

# WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM

## REQUEST FOR PROPOSALS FOR INVESTMENT CONSULTANT

**ISSUE DATE:** Wednesday, November 14, 2012

**PROPOSAL DEADLINE:** Wednesday, December 12, 2012 at 3:00 p.m. EST.  
Wayne County Employees' Retirement System  
28 W. Adams, Suite 1900  
Detroit, MI 48226

**CONTACT:** Robert J. Grden, Director  
Phone: (313) 224-2822  
Email: [rgrden@co.wayne.mi.us](mailto:rgrden@co.wayne.mi.us)

The contract term is 3 years with the option to renew the 4<sup>th</sup> and 5<sup>th</sup> year.

Sealed Proposals are due Wednesday, December 12, at 3:00 p.m. eastern time, and must be delivered to Wayne County Employee's Retirement System (WCERS), Attn: Robert J. Grden, 28 W. Adams, Suite 1900, Detroit, MI 48226. Providers mailing proposals should allow normal mail delivery time to ensure timely receipt of their proposal. Sealed proposals must be in the actual possession of the WCERS on or prior to the exact date and time indicated above. The WCERS timestamp shall be the official time. Late proposals shall not be accepted. NO EXCEPTIONS

PRE-PROPOSAL MEETING - There will be no pre-proposal meeting concerning this RFP. All questions should be directed to Executive Director, Robert Grden. He can be reached at (313) 224-2822 or [rgrden@co.wayne.mi.us](mailto:rgrden@co.wayne.mi.us). Alternate contact: Kelly Tapper at (313) 224-0396. Email is the preferred method of communication, please include RFP question in the subject line of all emails to ensure a response.

Proposals must include a statement as to the period during which the proposal remains valid. For this RFP, the period must be at least one hundred and twenty (120) days with the right to request extensions. Proposals sent by telegraph, facsimile or other electronic means will not be considered.

This RFP must be submitted in its entirety as follows:

- Submission Letter accepting items A-F
- Tab 1- Overview, Investment Consultant Role, Scope of Services, Submission Requirements
- Tab 2 - Firm Information
- Tab 3- Investment Policy and Asset Allocation Guidelines
- Tab 4 - Investment Manager Selection and Oversight
- Tab 5- Performance Evaluation
- Tab 6 - Fees
- Tab 7- Securities Exchange Commission and Insurance
- Tab8 - Additional Information
- Tab 9 -Proposal Form

# **WAYNE COUNTY EMPLOYEES' RETIREMENT SYSTEM**

## **REQUEST FOR PROPOSAL**

**RE: THE SELECTION OF AN INVESTMENT CONSULTANT**

### **I. OVERVIEW**

The Retirement Commission Board of Trustees (Board) of the Wayne County Employees' Retirement System 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, to solicit proposals, and to gain adequate information from which the Board may evaluate such services. The Board is seeking an investment consultant for the defined benefit plan. The defined compensation plan is managed separately and is not a part of this proposal.

The Retirement Commission is the Trustee of the assets of the retirement system and acts as in the full capacity as Chief Investment Officer. Retirement staff acts on the direction of the Retirement Commission and supports the Commission by providing the information it receives from third parties to the Commission in a timely manner. The Retirement Commission has the authority to invest and reinvest the assets of the Retirement System subject to all terms, conditions, limitations and restrictions imposed by the state on the investments of public employee retirement systems. The Retirement Commission may employ investment counsel to advise the board in the making and disposition of investments, in exercising the care, skill, prudence, and diligence, under the circumstances then prevailing, that an individual of prudence acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and similar objectives.

The Wayne County Employees' Retirement System has a total market value of approximately (\$750) million Dollars and is a qualified plan under IRS regulations.

The Retirement System's portfolio consists of 44% domestic equity, 13% global equity, 16% fixed income, 9% real estate, 17% alternatives, and is managed by approximately 30 investment management entities. All current investment allocations are a snapshot as of the date of issuance of this RFP and are subject to change.

### **A. INVESTMENT CONSULTANT ROLE**

The Investment Consultant will actively work and communicate with the investment review committee; they will also be present at quarterly board meetings where current money managers will give presentations, based on the Board's schedule, at minimum annually. The Investment Consultant will work in conjunction with the investment review committee members to identify possible new investments using the investment review committee policy. The Investment Consultant shall report to the Board through the Executive Director.

## B. SCOPE OF SERVICES

Please confirm after each item your ability to offer the 10 Scope of Services items listed below. Contractual services for investment consulting will include, but not be limited, to the following:

1. **General Investment Advice**

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 Investment Consultant shall report to the board through the Executive Director. **The Consultant shall acknowledge its responsibilities as a fiduciary under the Public Employee Retirement system Investment Act, MCL 38.132 et seq, as amended in Public Act 314.** The Investment Consultant must be a registered investment advisor under the Investment Advisors Act of 1940.

2. **Development of Investment Policy, Objectives and Guidelines for the defined benefit portfolio**

Assist the Board in the monitoring 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.

3. **Asset Allocation Studies**

Review, monitor and advise on current asset allocation to determine whether the current asset allocation falls within the Board's investment objectives and guidelines.

4. **Investment Manager Search**

Assist the Board in its due diligence and search for new investment manager(s) utilizing the appropriate data base.

5. **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 and quarterly meetings as requested by the Board, an annual meeting schedule is provided by retirement staff at the beginning of each calendar year but is subject to change if conflicts should arise.

6. **General Consulting Services**

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

7. **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.

8. **Monitor compliance with Act 314**

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

9. **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 recommend rebalancing of investments as part of policy compliance.

10. **Existing Portfolio**

Monitor and review monthly statements, quarterly and annual financial statements, review and advise on all updates to form ADV, review and advise on presentations to the board, review legal and financial due diligence, conduct annual money manager reviews, maintain a watch list of performance management, determine capacity to add new investments, review 10-k's/ limited partner relationships, participate in cash flow/liquidity forecasting for Retirement System needs and advise on general compliance requirements.

**If you are unable to meet any of the above criteria please respond with how you would handle these types of requests from the Board. Include pricing for items if possible. Failure to respond to the 10 scope of service items above will be considered nonresponsive and the firm submitting the RFP may be disqualified.**

## C. SUBMISSION REQUIREMENTS

To achieve a uniform review process and obtain the maximum degree of comparability, **it is required** that the proposal be organized in the following manner:

1. Please attach a letter with each RFP submission formally acknowledging:
  - A. Responsibility of fiduciary duties as an investment advisor of the defined benefit portfolio to the board
  - B. Review and acknowledge you are willing to sign our Standard Form of Contract. If you are unwilling to sign as is, please make note of your exceptions with your submission of this proposal. Please note significant changes our standard form of contract may disqualify your firm
  - C. Acknowledge your acceptance of payment on a pro rata quarterly basis billed in arrears
  - D. If you are the successful bidder you or your firm and/or its affiliates will not manage defined benefit plan money on behalf of the Wayne County Employees' Retirement System
  - E. Acknowledge that you will not give credit for commissions received above services
  - F. Your consulting group will not be able to receive commissions received for services.

2. Title Page:

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

3. Table of Contents:

This RFP must be submitted in its entirety as follows:

Submission Letter accepting items A-F

Tab 1- Overview, Investment Consultant Role, Scope of Services, Submission Requirements

Tab 2 - Firm Information

Tab 3- Investment Policy and Asset Allocation Guidelines

Tab 4 - Investment Manager Selection and Oversight

Tab 5- Performance Evaluation

Tab 6 - Fees

Tab 7- Securities Exchange Commission and Insurance

Tab 8 - Additional Information

Tab 9 -Proposal Form

4. Response to Request for Proposal:

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

5. Submission:

The Retirement Board requests that a total number of eight (8) complete sets of your proposal be submitted. In addition, provide one (1) copy of your submission on a CD-ROM in either Word or PDF format.

Proposals must be presented to the Retirement Board in a sealed envelope clearly marked as follows:

**PROPOSAL:** Investment Consulting Services Proposal  
Board of Trustees of the Wayne County  
Employees' Retirement System  
28 W. Adams, Ste. 1900  
Detroit, MI 48226

Your response to this RFP must be received at the above address by **3:00 p.m. on Wednesday, December 12, 2012.**

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

6. Quiet Period: All communications, any modifications, clarifications, amendments, questions, responses, or any other matters related to this RFP must be made only through the Retirement Contact noted on the cover of this RFP. No contact regarding this document with other Wayne County Employees' Retirement System employee or Retirement Board Member is permitted, and shall be grounds for disqualification

## II. REQUEST FOR PROPOSAL

Please keep responses short and to the point

### A. FIRM INFORMATION

1. Name of your firm, its address, telephone number, email 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 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. Additionally, do any of the affiliates provide any other retirement fund services such as investment management or actuarial work? If you (and/or your affiliate) 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 office nearest the office of the Retirement System?
6. What type of services may you need from the Wayne County Employees' Retirement System staff?
7. Please submit biographical profiles on the individual(s) who will be assigned to our account. Please also indicate where these individuals are located, and who will attend review meetings. Please disclose any immediate family members that work for Wayne County to the best of your knowledge. For this RFP "immediate family" shall mean the employee's husband or wife, and the parents, grandparents, grandchildren, children, brothers, sisters, brothers-in-law, sisters-in-law, sons-in-law and daughters-in-law of the employee or spouse. "Immediate family" shall also include stepparents, great-grandparents, great-grandchildren, stepchildren, stepbrothers, stepsisters, half brothers and half sisters.
8. 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.

9. 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 public pension fund references within the State of Michigan by name of client, type of client, contact person, address and telephone number. If you do not have any references within the State of Michigan please provide a minimum of 3 references with a minimum of \$500 million in assets under management.
10. If you have lost any clients in the last 3 years, please explain.
11. 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 (or what) database do you use?
12. Why is your firm uniquely qualified to service our account?
13. Disclose formal and informal business relationships with investment managers or other service providers to pension trust funds.
14. Provide as an attachment to your response a complete copy of your most recent form ADV as filed with the SEC.
15. What is your firm's position on Commission Recapture Programs and how would the Board's participation in such programs affect your services?
16. Include License information

**B. INVESTMENT POLICY/ASSET ALLOCATION GUIDELINES**

1. Provide an outline of the principal 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? What would be the frequency of meeting attendance you would recommend?
3. Provide an outline of the issues and items that would be covered in a typical investment 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.
8. Explain how you would handle reviews of new and existing nontraditional assets (basket clause items) including limited partnerships.

**C. INVESTMENT MANAGER SELECTION/OVERSIGHT**

1. What are the procedure and criteria you will follow in the selection of additional investment advisors? 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 in the past 24 months?
3. Do the consultants who would be 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 apprised with respect to developments about managers?
4. What tools and decision making process(es) do you utilize to screen investment managers?
5. How 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 are used to recommend termination of a manager? Do you have a watch list for managers you deem to be unsuccessful? How long are they on the watch list before termination?

7. Please explain how the Board should evaluate and define the success of your Consulting services. 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 a sample of the reports you would submit to the Board. How much variation is available from your standard report? What other reports do you offer? Please provide samples.
4. Describe and illustrate any special indices which your firm constructed.
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 or other related search?

**E. FEES**

1. Please indicate your fee schedule for investment performance analysis services, asset allocation, investment policy, investment manager search, assist in due diligence, etc
2. What other fees, if any, would be charged to the Retirement System in addition to the fees stated above?

**F. SECURITIES EXCHANGE COMMISSION AND INSURANCE**

1. Please provide all complaints regarding you and your firm made with the Securities and Exchange Commission and the National Association of Securities Dealers together with a resolution of those complaints. 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.
2. Describe the various types of insurance and indemnification, including specific dollar coverage amounts.

**G. ADDITIONAL INFORMATION**

1. Pre-Qualification: Inviting a proposal does not assume a "pre-qualification" of any proposer.
2. Proposal Preparation Cost: The Board will not be liable for any costs incurred in preparation of proposals.
3. Certification as to "Request for Proposal" Content: By submitting a proposal, the proposer certifies that he or 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.
4. 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.
5. Negotiations: The Board reserves the right to conduct pre-contract negotiations with any or all proposers.
6. Proposal Rejection: The Board reserves the exclusive 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 interests, 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.
7. Proposals Binding for 120 Days: All proposals submitted shall be binding for one hundred twenty (120) calendar days following the above due date for receipt of proposals to allow for evaluation and potential award of contract.

8. Late Proposals: Proposals received by the Board after the time specified for proposal opening will not be considered.
9. 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.
10. Contract Award: The Proponent to whom the award is made will be notified at the earliest possible date. Tentative acceptance of the proposal, intent to recommend award of a contract, and actual award of the contract will be provided by written notice sent the Proponent at the address designated in the proposal. If, for any reason, a contract is not executed with the selected Proponent within thirty (30) days after notice of recommended award, then the board may recommend the next most responsive and responsible Proponent. Award of this proposal is contingent upon the availability of funds for this project, within the sole discretion of the Board.
11. Evaluation of Proposals: proposals will be evaluated using the following criteria:
  - a. Scope of Services
  - b. Experience with Public plans, in particular public plans in the State of Michigan.
  - c. Staffing and resources
  - d. Fees
  - e. Location and availability to the Retirement System

The above criteria are guidelines only; the Board reserves the right to use other criteria not mentioned above to determine the winning bidder.

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

## **PROPOSAL FORM**

**Failure to complete this form shall result in your Proposal being deemed non-responsive and rejected without further evaluation.**

**TO: WAYNE COUNTY:**

The Undersigned hereby offers and, if the contract is executed by the County Executive, agrees to furnish the goods and/or services in compliance with all terms, scope of work, conditions, specifications, and addenda in the Request for Proposals. The Undersigned further agrees to accept, via email or other electronic means, any and all notifications and contractual documents including, but not limited to, notifications, insurance verification requests, and purchase orders.

### **ADDENDA:**

The undersigned has read, understands and is fully cognizant of the Information to Proposers, including the Form of Contract, all Exhibits thereto, together with any written addendum issued in connection with any of the above. The undersigned hereby acknowledges receipt of the following addendum(s): \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_ (write "none" if none). In addition, the undersigned has completely and appropriately filled out all required forms.

### **OBLIGATION:**

The undersigned, by submission of this Offer, agrees to be obligated, if recommended for award of the contract and if the contract is executed by the County Executive, to provide the stated goods and/or services to the County for the term as stated in this RFP, and to enter into a contract with the County, in accordance with the conditions, scope and terms, as well as the Form of Contract, together with any written addenda as specified above.

### **COMPLIANCE:**

The undersigned hereby accepts all administrative requirements of the RFP and will be in compliance with such requirements. By submitting this Proposal Form, the Proposer represents that: 1) the Proposer is in compliance with any applicable ethics or anti-kickback provisions of the County's Procurement Ordinance, and 2) if awarded a contract to operate the Concession or provide the Services required in the RFP, the Proposer will comply with the ethics and anti-kickback provisions of the Procurement Ordinance.

### **NONCOLLUSION:**

The undersigned, by submission of this Proposal Form, hereby declares that this Proposal is made without collusion with any other business making any other Proposal, or which otherwise would make a Proposal.

**SUBMITTAL REQUIREMENTS:**

The undersigned certifies it has attached a complete response to each of the submittal requirements listed in the Evaluation Criteria and Submittal Requirements section of this RFP.

**No proposal shall be accepted which has not been manually signed in ink in the appropriate space below:**

**I certify, under penalty of perjury, that I have the legal authorization to bind the firm hereunder:**

**For clarification of this offer, contact:**

\_\_\_\_\_  
Company Name

Name: \_\_\_\_\_

\_\_\_\_\_  
Address

Title: \_\_\_\_\_

\_\_\_\_\_  
City State Zip

Phone: \_\_\_\_\_

\_\_\_\_\_  
Signature of Person Authorized to Sign

Fax: \_\_\_\_\_

\_\_\_\_\_  
Printed Name

Email: \_\_\_\_\_

\_\_\_\_\_  
Title

\_\_\_\_\_  
Federal Tax ID

Acknowledged before me by \_\_\_\_\_ (name) as \_\_\_\_\_ (title)  
of \_\_\_\_\_ (company) this \_\_\_\_ (day) of \_\_\_\_\_, 201\_\_.

Notary Signature: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

Affix Seal