M E M O R A N D U M

May 17, 2013

TO: Retirement Board

FROM: Gavin Cohen, Executive Secretary

SUBJECT: Award Investment Consulting Services RFP# 19-13

Recommendation

Staff recommends that the Board select SegalRogerscasey as investment consultants for ROCKers as recommended by the review committee.

Background and Discussion

At the Retirement Board meeting held on February 15, 2013, the Board was informed that the contract with SegalRogerscasey was expiring in June 2013. The Board reviewed the scope of services and staff got consent from the Board to prepare an RFP with the agreed upon scope of services listed below that was to be mailed out at the soonest available opportunity.

The scope of services contemplated by the Request for Proposal ("RFP") included, but was not limited to, the following:

1) Reviewing existing investment guidelines, policies, procedures and asset allocations, and making recommendations regarding the improvement of same for the Pension and the Trust;
2) Advising the Board utilizing an appropriate asset allocation model on the diversity of assets and investment styles amongst managers;
3) Reviewing existing Board service provider contracts (including the delegation of responsibilities and fees) and making recommendations regarding the improvement of same;
4) Developing appropriate benchmarks/targets against which to evaluate the portfolios' performance for Pension and Trust;

5) Monitoring the performance of ROCKERS investment managers in the Pension and Trust, and preparing performance reports (at least quarterly) for the Board's review. Reports shall include, but not be limited to, the following:

    a. Performance reviews based on appropriate benchmark indices, contractual commitments and quartile performances in specific investment categories;
    b. Notifications of significant changes in key personnel or in the organizational structure of the investment management firms;
    c. Reconciliations of investment manager performance, investment style and investment composition to verify compliance with all applicable authorities and contracts;
    d. General reviews of the investment status of ROCKERS assets; and
    e. Recommendations regarding the continuation or termination of current investment managers.
6) Assisting ROCKERS in the search for additional or replacement service providers, including an in-depth analysis of candidate firms and the negotiation of fees;
7) Communicating important and significant events/matters affecting the ROCKERS investment strategy and asset allocations;
8) Advising ROCKERS regarding its management or investment structure (active v. passive and investment style mixes), and the hiring of outside managers through due diligence and analysis, and presenting options to the Board;
9) Advising the Board on the status of the Benefit Index and whether it's beneficial to purchase annuities for the beneficiaries;
10) Attend Board meetings and other meetings as required;
11) Provide training on investment topics to the Board as required; and
12) Advising the Board on "best practices" for governance for ROCKERS.

Selection Process

The City issued RFP 19-13 on March 8th 2013. On April 5th 2013, the City received six responses. A selection committee was formed to evaluate the proposals, consisting of: Jack Rodgers, Chairperson of the Retirement Board; Stacey Webster, the City's Budget and Finance Manager; Tim Peifer, the City's Financial Systems Manager, and Gavin Cohen, Executive Secretary to the Board.

The selection committee met and evaluated the proposals based on the following factors:

- Consultants' Approach and Work Plan 20%
- Consultant's Understanding of the City's Requirements 25%
- Firm Experience and Capabilities 10%
- Project Team Qualifications and Experience 10%
- References 5%
- Respondent's Questionnaire 15%
- Price Proposal 15%

Each member of the committee ranked the respondents in each of these areas. SegalRogerscasey was scored number one independently by each member of the committee. Based on this the committee felt that there was no need to conduct further interviews. The Board should note that SegalRogerscasey did not increase their pricing, they were the second lowest bid out of the six respondents, and the committee felt that the Board is comfortable with Ryen Sherman, the consultant representing SegalRogerscasey. For these reasons, and based on the strength of the submitted proposal, it made sense to the committee to recommend rehiring SegalRogerscasey for a second contract term.

The contract will be for five years with two one year renewal options at the end of the five year period. The contract can be cancelled for non-performance with appropriate notice or for non-appropriation of funds, should the Board at any time feel value is not being received. Staff will take the contract to the Mayor and Council for award in June.

Attachment:

- Matrix of relative rankings RFP 19-13