

REQUEST FOR PROPOSAL  
CITY OF SPOKANE  
**LOCAL 29 VOYA PLAN**  
DEFINED CONTRIBUTION 457 PLAN  
INVESTMENT CONSULTING SERVICES

I. GENERAL INFORMATION

The Local 29 Voya Plan is one of two defined contribution 457 plans offered by the City of Spokane. Eligible participants must be in a permanent position and represented by Local 29 of the IAFF. Voya serves as the record keeper for the plan. The plan has approximately 277 participants, with a total account balance of \$45M.

A copy of the current investment lineup is included in Appendix A.

This is a new engagement. The plan does not currently have an investment consultant.

II. SCOPE OF SERVICES

The Scope of Services will include, but is not limited to, the following:

- A. Initial Plan Design and Manager Lineup Review
- B. Manager Searches, as necessary
- C. Ongoing Consulting Services:
  - Quarterly and annual investment performance reporting
  - Quarterly onsite performance presentations to the plan
  - Annual review of investment policies
  - Provide updates on current investment and regulatory issues that may affect the plan
  - Review and advise on contracts to determine if they are within industry standards
- D. Serve as a fiduciary to the plan.

III. SUBMISSION OF PROPOSAL

The current timeline for the RFP process is as follows. The plan reserves the right to extend due dates subsequent the receipt of proposals. All respondents will be notified of any extensions.

RFP Issuance	August 19, 2019
Written questions regarding the RFP due	August 30, 2019
Answers to written questions provided	September 9, 2019
Proposals due	September 20, 2019
Evaluation of proposals completed	October 7, 2019
Finalist presentations	October 28-31, 2019
Contract Award	November 8, 2019

Inquiries and other communications about this Request for Proposals shall be through the contacts listed below. Direct communications with other management or elected officials may be grounds for rejecting a proposal.

All inquires must be in writing. Inquiries received by 5PM PDT on Friday, August 30, 2019 will be answered and posted on the SERS website (<http://www.spokanesers.org/>) on Monday, September 9, 2019 by 5PM PDT.

Proposals shall be delivered to the City no later than **Friday, September 20, 2019 at 5PM PDT**. The City reserves the right to disqualify any proposals received late. Proposals may be submitted electronically, but must also include four (4) hard copies of your proposal. Proposals should be addressed to:

Local 29 Voya 457 Plan  
Proposal for Investment Consulting Services  
808 West Spokane Falls Boulevard  
Suite 604  
Spokane, WA 99201

Electronic submissions and inquiries can be submitted to [ptencick@spokanecity.org](mailto:ptencick@spokanecity.org).

## PROPOSAL QUESTIONS

### **I. OVERALL ORGANIZATION**

Note: When answering the following proposal questions, please include information about the office that will be servicing the plan as well as firm-wide information (e.g. the servicing office has 10 consultants and the firm has 50).

- 1) Please provide a brief history of your firm.
- 2) What services does your firm provide? Specify and detail all lines of business for your firm, with approximate share of revenue from each line of business.
- 3) What is the present ownership of your organization? Please be specific. Has this changed?
- 4) What are your strategic growth initiatives? How will your firm look different than it does today? What will remain the same?
- 5) Is the firm, including its directors, officers or employees party to any lawsuits, regulatory investigation, or governmental investigation? If so, please describe.

### **II. DEFINED CONTRIBUTION INVESTMENT CONSULTING BUSINESS**

- 1) What is the overall size of your defined contribution investment consulting practice (number of clients, assets under advisement, type of plan)?
- 2) What is the average tenure of each client? How many engagements have been won and lost in each of the past three years?
- 3) What investment consulting services do you provide? Of these, which separate you from other consulting firms?
- 4) What is your experience with plans of our size? What unique challenges do you feel plans of this size face and how would you address them?
- 5) Resources
  - a) What is the total size of your staff? How many of these are consultants? How many are support, and what support services do they provide?
  - b) What is the average number of clients per consultant (by count and by assets advised)? How many clients does the proposed lead consultant currently advise (by count and by assets advised)?
  - c) Please attach biographical information for the lead consultant and any other staff that will be working directly on the account.

- d) Over the past three years, what is the turnover (additions and departures) for your consultant staff?
- 6) What are your firm's back-up procedures for key personnel and systems to ensure that client needs are continuously met?

### **III. CLIENTS**

- 1) Demographics
  - a) How many governmental defined contribution 457 plans do you provide consulting services for? What are the total assets under advisement? What share of assets under advisement does this represent firm-wide?
  - b) How many non-governmental DC plans do you provide consulting services for? What are the total assets under advisement? What share of assets under advisement does this represent firm-wide?
  - c) Please provide a representative list of your defined contribution investment consulting clients.
- 2) What would your clients say are your greatest strengths and weaknesses?
- 3) Do you consult with any other plan sponsors that have multiple separate plans with separate record keepers? How do you balance the potentially competing interests of the plan sponsor and the separate plans?
- 4) References
  - a) Please provide three references. To the extent possible, include governmental defined benefit plans for which you provide consulting/performance measurement services. List the organization, contact name, address, e-mail and telephone number.
  - b) Do you give SERS permission to contact other clients not specifically provided as references?

### **IV. CONSULTING SERVICES**

- 1) Performance Measurement
  - a) How frequently do you produce performance evaluation reports for your clients?
  - b) What is the source of your performance data? How is it verified?
  - c) At what point following quarter end are performance reports generally available?
  - d) To what extent can your performance reports be customized to meet a particular client's needs?

- e) How do you evaluate the various fees and overall fee structure for your DC plans?
- f) How do you define, measure, and monitor risk for a DC plan?
- g) Please provide a sample performance report.

## 2) Plan Design and Manager Review

- a) What is your initial impression of the current investment lineup (see Appendix A)?
- b) What do you consider to be the current best practice for plan design? How quickly do you recommend a client move from the legacy plan design to the best practice design?
- c) How often do you conduct a review of clients' manager lineup and plan design?
- d) What are your ongoing due diligence procedures for investment products? Do the procedures differ if the product was recommended by your firm or not?
- e) What is your approach to the development and review of the investment policy statement?
- f) Please describe 2-3 specific examples of positive contributions your firm has provided to a client.

## 3) Manager Selection

- a) Please provide an overview of your management selection process, including initial and ongoing due diligence practices. Is the process uniform across all assets classes? If not, please explain the differences.
- b) What are the criteria used to determine your recommend, watch, and/or terminate lists? How often are these lists reviewed?
- c) Investment Manager Database
  - i) Which database(s) do you use? Who supplies and verifies the data in the database(s)?
  - ii) Please provide a breakdown of unique managers in your database(s) for the following assets classes How many unique investment managers are?:
    - (1) Equities (Long only)
      - (a) US
      - (b) International
      - (c) Emerging Markets
      - (d) Global
      - (e) Other (Please describe)
    - (2) Fixed Income (Long only)
      - (a) Stable Value

- (b) US Core
- (c) US High Yield
- (d) US TIPS
- (e) Other (Please describe)

- (3) Real Estate
  - (a) REITs
  - (b) Other (Please describe)

## **V. CONFLICTS OF INTEREST**

- a. How does your firm manage conflicts of interest? What controls, policies, and procedures are in place to insure client interests come first?
- b. Are there any potential conflicts of interest your firm may have servicing the plan?
- c. Does your firm or any affiliate of your firm provide trust, investment management or securities brokerage services? If so, please explain.
- d. Does your firm or any of its employees receive any form of compensation from any investment managers? If so, please explain.
- e. Does your firm have a written code of conduct or set of standards for professional behavior? If so, please provide. How are the code and/or standards monitored and enforced?
- f. Has your firm, or any of the principals named in the proposal, provided any payments or other items of value to any City of Spokane employee or elected official? If so, please describe.
- g. Please provide a copy of your most recent form ADV parts I and II (only include in electronic submission).

## **VI. FEES**

- 1) Please provide your proposed fee schedules.
- 2) To the extent your firm has agreed-upon retainer fees, what services are typically covered by the retainer? What services are outside the retainer and what are the associated fees for such services?
- 3) To what extent are the quoted fees variable (e.g. based on the number of investment managers, manager searches, Board presentations, etc.)?

## ADDITIONAL INFORMATION

### A. REJECTION OF PROPOSALS

The City reserves the right to reject any and all proposals and to waive informalities or irregularities in a proposal or in the proposal process. The City reserves the right to split or make the award in any manner deemed most advantageous to the City at its sole and exclusive discretion.

### B. PREPARATION OF PROPOSAL

The City shall not be liable for any costs incurred by a Proposer in preparing or submitting a proposal. Proposals should be prepared simply and economically, providing a straight-forward, concise description of the Proposer's capabilities to satisfy the City's requirements. Submitted materials become the property of the City and will not be returned. Submitted proposals constitute public records which are subject to review and copying by a person making an appropriate request for public record.

### C. PROPOSAL EVALUATION

The City does not intend to award a contract solely on the basis of price. Evaluation criteria will include but not be limited to:

1. Firm Resources
2. Skill of Assigned Personnel
3. Investment Consulting Processes
4. Potential Conflicts of Interest
5. Fees

### D. ORAL PRESENTATIONS

The City, at its sole discretion, may ask individual proposers to make oral presentations without charge to the City. Such presentations provide an opportunity for the proposer to clarify its proposal to insure a mutual understanding of its contents.

### E. GUARANTEE OF GOOD FAITH AND FIRM PRICE

Proposals shall remain in effect for a minimum of ninety (90) days from the submission deadline date unless extended by mutual consent.

## CONTRACT REQUIREMENTS

### A. INSURANCE

During the term of the contract, the firm shall maintain in force at its own expense, the following insurance coverages:

1. Worker's Compensation Insurance in compliance with RCW 51.12.020, which requires subject employers to provide workers' compensation coverage for all their subject workers.

2. General Liability Insurance on an occurrence basis, with a combined single limit, of not less than \$1,500,000 each occurrence for bodily injury and property damage. It shall include contractual liability coverage for the indemnity provided under the contract. It shall provide that the City, its officers, employees and agents are additional insureds but only with respect to the firm's services to be provided under the contract.
3. Automobile Liability Insurance with a combined single limit, or the equivalent, of not less than \$300,000 each accident for bodily injury and property damage, including coverage for owned, hired or non-owned vehicles.
4. Professional Liability Insurance with a combined single limit of not less than \$2,000,000 each claim, incident or occurrence. This is to cover damages caused by the error, omission, or negligent acts related to the professional services to be provided under the contract. The coverage must remain effect for at least three (3) year(s) after the contract is completed.

There shall be no cancellation, material change, reduction of limits or intent not to renew the insurance coverage(s) without 30 days written notice from the firm or its insurer(s) to the City;

As evidence of the insurance coverages required by the contract, the firm shall furnish acceptable insurance certificates to the City at the time the firm returns the signed contract. The certificate shall specify all of the parties who are additional insured, and will include applicable policy endorsements, the 30 day cancellation clause, and the deduction or retention level. Insuring companies or entities are subject to City acceptance. The firm shall be financially responsible for all pertinent deductibles, self-insured retentions, and/or self-insurance.

#### B. BUSINESS REGISTRATION REQUIREMENT

Section 8.01.070 of the Spokane Municipal Code states that no person may engage in business with the City without first having obtained a valid annual business registration. The firm shall be responsible for contacting the State of Washington Business License Services at <http://bls.dor.wa.gov> or (800) 451-7895 to obtain a business registration. If the firm does not believe it is required to obtain a business registration, it may contact the City's Taxes and Licenses Division at (509) 625-6070 to request an exemption status determination.

#### C. ANTI-KICKBACK

No officer or employee of the City of Spokane, having the power or duty to perform an official act or action related to this contract shall have or acquire any interest in the contract, or have solicited, accepted or granted a present or future gift, favor, service or other item of value from or to any person involved in the contract.



## APPENDIX A

<b>Fund</b>	<b>Balance</b>
American Funds New Perspective	4,381,132
American Funds The Growth Fund of America	2,455,498
Artisan International Fund	535,949
Artisan International Value Fund	640,998
Calvert SRI Balanced	58,996
Fidelity Contrafund	5,652,650
Franklin Small Cap Value VIP	526,650
Hotchkis and Wiley Large Cap Value	2,612,558
Neuberger Berman Sustainable Equity	320,406
PIMCO Total Return	1,861,810
Pioneer High Yield VCT	1,421,216
Vanguard Institutional Index	3,158,618
Vanguard Mid-Cap Index	2,696,429
Vanguard Small Cap Index	3,030,264
Victory Munder Mid-Cap Core Growth	869,088
Voya Fixed Account	8,772,379
Voya Gov't Money Market	480,979
Voya Solution 2025	651,471
Voya Solution 2035	779,003
Voya Solution 2045	1,226,197
Voya Solution Income	53,867
VY Baron Growth	688,040
VY Clarion Real Estate Portfolio	582,097
VY Columbia Contrarian Core	520,299
VY JPMorgan Mid Cap Value	887,245
<b>Total</b>	<b>44,863,839</b>