

Responses to RFP Questions and Requests for Additional Information

Investment Consulting Services

RFP Number:

RET 26-02

Does MCERA operate, or is it affiliated with, its own self-insurance organization, captive, risk management fund or other similar risk program?

No, MCERA does not own or operate any self-insurance organization, captive, risk management fund or other similar risk program.

Will Mendocino County Employees Retirement Association consider real estate and other sector specific investment consultant submissions, or is this RFP solely seeking general investment consulting services?

This RFP is seeking general investment consulting services from firms that can consult across major asset classes typically held in institutional portfolios.

How many individuals comprise the investment staff. Can you provide details on their roles/responsibilities and how staff currently works with their consultant(s)?

MCERA employs one investment staff member who monitors, reviews, analyzes and problem-solves matters related to the management and allocation of MCERA's assets and investments.

What risk measures are most relevant to MCERA's Board and Investment Committee (e.g., downside risk, drawdown analysis, stress testing, funded-status risk)?

Relevant risk measures vary by asset class, strategy, and market.

Can you please describe your current manager monitoring procedures?

The current manager monitoring procedure involves reviewing monthly and quarterly performance, monitoring holdings, performance attribution, benchmark analysis, peer universe review, manager meetings and other special review as needed.

Does your current consultant provide you with access to any tools related to performance evaluation or attribution analytics?

Yes

Does your staff currently have access to an ex-ante risk system, or desire to have one?

Staff use in house Value-at-Risk, Monte Carlo, factor and regression analysis but would be interested in such a proposed system.

Are there any services not included in your current relationship that you would find to be a value-add?

No

How will the finalists be selected? Will a scoring model be used to determine the finalists? If so, can you share the details of that model?

Responses will be evaluated based on the following:

- 1. Investment consulting process and program philosophy**
- 2. Quantitative and qualitative research capabilities.**
- 3. Fee schedule, pricing and value.**
- 4. Independence of candidate firms, and/or their approach to mitigating conflicts of interest.**
- 5. Experience and reputation of the respondent.**
- 6. Quality of the team proposed to provide services to MCERA, including staffing depth, relevant experience, and professional qualifications, credentials, designations, and certification of team members.**
- 7. Quality and timing of reports.**
- 8. Availability and quality of Client Portal offering and overall technology resources.**
- 9. Compliance with technical standards contained in this RFP.**
- 10. The organization, completeness, and quality of the proposal.**
- 11. Information provided by references.**
- 12. Other factors MCERA determines to be relevant.**

The factors will be considered as a whole, without specific weighting.

What aspects of MCERA's current investment advisor's service have been most valuable to you? Where do you see opportunities for improvement?

Most valuable has been assistance with Investment Policy Statement review, portfolio structure, manager search and due diligence, and research and board education.

Are there any pain points or unmet needs in your current investment advisory relationship?

No

What are the Board's top priorities for the next 3–5 years?

The Board's top priorities are the upcoming Asset Liability study, addressing plan maturity, assuring plan sustainability, and other strategic plan and educational items.

How would you describe the Board's appetite for change?

The MCERA Board is open to considering incremental change.

Is the Board open to considering an OCIO model, or is the preference to remain with a non-discretionary investment advisor?

No, MCERA is not considering an OCIO model.

What are the most important value-adds you expect from your investment advisor?

Ensuring decisions are made consistent with our Investment Policy Statement, research and knowledge of peer groups, review of appropriate benchmarks, and awareness of best practices and current trends in the public fund investment universe.

What would a successful investment advisory relationship look like for MCERA?

The investment consultant will work closely with the Board of Retirement and staff, help fulfill goals of the strategic plan, and be proactive with regard to investment recommendations and investment ideas.

Is there flexibility in your budget for investment advisory services if the value proposition is compelling, or is the current fee level a hard cap?

Relative value of investment advisory services will be considered.

Does the Board have an appetite to invest in closed-end private funds (rather than open-ended structures), if they offer the potential for increased risk-adjusted return?

Unlikely, however, any investment that has potential to diversify total portfolio exposures with minimal impact on liquidity would be considered.

Are the board meeting dates fixed and scheduled for 2026/2027?

Yes, Board meeting dates are fixed and scheduled for the upcoming calendar year in advance each year in December. Meetings are typically the third Wednesday of each month with a few exceptions.

In your review process, what investment consulting firm characteristics will you be emphasizing?

Responses will be evaluated based on the following:

- 1. Investment consulting process and program philosophy**
- 2. Quantitative and qualitative research capabilities.**
- 3. Fee schedule, pricing and value.**
- 4. Independence of candidate firms, and/or their approach to mitigating conflicts of interest.**
- 5. Experience and reputation of the respondent.**
- 6. Quality of the team proposed to provide services to MCERA, including staffing depth, relevant experience, and professional qualifications, credentials, designations, and certification of team members.**
- 7. Quality and timing of reports.**
- 8. Availability and quality of Client Portal offering and overall technology resources.**

9. Compliance with technical standards contained in this RFP.
10. The organization, completeness, and quality of the proposal.
11. Information provided by references.
12. Other factors MCERA determines to be relevant.

The factors will be considered as a whole, without specific weighting.

What issues are under current consideration by the staff and/or committee?

Current issues under consideration are the upcoming asset liability study, asset class structure review, and manager review.

What strategic decisions are currently pending that the new consultant, should you determine to make a change, would likely become involved with?

The investment consultants' first project will be an Asset Liability study.

When was the last asset/liability study completed?

February 2023

Were there any significant changes in strategy as result?

No

How often would an AL study be expected going forward?

Every three years.