possible the firm’s investment philosophy. Are there any fundamental beliefs about capital markets which underpin the firm’s investment advice to its pension plan clients?

3. What are the most crucial issues to consider in establishing investment policy for a public sector pension plan?

4. Please provide specific examples of proactive investment management ideas relative to a specific asset class or implementation of an investment theme.

5. Please summarize the firm’s investment consulting capabilities and expertise. What are the firm’s major strengths and limitations? Do you provide any services which are not provided by other investment consultants?

6. Describe the plans for managing the future growth of the firm, including limitations, if any, on the number of clients that the firm intends to accept.

7. How would you suggest that we measure and evaluate the performance of your firm as an investment consultant?

SECTION 5 – ADDITIONAL MATERIALS AND DOCUMENTS

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:
1. Biographies of the firm’s professional staff to be assigned to this account.

2. A list of the firm’s current full service institutional clients, including the year they retained the firm, fund size, and plan type (i.e. DB, DC, other).

3. A sample Investment Policy Statement the firm has developed for a pension plan client.

4. A sample quarterly report

5. A sample presentation on investment education provided to a pension plan client.

6. As reference, the names of three (3) pension plans, one of whom must be a public plan for which the firm currently provides general investment consulting services. For each reference, please provide the following information:
   a. Name of Plan:
   b. Contact Person:
   c. Address:
   d. Phone Number:
   e. Email Address:

7. Any other information you feel would be necessary to gain a complete understanding of the firm and the services it provides.

SECTION 6 – FEES

The proposed fees shall be guaranteed for the initial term of the contract which shall be a period of five (5) years from the effective date of the contract. When quoting fees, please be specific as to the exact services your firm is willing to provide at each price level. If no fee is included for a specific service, or any indication given to the contrary, the IC will assume the firm does not wish to be considered as a provider of that particular service.

The services listed in Section II under “Scope of Services” should form the basis for the proposed fees.

The method of payment will be set forth in the contract. Once the consultant is selected, the fee may be negotiated further depending on the variance from other proposals received.

VI. PROPOSAL SCHEDULE

- Distribution of RFP and Publication: July 18, 2017
- Inquiries Due: August 1, 2017
- Answers to Inquiries Posted to website: August 8, 2017
- Proposals Due to City Clerk at 3:00 pm: August 15, 2017
- Evaluation/Interview/Contracting Period: August – December, 2017
- Expected Implementation Date: January 1, 2018
VII. CONTRACT REQUIREMENTS

The award of any contract for investment consulting services pursuant to this RFP process is contingent upon the Consultant receiving the award successfully negotiating a contract for those investment consulting services with the Plan Administrator. In the event the Consultant will not execute an agreement that satisfies the contract terms required by this Section or the Plan Administrator is unable to negotiate a contract it deems acceptable with the Consultant, the Plan Administrator may withdraw its award for investment consulting services with the Consultant and award its investment consulting services to the next most qualified consultant, or the Plan Administrator may call for new proposals at its option.

The following contract terms must be included in all contracts for investment consulting services. The Plan Administrator reserves the right to modify these contract terms by amendment, addition or deletion, as it deems appropriate.

RIGHT OF PLAN ADMINISTRATOR TO TERMINATE AGREEMENT

1. Termination for Cause. Without in any manner limiting the right of the Plan Administrator to terminate this Agreement or declare the CONSULTANT in default thereof for any reason set forth herein or in the Request for Proposal documents, if the work to be done under this contract shall be abandoned by CONSULTANT; or if this Agreement shall be assigned by CONSULTANT otherwise than as herein provided; or if the CONSULTANT should be judged as bankrupt; or if a general assignment of its assets should be made for the benefit of its creditors; or if a receiver should be appointed for the CONSULTANT or any of its property; or if at any time the Plan Administrator determines that the performance of the work under this contract is being unnecessarily delayed, that the CONSULTANT is violating any of the conditions or covenants of this Agreement, that it is executing the same in bad faith or otherwise not in accordance with the terms of said Agreement; then, in addition to other rights the Plan Administrator may choose to exercise, the Plan Administrator may, at its option, serve written notice upon the CONSULTANT of the Plan Administrator’s intention to terminate this Agreement, and, unless within ten (10) days after the serving of such notice upon the CONSULTANT a satisfactory arrangement be made for the continuance thereof, this Agreement shall cease and terminate unless the Plan Administrator otherwise agrees to continue the Agreement. In the event of such termination, the Plan Administrator shall immediately serve notice thereof upon the CONSULTANT, and the Plan Administrator may take over the work and prosecute same to completion by contract with another investment consulting firm or otherwise and in such event the Plan Administrator may take possession of and utilize in completing the work any and all documents and other materials as may be necessary therefor. When CONSULTANT’s services have been so terminated, such termination shall not affect any rights or remedies of the Plan Administrator against CONSULTANT then existing or which may later accrue. Similarly, any retention or payment of monies due CONSULTANT shall not release CONSULTANT from liability.
2. **Termination for Convenience.** The Plan Administrator reserves the right, in its sole discretion and for its convenience and without cause or default on the part of the CONSULTANT, to terminate this Agreement by providing thirty (30) days prior written notice of such termination to CONSULTANT. Upon receipt of such notice from the Plan Administrator, CONSULTANT shall: (1) immediately cease all work or (2) meet with the Plan Administrator and, subject to the Plan Administrator’s approval, determine what work shall be required of CONSULTANT in order to bring the Project to a reasonable termination in accordance with the request of the Plan Administrator. If the Plan Administrator shall terminate for its convenience as herein provided, the Plan Administrator shall compensate CONSULTANT for all work completed to date of termination. Compensation shall not include anticipatory profit or consequential damages, neither of which will be allowed. Any termination of the Agreement for alleged default by CONSULTANT that is ultimately determined to be unjustified shall automatically be deemed a termination for convenience of the Plan Administrator.

**INDEMNITY**

1. Definitions

For purposes of indemnification requirements, the following terms shall have the meanings set forth below:

a. The “CONSULTANT” means and includes CONSULTANT, all of its employees, agents and assignees, and all of its affiliates and subsidiaries, its subcontractors and/or assignees and their respective servants, agents and employees; and

b. “Loss” means any and all loss, damage, liability or expense of any nature whatsoever, whether incurred as a judgment, settlement, penalty, fine or otherwise (including attorney’s fees and the cost of defense).

2. Indemnity

For purposes of this Agreement, CONSULTANT hereby agrees to indemnify, defend and hold harmless the City of Overland Park, its employees and agents, and the Plan Administrator of Trustees from any and all “Loss” where “Loss” is caused or incurred or alleged to be caused or incurred in whole or in part as a result of the negligence or other actionable fault of the CONSULTANT. It is agreed as a specific element of consideration of this Agreement that this indemnity shall apply notwithstanding the joint, concurring or contributory or comparative fault or negligence of the Plan Administrator or any third party and, further notwithstanding any theory of law including, but not limited to, a characterization of the Plan Administrator’s or any third party’s joint, concurring or contributory or comparative fault or negligence as either passive or active in nature; provided, however, that the CONSULTANT’s obligation hereunder shall not include amounts attributable to the fault or negligence of the Plan Administrator. Nothing in this section shall be deemed to impose liability on the
CONSULTANT to indemnify the Plan Administrator for loss when the Plan Administrator’s negligence or other actionable fault is the sole cause of loss.

**INSURANCE**

During the performance of this contract, the CONSULTANT agrees to maintain for the duration of the contract insurance coverage of the types and minimum liability as set forth below. Before entering into a contract, the successful CONSULTANT shall furnish to the Plan Administrator a Certificate of Insurance verifying such coverage. All general and automobile liability insurance shall be written on an occurrence basis unless otherwise agreed to in writing by the Plan Administrator.

1. **Professional Liability**

   The CONSULTANT shall maintain throughout the duration of this contract, Professional Liability Insurance in an amount not less than One Million Dollars ($1,000,000), each claim/aggregate, and shall provide the Plan Administrator with certification thereof.

2. **Commercial General Liability**

   **Each Occurrence** $500,000  
   Personal & Advertising Injury $500,000  
   Products/Completed Operations Aggregate $500,000  
   General Aggregate $500,000

3. **Automobile Liability Insurance**

   Policy shall protect the CONSULTANT against claims for bodily injury and/or property damage arising out of the ownership or use of any owned, hired and/or non-owned vehicle and must include protection for either:

   a) Any Auto

   **OR**

   b) All Owned Autos;  
      Hired Autos; and  
      Non-Owned Autos

   **Limits**
   
   Each Accident, Combined Single Limits, Bodily Injury and Property Damage: $500,000

4. **Workers’ Compensation and Employer’s Liability**
This insurance shall protect the CONSULTANT against all claims under applicable state Workers’ Compensation laws. The CONSULTANT shall also be protected against claims for injury, disease or death of employees for which, for any reason, may not fall within the provisions of a Workers’ Compensation law. The policy limits shall include “all States” insurance, and the liability limits shall not be less than the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Workers’ Compensation:</td>
<td>Statutory</td>
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<tr>
<td>Employer’s Liability:</td>
<td></td>
</tr>
<tr>
<td>Bodily Injury by Accident</td>
<td>$100,000 each accident</td>
</tr>
<tr>
<td>Bodily Injury by Disease</td>
<td>$500,000 policy limit</td>
</tr>
<tr>
<td>Bodily Injury by Disease</td>
<td>$100,000 each employee</td>
</tr>
</tbody>
</table>

5. Industry Ratings

The Plan Administrator will only accept coverage from an insurance carrier which offers proof that the carrier:

   a) Is licensed to do business in the State of Kansas
   b) Carries a Best’s Policyholder rating of A or better; and
   c) Carries at least a Class X financial rating;
      Or
   d) Is a company mutually agreed upon by the Plan Administrator and the CONSULTANT.

Certification of insurance coverage in Sections (2), (3), and (4) above shall be on the City of Overland Park’s Standard Certificate of Insurance Form or standard accord form acceptable to the Plan Administrator. Certification of professional liability insurance shall be provided on a separate form provided by the CONSULTANT’s insurance carrier.

**COMPLIANCE WITH EQUAL OPPORTUNITY LAWS, REGULATIONS, RULES AND LAWS**

The CONSULTANT agrees that:

1. The CONSULTANT shall observe the provisions of the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and shall not discriminate against any person in the performance of work under the present Agreement because of race, religion, color, sex, national origin, ancestry or age;

2. In all solicitations or advertisements for employees the CONSULTANT shall include the phrase “equal opportunity employer” or a similar phrase to be approved by the Kansas Human Rights Commission (“Commission”);

3. If the CONSULTANT fails to comply with the manner in which the CONSULTANT reports to the Commission in accordance with the provisions
of K.S.A. 44-1031 and amendments thereto, the CONSULTANT shall be deemed to have breached the present Agreement, and it may be canceled, terminated or suspended, in whole or in part, by the contracting agency;

4. If the CONSULTANT is found guilty of a violation of the Kansas Act Against Discrimination under a decision or order of the Commission which has become final, the CONSULTANT shall be deemed to have breached the present Agreement, and it may be canceled, terminated or suspended, in whole or in part, by the contracting agency; and

5. The CONSULTANT shall include the provisions of paragraphs (1) through (4) above in every subcontract or purchase order so that such provisions will be binding upon such subcontractor or vendor.

The CONSULTANT further agrees that the CONSULTANT shall abide by the Kansas Age Discrimination In Employment Act (K.S.A. 44-1111 et seq.) and the applicable provision of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) as well as all other federal, state and local laws, ordinances and regulations applicable to this project and shall furnish any certification required by any federal, state or local laws, ordinances and regulations applicable to this project and shall furnish any certification required by any federal, state or local governmental agency in connection therewith.

FIDUCIARY STATUS

As an investment advisor, CONSULTANT hereby acknowledges its co-fiduciary status in providing investment advice to the PLAN ADMINISTRATOR.

DELIVERY OF FORM ADV, PART II

CONSULTANT is registered as an investment adviser under the Investment Advisers Act of 1940, as amended. Pursuant to such Act, CONSULTANT has delivered with this Agreement a true and complete copy of Part II of its Form ADV to the PLAN ADMINISTRATOR which is attached hereto as Exhibit A and incorporated as if fully set forth herein. The PLAN ADMINISTRATOR acknowledges: (1) receipt of a copy of Part II of CONSULTANT’s Form ADV; (2) that delivery of Part II of Form ADV does not imply that the U. S. Securities and Exchange Commission has made any recommendation of CONSULTANT; and (3) the PLAN ADMINISTRATOR has the right to terminate this Agreement, without penalty, within ten (10) days of the date of this Agreement.

ASSIGNMENT

Parties hereto agree that neither shall assign or transfer their interest in this Agreement without the written consent of the other and further agree that this Agreement binds the parties, their successors, trustees, assignees and legal representatives.
PROHIBITION AGAINST CONTINGENT FEES

1. CONSULTANT warrants that it has not employed or retained any company or person, other than a bona fide employee working for CONSULTANT, to solicit or secure this Agreement, and that it has not paid or agreed to pay any company or person, other than a bona fide employee, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award or making of this Agreement. For breach or violation of this warranty, the PLAN ADMINISTRATOR may terminate this Agreement without liability or may, in his/her discretion, deduct from the Agreement compensation or otherwise recover the full amount of such fee, commission, percentage, brokerage fee, gift or contingent fee.

2. CONSULTANT warrants that it will not accept any fee, commission, percentage, gift, or other consideration from any third party for the performance of any work under the Agreement.

CASH BASIS LAW

The PLAN ADMINISTRATOR is obligated only to make payments under this Agreement as may be lawfully made from funds budgeted and appropriated for the purposes as set forth in this Agreement during the CITY’s current budget year. In the event the CITY does not so budget and appropriate the funds, the parties shall be relieved from all obligations, without penalty, under this Agreement.

APPLICABLE LAW

The Agreement is entered into under and pursuant to, and is to be construed and enforceable in accordance with, the laws of the State of Kansas.

ACKNOWLEDGEMENT OF PLAN ADMINISTRATOR EXPECTATION OF PERSONAL SERVICE

CONSULTANT acknowledges that PLAN ADMINISTRATOR has in part entered into this Agreement based on the expectation that CONSULTANT’s senior staff, to include those individuals identified in the CONSULTANT’s response to a previous RFP will in fact be the persons providing the services required herein. CONSULTANT agrees to periodically review with PLAN ADMINISTRATOR, any and all concerns the PLAN ADMINISTRATOR might have related to the personnel selected by CONSULTANT to perform the CONSULTANT duties as set forth in this Agreement.
INVESTMENT POLICY STATEMENT

For

Overland Park, Kansas, Fire Department Retirement Plan

Overland Park, Kansas, Police Department Retirement Plan

Overland Park, Kansas Retiree Health Care Benefit Plan Trust Fund

Adopted May 10, 2011
Adopted as revised August 21, 2012
Adopted as revised February 11, 2014
Adopted as revised March 1, 2017
# Table of Contents

I. Structure 1
   A. Authority 1
   B. Purpose 1

II. Plan Components 2
   A. Plan Characteristics 2
   B. Investment Alternatives 4
   C. Performance Standards 4

III. Selection of Discretionary Investment Managers and Investment Consultants 4

IV. Investment Fund and Manager Guidelines: Asset Classes 5
   A. Fixed Income Funds and Managers 6
   B. Domestic Equity Funds and Managers 7
   C. International Equity Funds and Managers 8
   D. Alternative Investments and Alternative Investment Managers 10

V. Manager Guidelines: Procedural 10
   A. Discretionary Authority & Standard of Care 10
   B. Reporting 11
   C. Proxy Voting 12
   D. Cost Management 12
   E. Disclosures 13

VI. Execution of Investment Policy 14

Appendix I  Fire Department Retirement Plan 15
Appendix II  Police Department Retirement Plan 17
Appendix III  Retiree Health Care Benefit Plan 19
I. Structure

A. Authority

The City of Overland Park, Kansas maintains three qualified retirement plans, of which the first two listed are the subject of this Investment Policy Statement ("IPS"):  

- Overland Park, Kansas, Police Department Retirement Plan and Trust;  
- Overland Park, Kansas, Fire Department Retirement Plan and Trust; and  
- Overland Park, Kansas, Municipal Employees Pension Plan and Trust.

In addition, the City maintains the Overland Park, Kansas Retiree Health Care Benefit Plan Trust Fund, which is also subject to this IPS.

The Investment Committee, under the direction of the City Manager or his or her designee, shall have responsibility for investment of assets in these plans as outlined in the Investment Committee Charter (the “Charter”). Rules governing operation of the Investment Committee are contained in the Charter which is incorporated by reference into this IPS.

This IPS outlines investment goals and policies for the Police and Fire Department Retirement Plans along with the Retiree Health Care Benefit Plan (together, the “Plans”), but does not cover investment of the Municipal Employees Pension Plan and Trust. The IPS derives its authority from the Charter. Should any conflict arise between this IPS and the Charter or the underlying Plan Documents, the Charter and Plan Documents take precedence.

Investments may be made in strategies maintained in commingled structures (referred to as "investment funds" or "funds" in this IPS). The policies of commingled structures take precedence over those in this IPS. The Investment Committee should examine the policies of commingled structures that are publicly traded as mutual funds and determine if they are acceptable.

All parties serving the Plans at the date of the original adoption of this IPS have 60 days to be in compliance with its provisions, or to notify the Investment Committee in writing as to why they cannot be in compliance. If modifications are made to this IPS, all parties serving the Plan on the date of the modification shall have 60 days to be in compliance with those modifications.

B. Purpose

1. Common Guidelines

Guidelines for the Investment Committee are common to the Plans. Operational guidelines are in the Charter. Investment guidelines are in this IPS.
2. Separate Objectives

While the Plans have common guidelines, investment conclusions reached as a result of these guidelines may differ among the Plans. Investment conclusions, including the actuarial assumption, asset allocation and manager selection, are contained in appendices at the end of the IPS (Appendix I, Fire Department Retirement Plan; Appendix II, Police Department Retirement Plan; and Appendix III, Retiree Health Care Benefit Plan).

3. Conflicts of Interest

In achieving its objective, the Investment Committee requires that all entities dealing with the Plans disclose conflicts of interest as soon as they become apparent, either at a public meeting or in writing to the Investment Committee. All entities dealing with the Plans must conduct themselves in a manner worthy of the public trust, keeping in mind that the Plans are subject to public review and evaluation.

4. Exclusive Benefit

The Investment Committee exercises its duties under the Charter and this IPS solely in the interest of participants and beneficiaries of the Plans for the exclusive purposes of providing retirement and other benefits to participants and beneficiaries of the Plans.

II. Plan Components

The Investment Committee in managing the Plans’ investments shall construct a portfolio that will have the potential of earning the actuarial rate of return with a high probability of success, and with as little volatility as possible. The Investment Committee may construct such a portfolio by selecting particular investments or investment funds or by appointing managers to oversee the investment of certain portions of the Plans' assets.

A. Plan Characteristics

In constructing portfolios for the Plans, the Investment Committee should consider the following characteristics.

1. Liquidity

The Plans should have liquidity to meet cash flow needs. Individual investments may have limited liquidity so long as they do not interfere with the operation of each Plan as a whole.

2. Diversification

Assets should be diversified among asset categories, sectors and geographic areas to minimize volatility.
3. Time Horizon

The time horizon of the Plans is perpetual. In projecting returns for the Plans, the Investment Committee may consider information from recent history (20 years), long-term history (about 70 years) or some combination of the two. The Investment Committee must judge what data gives the best estimate for future returns by applying evidence from the past to current circumstances.

4. Risk Tolerance

The primary investment emphasis of the Plans is to meet the actuarial rate of return. A secondary goal is to preserve capital and achieve consistency of results. The Investment Committee should strive to attain these secondary goals while still meeting the actuarial rate of return. The Investment Committee recognizes that risk is present in all investments. The assumption of risk is needed to achieve satisfactory long-term results. It is the responsibility of the Investment Committee to manage the tradeoff between risk and return given the projected needs of the Plans, always attempting to minimize risk of the overall portfolio for any given level of return.

5. Asset Allocation

The Investment Committee shall periodically conduct an asset allocation study at such times as circumstances change and the Investment Committee deems it appropriate to conduct another asset allocation study. The asset allocation study requires a projection of cash flows, which are dependent on contributions made into the Plans and disbursements made from the Plans in the form of benefits and expenses. The purpose of the asset allocation study is to understand the tradeoff between risk and return, and to aid in the construction of a portfolio that has a high probability of earning the actuarial rate of return but achieves this goal with a minimum of volatility.

6. Rebalancing

Once policy targets for asset allocation are set in the asset allocation study, the Investment Committee should ordinarily rebalance in an effort to keep asset allocation as close to the policy target as possible while at the same time minimizing transactions costs. If asset allocation deviates from policy targets by more than the +/- percentage points specified in the applicable Appendix, the Investment Committee should recommend a lump-sum transfer to restore fund allocations to the original policy limits. If an asset allocation has fallen below its policy target, the Investment Committee will rebalance by transferring assets from asset allocations which are over their respective policy targets. When an asset allocation has risen above its policy target, the Investment Committee will rebalance by transferring assets from the over-target asset allocation to asset allocations which are under their policy target until the policy target is achieved.

Any contribution made to a Plan when an asset allocation is below its policy target will be contributed to that asset allocation. If funds remain after the below policy target asset allocation
has reached its policy target, such funds will be contributed to all asset allocations in proportion to the asset allocation policy targets.

In recommending the rebalancing policy, the Investment Committee should be mindful of minimizing transactions costs.

**B. Investment Alternatives**

Investment alternatives are divided into four broad categories: fixed income, domestic equity, international equity, and alternative investments. Fixed income investments shall be used primarily to provide stability of principal. Domestic equity and international equity may be added to enhance return. Alternative investments may be added to enhance return, and to provide diversification that will reduce volatility as well.

**C. Performance Standards**

The goal of the Plans is to earn a rate of return equal to or greater than the actuarial assumption while minimizing volatility over a market cycle. The goal of each individual investment fund is to exceed an assigned benchmark net of fees over a market cycle. An investment fund may be considered to be in violation of these standards before completion of a market cycle if, in the judgment of the Investment Committee, the investment fund is unlikely to meet the standards when the market cycle is completed. Guidelines for each of the four asset classes are outlined in the next section.

In the event the Investment Committee grants discretionary authority to select investments to an investment manager, the goal of the individual investment manager is to exceed an assigned benchmark net of fees and to perform in the upper half of a universe of managers of similar style, over a market cycle.

**III. Selection of Discretionary Investment Managers and Investment Consultants**

Pursuant to the Charter, the Investment Committee has the authority to engage third-party investment managers to select investments for the Plans and investment consultants to advise the Investment Committee. The provisions of this Article III do not apply to the managers of any commingled structures in which the Investment Committee chooses to invest.

Before engaging an external investment professional, the Investment Committee shall engage in a due diligence review of various candidates for the position. When retaining an investment consultant, the Investment Committee will consider, but is not limited to, the following criteria:

1. independence (the practices the consultant uses to ensure that it does not have other business relationships that could be construed as posing a conflict of interest);
2. education and experience level of key personnel;
3. number of years the firm has been in business; and
4. number and size of clients.

The Investment Committee will consider, but is not limited to, the following criteria before engaging an investment manager:

1. style parameters based on portfolio, including asset class and specialty focus as appropriate;
2. the manager's decision-making process (e.g., whether the process is repeatable and is capable of adding value in the future);
3. the manager's experience with a portfolio comparable to that of the Plans;
4. stability of the manager's key personnel;
5. number of years the manager has been in business;
6. dollar amount of other public pension assets under current management;
7. dollar amount of the total assets in the specific style being considered;
8. investment performance versus appropriate benchmarks; and
9. education and experience level of key personnel.

IV. Investment Fund and Manager Guidelines: Asset Classes

The Investment Committee may select investment funds and vehicles, or investment managers, in a variety of asset classes, which can be generally grouped into four categories: fixed income, domestic equity, international equity, and alternative assets. Guidelines unique to these general categories are provided in this Article IV. General guidelines that apply to all managers are contained in the following Article V. The Investment Committee is aware that mutual funds and other commingled vehicles have separate guidelines and/or prospectuses. When employing such vehicles, the Investment Committee acknowledges that those separate guidelines and/or prospectuses shall supersede the guidelines of Articles IV and V of this IPS, as necessary and appropriate.
A. Fixed Income Funds and Managers

1. Investment Objective

Active fixed income funds or managers are expected to beat a benchmark appropriate to the fund's or manager's style, and to perform in the top half of a universe of similar portfolios. The benchmark used for comparison should be assigned to the investment fund or manager as part of the fund or manager selection process.

2. Permissible Securities

Fixed income managers may invest in U.S. Government and agency bonds, U.S. domestic corporate bonds, asset-backed and mortgage-backed securities, and convertible bonds. Securities must be rated A-3 or better by Moody’s and A- or better by Standard & Poors or Fitch. Should an issue receive a split rating, the lower rating will apply. Should an issue already in the portfolio fall below the prescribed level, the manager has one calendar quarter to sell the bond or to explain to the Investment Committee why the bond is being held.

Fixed income managers may also invest in international sovereign, agency, and corporate bonds of quality similar to domestic bonds. International bonds should not comprise more than 10% of the portfolio of a domestic fixed income manager.

Fixed income investment funds selected by the Investment Committee may only invest in those securities identified as permissible investments in the fund's prospectus or other applicable guidance.

3. Non-Permissible Securities

All securities not expressly permitted under the previous section are prohibited unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator.

4. Non-permissible Transactions

Fixed income managers may not purchase securities on margin or sell short unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator. Fixed income investment funds selected by the Investment Committee must be operated in accordance with the applicable guideline or prospectus.

5. Cash Balances

Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager’s discretion, keeping in mind that the benchmark will be applied to the manager’s total portfolio and not just to the non-cash portion. Managers should inform the Investment Committee within 10 business days if cash balances exceed 10%. Cash and
equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market funds.

6. Marketability

Generally, fixed income securities selected by the Investment Committee or an investment manager should be readily marketable. However, the Investment Committee may invest in private placements after appropriate consideration. Managers are not to invest in private placements without the express written authorization from the Plan Administrator or the Investment Committee acting on behalf of the Plan Administrator.

7. Diversification

Fixed income obligations of any one issuer, other than securities subject to the guarantee of the United States government or any of its agencies, should represent no more than 5% of the aggregate fair market value of a manager’s portfolio. Corporate bonds are limited to no more than 50% of the aggregate fair market value of a manager’s portfolio.

B. Domestic Equity Funds and Managers

1. Investment Objective.

Domestic equity investment funds or managers are expected to outperform a benchmark appropriate to their style (value, core or growth) and market capitalization (large, mid and small). In addition, active equity managers and funds should be ranked in the upper half of a universe of similar portfolios. Passive equity managers and funds are expected to track their appropriate benchmark.

2. Permissible Securities

Equity managers may invest in domestic common stocks, domestic convertible securities, and ADRs for listed securities of foreign corporations. Listed securities are those traded on the NYSE, AMEX and NASDAQ exchanges. Any investment in convertible debentures must carry an investment grade rating of “A” or better.

Domestic equity investment funds selected by the Investment Committee may only invest in those securities identified as permissible investments in the fund's prospectus or other applicable guidelines.

3. Non-permissible Securities

All securities not expressly permitted under the previous section are prohibited investments for any manager retained by the Investment Committee unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator.
4. Non-permissible Transactions

Equity managers may not purchase securities on margin or sell short unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator.

Domestic equity investment funds selected by the Investment Committee must be operated in accordance with the applicable guideline or prospectus.

5. Cash Balances

Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager’s discretion, keeping in mind that the benchmark will be applied to the manager’s total portfolio and not just to the non-cash portion. Managers should inform the Investment Committee within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market funds.


Securities should be marketable. It is understood that small- and mid-capitalization stocks offer less liquidity than more widely held securities.

7. Diversification

Equity investments by a manager in any single corporation shall be limited to no more than 5% of the manager’s total portfolio based on the fair market value of the portfolio at the time of purchase, and no more than 10% of the manager’s total portfolio at any quarterly valuation. The portfolio should also be appropriately diversified by industry sector. The manager should inform the Investment Committee in writing of any violation within 10 business days of its occurrence.

8. Income

There are no minimum yield or dividend requirements.

C. International Equity Funds and Managers

Investment in international equity is designed to add diversification to the Plans. This segment of the portfolios will be committed exclusively to foreign securities. There are different risks associated with this segment due to factors such as political and currency risk.
1. Investment Objective

Active international equity managers are expected to outperform a benchmark appropriate to their style. In addition, active international equity managers should be ranked in the upper two quartiles of a universe of similar portfolios.

International equity funds selected by the Investment Committee are expected to outperform a benchmark appropriate to their style.

2. Permissible Securities

International equity managers must invest in securities of companies not domiciled in the United States, including common stocks traded on any major stock exchange or ADRs traded in the United States, global depository receipts (GDRs) and preferred stocks traded on any major stock exchange. International equities include equities of both developed countries and emerging markets.

International equity investment funds selected by the Investment Committee may only invest in those securities identified as permissible investments in the fund's prospectus or other applicable guideline.

3. Non-permissible Securities

All securities not expressly permitted under the previous section are prohibited investments for any manager retained by the Investment Committee unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator.

4. Non-permissible Transactions

International equity managers may not purchase securities on margin or sell short unless permission is given in writing by the Plan Administrator, or by the Investment Committee acting on behalf of the Plan Administrator.

International equity investment funds selected by the Investment Committee must be operated in accordance with the applicable guideline or prospectus.

5. Cash Balances

Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager’s discretion, keeping in mind that the benchmark will be applied to the manager’s total portfolio and not just to the non-cash portion. Managers should inform the Investment Committee within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market funds.
6. Marketability

Securities should be marketable. It is understood that international equity securities, especially in emerging markets, offer less liquidity than more widely held securities.

7. Diversification

Equity investments by a manager in any single corporation shall be limited to no more than 5% of the manager’s total portfolio based on the fair market value of the portfolio at the time of purchase, and no more than 10% at any quarterly valuation. The portfolio should also be appropriately diversified by industry sector. The manager should inform the Investment Committee in writing of any violation within 10 business days.

8. Income

There are no minimum yield or dividend requirements.

D. Alternative Investments and Alternative Investment Managers

The Investment Committee may consider allocating a portion of the portfolio to alternative investments including timber and other commodities, real estate, private equity, venture capital and hedge funds or retaining an investment manager to select alternative investments on behalf of the Investment Committee. Both the Investment Committee and any manager should consider Alternative Investments with the goal of increasing the return of the Plans' portfolio without increasing risk, or lowering risk of the overall portfolio without lowering return.

Most alternative investments are offered in private investment structures which have their own guidelines. Should the Investment Committee engage an alternative manager within an individual account structure, separate guidelines should be adopted.

V. Manager Guidelines: Procedural

The manager guidelines in this Article V of the IPS apply only to those managers given discretion to select and manage investments on behalf of the Investment Committee. These requirements do not apply to the managers of any investment fund invested in by the Investment Committee. Investment managers may not act upon written or oral instructions from any person other than the City Manager acting on behalf of the Investment Committee, or his/her designee.

A. Discretionary Authority & Standard of Care

Managers are given full discretion to act in accordance with this IPS. In placing portfolio transaction orders on behalf of the Plans, each manager shall obtain execution of orders through responsible broker/dealers at the most favorable prices and at competitive commission rates, taking into consideration the efficiency of execution of the transaction.
Managers are expected to invest assets according to the prudent expert standard of care for the sole purpose of providing benefits to participants and beneficiaries of the Plans. Managers must acknowledge their fiduciary status to the Plans in writing.

**B. Reporting**

1. **Within 14 days** a manager must inform the Investment Committee of changes in organizational structure, ownership or key personnel. Also a manager must inform the Investment Committee of material litigation brought by a client or former client relating to investment advisory services, or any enforcement proceeding by a regulatory agency that would have a material effect on the manager, within 14 days after the manager has been notified of the litigation or the enforcement proceeding.

2. **On a monthly basis** each manager is to submit a portfolio statement. The monthly statement should include market and book values for all security holdings and performance results compared with the designated benchmark.

3. **On a quarterly basis** each manager is to submit a brief letter or report on the status of and outlook for his or her portfolio. The report should address the following:

   - economic investment and outlook;
   - investment strategy (short- and intermediate-term);
   - explanation of any high concentrations in any one sector or security;
   - a list of portfolio holdings or a summary of the largest holdings;
   - commissions on trades upon request;
   - market and book values for all security holding;
   - performance results compared with designated benchmarks;
   - brokerage commission reports (if any);
   - turnover ratio;
   - derivative use;
   - quality ratings with average quality (for fixed income portfolios).

4. **On an annual basis** each manager is to submit an annual proxy voting report and the filing of Form ADV with the Securities and Exchange Commission. Also on an annual basis, each manager is expected to meet with the Investment Committee to discuss management of the portfolio. The Investment Committee must receive a report covering the topics listed under No. 3 above five days before the meeting. Managers may be asked to meet with the Investment Committee more frequently if special circumstances require it.
C. Proxy Voting

The Investment Committee requires that investment managers exercise authority with regard to proxy voting, acting solely in the interest of and for the exclusive purpose of providing benefits to participants and beneficiaries, and always acting in the best interests of participants and beneficiaries. With regard to corporate governance, proxy votes should be against proposals to limit or eliminate liability for violation of duty of care and to indemnify directors in instances of gross negligence.

The annual report on proxy voting covered under the previous section shall include:

- summation of all votes cast;
- affirmation that all stock holdings with votes due were voted;
- description of proposed changes in proxy voting policies;
- confirmation that all votes cast were consistent with policy;
- explanation of any violation of the previous requirements.

D. Cost Management

1. Turnover

The Investment Committee acknowledges that in the course of a year, investment conditions and opportunities will require managers to buy and sell securities on behalf of the Plans. While the Investment Committee does not wish to inhibit the normal transactions executed by the advisors, the Investment Committee, to avoid churning the portfolio, does wish to be made aware of the need for any high levels of turnover. The following reporting requirements are therefore for control purposes and are not necessarily intended to limit portfolio turnover to the stated limits.

Turnover is defined as the lesser of total purchases or sales. Convertible bonds are considered equity surrogates and are subject to the terms of this policy regarding common stocks. Preferred stocks are considered perpetual bond surrogates and are subject to the terms of this policy regarding corporate bonds.

Equity turnover. Within five business days of the time in any calendar quarter in which the cumulative equity turnover during the quarter exceeds 30%, or within any calendar year in which the cumulative equity turnover exceeds 100%, the manager must submit a report to the Investment Committee stating the reason for the turnover as well as a list of any brokerage firms whose fees during the quarter or year exceeded $10,000.

Fixed income turnover. Within five business days of the time in any calendar quarter in which the cumulative fixed income turnover during the quarter exceeds 100% or within any calendar year in which the cumulative fixed income turnover exceeds 200%, the manager must submit a report to the Investment Committee stating the reason for the turnover as well as a list of any brokerage firms handling more than 20% of the subject
trades. U.S. government securities, used as collateral as part of the repurchase agreements, are exempt from this requirement.

Turnover will be considered as one factor in the money manager selection and retention process.

2. Broker Relations

The investment manager is free to execute trades whenever it is in the best interests of the Plans, and will have the discretion to execute transactions with brokerage firms of his or her choosing.

The selection of a broker should be based on the quality of executions. Factors affecting the quality of executions include the financial health of the brokerage firm, the business integrity of the brokerage firm, commission costs and overall efficiency.

Commission dollars are a Plan asset and should not be used for purposes other than those that directly benefit Plan participants. The investment manager is required to provide reports and descriptions of all soft dollar arrangements involving the use of commission dollars to acquire resources of any type.

3. Manager Fees

The Investment Committee will periodically review plan fees and expenses, including, but not limited to, investment management, investment consulting, transaction, banking and custodial charges.

E. Disclosures

Investment consultants and investment managers, as applicable, shall provide such disclosures as the Investment Committee shall require including the following:

Relationships with investment managers that the investment consultant recommends, considers for recommendation, or otherwise mentions to the Investment Committee or Plan Administrator.

Plan payments received from investment managers that the investment consultant recommends, considers for recommendation, or otherwise mentions to the Investment Committee or Plan Administrator.

Policies or procedures to address conflicts of interest or to prevent related party payments or relationships from being a factor when the investment consultant provides advice.

To the extent the investment consultant’s or investment manager’s fees are paid using brokerage commissions, an indication of whether the investment consultant or investment
manager monitors the amount of commissions paid and will alert the Investment Committee when such fees have been paid in full.

Steps the investment manager will take to ensure, to the greatest extent practicable, that the Plans receive best execution for any securities trades.

Arrangements with broker-dealers under which the investment manager or a related company will benefit if money managers place trades for clients with such broker-dealers.

The percentage of the investment consultant’s clients that utilize investment managers, investment funds, brokerage services, or other service providers from whom the investment consultant receives fees.

VI. Execution of Investment Policy

IN WITNESS WHEREOF, this document has been approved and executed by the City Manager acting on behalf of the Investment Committee on this __ day of _______, 201_.

_______________________________________
William Ebel, Jr.
City Manager
City of Overland Park, Kansas

ACKNOWLEDGED AND AGREED TO:

_______________________________________
Barry Bryant
Dahab Associates, Inc.
Appendix I  
Fire Department Retirement Plan

The Investment Committee of the Overland Park, Kansas, Fire Department Retirement Plan approved the following investment decisions for the Fire Department Retirement Plan on Tuesday, February 11, 2014:

A. Actuarial Assumption

The actuarial assumption used in judging returns from the plan is 7.25%.

B. Asset Allocation

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Equity, Domestic, Large Cap Growth</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>2. Equity, Domestic, Large Cap Value</td>
<td>26%</td>
<td>4%</td>
</tr>
<tr>
<td>3. Equity, Domestic, Small Cap Core</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>4. Equity, International, Developed</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>5. Equity, International, Emerging</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>6. Fixed Income, Domestic</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>7. Fixed Income, International</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>8. Real Estate</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

C. Asset Class and Benchmarks

1. Large Cap Growth                             Russell 1000 Growth
2. Large Cap Value                               Russell 1000 Value
3. Small Cap Core                                Russell 2000
4. International, Developed                      MSCI ACWI ex-USA
5. International, Emerging                       MSCI EM Free
6. Fixed Income, Domestic                        BC Intermediate Gov’t/Credit
7. Fixed Income, International                    Multi-universe
8. Real Estate                                   NCREIF ODCE

D. Performance Requirements

Investment funds selected in each asset class are expected to exceed their assigned index net of fees over a market cycle. A market cycle is assumed to be five years in duration. Any manager selected for an asset class is expected to exceed their assigned benchmark net of fees and to perform in the upper half among managers in a like style over a market cycle. If the Investment Committee determines that a manager of an investment fund is unlikely to meet these expectations, action may be taken to terminate that manager or investment fund prior to the completion of a market cycle. In addition, the Investment Committee retains the discretion to terminate a manager or an investment fund for any reason, including: (i) personnel changes or other organizational issues; (ii) violation of this IPS or any other legal issues; and (iii) failure to adhere to reporting requirements.
E. Rebalancing

In putting money into the Plan or taking money from the Plan, the Investment Committee or his/her designee should do so in a manner that will move the actual allocation closer to the target allocation.
Appendix II
Police Department Retirement Plan

The Investment Committee of the Overland Park, Kansas, Police Department Retirement Plan approved the following investment decisions for the Police Department Retirement Plan on Tuesday, February 11, 2014:

A. Actuarial Assumption

The actuarial assumption used in judging returns from the plan is 7.25%.

B. Asset Allocation

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Percentage</th>
<th>+/-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity, Domestic, Large Cap Growth</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Equity, Domestic, Large Cap Value</td>
<td>26%</td>
<td>4%</td>
</tr>
<tr>
<td>Equity, Domestic, Small Cap Core</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Equity, International, Developed</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Equity, International, Emerging</td>
<td>5%</td>
<td>2%</td>
</tr>
<tr>
<td>Fixed Income, Domestic</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Fixed Income, International</td>
<td>15%</td>
<td>4%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5%</td>
<td>2%</td>
</tr>
</tbody>
</table>

C. Asset Class and Benchmarks

1. Large Cap Growth: Russell 1000 Growth
2. Large Cap Value: Russell 1000 Value
4. International, Developed: MSCI ACWI ex-USA
5. International, Emerging: MSCI EM Free
6. Fixed Income, Domestic: BC Intermediate Gov’t/Credit
8. Real Estate: NCREIF ODCE

D. Performance Requirements

Investment funds selected in each asset class are expected to exceed their assigned index net of fees over a market cycle. A market cycle is assumed to be five years in duration. Any manager selected for an asset class is expected to exceed their assigned benchmark net of fees and to perform in the upper half among managers in a like style over a market cycle. If the Investment Committee determines that a manager or investment fund is unlikely to meet these expectations, action may be taken to terminate that manager or investment fund prior to the completion of a market cycle. In addition, the Investment Committee retains the discretion to terminate a manager or an investment fund for any reason, including: (i) personnel changes or other organizational issues; (ii) violation of this IPS or any other legal issues; and (iii) failure to adhere to reporting requirements.
E. Rebalancing

In putting money into the Plan or taking money from the Plan, the Investment Committee or his/her designee should do so in a manner that will move the actual allocation closer to the target allocation.
Appendix III
Retiree Health Care Benefit Plan Trust Fund

The Investment Committee of the Overland Park, Kansas, Retiree Health Care Benefit Plan Trust Fund approved the following investment decisions for the Fund on Tuesday, August 21, 2012:

A. Actuarial Assumption

The actuarial assumption used in judging returns from the plan is 7.25%.

B. Asset Allocation

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Allocation</th>
<th>+/-%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Equity, Domestic, Large Cap</td>
<td>70%</td>
<td>10%</td>
</tr>
<tr>
<td>2. Fixed Income, Domestic</td>
<td>30%</td>
<td>5%</td>
</tr>
</tbody>
</table>

C. Asset Class and Benchmarks

1. Large Cap Growth S&P 500
2. Fixed Income Domestic BC Aggregate

D. Performance Requirements

Investment funds selected in each asset class are expected to exceed their assigned index net of fees over a market cycle. A market cycle is assumed to be five years in duration. Any active manager selected for an asset class is expected to exceed their assigned benchmark net of fees and to perform in the upper half among managers in a like style over a market cycle. If the Investment Committee determines that a manager or investment fund is unlikely to meet these expectations, action may be taken to terminate that manager or investment fund prior to the completion of a market cycle. In addition, the Investment Committee retains the discretion to terminate a manager or an investment fund for any reason, including: (i) personnel changes or other organizational issues; (ii) violation of this IPS or any other legal issues; and (iii) failure to adhere to reporting requirements.

E. Rebalancing

In putting money into the Plan or taking money from the Plan, the Investment Committee or his/her designee should do so in a manner that will move the actual allocation closer to the target allocation.