



## RFP for Review of Investment Practices

The City of El Paso Employees Retirement Trust (“the Trust”) is seeking proposals from qualified, responsible independent investment consulting and similarly situated firms to review institutional investment practices and performance and to evaluate the appropriateness, adequacy, and effectiveness of the retirement system’s investment practices and performance and to make recommendations for improving the retirement system’s investment policies, procedures and practices. The Trust will review and may select one firm based upon submitted proposals. The Trust reserves the right to accept or reject any or all submittals and waive technicalities or irregularities if such action is believed to be in the best interest of the Trust. The Trust has selected your firm for this solicitation either because you have expressed an interest in this type of project or have successfully completed similar work in the past.

If your firm is interested in responding to this solicitation, please follow the attached instructions and schedule for submissions. All proposals are subject to the disclosure requirements of the Texas Open Records Act. Your response documents must be received by our office (located at the address listed below) no later than January 31, 2020 by close of business. Any submittals received after this date will not be considered. The Trust’s Investment Committee (“the Committee”) will review all eligible response documents and may select firms which its members would like to interview before making a recommendation to the Board of Trustees. The ultimate decision on whether to proceed with accepting a recommendation of the Committee will be decided by the Board, and its decision will be final.

Please be advised not to contact, or allow any member of or other party related to your firm to contact, a Trustee, employee or family member of the City of El Paso Employees Retirement Trust during this solicitation process. Any contact with a member of the Trust other than me or Mrs. Chavez in our office may result in your firm’s disqualification. Please contact me or Karina Chavez in our office by written email by January 23, 2020 if you have any questions about this solicitation or for any clarification of the contents of this letter. Should you decline to submit a proposal we request that you inform us of your decision.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Ash".

Robert Ash

Executive Director

[ashrx@elpasotexas.gov](mailto:ashrx@elpasotexas.gov)

[chavezkx2@elpasotexas.gov](mailto:chavezkx2@elpasotexas.gov)

### Attachments

1039 Chelsea Street • El Paso, Texas 79903 • (915) 212-0112 • Fax (915) 212-0113  
[www.eppension.org](http://www.eppension.org)

*Trust in a secure future*



**CITY *of* EL PASO**  
EMPLOYEES RETIREMENT TRUST

**SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE  
TEXAS GOVERNMENT CODE**

ISSUE DATE: January 6, 2020

RESPONSE DATE: January 31, 2020

**CITY OF EL PASO EMPLOYEES RETIREMENT TRUST**  
**SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE**  
**TEXAS GOVERNMENT CODE**

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**SECTION A**

**CITY OF EL PASO EMPLOYEES RETIREMENT TRUST**

**SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE TEXAS GOVERNMENT CODE**

**PROPOSAL FORM**

NOTE: THIS IS A FIXED PRICE PROPOSAL TO INCLUDE ALL ANTICIPATED OUT OF POCKET EXPENSES AS WELL AS ALL OTHER EXPENSES.

Item #1:

Breakdown of Proposal

Total cost for initial review \$ \_\_\_\_\_

Section 802.109 of the Texas Government Code requires that a review be conducted every three years.

The contract for review services may be extended by the Trust to include up to two subsequent review periods or for a longer-term if the agreement to extend is in writing before the expiration term of the initial contract.

Option period number 1: Total fixed cost for subsequent review period to be completed by October 31, 2022 \$ \_\_\_\_\_

Option period number 2: Total fixed cost for subsequent review period to be completed by October 31, 2025 \$ \_\_\_\_\_

The term of the initial contract shall be for a period of two-years. While it is anticipated that the report will be issued within 90 days of signing the contract, the reviewing firm should be available to respond to written questions by the Trust for a period of two years.

Item #2:

Describe your firm's experience in reviewing investments and investment performance. Please include names and contact information of individuals we may contact as references.

Item #3:

Please list the public pension clients where you have performed a review of investment practices and a review of reported investment performance.

Item #4:

Please define your firm's resources for conducting this review.

- a. Number of individuals to be assigned to this review:
  - i. Number of hours you expect to expend on performing this review detailed by the types of staff employed.
- b. Experience and credentials of the professionals assigned by your firm for this review.

Item #5:

Identify the investment consulting firms who you have worked with in conducting peer reviews. Please provide names and contact information for each of the firms listed.

Of the firms listed, if any, what percentage of your review practice is focused on Callan LLC?

Has your firm ever worked with Callan LLC? If so, in what capacity? Please identify any potential conflicts of interest which may currently exist regarding the review of investment reports and recommendations made by Callan LLC?

Item #6:

What is the expected time frame required to complete the investment practices review and present the final report to the Board of Trustees?

Item #7:

Please provide a specimen written report which is representative of the reporting format which will be used to report and make recommendations to the Board of Trustees after your evaluation and review have been completed.

Item #8:

The selected firm should be available to meet with the Board either in person or by teleconference to discuss the results of the evaluation and review.

Item #9:

A proposing firm should submit three (3) references that may be contacted by the City Employees Retirement Trust. Firms listed as references should be familiar with the type of evaluation and review required by this solicitation.

Only one award will be made to the firm with the best combination of price and qualifications as may be determined in the sole discretion of the City of El Paso Employees Retirement Trust's Board of Trustees. (See "Section D, Evaluation Factors")

Proposing Firm Name: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Authorized Signature: \_\_\_\_\_

Phone Number and Email Address: \_\_\_\_\_

**SECTION B**

**CITY OF EL PASO EMPLOYEES RETIREMENT TRUST**

**SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE  
TEXAS GOVERNMENT CODE**

**PROPOSAL FORMAT**

1. Proposal Form with Attachments ("Section A").
2. Proposal Letter of Engagement summarizing the proposing firms understanding of the review services required, the key review activities to be undertaken, certifying that resources will be made available to complete the assignment and approximate date of completion for each review to include any option periods.

## **SECTION C**

### **CITY OF EL PASO EMPLOYEES RETIREMENT TRUST**

#### **SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE TEXAS GOVERNMENT CODE**

##### **SPECIFICATIONS**

- 1.** The City of El Paso Employees Retirement Trust (“the Trust”) is seeking proposals from qualified, responsible independent investment consulting and similarly situated firms to review the investment practices and performance to evaluate the appropriateness, adequacy, and effectiveness of the retirement system’s investment practices and performance and to make recommendations for improving the retirement system’s investment policies, procedures and practices. Such work to be completed by the selected firm shall be in such a manner as to meet the requirements of Section 802.109 of the Texas Government Code which is attached and incorporated by reference here as Exhibit “A”.
- 2.** The required scope of services include:  
Those areas of evaluation identified in Section 802.109 of the Texas Government Code as identified as subsections (a) (1)-(5). To the extent possible, the scope should be limited to the current investment practices and performance.
- 3.** Provide a detailed written report of the review and evaluations performed for each of the areas required to be reviewed as outlined by the requirements of Section 802.109 of the Texas Government Code. The report should include any recommendations or suggestions for improvement and should be addressed to the Trust’s Board of Trustees.



## SECTION D

### CITY OF EL PASO EMPLOYEES RETIREMENT TRUST

#### SOLICITATION FOR REVIEW OF INVESTMENT PRACTICES PURSUANT TO SECTION 802.109 OF THE TEXAS GOVERNMENT CODE

##### EVALUATION FACTORS

1. Material exceptions to the terms and conditions of this solicitation, or failure to meet the Trust's minimum specifications, shall render a proposal as non-responsive. In addition, proposals which are longer than 20 pages in length, excluding specimen reports, will be deemed as non-responsive and will not be considered.
2. **Proposal must be limited to not more than 20 pages excluding examples of a specimen report.**
3. Only one award will be made under this solicitation. The award shall be made for all the requirements to the firm with the best combination of price, qualifications, experience as may be determined in the sole discretion of the City of El Paso Employees Retirement Trust's Board of Trustees, and who is able to demonstrate to the satisfaction of the Board of Trustees that is able to provide expertise sufficient to execute the terms of this solicitation.
4. The Board of Trustees may consider factors relating to the "responsibility" of the proposing firm, including but not limited to, the reputation and experience of the proposing firm, the availability and capability of staff, the clarity of the proposal, etc. Proposing firms should be prepared to submit materials evidencing these matters.
5. The current investment consultant is Callan LLC. Any proposing firm is required to disclose any conflicts which may exist which may impact the impartiality of the proposed evaluation and review required by Section 802.109 of the Texas Government Code.
6. The investments are held in multiple accounts managed by a custodian, BNY-Mellon Asset Servicing.
7. The current Investment Policy Statement is available for review upon written request.
8. Proposals should be labeled as "Proposal for Investment Practices Evaluation" and should be sent to:

Karina Chavez  
Administrative Assistant  
1039 Chelsea St.  
El Paso, Texas 79903
9. Proposals are due by the close of business January 31, 2020, and will be opened on February 3, 2020 at 10:00 AM in the City of El Paso Employees Retirement Trust's Administration Building, 1039 Chelsea St. Proposals will not be finally awarded until the Retirement Trust's Board of Trustees approves the resulting agreement or contract.
10. The solicitation was posted on the Trust's website and mailed to the following firms who represent a non-exhaustive list of potential respondents:
  - a. AndCo Consulting
  - b. Anodos Advisors
  - c. Asset Consulting Group, Inc.
  - d. CBIZ IAS
  - e. CEFEX

- f. Champion Capital Research Inc.
  - g. Consequent Capital Management
  - h. Dahab Associates, Inc.
  - i. Intelligent Fiduciary Excellence, LLC
  - j. McConnell & Jones LLP
  - k. Meketa Investment Group, Inc.
  - l. Milliman, Inc.
  - m. NEPC, LLC
  - n. River and Mercantile LLC
  - o. Robert Harrell, Inc.
  - p. RVK Inc.
  - q. Trest Benefits
- 11.** Proposals submitted will be evaluated based upon the factors identified in “Section D” of this solicitation. The percentage break down for these factors are as follows:
- |                                       |                   |
|---------------------------------------|-------------------|
| <b>Fixed cost price:</b>              | <b>50 percent</b> |
| <b>Qualifications and Experience:</b> | <b>50 percent</b> |

## **EXHIBIT "A"**

### **SECTION 802.109 INVESTMENT PRACTICES AND PERFORMANCE REPORTS**

**(a)** Except as provided by Subsection (e) and subject to Subsections (c) and (k), a public retirement system shall select an independent firm with substantial experience in evaluating institutional investment practices and performance to evaluate the appropriateness, adequacy, and effectiveness of the retirement system's investment practices and performance and to make recommendations for improving the retirement system's investment policies, procedures, and practices. Each evaluation must include:

- (1) an analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system's compliance with that policy or plan;
- (2) a detailed review of the retirement system's investment asset allocation, including:
  - (A) the process for determining target allocations;
  - (B) the expected risk and expected rate of return, categorized by asset class;
  - (C) the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and
  - (D) future cash flow and liquidity needs;
- (3) a review of the appropriateness of investment fees and commissions paid by the retirement system;
- (4) a review of the retirement system's governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education; and
- (5) a review of the retirement system's investment manager selection and monitoring process.

**(b)** The governing body of a public retirement system may determine additional specific areas to be evaluated under Subsection (a) and may select particular asset classes on which to focus, but the first evaluation must be a comprehensive analysis of the retirement system's investment program that covers all asset classes.

**(c)** In selecting an independent firm to conduct the evaluation described by Subsection (a), a public retirement system:

- (1) subject to Subdivision (2), may select a firm regardless of whether the firm has an existing relationship with the retirement system; and
- (2) may not select a firm that directly or indirectly manages investments of the retirement system.

**(d)** A public retirement system shall conduct the evaluation described by Subsection (a):

- (1) once every three years, if the retirement system has total assets the book value of which, as of the last day of the last fiscal year considered in an evaluation under this section, was at least \$100 million; or

- (2) once every six years, if the retirement system has total assets the book value of which, as of the last day of the last fiscal year considered in an evaluation under this section, was at least \$30 million and less than \$100 million.
- (e) A public retirement system is not required to conduct the evaluation described by Subsection (a) if the retirement system has total assets the book value of which, as of the last day of the preceding fiscal year, was less than \$30 million.
- (f) A report of an evaluation under this section must be filed with the governing body of the public retirement system not later than May 1 of each year following the year in which the system is evaluated under Subsection (d).
- (g) Not later than the 31st day after the date the governing body of a public retirement system receives a report of an evaluation under this section, the governing body shall submit the report to the board.
- (h) A public retirement system shall pay the costs of each evaluation of the system under this section.
- (i) The board shall submit an investment performance report to the governor, the lieutenant governor, the speaker of the House of Representatives, and the legislative committees having principal jurisdiction over legislation governing public retirement systems in the biennial report required by Section [801.203](#). The report must compile and summarize the information received under this section by the board during the preceding two fiscal years.
- (j) A report of an evaluation by the Teacher Retirement System of Texas and an investment report that includes the Teacher Retirement System of Texas under this section satisfies the requirements of Section [825.512](#).
- (k) The following reports may be used by the applicable public retirement systems to satisfy the requirement for a report of an evaluation under this section:
- (1) an investment report under Section 10A, Article 6243g-4, Revised Statutes;
  - (2) an investment report under Section 2D, Chapter 88 (H.B. 1573), Acts of the 77th Legislature, Regular Session, 2001 (Article [6243h](#), Vernon's Texas Civil Statutes); and
  - (3) a report on a review conducted on the retirement system's investments under Section 2B, Article 6243e.2(1), Revised Statutes.
- (l) The board may adopt rules necessary to implement this section.

*Added by Acts 2019, 86th Leg., R.S., Ch. 578 (S.B. [322](#)), Sec. 3, eff. June 10, 2019.*