

# Investment Consultant RFP Questions



The following questions related to the 2018 MCERA Investment Consultant RFP were received by the deadline. Submitted questions may have been edited in an effort to combine similar questions from multiple potential bidders.

- 1. Are you expecting to conduct an Asset/Liability study in the first year of the assignment? What other investment related projects are planned for the future?**

The MCERA Board by practice conducts an asset-liability study every three years and does expect to conduct such a study during the first year of the contract resulting from this RFP. In addition to the asset-liability study, the MCERA Board has a project on its work plan to develop an Investment Beliefs Statement in 2019. Finally, the MCERA Investment Policy Statement is reviewed at least every three years and is scheduled to be reviewed in the fourth quarter of calendar year 2019.

- 2. What asset classes did the Board consider, but not include in the asset allocation in the most recent asset allocation study?**

In the asset-liability study conducted in 2016, the MCERA Board received overview information regarding a number of asset categories including hedge funds, private equity, commodities, and real assets. The MCERA Board received additional education and information regarding private equity and the investment consultant proposed potentially adding it to the asset mix. The Board elected to not add private equity to the asset allocation at that time due to concerns regarding fees, liquidity and reporting requirements.

- 3. How many manager searches have been conducted in the prior three years?**

In the past three years, the MCERA Board has conducted manager searches for: a replacement International Small Cap manager, a new International Emerging Markets manager, and a new U.S. Equity S&P 500 Equal Weighted Index manager.

- 4. Are you anticipating a change to your current approach of utilizing institutional mutual funds?**

MCERA is open to changing the approach of utilizing institutional mutual funds if such a change is in the best interest of the trust and its beneficiaries. The MCERA Board would look to the investment consultant to provide education regarding this issue if the consultant deems it appropriate to recommend changes here.

**5. What are the fees paid to the current investment consultant? Is the current fee an all-inclusive retainer fee? If not, what are the costs for additional services with the current investment consultant?**

The current investment consultant contract provides for a retainer fee of \$154,000 annually. This fee is not all-inclusive. The current contract contains additional fees for each investment manager search after three searches (\$30,000), custodian search (\$53,750) and custodian review (\$26,875). The total fees expected to be paid to the current investment consultant in calendar year 2018 are \$154,000.

**6. How many additional meetings did the consultant participate in outside of the quarterly meetings? Did the consultant attend these additional meetings in person, via telephone or via video conferencing? Does MCERA allow video conferencing of consultants?**

In the past two years ending June 30, 2018, the MCERA investment consultant attended four meetings in addition to the regular quarterly meetings. In the past, the Board, staff and investment consultant have coordinated asset allocation education and presentations, manager searches and other educational presentations to coordinate with regularly quarterly meetings when possible. The investment consultant has historically attended meetings in person. The MCERA Board has successfully utilized video conferencing to efficiently utilize the time of both the Board and external advisors while ensuring access to the expert for the Board. The MCERA Board is very willing to utilize technology and allow the investment consultant to participate in meetings outside of the quarterly meeting via video conferencing.

**7. Is the scope of services included in the RFP similar to the services included in the current investment consultant contract? If not, what items are different?**

The scope of services in the RFP is similar to the services included in the current investment consultant contract.