




RETIREMENT BOARD CALENDAR SHEET
Retirement Board Meeting of October 14, 2020

To: Members of the Retirement Board

From: Jay Huish 
Executive Director Steve Moy
Deferred Compensation Program Manager

Date: October 14, 2020

Agenda Item:

Approval to Issue Request for Proposals for SFDCP Investment Consulting Services

Background:

Callan is currently providing investment consulting services to the San Francisco Deferred Compensation Program (SFDCP) under a consulting agreement that commenced on July 1, 2016 and will terminate on June 30, 2021. Under Retirement Board policies, contracts for SFDCP investment consulting services should be publicly bid every five years. In accordance with Board policy, Staff recommends that SFDCP issue the attached Request for Proposals (RFP) to solicit proposals from qualified firms to provide investment consulting services for SFDCP commencing July 2021.

Key dates for the Proposed RFP

Issue Date: Friday, October 16, 2020
Deadline for Submission of Proposals: Monday, December 14, 2020
Presentation of Finalist Recommendations to DCC: February 2021
DCC Selection for Contract Award to full Board: April 14, 2021 Retirement Board meeting

Staff presented this recommendation and the attached draft RFP to the Deferred Compensation Committee (DCC) at its September 28, 2020 committee meeting wherein the DCC unanimously voted to forward this item to the full Board with a committee recommendation to approve.

SFDCP staff will provide a written and oral presentation to the Board on this item.

Recommendation:

Approve the issuance of the attached Request for Proposals for SFDCP investment consulting services

Attachment: Draft Request for Proposals for Investment Consulting Services for the SFDCP

**CITY AND COUNTY OF SAN FRANCISCO
DEFERRED COMPENSATION PLAN**

**REQUEST FOR PROPOSALS FOR INVESTMENT CONSULTING SERVICES
FOR THE CITY AND COUNTY OF SAN FRANCISCO
457(b) DEFERRED COMPENSATION PLAN**

DRAFT

DATE: FRIDAY, OCTOBER 16, 2020

DEADLINE FOR SUBMISSION: MONDAY, DECEMBER 14, 2020, 5:00 P.M. (PACIFIC TIME)

Request for Proposals for Investment Consulting Services
For the City and County of San Francisco
457(b) Deferred Compensation Plan

Table of Contents

I.	Introduction	1
II.	Scope of Services	1
III.	Submission Requirements	2
IV.	Evaluation and Selection Criteria	4
V.	Schedule	5
VI.	Terms and Conditions for Receipt of Proposals	7
VII.	Contract Requirements	11

Appendices:

- A. RFP Questions
- B. Investment Policy Statement
- C. Core Investment Funds
- D. Required Vendor Forms: Listing and Internet addresses of Forms related to Chapters 12B, 12C, and 14B of the S.F. Administrative Code, to Business Tax, and to Employer Identification Number.
- E. General Investment Consulting Agreement

**Request for Proposals for Investment Consulting Services
For the City and County of San Francisco
457(b) Deferred Compensation Plan**

I. Introduction

The City and County of San Francisco Employees' Retirement System ("SFERS") is soliciting proposals from qualified consulting firms to provide investment consulting services to the Retirement Board and Staff for the San Francisco Deferred Compensation Plan ("SFDCP") for five (5) years. The SFDCP is an Internal Revenue Code 457(b) plan. As of August 31, 2020, the SFDCP had approximately \$4.1 billion in assets.

II. Scope of Services

The Retirement Board wishes to retain the services of an independent investment consultant to perform the following tasks:

A. Investment Fund Selection Process

1. Assist the Retirement Board, Deferred Compensation Committee and SFDCP staff with the process of selecting new or replacement funds, terminating existing funds and retaining funds as the result of fund evaluations
2. Conduct semi-annual evaluation of investment products and make recommendations to the Retirement Board, Deferred Compensation Committee and SFDCP staff.
3. Assist the Retirement Board, Deferred Compensation Committee and SFDCP staff with the process of evaluating, selecting and oversight of its custom structure for Target Date Funds.
4. Assist the Retirement Board, Deferred Compensation Committee and SFDCP staff with the process of evaluating the existing Stable Value Fund and make recommendations to the Retirement Board and SFDCP staff.

B. Ongoing Performance Monitoring

1. Provide a semi-annual performance measurement report including reference to each fund's objectives, selected comparison indices and peer group universes. Measurement periods must be at least 1, 3, 5, and 10 years.
2. Provide a semi-annual in-depth investment performance analysis and identify changes in firm organization, key personnel, fund management process/style,

changes in investment guidelines as well as detailed attribution for fund performance results. Identify any funds that warrant placement on the watch list/probation report and make recommendations for fund termination and/or fund selection.

3. Present semi-annual investment performance analysis and reports to the Retirement Board, Deferred Compensation Committee and SFDCP staff for review and discussion.
4. Meet with the Deferred Compensation Committee to discuss investment options and performance within the Plan. Make recommendations for investment selection to the Committee when new investment funds have been identified as a replacement or addition to the plan.
5. Provide the Retirement Board and SFDCP staff with information and educational sessions on topical investment issues affecting deferred compensation plans annually.

C. Investment Policy Statement

1. Review the written investment policy statement for the SFDCP and make recommendations in relation thereto. Recommendations shall include, but not be limited to, ongoing fund performance standards applicable to each investment style/asset class and criteria for selection, retention and termination of funds. A copy of the Investment Policy Statement is included in Appendix B.
2. Present a preliminary report of findings and recommendations to the SFDCP staff for review.
3. Present findings and recommendations in a written report to the Retirement Board, Deferred Compensation Committee and SFDCP staff when necessary.

D. Ancillary Services

1. Assist SFDCP staff in the preparation and evaluation of a Request for Proposal to conduct a vendor search for plan administration in the calendar year 2023. Present findings and make recommendations to the Retirement Board, Deferred Compensation Committee and SFDCP staff.
2. Assist SFDCP Staff in the execution of any and all other normal related duties as mutually agreed upon between SFDCP Staff and the contractor.

III. Submission Requirements

For the duration of the RFP process, the SFERS and the Retirement Board will enter into a “blackout” period during which communications and meetings between interested parties and SFDCP staff and

Retirement Board members will be prohibited. This blackout will continue until the review and selection of an Investment Consultant is completed.

This blackout is effective immediately upon release of this Request for Proposal.

This blackout will enable the SFDCP to treat all respondents fairly during the RFP process and permit the Retirement System review of the responses without bias.

Blackout conditions are outlined below:

Interested parties are to refrain from meeting or communications with the SFDCP staff, Retirement Board members and Deferred Compensation Committee.

The only exceptions are communications with Jay Huish, Executive Director, Caryn Bortnick, Deputy Executive Director, Diane Chui Justen, Deferred Compensation Manager, and Steven Moy, Acting Deferred Compensation Manager, presentations for finalists scheduled by the System, and publicly noticed meetings of the Retirement Board and Deferred Compensation Committee.

This blackout remains in effect until the successful bidder(s) enters into a contractual agreement with the City and County of San Francisco SFDCP.

Communications include telephone conversations, letters, and email.

Interested parties may meet with the SFDCP staff at the SFERS board offices or a Board member only if the meeting consists of an exchange of information that is not relevant to the RFP. The Executive Director of the Retirement System will be notified of these meetings in advance and any meeting will be documented.

If you have any questions regarding the blackout, please contact Steven Moy, Acting Deferred Compensation Manager at (415) 487-7528.

A. Time and Place for Submission of Proposals

Proposals must be submitted and **received by 5:00 p.m. (Pacific Time), Monday, December 14, 2020.**

Proposals may be mailed or delivered to:

City and County of San Francisco Employees' Retirement System
Attn: Deferred Compensation Plan Manager
Investment Consultant RFP
1145 Market Street, 5th Floor, San Francisco, CA 94103

Proposers shall submit eight (8) copies in a sealed envelope or box and two (2) electronic copies in Microsoft Word format, clearly marked: Deferred Compensation - Investment Consultant RFP.

Proposals, which are submitted by fax, will **not** be accepted.

B. Format and Content of Proposals

Firms interested in responding to this RFP must submit the following information, in the order specified below:

COMPLETENESS, CLARITY, AND BREVITY ARE IMPORTANT. CANDIDATES SHOULD SUBMIT ALL INFORMATION REQUESTED IN THIS RFP IN THE SPECIFIED FORMAT. RESPONSES NOT MEETING FORMAT REQUIREMENTS OR THAT ARE INCOMPLETE IN ANY WAY MAY BE REJECTED. CANDIDATES ARE URGED TO READ THIS RFP CAREFULLY, TO TAKE CARE IN THE PREPARATION OF RESPONSES, AND TO CAREFULLY PROOFREAD THE FINAL VERSIONS FOR ACCURACY AND COMPLETENESS.

The Candidate's response to this request for proposal must be organized in the format listed below.

1. Introduction and Executive Summary;
2. Statement of Qualifications including statement of respondent firm and team members' specific background and experience in providing investment consulting services to government organizations and/or other relevant industry clients;
3. Previous Project Description and Sample Reports including a concise description from inception to completion of one project completed within two (2) years from the date of this RFP with services similar to the services proposed in response to this RFP;
4. Consulting Price Proposal in your response to this RFP; and
5. References of three (3) local government agencies and/or relevant industry clients that the respondent has provided services substantially similar to the services requested in this RFP within five (5) years from the date of this RFP – at least two (2) of the references must be from entities other than the City and County of San Francisco

IV. Evaluation and Selection Criteria

A. Minimum Qualifications - Unless otherwise indicated, all qualifications must be met as of submission of the bid response due date.

All proposals will be initially reviewed to determine if they are responsive to all of the City and County of San Francisco requirements. Compliance with these requirements and submission of necessary forms is mandatory at the time of submission of a proposal, prior to award of contract, or both.

1. The proposal must provide an Investment Consultant/Firm who meets or exceeds the following standards:
 - a. The assigned lead consultant must have ten (10) years experience in Deferred Compensation or Defined Contribution investment consulting for government organizations and/or other relevant industry clients;

- b. The lead investment consultant must have five (5) years experience providing services substantially similar to the services requested in this RFP for public sector or governmental entities or past experience with the City of County of San Francisco.
 - c. The investment consultant must have three (3) years' experience in advising and/or managing custom target date funds for defined contribution plans or other relevant industry clients;
 - d. At least \$1B in assets under advisement.
2. The Proposer must be an SEC-registered investment advisor or exempt from registration.
 3. The Proposer must have submitted a response to SFDCP's Request for Proposal (RFP) by December 14, 2020.
 4. The Proposer must be directly responsible for the management of the Investment Consulting Services, and all personnel responsible for the consulting services must be employees of the firm.
 5. The Proposer must carry Errors and Omissions Insurance coverage or must have applied for it by the submission date of the RFP. E&O insurance will be required throughout the duration of the assignment.

B. Selection Criteria

Each written proposal will be evaluated by a team of subject matter experts. SFDCP intends to evaluate the proposals relative to each other generally in accordance with the criteria and maximum points for each sub-category itemized below.

1. Respondent Qualifications (50 points)
 - a. Does the response, including any statements of service and staff qualifications and previous project description clearly and specifically demonstrate expertise and experience substantially similar to what is requested for the services described in this RFP?
 - b. Are the proposed team members qualified?
2. Consulting Price Proposal (30 points)
3. Respondent References (20 points)
 - a. How applicable is the experience on the references' projects to SFDCP needs?
 - b. How did the references rate the respondent's expertise in product types?
 - c. How did the references rate the respondent's quality of services, staffing, adherence to schedules, budgets and deadlines, and problem-solving ability for previously completed projects similar to proposed by SFDCP.

V. Schedule

A. Schedule of Events

<u>Action</u>	<u>Responsibility</u>	<u>Date</u>
RFP is advertised and issued	SFDCP Staff	Friday, October 16, 2020
Deadline to submit written questions and requests for interpretation	Proposers	Monday, November 9, 2020
Response to written questions to be provided to all proposers	SFDCP Staff	Friday, November 20, 2020
Submission of proposal	Proposers	Monday, December 14, 2020
Review of proposals, selection of finalists	SFDCP Staff	December-February 2021
Finalist presentations at SFERS' offices in San Francisco	SFDCP Staff /Deferred Compensation Committee	February 2021
Recommend finalist to SFERS Board	SFDCP Staff	March 2021
Contract, Fee and Guideline negotiations commence	SFDCP Staff	March 2021
New contract takes effect		July 2021

B. Explanation of Events

1. Release of RFP – the RFP will be advertised and posted on the SFERS website and on the National Association of Government Defined Contribution Administrators, Inc., website. All firms meeting minimum qualifications, as stated in Section IV, will be welcome to participate.
2. SFDCP will keep a record of all parties who request and receive copies of the RFP. Any requests for information concerning the RFP must be in writing, and any substantive replies will be issued as written addenda to all parties who have requested and received a copy of the RFP from SFDCP. No questions or requests for interpretation or additional information will be accepted after November 9, 2020.
3. In preparing their responses, candidates should rely only on written material concerning this RFP issued by SFDCP.
4. SFDCP will respond to all candidates' written questions by November 20, 2020.

Deadline for submission of the RFP response is
5:00 PM, Pacific Time, Monday, December 14, 2020.
No exceptions to this deadline will be granted.

5. Submissions will be considered public documents. Any material that the candidate considers "Business-Confidential" should be so marked.

C. Contract Award

To be considered, all proposals must comply with the requirements and specifications outlined in this RFP.

During contract negotiations, if the SFDCP or its agent is unable to agree to contract terms with the Proposer receiving the highest evaluation in this RFP process, the Retirement Board reserves the right to terminate contract negotiations with that Proposer without undertaking another RFP process, and to negotiate with another qualified Proposer.

1. Termination – This RFP in no manner obligates the Retirement Board or any of its agencies to the eventual procurement of services described, implied or which may be proposed, until confirmed by a written contract. Progress toward this end is solely at the discretion of the Retirement Board and may terminate at any time prior to the signing of a contract.

The Retirement Board reserves the right to cancel this RFP at any time and to reject any and all proposals submitted in response to this RFP, if the Retirement Board determines such action or actions are in its best interest.

2. Proposal Applicability – To allow sufficient time for contract negotiation, all fees and conditions stated in the proposal must be firm for a period of 120 days from the deadline for submission of proposals.
3. Legal Review – The Retirement Board expects that all candidates will agree to be bound by the terms and conditions articulated in this RFP. For this reason, it is strongly recommended that Proposers have the terms and conditions contained herein reviewed with corporate counsel and that concerns be brought to the attention of SFDCP Staff in a timely manner.
4. Governing Law – This procurement and any agreement with Proposers that may result shall be governed by the laws of the State of California and the City and County of San Francisco. Submission of a proposal constitutes acceptance of this condition.
5. Basis for Proposal – Only information supplied by the SFDCP staff in writing or in this RFP should be used in the preparation of proposals.
6. Proposal Preparation Cost – Any cost incurred by the Proposer in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Proposer.

7. Proposer Qualification – The Retirement Board may take such investigations as necessary to determine the ability of the Proposer to adhere to the items as identified within the questionnaire portion of this RFP. The Retirement Board reserves the right to reject the proposal of any Proposer who, in the Retirement Board’s opinion, is not a responsible candidate as defined below:

“Responsible candidate” means a candidate who submits a complete proposal and who has furnished, when required, information and data to prove that its financial resources, production and service facilities, personnel, service reputation and experience are adequate to make satisfactory delivery of the services described in the proposal.

8. Non-Discrimination in Contracts - All contracts are subject to the non-discrimination ordinance of the City and County of San Francisco. Contractors should note the provision prohibiting discrimination by contractors in the provision of benefits between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

VI. Terms and Conditions for Receipt of Proposals

A. Errors and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are to promptly notify the SFDCP, in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to SFDCP promptly after discovery, but in no event later than five working days to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

B. Inquiries Regarding RFP

Inquiries regarding the RFP (i.e., clarification questions) must be directed by email, by November 9, 2020 to:

Steven Moy, Acting SFDCP Manager
City and County of San Francisco Deferred Compensation Plan
E-mail: steven.a.moy@sfgov.org

SFDCP will post answers to all questions received by the deadline at <http://mysfers.org/about-sfers/request-for-proposal/> no later than November 20, 2020.

C. Addenda to RFP

SFDCP may modify the RFP, prior to the proposal due date, by issuing written addenda. Addenda will be sent via e-mail or regular, first class U.S. mail to the last known business address of each firm listed with SFDCP as having received a copy of the RFP for proposal purposes. SFDCP will make reasonable efforts to notify Proposers in a timely manner of modifications to the RFP. Notwithstanding this provision, the Proposer shall be responsible for ensuring that its proposal reflects any and all addenda issued by SFDCP prior to the proposal due date regardless of when the proposal is submitted.

D. Term of Proposal

Submission of a proposal signifies that the proposed services and prices are valid for 180 calendar days from the proposal due date and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

E. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The Proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any Proposer.

At any time during the proposal evaluation process, SFDCP may require a Proposer to provide oral or written clarification of its proposal. SFDCP reserves the right to make an award without further clarifications of proposals received.

F. Errors and Omissions in Proposal

Failure by SFDCP to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the vendor from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP.

G. Financial Responsibility

SFDCP accepts no financial responsibility for any costs incurred by a firm in responding to this RFP. Submissions of the RFP and associated materials will become the property of SFDCP and may be used by SFDCP in any way deemed appropriate.

H. Proposer's Obligations under the Campaign Reform Ordinance

Proposers must comply with Section 1.126 of the S.F. Campaign and Government Conduct Code, which states:

No person who contracts with the City and County of San Francisco, for the rendition of personal services, for the furnishing of any material, supplies or equipment to the City, or for selling any land or building to the City, whenever such transaction would require approval by a City elective officer, or the board on which that City elective officer serves, shall make any contribution to such an officer, or candidates for such an office, or committee controlled by such officer or candidate at any time between commencement of negotiations and the later of either (1) the termination of negotiations for such contract, or (2) three months have elapsed from the date the contract is approved by the Retirement System or the board on which a City elective officer serves.

If a Proposer is negotiating for a contract that must be approved by an elected local officer or the board on which that officer serves, during the negotiation period the Proposer is prohibited from making contributions to:

- the officer's re-election campaign
- a candidate for that officer's office
- a committee controlled by the officer or candidate

The negotiation period begins with the first point of contact, either by telephone, in person, or in writing, when a contractor approaches any city officer or employee about a particular contract, or a city officer or employee initiates communication with a potential contractor about a contract. The negotiation period ends when a contract is awarded or not awarded to the contractor. Examples of initial contacts include: (i) a vendor contacts a city officer or employee to promote himself or herself as a candidate for a contract; and (ii) a city officer or employee contacts a contractor to propose that the contractor apply for a contract. Inquiries for information about a particular contract, requests for documents relating to a Request for Proposal, and requests to be placed on a mailing list do not constitute negotiations.

Violation of Section 1.126 may result in the following criminal, civil or administrative penalties:

- (a) Criminal. Any person who knowingly or willfully violates section 1.126 is subject to a fine of up to \$5,000 and a jail term of not more than six months, or both.
- (b) Civil. Any person who intentionally or negligently violates section 1.126 may be held liable in a civil action brought by the civil prosecutor for an amount up to \$5,000.
- (c) Administrative. Any person who intentionally or negligently violates section 1.126 may be held liable in an administrative proceeding before the Ethics Commission held pursuant to the Charter for an amount up to \$5,000 for each violation.

For further information, Proposers should contact the San Francisco Ethics Commission at (415) 252-3100.

I. Sunshine Ordinance

In accordance with S.F. Administrative Code Section 67.24(e), contractors' bids, responses to RFPs and all other records of communications between the City and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

J. Public Access to Meetings and Records

If a Proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, the Proposer must comply with the reporting requirements of that Chapter. The

Proposer must include in its proposal (1) a statement describing its efforts to comply with the Chapter 12L provisions regarding public access to Proposer's meetings and records, and (2) a summary of all complaints concerning the Proposer's compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the Proposer shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L or material misrepresentation in Proposer's Chapter 12L submissions shall be grounds for rejection of the proposal and/or termination of any subsequent Agreement reached on the basis of the proposal.

K. Reservations of Rights by SFDCP

The issuance of this RFP does not constitute an agreement by SFDCP that any contract will actually be entered into by SFDCP. SFDCP expressly reserves the right at any time to:

- 1) Waive or correct any defect or informality in any response, proposal, or proposal procedure;
- 2) Reject any or all proposals;
- 3) Reissue a Request for Proposals;
- 4) Prior to submission deadline for proposals, modify all or any portion of the election procedures, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the proposals;
- 5) Procure any materials, equipment or services specified in this RFP by another means; or
- 6) Determine that no project will be pursued.

L. No Waiver

No waiver by SFDCP of any provision of this RFP shall be implied from any failure by SFDCP to recognize or take action on account of any failure by a Proposer to observe any provision of this RFP.

M. Chapter 12B and 12C: Nondiscrimination in Employment and Benefits

Chapter 12B and 12C of the San Francisco Administrative Code are incorporated by reference as though fully set forth herein. Chapters 12B and 12C prohibit discrimination by City contractors in employment, the use of property, the provision of public accommodations and in the provision of benefits to employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

Please refer to Appendix C regarding the requirements of San Francisco Administrative Code Chapters 12B and 12C.

N. Local Business Enterprise Participation

SFERS strongly encourages proposals from qualified Local Business Enterprises ("LBEs") as defined in Chapter 14B of the San Francisco Administrative Code. If a Proposer desires to participate in the City's Local Business Enterprise Program, which helps certain financially disadvantaged businesses increase their ability to compete effectively for City contracts, go to the "How to Qualify to Do Business with the

City” tab on the Office of Contract Administration website at www.sfgsa.org for details and required forms.

O. Conflicts of Interest

The successful proposer will be required to agree to comply fully with and be bound by the applicable provisions of state and local laws related to conflicts of interest, including Section 15.103 of the City's Charter, Article III, Chapter 2 of City's Campaign and Governmental Conduct Code, and Section 87100 et seq. and Section 1090 et seq. of the Government Code of the State of California. The successful proposer will be required to acknowledge that it is familiar with these laws; certify that it does not know of any facts that constitute a violation of said provisions; and agree to immediately notify the City if it becomes aware of any such fact during the term of the Agreement.

Individuals who will perform work for the City on behalf of the successful proposer might be deemed consultants under state and local conflict of interest laws. If so, such individuals will be required to submit a Statement of Economic Interests, California Fair Political Practices Commission Form 700, to the City within ten calendar days of the City notifying the successful proposer that the City has selected the proposer.

VII. Contract Requirements

A. Standard Contract Provisions

The successful Proposer will be required to enter into a contract substantially in the form of the Agreement for Professional Services, attached hereto as Appendix E. Failure to timely execute the contract, or to furnish any and all certificates, bonds or other materials required in the contract, shall be deemed an abandonment of a contract offer. The City, in its sole discretion, may select another firm and may proceed against the original selectee for damages. Full text of all referenced San Francisco municipal codes can be viewed on-line at www.sfgov.org at the *Municipal Codes* link under the Government tab on the San Francisco homepage (tab is located at the top of the page).

B. Required Standard City Forms

Before the City can award any contract to a Proposer, the Proposer must file three standard City forms with the Retirement System. The required forms are:

1. Vendor Profile Application (includes New Vendor Number Request Form and IRS Form W-9)
2. P-25 - Business Tax Declaration
3. CMD 12B-101 Declaration of Nondiscrimination in Contracts and Benefits

A complete description of these three (3) required forms and where to find them on the Internet is provided in Appendix D of this RFP. If these forms are not filed at the time you submit your proposal, the proposal may be determined to be non-responsive and rejected.

Please submit one (1) copy of the above three (3) required forms at the time you submit your proposal. The forms should be submitted under separate cover in a separate, sealed envelope addressed to:

Jim Burruel, Finance Manager
San Francisco Employees' Retirement System
Attention: Deferred Compensation –Investment Consultant RFP
1145 Market Street, 5th Floor
San Francisco, CA 94103

If a Proposer has previously completed and submitted the required forms to the Retirement System, the Proposer should not do so again unless the Proposer's answers have changed.

DRAFT

Appendix A RFP Questions

Your company's submitted proposal, including this questionnaire, must be submitted both in printed form and electronic copy. The questionnaire must be provided in a current Microsoft Word file. All copies must be provided with each clearly labeled with your company's name and contact information.

Firm Qualifications - Organizational Structure

1. Provide your company's name, address and type of legal entity (corporation, limited liability company, joint venture, partnership, etc.).
2. Provide the name, title, address, telephone and email address of the contact person or persons from your company whom we may contact with questions regarding your response. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outlined in the proposal.
3. Provide a short description of your organization, the businesses in which it engages, and the services it provides.
4. Supply an audited financial statement for the most recently closed fiscal year.
5. Is your company a subsidiary or affiliate of another company? Provide full disclosure of all direct or indirect ownership.
6. Describe any pending agreements to merge or sell your company or any portion thereof. If you can provide this information and it is confidential, please clearly so indicate.
7. Indicate your firm's fiduciary classification (Registered Investment Advisor, Affiliate or Fiduciary, etc.)
8. Describe any potential conflicts of interest your firm may have in the handling of this account. Describe any and all services provided to investment management organizations. If your company or its parent is an affiliate of an investment manager, does your firm include this manager in searches it conducts for its clients?
9. What policies are in effect to control workload? Is there a limit on the number of accounts a consultant may handle?
10. Describe your errors and omissions coverage. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type risks covered, carriers, levels, limits, and deductibles.

Risk Covered				
Carriers				
Levels				

Limits				
Deductibles				

Experience

11. List the number of years your company has offered investment consulting for defined contribution or deferred compensation plans.
12. Describe your firm’s experience managing defined contribution and deferred compensation plans with assets over \$3 billion.
13. Describe your firm’s experience in developing investment policies and portfolio management guidelines for defined contribution and deferred compensation plans.
14. How many years have your company offered investment consulting for governmental defined contribution or deferred compensation plans?
15. Please provide a representative list of at least five (5) public sector deferred compensation and defined compensation clients (not references) for whom you provide investment consulting services. Include asset size and length of relationship.

Name	Assets	Length of Relationship

16. Provide three recent verifiable client references. Preferably, references should be in California, particularly customers who have been provided services similar to those being proposed for this plan. For each reference contractor should provide the following:
 - a. Client name;
 - b. Contact name and title;
 - c. Telephone number; and
 - d. Length and dates of relationship.
17. How many deferred compensation and defined contribution plans to whom you provide investment-consulting services offer a self-directed brokerage option? How many offer full brokerage? How many are public plans?
18. Provide samples of client reports and indicate their frequency.
19. How soon after the end of the evaluation period does your company provide performance reports for the plan funds?

20. What other communication is provided to clients (including description of services and/or samples of newsletters, seminars, research, etc.)?
21. Describe the last two fund evaluations and investment policy projects that you have conducted for public retirement plan clients and any actions taken by the clients in response to the evaluation.
22. The current core investment funds and Investment Policy Statement is listed in the Appendix B & C. What changes would your firm suggest we consider in the next year and longer term?
23. Does your organization assist plan sponsors in the preparation and evaluation of RFPs for third party administration? If so, please list three recent RFP projects your company completed.

Firm Information

24. Provide the name, title, email address and phone number of the person responsible for submitting the RFP. If there is a different person that SFDCP should contact with questions regarding this RFP submission, please also provide the name, title, email address and phone number of that person.
25. Briefly describe the ownership of the firm, including the individuals or entities that are the largest owners of the firm. Provide a list of the individuals or entities (and their percentage ownership) that have more than a 10% ownership, and indicate whether any of them are involved in the subject product.
26. Have there been any material developments (changes in ownership, personnel, business, etc.) since January 1, 2015? Briefly describe such developments, with particular emphasis on the effect of such changes on investment consulting services. Indicate whether any such developments should be expected in the future and describe in as much detail as possible.
27. Please provide a chart describing the firm's organizational structure overall and specifically relating to investing consulting services for defined contribution or deferred compensation plans.
28. Has your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) ever been involved in litigation where an allegation of a breach of fiduciary responsibility was made. If yes, for each litigation matter, please provide the following information:
 - a) Full name of the case;
 - b) Court where the case was filed;
 - c) Case number;
 - d) Date the case was filed;
 - e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - f) Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).
29. Has your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) ever been involved in an administrative proceeding including but not

limited to arbitration where an allegation of a breach of fiduciary responsibility was made. If yes, for each administrative proceeding, please provide the following information:

- a) Full name of person initiating the proceeding;
 - b) Administrative body hearing the matter;
 - c) Proceeding number;
 - d) Date the proceeding was filed;
 - e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - f) Procedural posture (if the proceeding is pending) or outcome of the proceeding (if the proceeding is resolved).
30. Identify any demands or claims asserted against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) alleging a breach of fiduciary duty that did not proceed to litigation or an administrative proceeding. For each such demand or claim, please provide the following information:
- a) The name of the person asserting the demand or claim;
 - b) The date the person asserted the demand or claim;
 - c) The person's relationship to the firm, officer or employee;
 - d) A summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - e) How the demand or claim was resolved.
31. Identify all lawsuits filed against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) in the past five (5) years, and please provide the following information for each lawsuit:
- a) Full name of the case;
 - b) Court where the case was filed;
 - c) Case number;
 - d) Date the case was filed;
 - e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
 - f) Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).
32. Identify all administrative proceedings initiated against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) in the past five (5) years, and please provide the following information for each proceeding:
- a) Full name of person initiating the proceeding;
 - b) Administrative body hearing the matter;
 - c) Proceeding number;
 - d) Date the proceeding was filed;
 - e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and

- f) Procedural posture (if the proceeding is pending) or outcome of the proceeding (if the proceeding is resolved).
33. Has your firm been involved in an investigation or enforcement action by a regulatory agency? If yes, please explain and provide the following information:
- a) The regulatory agency or agencies involved;
 - b) The dates of the investigation or enforcement action;
 - c) The nature of the investigation or enforcement; and
 - d) Procedural posture (if the investigation or enforcement is pending) or outcome of the proceeding (if the investigation or enforcement is resolved).
34. Have any officers or employees of your firm, or ex-officers or employees while employed at your firm, been involved in litigation, investigation, or enforcement action by a regulatory agency or other legal proceedings related to investment activities. If yes, please explain.
35. Does your firm provide health and other employment benefits to domestic partners of employees? If yes, describe. If no, indicate whether your firm would adopt such benefits if it were selected for this assignment.
36. Discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis expected in the near future (3 years or less).
37. Describe your firm's history, research resources and processes for asset allocation advice.
38. Is your firm, its parent or affiliate a broker/dealer? If "Yes," briefly describe the affiliation.
39. Has your company ever filed a petition or has your company ever been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.
40. Has your company ever had a contract terminated by a client for cause within the last five (5) years? If so, by whom and under what circumstances? Provide the name and telephone number of each client that has terminated your company's services.
41. Has your company ever had a contract non-renewed or terminated without cause by a client? If so, by whom? Provide the name and telephone number of each client that has non-renewed or terminated your company's services.
42. Provide samples of your deferred compensation plan investment consulting contracts.
43. In the last five (5) years, has your company failed or refused to complete a contract? If so, provide an explanation.

Personnel

44. Provide the name, title, contact information and biography of the team members you propose for this assignment, as well as their direct experience in carrying out the services required. Please also identify whether these team members will be assigned to other clients and if so, the approximate percentage of time devoted to those clients.

45. Identify which individuals on the team proposed in this response, if any, are under employment contracts and when those contracts expire.
46. Other than the team managers above, how many people are specifically dedicated to this service?
47. What is their tenure with the service as well as their investment experience and credentials?

Investment Philosophy

48. Describe your investment consulting philosophy as it applies to participant-directed deferred compensation and defined contribution plans, particularly plans of public sector sponsors. Include the approach to the development of a plan-appropriate investment offering and ongoing performance measurement and monitoring.
49. How does your firm implement this philosophy?
50. Summarize your company's philosophy relating to the investment consultant relationship with governing boards, staff, and investment providers. Describe any services your company performs that might not be offered by other investment advisory firms.
51. Describe your performance measurement and analytic process.
52. What publicly available databases do you use? What type of custom capabilities can your company provide?
53. Does your company provide universe comparison services based on an internally developed database or do you use an outside database?
54. What is the source of performance data for your universe comparison?
55. Describe your information management systems, including research databases, tracking systems and client reporting systems.
56. Describe your experience in conducting searches for a stable value fund and mutual funds.
57. How many fund managers do you track?
58. What criteria do you use when evaluating funds and managers? How do you verify information?
59. What fees or other considerations do you receive from managers who wish to be maintained in your database?
60. Please describe your firm's philosophy regarding diversification among alternative investment options, including but not limited to: US Government Agency securities, Private Equity, and Real Estate.
61. What is the methodology for determining the asset mixes including key inputs such as asset returns, risk, and correlations? Attach a copy of your firm's most recent capital market and other inputs and assumptions as an exhibit.
62. How often do you recommend that plan sponsors formally review and update their investment lineup?

- 63. Describe your philosophy on stable value funds vs. alternatives to stable value.
- 64. Describe your methodology for analyzing and monitoring funds that are composed of the core investments in the plan and custom target date funds.

Target Date Funds

- 65. Please fill in the following table to provide your firm’s suggested asset allocation for the specified target date years.

	US Equity	Non-US Equity	Fixed Income	Cash and Stable Value	Other (Please List)
Retirement					
2025					
2030					
2035					
2040					
2045					
2050					
2055					
2060					
2065					

- 66. Describe your firm’s experience with target date fund glide path design and how they differ from the TDFs of other major providers.
- 67. How often do you reassess your asset allocation process and target date glide path strategy, and the rationale?
- 68. What factors would likely trigger a change in your glide path philosophy or practice in the future?
- 69. Does your firm recommend the inclusion of tactical allocation authority in custom TDF investment management and why or why not?
- 70. What changes do you foresee see in the industry (including any regulatory developments) regarding target date funds over a 5-10 year horizon?
- 71. Describe how your firm benchmarks the performance of the TDFs it designs, including the use of simple (e.g., equity/bond) or composite (weighted index) benchmarks. What do you think is the best way to evaluate different target date funds (performance relative to benchmark, glide path, asset allocation, fees, other TDFs)?

Portfolio Construction

- 72. Which asset classes does your firm recommend for inclusion in the target date fund and how are asset classes chosen? How does the design segment asset classes; by capitalization, style, geography, or other measures? If your firm would include private equity or other non-daily valued asset classes, how would you deal with the illiquidity?

73. What asset classes are you considering incorporating in the future? How often will this decision be reviewed and by whom?
74. What level of passive management do you recommend for custom TDFs? Which asset classes or categories does your firm believe are effective for passive management in a TDF?
75. Would an asset class ever be removed from the glide path? If so, how would that be determined?
76. Do you incorporate "alternative asset classes" into your strategy? If so, please specify which asset classes and your firm's rationale for their inclusion as well as how liquidity is managed. If not, describe why your firm has opted not to incorporate "alternative asset classes" into your strategy.
77. The asset classes currently included in SFDCP's custom TDFs are specified above in this RFP and in the SFDCP Investment Policy Statement. Specify any asset classes that are currently used that you would recommend eliminating or any you would add, and provide your rationale.
78. Do you recommend the use of "liquid alternatives" in custom target date funds (defined as strategies that are daily valued strategies that incorporate elements of investments often found in absolute return or hedge funds)? Provide your rationale.

Retirement Assumptions

79. How does the target date fund glide path construction and investment process take into account participants' level of defined benefit plan income or Social Security benefits?
80. How does the investment process and target date fund glide path construction account for participant behavior (not saving enough, not diversifying appropriately, taking loans/early withdrawals, etc.)?
81. How do you factor in the amount a participant will contribute before retirement?
82. How do you factor in the amount a participant will withdraw annually in retirement?
83. Are these assumptions based on mathematical models or actual participant data?
84. How do you evaluate life expectancy and how does it impact your strategy?

Participant Communication

85. How does your firm assist plan sponsors in communicating and marketing core investments and target date funds to plan participants?
86. What level of ongoing customer service support does your firm provide?
87. Does your organization provide written updates to clients on legislative changes? If yes, how frequently? Provide recent samples.

Fees

88. Describe any revenue sharing agreements between your firm, any mutual fund companies, third party administrators, or target date fund providers.

Investment Policy

89. Describe your experience and approach in developing an Investment Policy Statement.
90. Describe your process for analyzing the plan's investment structure and for recommended modifications.
91. What does your firm consider to be the most crucial issues regarding an Investment Policy Statement?
92. Does your organization assist in written updates and revisions to the Investment Policy Statement? If so, how often do you review the policy statement for updates?

Cybersecurity Policy

93. Has your firm experienced any security breaches? If yes, briefly explain.
94. Does your firm carry cybersecurity insurance? If yes, provide an overview of the coverage.
95. Does your firm conduct periodic risk assessment reviews to identify potential cybersecurity threats, vulnerabilities, and potential business consequences? If so, what are the frequencies of these reviews?
96. What are your firm's processes and systems for dealing with cybersecurity threats and protections of personal identifiable information?
97. Does your firm have an annual independent assessment made of its cybersecurity processes? If so, who provides that independent review?
98. Does your firm have a privacy and security policy, and does the policy apply to personal identifiable information of retirement plan clients? Does the policy reference storing of personal identifiable information on laptops and portable storage devices, and if so, what is that policy?
99. What is the frequency of updates to your firm's technology systems and who ensures the updates occur on a regular basis?
100. Does your firm have policies on storing personal identifiable information including where it is stored, how long it is stored, and how it is eliminated?
101. Is advanced authentication used by the company? Can you describe the process?
102. What are the training procedures to ensure that all employees who come in contact with personal identifiable information are aware of and follow the procedures to ensure adequate protection of the information?
103. Does your firm have a chief information security officer or similar position? Please provide that person's biography.

Warranties

104. Does your firm warrant that it maintains, or has applied for by the due date for RFP responses, an Errors and Omissions Insurance policy providing prudent coverage for negligent acts or omissions and that such coverage will remain in place for the duration of your firm's services under the anticipated contract? Please specify the types and amounts of insurance coverage your firm maintains.
105. Does your firm warrant that all information and statements in this RFP are complete and true? Any statement or claim found to be incomplete, misleading or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.
106. Does your firm warrant that it is an SEC-registered investment advisor or exempt from registration? If so, please provide a copy of the firm's current Form ADV. If exempt, explain the nature of exemption.
107. Does your firm warrant that it has ten (10) years experience in Deferred Compensation or Defined Contribution investment consulting for government organizations and/or other relevant industry clients?
108. Does your firm warrant that it has five (5) years experience providing services substantially similar to the services requested in this RFP for public sector or governmental entities or past experience with the City of County of San Francisco?
109. Does your firm warrant that it has at least three (3) years' experience in advising and/or managing custom target date funds for defined contribution plans or other relevant industry clients?
110. Does your firm warrant that it has a minimum of \$1 billion in total assets under advisement?
111. Does your firm warrant that it is compliant with the CFA Institute's Global Investment Performance Standards? If not, why not?
112. Does your firm warrant that it has reviewed the form of Investment Consulting Agreement, attached as Appendix E to this RFP, and that the firm's counsel has reviewed that agreement? Please identify any changes you would request to that Investment Consulting Agreement, either by providing a marked revised copy of the agreement with your requested changes or by identifying each section of the agreement where you would request changes and specifying the changes requested. Please warrant that the marked-up copy of the Investment Consulting Agreement or list with agreement sections and the specific changes requested to those sections represents your full list of requested changes.
113. Have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any Board member or SFDCP staff during the past 12 months? If yes, please describe the amount of the expense and what it was for, as well as the date.

Other

114. Provide references for three public pension plans and/or relevant industry clients that the respondent has provided services substantially similar to the services requested in this RFP

within five (5) years from the date of this RFP. Include the name, address and phone number of the person whom we may contact. References must represent large deferred compensation or defined contribution plans. We prefer references with a minimum of \$2 billion in assets.

115. Does your firm have an outreach program for disadvantaged or underserved communities? If so, please describe the program and include the policies and procedures for outreach and recruitment.

DRAFT

Appendix B
Investment Policy Statement

City and County of San Francisco
457 Deferred Compensation Plan
Investment Policy Statement

DRAFT

Appendix C
Core Investment Funds

FUND NAME	UNDERLYING FUND
INTERNATIONAL EQUITY	
SFDCP International Equity Fund	American Funds EuroPacific Growth, R6 (RERGX) and Schroders International Multi-Cap Equity C.I.T. (Blended 50/50)
SFDCP International Equity Index Fund	Northern Trust Collective EAFE Index NL Tier 4 C.I.T.
REAL ESTATE	
SFDCP Real Estate Fund	Principal US REIT C.I.T.
DOMESTIC EQUITY	
SFDCP Large Cap Growth Equity Fund	T. Rowe Price Growth Stock C.I.T. and Vanguard Growth Index I (VIGIX) (Blended 50/50)
SFDCP Large Cap Value Equity Fund	LSV Conservative Value Equity Fund (LSVVX)
SFDCP Large Cap Equity S&P 500 Index Fund	Northern Trust S&P 500 Index NL Tier 4 C.I.T.
SFDCP Active Equity Fund	Fidelity Low-Priced Stock Fund (FLPKX)
SFDCP Small-Mid Cap Equity Fund	Harbor Small Cap Growth R (HNSGX) and Delaware Small Cap Value R6 (DVZRX) (Blended 50/50)
SFDCP Small-Mid Cap Equity Index Fund	Northern Trust Extended Equity Market Index NL Tier 4 C.I.T.
SOCIALLY CONSCIOUS	
SFDCP Large Cap Social Equity Fund	Vanguard FTSE Social Index, Investor Shares (VFTNX)
FIXED INCOME	
SFDCP Core Bond Fund	Baird Core Plus Bond Inst. Fund (BCOIX)
SFDCP Bond Index Fund	Northern Trust Collective Aggregate Bond Index NL Tier 4 C.I.T.
STABILITY OF PRINCIPAL	
SFDCP Stable Value Fund	Managed by: Galliard Capital Mgmt.
SELF-DIRECTED BROKERAGE ACCOUNT	
SFDCP Self-Directed Brokerage Account	TD Ameritrade

Appendix D Required Vendor Forms

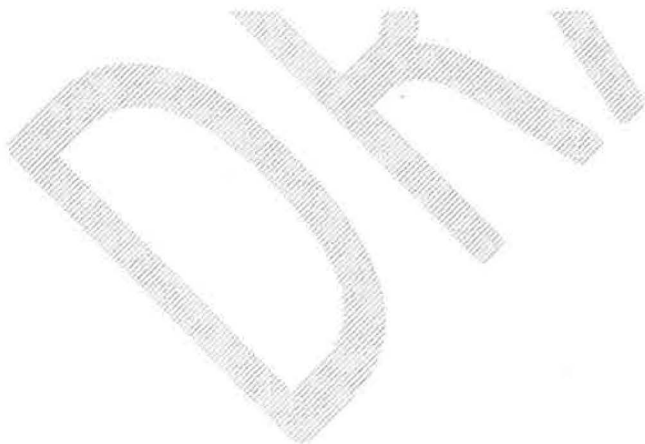
Office of Contract Administration

Vendor Eligibility Forms:

Form	Purpose/Info	Routing
Business Tax Declaration Form (Form P-25)	This declaration is required for city vendors to determine if you are required to obtain a Business Registration Certificate.	Email: ttx.VendorAccounts@sfgov.org Fax: (415) 554-6207 Mail: Treasurer & Tax Collector City Hall, Room 140 1 Dr. Carlton B. Goodlett Pl. San Francisco, CA 94102
Declaration of Nondiscrimination in Contracts and Benefits <i>with supporting documentation</i> (Form CMD-12B-101)	This Declaration is used by the City's Contract Monitoring Division to determine if a vendor offers benefits to employees. When a vendor offers benefits, it must be verified that all benefits, including insurance plans and leaves, are offered equally to employees with spouses and employees with domestic partners. For more information and assistance, please visit the City Administrator's Contract Equal Benefits web page.	Website: www.sfgov.org/cmd Email: cmd.equalbenefits@sfgov.org Mail: CMD, 30 Van Ness Ave., Suite 200 San Francisco, CA 94102-6033
Vendor Profile Application	Includes New Vendor Number Request Form and IRS Form W-9.	Email: Vendor.File.Support@sfgov.org Fax: (415) 554-6261 Mail: City and County of San Francisco Vendor Profile Application Vendor File Support City Hall, Room 488 1 Dr. Carlton B. Goodlett Place San Francisco, CA 94102-4685

Supplemental Forms:

Form:	Required If:
Minimum Compensation Ordinance (MCO) Declaration (pdf)	You have at least \$25,000 (\$50,000 for non-profit organizations) in cumulative annual business with a City department or departments and have more than 5 employees, including employees of any parent, subsidiaries and subcontractors.
Health Care Accountability Ordinance (HCAO) Declaration (pdf)	You have at least \$25,000 (\$50,000 for non-profit organizations) in cumulative annual business with a City department or departments and have more than 20 employees (more than 50 employees for nonprofit organizations), including employees of any parent, subsidiaries or subcontractors.
Insurance Requirements (pdf)	The solicitation requires the successful bidder to demonstrate proof of insurance.
Payment (Labor and Material) Bond (pdf)	The solicitation requires the awarded vendor to post a Payment (Labor and Material) bond.
Performance Bond (pdf)	The solicitation requires the awarded vendor to post a Performance bond.
Local Business Enterprise Program Application (Contract Monitoring Division)	You desire to participate in the City's Local Business Enterprise Program, which helps certain financially disadvantaged businesses increase their ability to compete effectively for City contracts.



Appendix E
General Investment Consulting Agreement

DRAFT