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# Important Delivery Change

Please email your responses to:

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RFP answers should be in both Word and PDF formats. Attachments can be in PDF.

**RFP Response – Hard Copy or Email**

In light of current events surrounding COVID-19, would your organization be willing and able to accept an electronic RFP submission (via email) since the vast majority of our firm's workforce is currently working from home?

Yes

**Reason for RFP**

What is the reason for issuing the RFP?

The City has a policy that certain services and multi-year agreements over $100,000 require a Request for Proposals (RFP) process, with final approval of contracts from the Board of Finance and City Council.

**Current Advisor**

Is your current consultant invited to rebid for the business?

Yes

Who is the current consultant?

Dahab Associates

Do you have any specific issues in regards to your current consultant?

We prefer to hear what strengths RFP respondent firms bring.

**What Attributes Desired**

What are the essential attributes that you look for in your investment consultant?

We want to hear what RFP respondent firms think are the most essential attributes in an investment consultant and how the firm achieves these.

What do you think is the single most important characteristic of an investment consulting firm?

We want to hear what respondents think is the most important characteristic in an investment consultant and how the firm achieves this.

**Investments and Allocation**

Can you provide commentary on what vehicles you are utilizing to invest your alternative assets? Are you investing through fund of funds or investing directly?

This is a mix of both. Our current policy caps alternative assets or investments to 10% of the total investment portfolio.

What is the biggest investment-related issue the Board is currently facing?

How to maximize return over the next five years to increase funding level, balanced with most realistically risk-adverse approach possible.

Can you please provide the target asset allocation, a recent performance report, and the investment policy statement?

Please see attached.

What is the vintage of your alternatives and how long do they have left within the projected life, how long is the payout period?

Our alternative investments have different maturities, and payout periods.

Are you comfortable with a more diversified approach within your asset allocation?

Yes, as long as it designed to achieve the goal mentioned above and information as to these diversified approaches including anticipated rewards and possible risks are provided in a clear and data-driven manner.

What led Burlington to create a concentrated portfolio with only a couple managers/service providers?

This has been the practice for decades, and have not changed our current process. We have not done a formal RFP for a financial advisor in approximately 10 years.

Do you have alternatives in the portfolio or plans to include them? No

If yes, do you currently use fund of funds or direct funds for your alternative investments?

Do you anticipate making any changes to the asset allocation of the Plan? Are you considering any new asset classes?

We rely on our advisor to present to the Board any alternatives to our current asset allocation with clear information as to the risk and rewards of such alternatives.

What is the most important investment issue your Plan is currently facing?

It is our hope the RFP responses will identify what responders believe are the  most important issues currently facing our plan and then strategies to overcome these issues.

**Investments and Actuarial**

Regarding asset / liability studies, is that the responsibility of the investment consultant, actuary or a combination of the two entities?

This would be the responsibility of both our investment consultant and actuary.

Is the Board expecting to have an Asset Liability study done in 2020?  When was the last study conducted?

No Asset Liability Study is expected for 2020, and such formal study has been done in approximately five years.

Do you expect catch-up contributions to increase the funding ratio?

Not at this time.

Based on your actuarial assumptions, when do you expect payouts will exceed contributions?

This question is not clear. We currently pay approximately $1.5MM to our monthly retirees. Please find attached our Actuary Report for Fiscal Year 2020 as this may be helpful.

When was the last time the Plan performed a liability-based asset allocation study?  Is the expectation to have the advisor run liability based asset allocation studies?  What is the funded status of the Plan? What are the assumed/target rates of return for the Plan?

Please find attached documents.

**Meetings**

From reading the RFP, it appears that the Retirement System has monthly meetings but the investment consultant attends meetings in person on a quarterly basis and participates in the balance of the monthly meetings via teleconference or other virtual meeting format.  Is it anticipated that the investment consultant will continue to attend quarterly in-person meetings and the balance by phone or virtually?

Yes

Just to confirm, at this point, quarterly meetings are expected to be in person while additional meetings can be via teleconference.  Is that correct?

Yes

Is the meeting schedule for 2021 available? If so, can you please provide it?

N/A

Do you have a preliminary schedule of the Board meetings?

Third Tuesday of the month at 8:30 am.  We do our best to schedule retirement meetings three months in advance to accommodate the Retirement Board Members. It may change based on availability of the board.

On average, how often does the incumbent advisor meet in-person with the Board?  The RFP references quarterly meetings, but mentions “monthly as required.”

At a minimum it is 4 times a year but can be more frequent depending on the needs of the Board or issues of importance determined by consultant.  BERs works with current consultant to determine meeting times that are convenient for Board and consultant.

**Fees & Expenses**

What are the annual fees for the existing contract that the Board is paying to its current investment consultant?

BERs is most interested in seeing respondents’ fee structure, including any direct and indirect fees to be charged to BERs, and the services and outcomes BERs will receive for these fees.  If fees can be increased due to requests for added services, BERs would like details of the triggers for these increased fees and likely structure of these added fees.  For example, if BERS requests consultant to attend in person more than 4 meetings per year, or consultant makes such a request, how does that impact the fee structure.  Similarly if BERs requests follow-up data on an asset report or proposed modification to asset allocation.

Are there project-related fees associated with the current arrangement that are not part of the base fee?

BERs is looking to receive from respondents details on any fees/revenue or possible fees/revenue the firm will receive, other than from BERs, as our investment consultant. Specifically, to identify any types of fees that consultant can/expects to receive based on types of "funds" consultant may recommend assets are to be invested. Or to state unequivocally that firm will not receive any revenue, directly or indirectly from recommended asset allocation funds other than from BERs.

**Miscellaneous**

Who is the master Custodian and Trustee that the City utilizes?

The City is currently using US Bank as the Trustee, and in the process of changing our Trustee to Zion's effective November 1, 2020.

Any current areas of focus or challenge for the Board?

Board has a fiduciary responsibility to all participants of retirement system; retirees, vested members, taxpayers, etc. to have system managed and assets allocated based on data and information that is likely to maximize returns while minimizing risks. As a non-professional Board we look to our consultant to help guide us to achieve this and develop best strategies for future turbulent times.

Is the Board who oversees the City of Burlington Employee's Retirement plan open to the delegated model whereby the firm hires, fires and monitors the managers, executing the board's strategic decisions in accordance with their IPS and asset allocation targets? Are they evaluating both models, including the traditional consulting model where the plan sponsor is responsible for investment manager decisions?

The City currently has a traditional non-discretionary advisory relationship. The advisor currently makes manager presentations (several times with the manager) and the Board will approve or dismiss the recommendation.