

CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM

REQUEST FOR PROPOSAL

**FOR RECORDKEEPER SEARCH CONSULTING SERVICES AND
INVESTMENT ADVISORY SERVICES FOR
401(a) DEFINED CONTRIBUTION PLAN AND
457(b) DEFERRED COMPENSATION PLAN**

ISSUE DATE: January 24, 2022

RESPONSE DEADLINE: March 1, 2022

City of Ann Arbor Employees' Retirement System
DC Consultant RFP
532 S. Maple Rd.
Ann Arbor, MI 48103

CONTACT: Wendy Orcutt, Executive Director
Email: worcutt@a2gov.org

RFP Issue Date:	January 24, 2022
Questions Due to Retirement System:	February 4, 2022
Proposals Due to Retirement System:	March 1, 2022
Anticipated Date for Finalists Interviews:	May 19, 2022

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CITY OF ANN ARBOR EMPLOYEES' RETIREMENT SYSTEM

REQUEST FOR PROPOSAL (RFP)

FOR QUALIFIED FIRMS TO PROVIDE RECORDKEEPER SEARCH CONSULTING SERVICES AND INVESTMENT ADVISORY SERVICES

I. INVITATION

The Board of Trustees (“Board”) of the City of Ann Arbor Employees’ Retirement System (“Retirement System”) is responsible for the administration and management of the City of Ann Arbor Employees’ Retirement System, including a 401(a) Defined Contribution Plan and a 457(b) Deferred Compensation Plan (the “Plans”). The Board is inviting the submission of proposals from qualified consulting firms (“Consultant” or “Respondent”) to provide consulting services to the Board. The purpose of this RFP is to solicit proposals from qualified respondents who can assist the Board in (a) conducting an RFP for Plan recordkeeper services, evaluation of responses, and record keeper retention assistance, and (b) provide regular objective, third-party advisory and consulting services that will enable the Board to make well-informed decisions regarding the Plans’ investments. The Consultant will serve as a non-fiduciary consultant to the Board for the recordkeeper RFP and as a fiduciary to the Board regarding the Plans’ investments.

II. BACKGROUND

401(a) Defined Contribution Plan

The Defined Contribution Plan (“DC Plan”) is a 401(a) Money Purchase Plan and a component of the Retirement System, which also consists of a defined benefit plan, covering employees of the City of Ann Arbor. Employee participation in the Retirement System is mandatory under the City of Ann Arbor Retirement Ordinance, as amended. The Board is responsible for the day-to-day management and administration of the Retirement System. MissionSquare Retirement (f/k/a ICMA-RC) currently serves as third party recordkeeper to the DC Plan.

As of December 31, 2021, the DC Plan consisted of the following participants and assets:

Total Participants: 287 (234 Active)

Total Plan Assets: \$3,750,000

Deferred Compensation 457(b) Plan

The City of Ann Arbor 457 Deferred Compensation Plan and Trust (the “457 Plan”), is a governmental deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code, as amended. The Board is responsible for the management and administration of the 457 Plan. Like the DC Plan, MissionSquare Retirement also serves as third party recordkeeper to the 457 Plan.

As of December 31, 2021, the 457 Plan consisted of the following participants and assets:

Total Participants: 928 (498 Active)
Total Plan Assets: \$126,000,000

III. PROPOSAL SPECIFICATIONS

a. Response Deadline

A sealed and complete Response to this RFP must be delivered on or before March 1, 2022 at 4:00 p.m. EST. Respondents 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 Retirement System’s Executive Director on or prior to the exact date and time indicated above. Any Response delivered after the response deadline may be disqualified. Six (6) hardcopies and an electronic copy of the Response are to be placed in a sealed package clearly marked and sent to:

The City of Ann Arbor Employees’ Retirement System
DC Plan Consultant RFP
Attn: Wendy Orcutt, Executive Director
532 S. Maple Rd.
Ann Arbor, MI 48103

The Response must contain the following parts in this order:

1. Cover page
2. Work Plan (with examples)
3. Fee Proposal
4. Completed Consultant Questionnaire
5. References

The proposal cover page must include: a) the firm name, address, and telephone/fax numbers; b) the name, title or position, and email address of the primary contact for this RFP; and c) an affirmative statement to the effect that the Response is a firm and irrevocable offer of the firm that will remain valid for a period of one hundred eighty (180) days. Failure to follow this format may be grounds for disqualification.

b. Questions Relating to this RFP

There will be no pre-proposal meeting concerning this RFP. All questions must be directed to Executive Director, Wendy Orcutt, in writing at worcutt@a2gov.org by the stated response deadline. Email is the exclusive method of communication. Please include “DC Plans RFP Question” in the subject line of all emails to ensure a response.

c. Quiet Period

All communications, any modifications, clarifications, amendments, questions, responses, or any other matters related to this RFP must be made only through the Executive Director as indicated above. No contact regarding this document with other Retirement System employees or Board Members is permitted and shall be grounds for disqualification. An exception to this rule applies to firms who currently do business with the Retirement System, but any contact made by such firm(s) with persons must be limited to that business and must not relate to this RFP.

IV. SCOPE OF SERVICES

By submitting a response to this RFP, the Consultant represents and acknowledges in writing that it is qualified and willing to provide all of the services listed in this RFP. Please note that the order of the services listed does not relate to importance.

The successful Respondent (Consultant) will be required to provide the following services for the proposed fee:

1. Record Keeper Search Services

- a) Review current record keeper relationship, fees, and services and interface with Board and Executive Director regarding Retirement System record keeper relationship goals and objectives.
- b) Assist with drafting an RFP for record keeping services.
- c) Advise Board on effective methods of advertising RFP among qualified record keeper firms.
- d) Provide initial analysis and evaluation of record keeper proposals and post-interview evaluation of candidates.
- e) Assist with candidate interviews
- f) Attend at Board meeting as required by Board (e.g., initial meeting, evaluation meeting, attendance at interviews).
- g) Provide guidance to Board on final candidate selection.
- h) Provide Board with recordkeeping fee benchmarking analysis for government plans of comparable asset size and participants.
- i) Assist Board in recognizing and analyzing record keeper conflicts of interest (e.g., proprietary funds, marketing of other services, fee surcharges, rollover practices, etc.).
- j) Present to and discuss with Board record keeping industry service best practices (e.g., services provided, fees and fee structure, cybersecurity, direct participant services, with objective of improving Plan administration, cost, and participant experience).
- k) Advise Board on issues related to record keeper retention.

- l) Provide guidance on record keeper transition (if applicable).
- m) Provide other related services as needed.

2. Investment Advisory Services

- a) Assist with drafting an investment policy statement for the Plans.
- b) Evaluate investment funds available to the Plans and recommend best in class, diversified investment funds for inclusion in the Plans.
- c) Provide regular investment management fee benchmarking.
- d) Provide analysis of rate of return on guaranteed investment funds (if applicable).
- e) Provide regular written reports on the performance of the Plans' investment funds and managers.
- f) Provide regular capital market analysis.
- g) Provide regular investment education to the Board.
- h) Attend quarterly Board meetings.
- i) Provide other related services as needed.

V. WORK PLAN

Submit a prototype work plan/timeline to accomplish the scope of the engagement. The work plan must include time estimates for each significant segment of the work and the related staff assigned to each segment. Where possible, specific individuals must be named, and their titles provided. Specifically describe each process and explain the use of specialists or outside assistance as well as your expected involvement of Retirement System staff. The work plan must identify key personnel assigned, major task descriptions, work products and expected results.

Additionally, please provide at least two examples of similar work plans your firm has designed and implemented for similar clients. Please also note which members of your staff worked on the listed projects and whether you anticipate their involvement with the Retirement System.

VI. FEES AND CONTRACT

- a. Provide the proposed fee for all of the services offered by your firm for each portion of this RFP (i.e., a separate quote for record keeper search related services and investment advisory services). Your fee quote must cover all services outlined in the Scope of Services, including travel and other out-of-pocket expenses associated with the performance of the project.
- b. Provide separate quotes for ad hoc consulting services that are available upon request.
- c. Include any fee guarantees you would provide the Retirement System and over what time period(s).

VII. CONSULTANT QUESTIONNAIRE

Please provide responses to the following questions. Responses must repeat the question and be answered in order.

A. FIRM

- i. Provide the name of the firm, primary contact person's name, office address, telephone and facsimile numbers and contact email address of the proposing firm. Provide the firm's other office locations (if any); the number of employees in each office and describe the functions of and/or services provided by each office. State which office(s) would provide services to the Retirement System if the firm is selected.
- ii. Describe the firm's history including the year it was first established, the year it began providing consulting services, and the year it began providing consulting services to tax-exempt clients and public sector retirement plans.
- iii. List the current owners of the firm in descending order of percentage ownership. Attach a chart showing the current ownership structure including any parent, affiliated, and/or subsidiary company, and any business partners. Indicate if consulting personnel in the firm are employed by or perform work for any parent, affiliate, and/or subsidiary company or business partner.
- iv. Further describe your consulting line of business and explain how that line interrelates with other business functions carried out by the firm.
- v. Attach the firm's organizational chart and describe the relationship among the components and the consultant personnel. Indicate if any consulting personnel also perform work for any other component of the firm.
- vi. Within the past five (5) years, have there been any changes in ownership, legal or financial restructuring, or personnel reorganizations? Are any contemplated changes in the Firm's structures anticipated, such as mergers, acquisitions, spin-offs, or strategic alliances? If the answer to any of these questions is yes, please explain.
- vii. References: Provide the names of clients, contact person, telephone number and assets under advisement for:
 1. Three current retirement plan clients with at least \$100 million of assets that have used the firm's investment advisory services.
 2. All consulting clients that have terminated their relationship with the firm within the last five (5) calendar years and provide the reason for termination.

3. Three defined contribution plan clients for which you have performed record keeper RFP services within the past five (5) years.

- viii. Please describe your quality assurance procedures.
- ix. Provide the name and assets under advisement of each Michigan public plan client for which the firm has provided investment advisory services during the last five (5) years.
- x. Provide a breakdown by number of clients and percentage of firm revenue of firm clients that are public funds, private sector entities, and foundations for investment advisory services.
- xi. What percentage of your clients utilize managers, investment funds, brokerage services or other service providers from whom your Firm receives fees or commissions and how does your firm manage conflicts of interest?
- xii. Describe the various types of insurance and indemnification provided to protect clients of service(s) proposed, including:
 - Errors and omissions
 - Professional liability
 - Fiduciary insurance

(be sure to include carrier, amount of policy coverage (per client/plan and aggregate), annual limits, and deductible)

B. LICENSING, REGISTRATION AND LEGAL REQUIREMENTS

1. Provide a complete copy of the firm's most recent Form ADV Part I, Part 2A and 2B along with all accompanying schedules including annual financial reports filed with the SEC, if any. Any material changes since the filing must be included.
2. Provide evidence of licensing and registration compliance for your firm, the consultant and any individual who might provide advice to the Board.

C. PERSONNEL

1. State the number of consultants in the firm. What is the number of research analysts in your firm?
2. List the name and office location of the primary consultant(s) who will be responsible for the Retirement System account, and attach a biography including educational qualifications, years of institutional consulting experience, years of Michigan public plan consulting experience, and total years with the firm.
3. Identify and explain the role of any analysts or other personnel who would be involved with servicing this account, including their location, education, and experience.

D. SERVICES

1. List all of the firm's services provided to institutional clients. List special services that the firm has provided to meet other needs of clients and/or services unique to the firm.
2. Briefly summarize the firm's philosophy relating to the consultant's relationship with its clients, the clients' staff, investment funds, and third-party record keepers.
3. Describe the firm's research, analysis and due diligence service, include the following information:
 - Approach to and due diligence for evaluating (a) investment funds and (b) record keepers;
 - Include descriptions of the development and maintenance of your database;
 - Other information maintained on each;
 - Manner by which information is obtained;
 - How often is information updated.
4. Type of database used for evaluating investment funds and whether the database is proprietary or purchased from an affiliated entity, or a non-affiliated vendor.
5. Type of database used for evaluating record keepers, including number of years of usable data on record keepers and tracking of clients, and whether the database is propriety or purchased from an affiliated entity, or a non-affiliated entity.
6. What analytic tools does your firm use to evaluate investment funds and their fund managers and any quantitative and qualitative metrics used in this process (e.g., scorecard criteria)?
7. Complete and submit the enclosed cyber security disclosure for the purposes of protecting the sensitive information of employees, retirees and beneficiaries.
8. How long a typical record keeper RFP process takes from start to finish.

E. STANDARDS OF CONDUCT

1. Does the firm, its principals, or any affiliate, own any part of an investment management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the relationship. Does your firm include affiliated firms in its search process or recommend any affiliated investment managers to clients?
2. Is the firm owned, in whole or in part, by an investment management firm or firms? Has the firm received loans from any money management firms, their subsidiaries, or principals? Does the firm manage money for the parent or affiliate? Does the firm's parent or affiliate manage money for the firm? Do you have any formal or informal business relationships with investment managers or other service

providers to public retirement plans? If so, please explain.

3. Does the firm, its principals or any affiliate have any strategic alliance with any broker or investment management firm? If yes, please disclose with whom and describe the nature of the alliance.
4. Has the firm, its principals or any affiliate ever: (a) been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization, (b) been a party to any litigation concerning fiduciary responsibility or other investment related matters, or (c) submitted a claim to your errors & omission, fiduciary liability and/or fidelity bond insurance carrier(s)? If yes to any, please provide details.
5. Are there any potential conflicts of interest your firm would have in providing services to the Retirement System? If yes, please explain. If no, please affirmatively state that there are no conflicts of interest.
6. Does the firm have written Conflict of Interest and/or Code of Ethics policies? Please provide a copy.
7. Within the last five years, has the firm, an officer, or a principal or consultant been involved in litigation or other legal proceedings relating to the firm's investment consulting assignments? If so, please provide an explanation and indicate the current status or disposition.
8. Does the firm hold or sponsor client conferences? If yes, please describe such events occurring in the last year (or if more illustrative due to Covid-19, 2019), their usual frequency, and whether the costs of such events are borne by your firm, money managers or event attendees.
9. Does the firm or any firm personnel receive finder's fees from any affiliated entity, investment manager, or third party? If yes, please explain. Does the firm pay any finder's fees to any affiliated entity, investment manager, employee or third party?

VIII. TERMS AND CONDITIONS

1. The Retirement System and Board make no representations or warranties, expressed or implied, as to the accuracy or completeness of the information in the RFP and nothing contained herein is or shall be relied upon as a promise or representation, whether as to the past or the future. The RFP does not purport to contain all of the information that may be required to evaluate the RFP and any recipient hereof should conduct its own independent analysis of the Retirement System and the data contained or referenced herein. The Board does not anticipate updating or otherwise revising the RFP. However, this RFP may be withdrawn, modified, or re-circulated at any time at the sole discretion of The Board.

2. The Board reserves the right, at its sole discretion and without giving reasons or notice, at any time and in any respect, to alter these procedures, to change and alter any and all criteria, to terminate discussions, to accept or reject any Response, in whole or in part, to negotiate modifications or revisions to a Response, to negotiate with any one or more respondents to the RFP and take any other action or no action it deems prudent.
3. The Board is not and will not be under any obligation to accept, review or consider any Response to the RFP, and is not and will not be under any obligation to accept the lowest offer submitted or any offer at all. The Retirement System and Board are not and will not be under any obligation to any recipient of, or any respondent to, the RFP except as expressly stated in any binding agreement ultimately entered into with one or more parties, either as part of this RFP process, or otherwise.
4. This RFP is not an offer but a request to receive qualifications and proposals of potential firms. Respondents agree and will affirmatively state that the contents of their Responses are valid for 180 days from the date of submission. The Retirement System and Board will not be liable for any cost associated with the Response and will not reimburse any respondents for any costs. Expenses related to the production of a Response to this RFP are the sole responsibility of the Respondent.
5. Any Response submitted will become the property of the Retirement System. The Retirement System reserves the right to retain all Responses submitted, and to use any information contained in a Response except as otherwise prohibited by law. All Responses and the contents thereof will be deemed to be public record open to public inspection after the conclusion of the RFP process and award and execution of a contract, if any; provided that all proprietary information, "trade secret," if clearly marked as such, will not be disclosed except as required by law.
6. If Consultant is selected for an interview, the primary consultant to be assigned to the account must attend.
7. While the Board intends to select a single firm to provide both record keeper search services and investment advisory services, the Board retains the right to select a firm for only one of the services.

IX. PROPOSAL EVALUATIONS

All written submissions that conform to the requirements outlined in this RFP will be reviewed and evaluated by the Board's Administrative Policy Committee ("APC"), and/or the Board's Investment Policy Committee ("IPC"). These parties, in their sole discretion, reserve the right to interview any, all or none of the Consultants submitting qualifications.

The Consultant will be selected based on:

1. Responses to the specific points outlined in the RFP;

2. Experience in providing similar deferred compensation and defined contribution consulting services to similar clients;
3. Information gathered from the references;
4. Interview or presentation (if necessary); and
5. Fee proposal.

Based upon the above criteria, the APC and IPC will make a recommendation to the Board.

Any attempt by a Respondent or anyone affiliated with the Respondent or acting on their behalf to initiate contact with any member of the Board or Retirement System staff, other than the designated contacts, may be grounds for disqualification. An exception to this rule applies to firms who currently do business with the Retirement Board, but any contact made by such firm(s) with persons must be limited to that business and must not relate to this RFP.

7. What email addresses should we expect you to use to transfer data or communicate about our data?

8. Do you run Data Loss Protection systems in your environment?

9. How many (or what percentage) of you workforce is working remotely?

10. What policies and/or safeguards do you have in place to protect our sensitive data as it pertains to your remote employees and workflows?

11. How do you back up and protect your computer data? What is your retention schedule? How often do you validate backups with restoration testing?

12. Please explain what type of disaster recovery and business continuity plans you have in place.

13. Please explain what types of physical security guards you have on your data center or computer room.

14. Please explain what type of protections you have around your data center or computer room with regards to redundant power and HVAC.

This form has been executed on behalf of the aforementioned company by:

Signature

Date

Printed Name

Title