



**REQUEST FOR PROPOSALS**

**INVESTMENT CONSULTING SERVICES**

**MONROE COUNTY EMPLOYEES RETIREMENT  
SYSTEM**

ISSUE DATE: FEBRUARY 10, 2017

RESPONSES DUE: MARCH 3, 2017 BY 4:00 P.M. EST

February 10, 2017

Dear Professional Investment Consultant:

The Monroe County Employees Retirement System (MCERS) Board of Trustees intends to secure a contract for investment consultant services. The purpose of this Request for Proposal (RFP) is to define the Board's minimum requirements and solicit proposals from which the Board may evaluate such services.

This agreement for investment consultant services is for a five (5) year period.

Requests for Proposals will be received by the Monroe County Employees Retirement System Board of Trustees at 840 South Roessler Street, Monroe, Michigan 48161 until 4:00 P.M. Eastern Standard Time on March 3, 2017. **Late Requests for Proposals will be rejected.**

In preparation of your proposal and to facilitate the comparison of proposals each offerer shall review the attached Request for Proposal and prepare a response in accordance with the submittal format outlined in the RFP.

If during the preparation of your proposal you have any questions or require clarification of any part of the RFP please contact the undersigned and we will respond accordingly.

The Monroe County Employees Retirement System Board of Trustees reserves the right to reject any and all submittals and to waive irregularities and informalities in the submittal and evaluation process. This RFP does not obligate Monroe County Employees Retirement System Board of Trustees to pay any costs incurred by respondents in the preparation and submission of a RFP. Furthermore, the RFP does not obligate Monroe County Employees Retirement System Board of Trustees to accept or contract for any expressed or implied services. After the RFPs have been reviewed, finalists will be selected for interviews with the Monroe County Employees Retirement System Board of Trustees.

Sincerely,

Michael Grodi, Chairman  
Monroe County Employees Retirement System

**I. Overview**

The Board of Trustees of the Monroe County Employees Retirement System (“Board” or “Board of Trustees”) is in the process of reviewing its investment consultant services. The purpose of this Request for Proposal (RFP) is to define the Board's minimum requirements, solicit proposals and to gain adequate information from which the Board may evaluate such services.

The Monroe County Employees Retirement System (“Retirement System”) has a total market value of approximately One Hundred Eighty-Five Million (\$185,000,000) Dollars.

The Retirement System’s portfolio is currently allocated as follows: approximately 40% domestic equity, 18% international equity, 22% fixed income, 9% alternative investments, 9% real estate and 2% cash, and is managed by seventeen (17) managers.

**Investment Consulting Services RFP Proposed Schedule:**

Request for Proposal Issued to Firms	Friday, February 10, 2017
Proposal Responses Due	Friday, March 3, 2017 at 4:00 p.m.
Proposals Opened	Monday, March 6, 2017
Proposals Scored and Recorded	Friday, March 17, 2017
List of Firms Announced	Wednesday, March 22, 2017
Interviews of List Firms Conducted	Monday, April 3, 2017
Finalist Firm Announced	Friday, April 7, 2017
Contract Negotiations Conducted	Wednesday, April 12, 2017
Contract Execution Occurs	Friday, April 14, 2017

**A. Scope of Services**

The primary role of the Board’s Investment Consultant is to provide objective, third-party advice and counsel that will enable the Board to make well-informed and well-educated decisions regarding the investment of the Retirement System’s assets. **The Consultant shall acknowledge its responsibilities as a fiduciary under Public Act 314 of 1965, as amended.** The Investment Consultant must be a registered investment advisor under the Investment Advisors Act of 1940.

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

1. **Development Investment Policy, Objectives and Guidelines**

Assist the Board in the development and periodic review of a policy statement that properly reflects the Board's tolerance for risk and that best helps the Board meet its rate-of-return, funded status and administrative expense objectives.

2. **Asset Allocation Studies**

Conduct an asset allocation study to determine whether or not the current asset allocation falls within the Board's investment objectives and guidelines.

3. **Investment Manager Search**

When deemed necessary, assist the Board in its due diligence and search for new investment manager(s) utilizing the appropriate data base.

4. **Development of Investment Manager Performance Standards/Guidelines**

Assist the Board in the development and review of performance standards and guidelines with which the Board can measure each investment manager's progress. Attend monthly meetings or special meetings as requested by the Board.

5. **General Consulting Services**

Provide general consulting services as requested by the Board. These might include custodial search and selection, etc.

6. **Performance Measurement & Monitoring**

Monitor the performance of the investment manager(s) to provide the Board with the ability to determine the manager's progress toward achieving the Board's investment objectives.

7. **Monitor compliance with Act 314**

Monitor the investment of the Retirement System's assets with regards to the asset limitations under Public Act 314 of 1965, as amended, with written quarterly reports submitted to the Retirement Board.

8. **Assist in Fund Diversification**

Assist the Board in the development of an investment manager structure that provides adequate diversification with respect to the number and types of investment managers to be retained by the Board

9. **Attendance at Board Meetings**

Attend regularly scheduled meetings of the Board of Trustees and be available to address questions presented by the Board as they arise.

**B. Submission Requirements**

In order to compare the competing proposals, please provide the following information in the sequence shown below. You should include only that information you consider to be essential to our understanding of your proposal and your ability to provide the services described in this RFP. Do not provide marketing and sales information but rather concise, straightforward responses and information applicable to each section topic. ***Your proposal shall be limited to no more than 20 pages, 12 font, single spaced, single sided.***

1. Title Page:

Please indicate the RFP subject, the name of your organization, address, telephone number, name of contact person and date.

2. Table of Contents:

Clearly identify the material by section and page number.

3. Response to Request for Proposal:

Please respond to each question in order of sequence in the Request for Proposal (Section II).

4. Submission:

Proposals must be presented to the Retirement Board via email to [sandy.calkins@mcers.org](mailto:sandy.calkins@mcers.org)

Your response to this RFP must be received by **4:00 p.m. on Friday, March 3, 2017.**

When responding to the attached Request for Proposal, the Board encourages you to describe the ways in which you believe your service capability is unique or distinctive. The Board of Trustees appreciates the time and effort you will have expended in responding to this RFP.

## **II. Request for Proposal**

### **A. Firm Information**

1. Name of your firm, its address, telephone number, and primary contact for the request for proposal. Give the names of the persons who will be authorized to make presentations for your organization, their titles, addresses, and telephone numbers.
2. Briefly state your organization's understanding of the nature of the work.
3. Is your organization a subsidiary, parent, or affiliate of any other firm? If so, please describe in detail. Also, do any of these affiliates provide any other retirement fund services such as investment management, actuarial work, etc? If you provide more than one service, how do you protect against conflicts of interest? Have you ever included your own firm, subsidiary or sponsored investment vehicle in a manager search you are conducting?
4. What is the number of full time employees in your firm? How many professionals have left your company in the last 3 years.
5. What is the location of your nearest office?
6. Please submit biographical profiles on the individual(s) who will be assigned to our account. Also, where are these individuals located? Who will attend review meetings? How many senior people have left your company in the last three (3) years? How many support staff have left your company in the last three (3) years? Be specific as to experience, performance measurement, manager search, investment policy consulting.
7. What public funds experience do you have? Provide a list of all public pension fund clients under contract to date. Please provide a minimum of 3 references by name of client, type of client, contact person, address and telephone number.
8. If you have lost any clients in the last 3 years, please explain.
9. Please explain size, composition, and source of your performance measurement data base. What indices are used for relative comparisons? If you do not maintain databases, whose database do you use?
10. Why is your firm uniquely qualified to service our account?
11. Disclose formal or informal business relationships with investment managers or other service providers to pension trust funds.

12. Provide as an attachment to your response a complete copy of your most recent form ADV as filed with the SEC.
13. What is your firm's position on Commission Recapture Programs and how would the Board's participation in such programs effect your services?
14. Please describe your record retention policy and your system's backup process.
15. Please describe the transition process when taking on a new client. Please discuss computer systems and data issues.

**B. Investment Policy / Asset Allocation Guidelines**

1. Provide an outline of the principle steps you would follow when developing a statement of Investment Policy and Objectives. Does your investment policy and asset allocation analysis fully integrate liabilities with assets? How do you interface with the retirement system's actuary?
2. How many meetings would be required with the Retirement Board? Who would attend from your firm?
3. Provide an outline of the issues and items that would be covered in a typical policy statement.
4. What is your approach to development of asset allocation guidelines? Please describe this process in detail, including application of major variables (e.g. - risk tolerance, emerging liabilities, etc.).
5. What asset classes are included in your work?
6. What geographic areas of the world do you consider appropriate for pension asset investments?
7. Does your approach include passive strategies such as indexation? If so, please describe.

**C. Investment Manager Selection**

1. What is the procedure and criteria you will follow in the selection of additional investment advisors? And how long might the process take from start to finish?
2. How many firms do you track for manager search purposes? How many managers have made final presentations from the total search data base?

3. Do the consultants assigned to our account actually interface with prospective managers? How much time do they spend in an average week interviewing managers? How many managers a week do our assigned consultants see? Is due diligence performed for all managers offices? If so, please explain your due diligence process. How are consultants apprized with respect to developments about managers?
4. What computer systems do you utilize to help in your manager screening? Which are purchased and which are proprietary?
5. Do you monitor your success in selecting managers? Explain how you measure the level of success of existing managers. Please be specific.
6. What criteria is used to recommend termination of a manager?
7. Do you believe that when a manager is not performing that the consultant who presented this manager also be held accountable? If so, how?
8. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?

**D. Performance Evaluation**

1. Specifically describe your performance evaluation system and the philosophy behind it. Is your system propriety or did you obtain it from another supplier?
2. How soon following the end of a reporting period can you have copies of evaluation reports to us? How frequently do you recommend performance evaluation reviews?
3. Provide samples of your standard reports. How much variation is available from your standard report? Would you be willing to customize your reports if necessary?
4. Describe and illustrate any special indices constructed by your firm.
5. Please describe, in detail, the optimal role that your firm would like to take in manager presentations to the Retirement Board. What other services are provided, such as custodian search.

**E. Custodial Services**

1. Does your firm provide custodial services?
2. Provide recommendations for custody should you be selected. Are you affiliated with the custodian in any way and if so, please explain?
3. Would your Firm receive any compensation from this custodian in regards to this client account? Are any custodian services delegated to other Firms? Please itemize all costs to this client account should they choose to take your Firm's recommendations with regard to custody.

**F. Fees**

1. Please indicate your fee schedule for investment performance analysis services, asset allocation, investment policy, manager search, custodial search, custodial services, etc. If your fee schedule is based on soft dollars, please also quote each service by type on a hard dollar basis.
2. Would you charge separately for travel expenses? If so, explain in detail your policy.
3. What other costs or expenses might we incur with your firm?
4. Do you offer payment by cash on a pro rata quarterly basis billed in arrears?
5. If services are also quoted on a soft dollar basis, what is the cost in cents per share? What is the commission to cash conversion ratio? Also, how do you report to us on commissions received?
6. What percentage of typical equity managers trades do you feel should be used for client directed brokerage purposes?
7. Do you give credit for commissions received above services? What type of recapture is used for those excess commissions?
8. Please provide all complaints received by the Securities and Exchange Commission and the National Association of Securities Dealers. Has your firm been involved in litigation within the last five years or is there any pending litigation arising out of your performance? If your answer is yes, explain fully.
9. Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including (Be sure to include specific dollar coverages).

10. Are you willing to acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

**G. Other Requirements / Miscellaneous**

1. Is your company a member of MAPERS? What other affiliations does your company maintain to keep apprised of unique issues and developments affecting public employee retirement systems?
2. Please provide all complaints, if any, received by the Securities and Exchange Commission and the National Association of Securities Dealers. Has your firm been involved in litigation within the last five years or is there any pending litigation arising out of your performance? If your answer is yes, explain fully.
3. Has your firm been investigated by any state or federal regulatory or law enforcement agency in the last ten years? If yes, please describe in detail the substance and results of each such investigation.
4. Has your organization been a party to any lawsuit, including suits involving misfeasance or professional negligence within the last ten years? If so, please describe the substance and results of each suit.
5. Are you registered with the SEC or a state securities regulator as an investment adviser? If so, have you provided all the disclosures required under those law?
6. Do you or a related company have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to the plan for our consideration? If so, describe those relationships.
7. Do you or a related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to the plan for consideration? If so, what is the extent of these payments in relation to your other income/revenue?
8. Do you have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being considered when you provide advice to your clients?
9. If you allow plans to pay your consulting fees using the plan's brokerage commissions, do you monitor the amount of commissions paid and alert plans when consulting fees have been paid in full? If not, how can a plan make sure it does not over-pay its consulting fees?

10. If you allow plans to pay your consulting fees using the plan's brokerage commissions, what steps do you take to ensure that the plan receives best execution for its securities trades?
11. Do you have any arrangements with broker-dealers under which you or a related company will benefit if money managers place trades for their clients with such broker-dealers?
12. Will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?
13. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom you receive fees?

Pre-Qualification: Inviting a proposal does not assume a "pre-qualification" of any proposer.

Proposal Preparation Cost: The Board will not be liable for any costs incurred in preparation of proposals.

Certification as to "Request for Proposal" Content: By submitting a proposal, the proposer certifies that he/she has fully read and understands the "Request for Proposal" and has full knowledge of the scope, nature, quantity, and quality of work to be performed. Unless specified to the contrary, submitting a proposal will be interpreted as agreement to all provisions in and requirements of the RFP.

Additional Information and Instruction: The Proposer shall furnish such additional information as the Board may reasonably require. The Board reserves the right to investigate the qualifications of all proposers as it deems appropriate.

Negotiations: The Board reserves the right to conduct pre-contract negotiations with any or all proposers.

Proposal Rejection: The Board reserves the right to reject any or all proposals, the right in its sole discretion to accept the proposal which it considers most favorable to the Board's interest, and the right to waive minor irregularities in the procedures. The Board further reserves the right to seek new proposals when such a procedure is in its best interest.

Proposals Binding for 90 Days: All proposals submitted shall be binding for ninety (90) calendar days following the above due date for receipt of proposals to allow for evaluation and award of contract.

Late Proposals: Proposals received by the Board after the time specified for proposal opening will not be considered.

Completeness: All information required by the Request for Proposal shall be supplied to constitute an acceptable proposal. Failure to submit a complete proposal may result in the disqualification of your proposal.

The Board appreciates the time and effort you will have expended in responding to this RFP. Thank you.