



CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN

## Board Report 20-03

Date: February 18, 2020

To: Board of Deferred Compensation Administration

From: Investments Committee & Staff

Subject: Investment Management Services and Stable Value Fund  
Management Services Requests for Proposals

### Board of Deferred Compensation Administration

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**Lita Payne**

### Recommendation:

That the Board of Deferred Compensation Administration (Board):

- (a) Approve and release the draft Requests for Proposals (RFPs) for (i) Deferred Compensation Plan (DCP) Investment Management Services and (ii) Stable Value Fund Investment Management Services;
- (b) Approve extending the term of Contract No. C-127342 with Galliard Capital Management Inc. (Galliard) for investment management services by one additional year from July 1, 2020 through June 30, 2021 for a total six-year term;
- (c) Direct staff to prepare a report to City Council recommending extension of Contract No. C-127342 for one additional year and authorize the Board Chairperson and Vice-Chairperson to sign and submit the report.

### Discussion:

#### **A. Background**

This report provides the Board with an update of and proposed procurement action plan for investment management services. Following is a summary of the Board's actions to date regarding the search:

- On **June 19, 2019**, the Board directed staff to draft revisions to the DCP Investment Management Services and Stable Value Fund Investment Manager Services RFPs to include an evaluation process aligning with the Board's established mutual fund search process. The Board also asked staff to work with the City Attorney's Office and Office of Contract Compliance to identify all non-applicable provisions of the City's general contracting requirements for the investment of DCP funds.

- On **July 16, 2019**, the Board approved staff's proposed process to administer parallel mutual fund and institutional product searches for all DCP investment mandates.
- On **January 14, 2020**, the Investments Committee (Committee) reviewed and approved staff's proposed revised RFPs.

## B. Requests for Proposals

**Investment Manager Services RFP** – A draft Investment Manager Services RFP for the Board's review is provided as **Attachment A**. Section 5 of the RFP establishes a new process for evaluating the RFP in alignment with the Board's established mutual fund review process. After a preliminary review by Personnel staff to ensure each proposal is complete and complies with the City's contracting requirements, an analysis and evaluation of all proposals as well as results of mutual fund searches will be provided to the Committee by DCP staff and the DCP's investments consultant, Mercer Investments (Mercer). Based on an evaluation of the review criteria identified in Section 5.1 of the RFP, the Investments Committee will submit its recommendations to the full Board, which will make the final selection decisions.

Section 3.3 of the RFP includes the questionnaire proposers are required to complete. Staff streamlined the RFP to remove questions from the questionnaire soliciting information already available through Mercer's open database of investment funds. The questions included in the RFP's questionnaire are those either not included in the open database or relate to the City's contracting requirements.

The City's standard procurement process includes a considerable number of requirements not applicable to investment management services. Staff worked with the City Attorney's Office and Office of Contract Compliance to determine which, if any, ordinances and general contracting requirements are not applicable and can be exempted from the DCP's investment-related contracts. Section 3.2.4 of the RFP indicates which requirements may be exempted according to exemptions set forth within the applicable ordinance. The exempted requirements include the following:

- Equal Benefits Ordinance (PSC-26.B.)
- Living Wage Ordinance (PSC-28)
- Service Worker Retention Ordinance (PSC-29)
- Contractor Responsibility Ordinance (PSC-31)
- Business Inclusion Program (PSC-32) (subject to Mayor's Office approval)
- Slavery Disclosure Ordinance (PSC-33)
- First Source Hiring Ordinance (PSC-34)
- Restriction on Campaign Contributions and Fundraising (PSC-37)
- Border Wall Disclosure
- National Rifle Association Disclosure

**Stable Value Fund Investment Manager RFP** – A draft Stable Value Fund Investment Management RFP is provided as **Attachment B**. This RFP includes the same evaluation process framework used in the Investment Manager RFP. Similarly, the Stable Value Fund Investment Management contract may be exempted from the same requirements as the Investment Management Services RFP.

The proposer questionnaire for the Stable Value Fund Investment Manager RFP is more comprehensive than the questionnaire for the Investment Management Services RFP because Mercer’s open database of investment funds does not include stable value funds. The questionnaire is included in Section 3.3 of the RFP and requests information about each proposer’s: organizational background and strength; regulatory and contractual actions taken against their firm; investment experience, approach, and performance; how a portfolio transition would be managed; administrative reporting; fees; and performance guarantees.

**Mutual Fund Search and RFP Schedule**

The Committee’s evaluation process will occur over the course of a series of meetings. The total number of meetings and process pace will need to be flexible based upon the unique considerations to be evaluated for each investment mandate, as well as the availability of Committee members, the consultant, and staff. Generally, staff anticipates the Committee will conduct preliminary reviews of search results for each mandate at an initial meeting and, if additional information or analysis is requested, conduct at least one subsequent review. Tentatively, staff expects meetings will occur no less frequently than monthly but may occur more often if resources allow. For the first review meeting, priority will be given to the Small-Cap Growth Fund and the Stable Value Fund.

The following project plan summary provides the proposed timeline for the development, issuance, review, and decision-making for the Investment Manager and Stable Value Fund manager searches:


Month	Action	Status
February 2020	Board review/approval of RFPs	Upcoming
March 2020	Release RFPs	Upcoming
April 2020	RFP responses due	Upcoming
May 2020	Review process launched	Upcoming

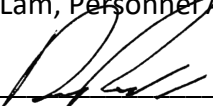
**C. Galliard Stable Value Fund Investment Management Services**

The DCP currently has a contract with Galliard for Stable Value Fund Investment Management Services for a five-year term from July 1, 2015 through June 30, 2020. The timeline for the ongoing investment manager search is expected to extend beyond this time period.

In order to ensure continued service, staff recommends that the Board approve extending the term of Contract No. C-127342 with Galliard by one additional year from July 1, 2020 through June 30, 2021 for a total six-year term.

Under Los Angeles Administrative Code (LAAC) Division 10, Chapter 1, Section 10.5, extending a contract beyond five years requires the approval of the City Council. Accordingly, staff recommends that Board direct staff to draft a Council Report and authorize the Board Chairperson and Vice-Chairperson to sign the report.

Submitted by:   
Mindy Lam, Personnel Analyst

Reviewed by:   
Daniel Powell, Senior Personnel Analyst I

Approved by:   
Steven Montagna, Chief Personnel Analyst

**Request for Proposal**  
**Deferred Compensation Plan Investment Management Services**  
**City of Los Angeles Personnel Department Employee Benefits Division**  
**On behalf of the Board of Deferred Compensation Administration**

Date Issued: \_\_\_\_\_, 2020

TITLE: **INSTITUTIONAL INVESTMENT MANAGEMENT SERVICES FOR THE CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN**

ASSET CLASSES:

- Passive Bond
- Passive US Large-Cap Equity
- Passive US Mid-Cap Equity
- Passive Small-Cap Equity
- Active Core Plus Bond
- Active Mid-Cap Value Equity
- Active Mid-Cap Growth Equity
- Active Small-Cap Value Equity
- Active Small-Cap Growth Equity
- Active International Developed Markets Equity
- Active International Small-Cap Equity
- Active International Emerging Markets Equity

CONTRACT TERM: **Five years**

RFP ADMINISTRATOR:

**Daniel Powell, Senior Personnel Analyst**  
Phone: (213) 978-1586  
Email: Daniel.Powell@lacity.org

MANDATORY PRE-PROPOSAL CONFERENCE:

\_\_\_\_\_, 2020

\_\_\_\_\_  
\_\_\_\_\_  
**200 North Spring Street, Room 805**  
**Los Angeles, CA 90012**

PROPOSAL DELIVERY ADDRESSES:

**RFP Administrator**  
**City of Los Angeles**  
Attn: Daniel Powell  
200 North Spring Street, Room 867  
Los Angeles, CA 90012

**Consultant**  
**Mercer Investments**  
Attn: Devon Muir, CFA, Principal  
333 S 7th St, Suite 1400  
Minneapolis, MN 55402

DEADLINE FOR SUBMITTING PROPOSAL: \_\_\_\_\_, 2020 at 3:00 p.m.

## **PART A**

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## **PART B**

Exhibit A – Standard Provisions for City Contracts (Rev. 10/17)

# SECTION 1

## INTRODUCTION/BACKGROUND

### 1.0 INTRODUCTION

The City of Los Angeles Deferred Compensation Plan (“DCP”) is a non-qualified tax-advantaged savings program established in 1983 under Internal Revenue Code (IRC) Section 457 and City of Los Angeles Administrative Code, Division 4, Chapter 14, Sec. 4.1400-4.1410.

The Board is seeking proposals from qualified investment managers to manage certain components of the DCP’s core investment options (“Core Funds”) which are single-manager or multi-manager “white-label” funds (i.e. funds which from the participant perspective are branded under the DCP rather the investment manager). The Core Funds are also the underlying holdings of the DCP risk-based portfolios (“Risk-based Portfolios”) which represent approximately 20% of total DCP assets.

The active and passive investment strategies and vehicle types being sought in this Request for Proposal (RFP) process are described in the table below. The DCP will consider collective investment trusts or similar IRC 457-eligible investments in pooled vehicles, as well as separately managed accounts. Separately and concurrently the DCP will also be considering the broad universe of mutual fund products meeting the essential criteria and parameters for each investment mandate. Administering this procurement and mutual fund search process concurrently provides the Board with the means to review a wide range of available options and make selections which are in the best interests of the DCP and its participants.

The following table provides a list of each investment mandate, the mandate’s applicable benchmark, and assets under management as of September 30, 2019:

Asset Class	Benchmark	Assets (\$mm) (9/30/19)
Active Core Plus Bond	Bloomberg Barclays US Aggregate Bond Index	\$328 million
Active International Developed Markets Equity	MSCI EAFE or a similar index	\$399 million
Active International Emerging Markets Equity	MSCI Emerging Markets Index	\$105 million
Active International Small-Cap Equity	MSCI EAFE Small Cap Index	\$105 million
Active Mid-Cap Growth Equity	Russell Midcap Growth Index	\$101 million
Active Mid-Cap Value Equity	Russell Midcap Value Index	\$102 million
Active Small-Cap Growth Equity	Russell 2000 Growth Index	\$124 million
Active Small-Cap Value Equity	Russell 2000 Value Index	\$121 million
Passive Bond	Bloomberg Barclays US Aggregate Bond Index	\$329 million
Passive US Large-Cap Equity	S&P 500 Index	\$2,407 million

Passive US Mid-Cap Equity	Russell Mid-Cap Index or a similar index (e.g., S&P Mid-Cap 400 Index or CRSP US Mid-Cap Index)	\$203 million
Passive US Small-Cap Equity	Russell 2000 Index or a similar index (e.g., S&P 600 Small-Cap Index or CRSP US Small-Cap Index)	\$121 million

## 1.1 BACKGROUND

The City's Board of Deferred Compensation Administration ("the Board") administers the DCP and selects its investment providers. The nine-member Board includes three elected employee representatives from the Los Angeles City Employees' Retirement System ("LACERS"), Fire and Police Pension System ("Pensions"), and Department of Water and Power Retirement DCP ("DWP Retirement"); the LACERS General Manager; the Pensions General Manager; the DWP Retirement Manager; a certified Union Representative; a retired participant representative; and the Personnel Department General Manager. The Board has administrative responsibility, including contracting authority, for the DCP.

As of September 30, 2019, the DCP had \$6.7 billion in assets (not including loans outstanding) and 48,548 participants. The following table provides a list of each DCP fund option, incumbent investment products, and its holdings as those options are presented to DCP participants (including Core Fund and Risk-Based Portfolios):

Investment Option	TOTAL
<b>FDIC-Insured Savings Account</b>	<b>\$402 million</b>
<b>DCP Stable Value Fund</b>	<b>\$1,262 million</b>
<b>DCP Bond Fund</b>	<b>\$657 million</b>
Vanguard Total Bond Market Index Fund Institutional Plus	\$329 million
Natixis Loomis Sayles Core Plus Bond Y	\$328 million
<b>DCP Large-Cap Stock Fund</b>	<b>\$2,407 million</b>
<b>DCP Mid-Cap Stock Fund</b>	<b>\$407 million</b>
Vanguard Mid-Cap Index Fund Institutional Plus	\$203 million
Virtus Ceredex Mid-Cap Value Equity I	\$102 million
Voya MidCap Opportunities Fund I	\$101 million
<b>DCP Small-Cap Stock Fund</b>	<b>\$366 million</b>
Vanguard Small Cap Index Institutional Plus	\$121 million
DFA US Small Cap Value Portfolio Institutional	\$121 million
Hartford SmallCap Growth HLS Fund IB	\$124 million
<b>DCP International Stock Fund</b>	<b>\$608 million</b>
MFS Institutional International Equity Fund	\$399 million
Brandes International Small Cap Equity Fund I	\$105 million
DFA Emerging Markets Core Equity Institutional	\$105 million
<b>Schwab PCRA Self-Directed Brokerage Account</b>	<b>\$583 million</b>
<b>Loan Account</b>	<b>\$198 million</b>
<b>TOTAL</b>	<b>\$6,891 million*</b>



\*Numbers may not sum to total due to rounding

The Personnel Department's Employee Benefits Division provides primary staff support for the DCP. Employee Benefits staff perform the following functions:

- Develop policy and DCP design recommendations;
- Function as liaison to DCP contracted service providers;
- Administer all DCP-related contracts; and
- Facilitate all aspects of employee/beneficiary participation in the DCP

The Office of the City Attorney serves as the Board's legal counsel and provides legal support for the DCP which includes reviewing procurements and contracts, ensuring compliance with State and federal laws, and providing guidance in regard to various administrative functions such as processing beneficiary claims and Qualified Domestic Relations Orders ("QDRO").

The City contracts with Voya Institutional Plan Services ("Voya") for DCP recordkeeping, enrollment and communication services. The City independently selects the investment options for the DCP, all of which are administered by Voya. These options may be held as mutual funds, separate accounts, commingled trusts, and bank deposit accounts. The DCP is trusted by Voya Institutional Trust Company.

Mercer Investments provides investment consulting to the DCP. Included among these services are ongoing performance review, procurement and search assistance, and investment menu design.

**Two-fold procurement process:** Pursuant to the DCP's investment policy, searches and procurements for investment categories generally will occur once every five years, according to a schedule determined by the Board. Searches can occur in two ways: (1) a mutual funds search which does not require a direct contract with the DCP; and/or (2) an institutional manager procurement for products like collective investment trusts, separate accounts, and other 457-eligible vehicles that require the City to enter into a contract with the investment manager/provider.

Presently the DCP's equity and bond Core Funds are solely composed of mutual funds. For the current search cycle, however, the Board has opted to conduct both mutual fund searches and institutional manager procurements for all of the DCP's Core Funds. Mutual funds or institutional products in the form of pooled vehicles like collective investment trusts which do not require the services of a custody bank to hold individual securities may present certain advantages to the DCP relative to the administrative and operational requirements/resources required to administer the Core Funds. Nevertheless, separate accounts will be considered. The Board will make selections which are in the best interests of the DCP and its participants.

Investment managers with institutional products (eligible for 457(b) investment) in the asset categories being sought (refer to the table on page 1) are encouraged to respond to this RFP if these vehicles present a material cost or investment advantage to the DCP relative to corresponding mutual fund vehicles that may exist for the same strategy or if a

mutual fund vehicle does not exist for the strategy. Investment managers with mutual fund vehicles for the foregoing investment mandates outlined **are not required** to complete this RFP, but rather they must ensure their firm, strategy and mutual fund vehicle details (including net-of-fee performance of most cost-effective mutual fund share class applicable to the City) are entered and up-to-date in the Mercer GIMD® database which is open to all investment managers and serves as a repository of investment manager and strategy information for the DCP. Mercer GIMD can be found at [www.mercergimd.com](http://www.mercergimd.com).

For more information regarding the DCP including investment menu, governance, and other details, please visit the DCP website at [www.LA457.com](http://www.LA457.com).

## 1.2 DEFINITIONS OF TERMS

The following terms used in the RFP documents shall be defined as follows:

- **“The Board”** means the City of Los Angeles Board of Deferred Compensation Administration.
- **“The City”** means the City of Los Angeles.
- **“Agreement”** shall be considered synonymous with the term “Contract.”
- **“Consultant”** means the third-party firm assisting the City in the administration of this RFP as identified on page one of this RFP.
- **“Contract Effective Date”** means the date, mutually agreed upon between the Contractor and City, that the Contractor begins performing services for the City.
- **“Contracting Authority”** means the City of Los Angeles Board of Deferred Compensation Administration.
- **“Contractor”** means the individual, partnership, corporation or other entity to which a contract is awarded, and shall be synonymous with the term “Vendor.”
- **“Core Menu”** means the complete set of investment options offered to participants in the DCP.
- **“DCP”** means the City of Los Angeles Deferred Compensation Plan, established pursuant to Section 457 of the Internal Revenue Code (“IRC”).
- **“Employee Benefits”** means the Employee Benefits Division of the City of Los Angeles Personnel Department.
- **“Go-Live Date”** means the beginning date that services are provided to the City and the fund first receives participant assets.
- **“Investment Policy Statement”** means the Investment Policy Statement adopted by the Board of Deferred Compensation Administration for the DCP and which defines the objectives and guidelines for the DCP’s investment options.
- **“Mandate”** means the particular investment category being sought (e.g., Active Core Plus Bond, Passive US Large Cap Equity, etc.)
- **“Mercer”** means Mercer Investments, a consultant for the DCP.
- **“Mercer GIMD”** means the Mercer Global Investment Manager Database, a resource for electronic submission of responses to a portion of the questions included in this RFP.

- **“Pre-Proposal Conference”** means the conference held between the City and prospective Proposers to provide information regarding RFP requirements and answer questions regarding the RFP.
- **“Proposer”** means a respondent to this RFP.
- **“RFP”** means this Request for Proposal.
- **“RFP Administrator”** means the City staff person serving as the primary point of contact for this RFP as identified on page one of this RFP.
- **“TPA”** means Third-Party Administrator.
- **“Voya”** means Voya Institutional Plan Services.

### 1.3 CONTRACT TERM

The term of any contract(s) awarded pursuant to this RFP shall be for a period of five years from the contract effective date as provided for by the final contract, subject to the termination provisions therein.

### 1.4 RFP CONTENTS

The contents of this RFP are as follows:

#### 1.4.0 Part A

RFP, including the DCP Profile & Scope of Services, Proposal Questionnaire, Proposal Format and Submission Requirements, Evaluation of Proposals, and General Terms & Conditions.

#### 1.4.1 Part B

General Contracting Requirements and Attachments, which includes the City of Los Angeles Standard Provisions for City Contracts (Rev. 10/17) and other general contracting requirements that must be reviewed and completed by Proposers as specified in order for a proposal to be deemed responsive.

### 1.5 RFP CONTACT INFORMATION

The Board and Personnel Department staff are committed to ensuring that all DCP business transactions, including DCP procurement processes, are based strictly on integrity, competence, merit, and benefit to DCP participants and their beneficiaries. As a matter of policy, Board members and staff will not communicate with current or prospective vendors or their representatives, or any other person or organization, for the purpose or intent of having a particular vendor secure or maintain a contract or business with the DCP, or otherwise realize financial gain from the DCP, whether during or outside of a procurement process.

In support of this, and to ensure the transparency and objectivity of this procurement process, all communications and questions regarding or related to the services included in this RFP should be directed to the RFP Administrator, whose contact information is identified on page one.

**1.6 PROPOSAL TIMELINE AND MANDATORY PRE-PROPOSAL CONFERENCE**

The Board will award a contract, in a form approved by the City Attorney, to a selected Proposer. Written proposals submitted to the City constitute a legally binding contract offer and shall remain open for twelve months. It is requested that proposals be prepared simply and economically, avoiding the use of unnecessary promotional material. If a Proposer is deemed non-responsive during the proposal process the Proposer will be eliminated from further consideration.

**1.6.0 Proposal Timeline**

The following is the current timeline for the RFP process. The City reserves the right to adjust this schedule. Changes to the timeline, if any, will be posted online as an RFP Addendum.

Proposal Dates	Event
_____, 2020	RFP released
_____, 2020	Deadline for receiving written questions for the Pre-Proposal Conference is 4:00 p.m.
_____, 2020	Deadline to register to participate in the Pre-Proposal Conference by telephone is 4:00 p.m.
_____, 2020	<b>Mandatory Pre-Proposal Conference at 11:00 a.m. Pacific Standard Time</b>
_____, 2020	Deadline for receiving written questions regarding the RFP is 4:00 p.m.
_____, 2020	<b>General Contracting Requirements preliminary submission deadline</b>
_____, 2020	City Review of General Contracting Document due to vendor by this date
_____, 2020	<b>RFP responses due by 3:00 p.m. Pacific Standard Time</b>
_____, 2020	RFP evaluations
_____, 2020	City makes selection and begins contract negotiation with successful Proposer
_____, 2020	Deadline for executing contract
_____, 2020	Commencement of services

**1.6.1 Mandatory Pre-Proposal Conference**

A mandatory Pre-Proposal Conference will be held to provide information regarding the RFP requirements and answer questions from prospective Proposers regarding this RFP. The Pre-Proposal Conference will also give Proposers and potential subcontractors the opportunity to network. City staff will not provide assistance regarding a Proposer’s individual RFP response.

The Pre-Proposal Conference has been scheduled pursuant to the schedule noted in the Proposal Timeline. Potential Proposers may participate by physically attending or by calling in. Participants will be asked to identify themselves by name and firm.

If you intend to participate by telephone, please pre-register by contacting the RFP Administrator by the deadline noted in the Proposal Timeline. The City will provide a call-in number at that time for those interested in participating by telephone. Attendance will be taken at the **beginning** and **end** of the Pre-Proposal Conference. Proposers attending by phone must remain for the duration of the Pre-Proposal Conference. Failure to attend and remain through the end of the Pre-Proposal Conference will result in your firm being deemed non-responsive and ineligible to submit a proposal in response to this RFP.

It is to your benefit to bring your own copy of the RFP, particularly the City's General Contracting requirements, to the conference. Copies will not be provided at the conference.

### **1.6.2 Questions Regarding the RFP**

To maximize the effectiveness of the conference, to the extent possible, Proposers should provide questions in writing prior to the Pre-Proposal Conference in accordance with the deadline noted in the proposal timeline. This will enable the City to prepare responses in advance.

All questions concerning the RFP should be submitted in writing via e-mail to the RFP Administrator. Please identify the RFP title on the subject line of your message. All questions should identify the RFP section and page number, or the relevant General Contracting provision, for each question submitted. Additional questions may be accepted and addressed at the Pre-Proposal Conference. However, certain responses may be deferred and posted online as addenda to the RFP at a later date.

The City will make every effort to respond to all written questions as soon as practical. All questions and responses to questions, or any other changes to or interpretation of the RFP, will be posted online at [www.labavn.org](http://www.labavn.org). Any such changes or interpretations shall become a part of this RFP and may be incorporated into any Contract awarded pursuant thereto.

## **1.7 GENERAL CONTRACTING REQUIREMENTS PRE-SUBMISSION OPTION AND SUBMISSION DEADLINES**

The City's General Contracting Requirements are included in Part B, which is attached hereto. Part B contains the Standard Provisions for City Contracts (Rev. 10/17) and a variety of documents and forms with which prospective City vendors must demonstrate compliance in order to be awarded a City contract. Within Part B is a list of requirements that must be fully met, including forms to be completed and submitted and details regarding certain processes which must be followed by prospective vendors as part of

their RFP response. Failure to meet any of these requirements to the satisfaction of the City by the RFP Proposal Submission Deadline may result in disqualification of the vendor's proposal as being non-responsive and eliminate the proposal from further consideration in the evaluation process.

The City will provide vendors an opportunity to demonstrate responsiveness to the City's General Contracting Requirements at a date prior to the RFP due date. Vendors are not required to complete and submit their General Contracting Requirements forms and processes by the Preliminary Submission Deadline; however, it may be to their advantage to do so. If a vendor utilizes this option, City staff will identify whether the documents as submitted are or are not responsive to the City's requirements. If deemed non-responsive, the vendor will have time to demonstrate responsiveness by no later than the RFP Proposal Submission Deadline. Failure to adequately demonstrate responsiveness to the City's General Contracting Requirements, or a rejection by the vendor of those requirements or the Standard Provisions for City Contracts (Rev. 10/17), will result in disqualification of the proposal and shall eliminate the proposal from further consideration in the evaluation process. The relevant dates with respect to this process are included in the proposal timeline.

### **1.8 PROPOSAL SUBMISSION DEADLINE**

Responses to this RFP must be submitted on paper and an electronic copy and must be received by the RFP Administrator by the deadline noted in the proposal timeline. Electronic portions, as specified further in this RFP, must be received no later than this date/time as well. Late responses (i.e. proposals received after the proposal submission deadline) will not be considered. The City reserves the right to extend the proposal submission deadline should this be in the interest of the City.

### **1.9 CONSULTANT RESPONSE INFORMATION**

Responses to this RFP must also be submitted at the same time on paper and electronic copy to the consultant used by the City in the evaluation of responses to this RFP. Delivery should be provided by the proposal submission deadline to the consultant address on page one.

# **SECTION 2**

## **DCP PROFILE & SCOPE OF SERVICES**

### **2.0 DCP OVERVIEW & MISSION STATEMENT**

The DCP is a tax-advantaged supplemental retirement savings program established in 1983 under Internal Revenue Code (IRC) Section 457 and by City of Los Angeles Administrative Code, Division 4, Chapter 14. All DCP assets are held in trust for the exclusive benefit of participants and their beneficiaries. The mission of the City's DCP is to assist eligible City employees in achieving retirement income security.

### **2.1 ORGANIZATIONAL STRENGTH**

#### **2.1.0 Organizational Background and Reliability**

The City will be evaluating each Proposer's organizational experience, stability, financial strength, experience in providing services to governmental defined contribution plans, staff qualifications and turnover, and other factors to assess how organizations are resourced to be long-term viable partners with the City in executing the DCP's mission, goals and strategies, and the specific services included within this RFP.

#### **2.1.1 Regulatory and Contractual Actions**

The City will review each Proposer's status as to regulatory agency complaints, client legal actions, contract terminations, bankruptcy filings, and conflicts of interest, as part of assessing its reliability and institutional viability.

#### **2.1.2 Client Reviews**

The City will be contacting current and former clients provided by each Proposer, including governmental DCP sponsors and other clients who are currently utilizing the provider's services as well as those who have terminated those services in the recent past.

### **2.2 SCOPE OF SERVICES**

#### **2.2.0 Investment of Assets**

The Contractor shall invest the assets invested by DCP participants in accordance with its stated investment guidelines. The investment manager must manage the liquidity of the Fund to accommodate participant and periodic plan level cash flows on a daily basis.

### **2.2.1 Creation of Reports**

The Contractor shall provide, or assist in the creation of, a daily net of fee unit value to the DCP's administrator. The selected investment manager shall provide on a monthly basis to the DCP's trustee and administrator financial statements showing opening balance, contributions, investment earnings, withdrawals, fees, and closing balance. The Contractor shall provide quarterly reports detailing institutional product performance, portfolio characteristics, and organizational updates.

### **2.2.2 Presentations to the Board**

The Contractor shall be required to attend Board meetings as frequently as necessary to present fund performance reviews. Normally, however, meetings with the Board are expected to occur every 12 to 24 months.

## **2.3 MINIMUM QUALIFICATIONS**

- The institution must be qualified to do business in the State of California and must be registered under the appropriate State and federal securities and/or insurance laws.
- The institution must be a SEC-registered investment advisor or exempt from registration.
- The institution will assume a fiduciary role for providing investment manager services with respect to the institutional product consistent with the investment guidelines contained in its governing documents and the Minimum Requirements included in this section.
- The institution must not have been involved in any litigation with or investigation by a federal or State security/insurance agency that could be deemed substantive by the City. This would include expropriation of funds, insider trading, front running, or undisclosed derivatives or leverage.
- The institution must not be a broker or any third party selling another company's funds.
- Any underlying proposed funds or investment products must be qualified to accept IRC Section 457 DCP investments.
- The institution must not charge a redemption fee, transfer fee, deferred sales charge, or up-front sales load. In addition, the institution cannot apply or levy a penalty or fee of any type upon liquidation if the City, for any reason, finds it necessary to move or transfer funds to protect employees or if the City does not renew a contract beyond its contract term.
- The institution must have experience with and be willing to accommodate daily valuation.
- The institution must propose a well-diversified institutional product from an individual holding, industry, sector, and geographic (in the case of international mandates) perspective.
- The institution must have a well-defined investment process compatible with the investment objectives of the DCP that has been offered for at least five years.



- The institution must have a verifiable track record that demonstrates consistent adherence to the stated investment approach.
- The historical risk and return characteristics should be consistent with the specified role.
- The net performance should be generally competitive over long-term periods (five years and above) when compared to the stated benchmark and that of similar strategies offered in the marketplace.
- Mandate-specific minimum requirements are the following:

Asset Class	Minimum Requirements
<b>Active Core Plus Bond</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with an active core plus bond manager investing in intermediate duration bonds and categorized in Mercer GIMD or other commercially available database as a core plus bond strategy</li> <li>• In alignment with the foregoing, while investments will primarily be in investment-grade securities, non-US dollar exposure should be limited to 30%, emerging market debt exposure should be limited to no more than 25%; and high yield exposure should be limited to no more than 30% of the overall portfolio.</li> <li>• Stated benchmark of the strategy will be the Bloomberg Barclays US Aggregate Bond Index</li> <li>• Strategy track record of 7 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 7-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$10.0 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.35%</li> </ul>
<b>Active International Developed Markets Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with international (ex-US) core equity investment style and categorized in Mercer GIMD or other commercially available database as an international (ex-US) core equity strategy</li> <li>• In alignment with the foregoing, emerging markets equity exposure generally should be less than 25% of overall portfolio holdings</li> <li>• Stated benchmark of the strategy will be representative of the style (MSCI EAFE or comparable), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)</li> <li>• Strategy track record of 7 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 7-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$5 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.75%</li> </ul>
<b>Active International Emerging Markets Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with emerging markets equity investment style and categorized in Mercer GIMD or other commercially available database as an emerging markets equity strategy</li> <li>• Stated benchmark of the strategy will be representative of the style (MSCI Emerging Markets Index or comparable), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)</li> <li>• Strategy track record of 7 years or longer</li> </ul>

	<ul style="list-style-type: none"> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 7-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$5 billion</li> <li>• Maximum assets under management in strategy of \$40 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 1.00%</li> </ul>
<b>Active International Small-Cap Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with international (ex-US) small-cap equity investment style and categorized in Mercer GIMD or other commercially available database as an international (ex-US) small-cap equity strategy</li> <li>• Stated benchmark of the strategy will be representative of the style (MSCI EAFE Small-Cap Index or comparable), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)</li> <li>• Strategy track record of 5 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$1 billion</li> <li>• Maximum assets under management in strategy of \$20 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 1.15%</li> </ul>
<b>Active Mid-Cap Growth Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with an active mid-cap growth equity manager and categorized in Mercer GIMD or other commercially available database as a mid-cap growth equity strategy</li> <li>• Stated benchmark of the strategy will be representative of the style (Russell Mid-Cap Growth Index), and strategy will have high correlation with the benchmark (similar to median of peer group or higher).</li> <li>• Strategy track record of 5 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$1 billion</li> <li>• Maximum assets under management in strategy of \$25 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.85%</li> </ul>
<b>Active Mid-Cap Value Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with an active mid-cap value equity manager and categorized in Mercer GIMD or other commercially available database as mid-cap value equity strategy</li> <li>• Stated benchmark of the strategy will be representative of the style (Russell Mid-Cap Value Index), and strategy will have high correlation with the benchmark (similar to median of peer group or higher).</li> <li>• Strategy track record of 5 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$1 billion</li> <li>• Maximum assets under management in strategy of \$25 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.85%</li> </ul>
<b>Active Small-Cap Growth Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with an active small-cap growth equity manager and categorized in Mercer GIMD or other commercially available database as small-cap growth equity strategy</li> </ul>

	<ul style="list-style-type: none"> <li>• Stated benchmark of the strategy will be representative of the style (Russell 2000 Growth Index), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)</li> <li>• Strategy track record of 5 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$1 billion</li> <li>• Maximum assets under management in strategy of \$15 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.85%</li> </ul>
<b>Active Small-Cap Value Equity</b>	<ul style="list-style-type: none"> <li>• Investment style consistent with an active small-cap value equity manager and categorized in Mercer GIMD or other commercially available database as small-cap value equity strategy</li> <li>• Stated benchmark of the strategy will be representative of the style (Russell 2000 Value Index), and strategy will have high correlation with the benchmark (similar to median of peer group or higher)</li> <li>• Strategy track record of 5 years or longer</li> <li>• Risk-adjusted net performance (as measured by Sharpe ratio and/or Information Ratio) better than median over trailing 5-year period ending most recent quarter</li> <li>• Minimum assets under management in strategy of \$1 billion</li> <li>• Maximum assets under management in strategy of \$15 billion</li> <li>• Investment expense ratio, after all rebates, equal to or less than 0.85%</li> </ul>
<b>Passive Bond</b>	<ul style="list-style-type: none"> <li>• Strategy track record of 10 years or longer</li> <li>• Minimum assets under management in strategy of \$20 billion</li> <li>• Tracks the Bloomberg Barclays US Aggregate Bond Index</li> <li>• Tracking error over the trailing 10-year period ending 6/30/2019 should be within 0.30%</li> <li>• Investment expense ratio equal to or less than 0.03%</li> </ul>
<b>Passive US Large-Cap Equity</b>	<ul style="list-style-type: none"> <li>• Strategy track record of 10 years or longer</li> <li>• Minimum assets under management in strategy of \$50 billion</li> <li>• Tracks the S&amp;P 500 Index</li> <li>• Tracking error over the trailing 10-year period ending 6/30/2019 should be within 0.20%</li> <li>• Investment expense ratio equal to or less than 0.03%</li> </ul>
<b>Passive US Mid-Cap Equity</b>	<ul style="list-style-type: none"> <li>• Strategy track record of 7 years or longer</li> <li>• Minimum assets under management in strategy of \$5 billion</li> <li>• Tracks the Russell Mid-Cap Index or a similar US mid-cap equity index</li> <li>• Tracking error over the trailing 7-year period ending 6/30/2019 should be within 0.30%</li> <li>• Investment expense ratio equal to or less than 0.04%</li> </ul>
<b>Passive US Small-Cap Equity</b>	<ul style="list-style-type: none"> <li>• Strategy track record of 7 years or longer</li> <li>• Minimum assets under management in strategy of \$10 billion</li> <li>• Tracks the Russell 2000 Index or a similar US small-cap equity index</li> <li>• Tracking error over the trailing 7-year period ending 6/30/2019 should be within 0.30%</li> <li>• Investment expense ratio equal to or less than 0.04%</li> </ul>

**2.4 INVESTMENT GUIDELINES**

**2.4.0 Investment Objective**

The primary objective of the institutional product will be to achieve a blend of capital appreciation and investment income consistent with its asset class as outlined in Section 1.0. Active strategies are expected to exceed their stated benchmarks over a market cycle, and passive strategies are expected to closely track their stated benchmarks. Specific investment objectives will be outlined in their governing documents.

#### **2.4.1 Performance Benchmarks**

The performance benchmarks for the Institutional Products will be those outlined in Section 1.0 of this RFP.

#### **2.4.2 Account Level Guidelines**

For collective investment trusts or other similar pooled vehicle types, in accordance with the DCP Investment Policy Statement, it is understood that the investment guidelines contained in the governing documents for these vehicles will preside. Nevertheless, it is expected that any institutional product proposed and ultimately adopted by the Board will conform to the mandate-specific minimum qualifications outlined in Section 2.3.

### **2.5 FEES & PERFORMANCE GUARANTEES**

#### **2.5.0 Compensation**

The City will assess information provided by Proposers relative to the compensation derived from their proposed services.

# SECTION 3

## PROPOSAL QUESTIONNAIRE

### QUESTIONNAIRE INTRODUCTION AND INSTRUCTIONS

#### 3.0 INTRODUCTION

The questions included in this RFP are intended to solicit important background information about your firm and fully disclose the data points upon which Proposers will be evaluated. The City is not evaluating firms utilizing any information other than what is outlined within this RFP. Responses to this section along with documents required to be submitted pursuant to Part B of this RFP are necessary for the proposal to be considered responsive.

#### 3.1 INSTRUCTIONS

- Do not alter the questions or question numbering.
- Complete all appropriate sections of the questionnaire.
- To obtain an electronic version of the questionnaire, please contact the RFP Administrator. When providing narrative responses in the Excel questionnaire document, do not include any images, graphics, or charts. However, you may include images, graphics, or charts in print copies of your Proposal.
- Provide an answer to each question even if the answer is “not applicable” or “unknown.”
- Answer the question as directly as possible.
- If the question asks, “How many...” provide a number.
- If the question asks, “Do you...” indicate “Yes” or “No” followed by any additional brief narrative explanation to clarify.
- **Be concise in your response.** Use bullet points as appropriate.
- **Do not respond to a question solely by referring to a document or material that is not otherwise included within your Proposal. If referring to such documents or materials, you are nevertheless responsible for summarizing the content in order for you to be deemed responsive with respect to that question.**
- Referring the reader to attachments for further information should be avoided or used on a limited basis. Any response that does not directly address the question, but only contains marketing information, will be considered non-responsive.

## 3.2 INTRODUCTORY QUESTIONS

Responses to the following are required in order for your proposal to be considered responsive but will not be rated.

### 3.2.0 Cover Letter and Proposal Declaration

Provide a cover letter and Proposal Declaration to include the following:

- Title “**City of Los Angeles Investment Management Services RFP**” and submission date
- Contact name of person authorized to bind the Proposer to the proposal
- Contact Name/Title
- Mailing Address
- Location of Business (if different from mailing address)
- Type of legal entity (corporation, limited liability company, joint venture, partnership, etc.)
- A short description of your organization, the businesses in which it engages and the services it provides
- Telephone Numbers (Office, Cell, and 24-hour lines of person(s) who will be authorized to represent the Proposer)
- Fax Number
- E-mail Address
- Date entity was established and location of entity when established
- Location of headquarters (full address) and, if your firm has more than one office location, which of your firm’s offices will service this account
- Remittance Address (if different from mailing address)
- Annual revenues
- Number of employees providing services for this contract
- The following statement:

**“The undersigned hereby offers and agrees to furnish the services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by the City. This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal, or any other person, firm or corporation to refrain from submitting a proposal; and the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer.”**

- A signature submitted on behalf of the Proposer by an officer authorized to bind the Proposer to the proposal, acknowledging:

- Receipt of and agreeing the submitted Proposal is based on the RFP and any identified addenda.
- Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive.
- To constitute a responsive proposal all pages of the proposal questionnaire and required forms must be submitted.
- Under penalty of perjury under the laws of the State of California that the proposal is true and correct and the Proposer agrees to the terms and conditions in the proposal.

### **3.2.1 City Business License Number or Vendor Registration Number**

Indicate your City Business License Number or Vendor Registration Number, if available. A license or registration number is not required for your proposal but will be required prior to execution of a contract. To obtain a Business Tax Registration Certificate (BTRC) or Vendor Registration Number call the Office of Finance at (213) 473-5901 and pay the respective business taxes. The address is as follows: City of Los Angeles, Office of Finance, City Hall, Room 101, 201 North Main Street, Los Angeles, CA 90012 – <http://www.finance.lacity.org>.

### **3.2.2 State of California Board of Equalization Permit**

Indicate your company’s State of California Board of Equalization permit number. If you do not have this permit, please make a statement to this effect.

### **3.2.3 California Revenue and Taxation Code**

Fill out and submit the appropriate California Revenue and Taxation Code form, if applicable (for out-of-state vendors).

### **3.2.4 Compliance with Standard Provisions**

Provide a statement indicating that your firm will comply with the City of Los Angeles General Contracting Provisions attached to this RFP in Part B, including the Standard Provisions for City Contracts (Rev. 10/17). Please note that your statement does not relieve you from providing all of the documents required pursuant to the “Proposal Response Checklist.”

Due to the nature of the services sought by this RFP, the following standard provisions will be **exempted**:

- Equal Benefits Ordinance (PSC-26.B.)
- Living Wage Ordinance (PSC-28)
- Service Worker Retention Ordinance (PSC-29)
- Contractor Responsibility Ordinance (PSC-31)
- Business Inclusion Program (PSC-32)
- Slavery Disclosure Ordinance (PSC-33)
- First Source Hiring Ordinance (PSC-34)
- Restriction on Campaign Contributions and Fundraising (PSC-37)

- Border Wall Disclosure
- National Rifle Association Disclosure

### **3.2.5 Insurance**

The City is estimating that the following insurance coverage types will apply to this contract:

- Workers Compensation (\$\_\_\_\_\_)
- General Liability (\$\_\_\_\_\_)
- Professional Liability (\$\_\_\_\_\_)

Please verify that you will be able to meet the required coverage levels and that you will submit proof of such pursuant to Part B, “General Contracting Requirements - Insurance Requirements,” as a condition of execution of any final contract (see Part B, “Standard Provisions – Insurance Requirements” for further details). Note that if the Proposer is a sole owner company with no employees, the Proposer can sign the City’s waiver of worker’s compensation. General Liability can also be obtained through the City’s SPARTA program for small contractors. Links to the City’s waiver form and SPARTA program from the City’s Risk Management website are provided as follows:

<http://www.2sparta.com/>  
<http://cao.lacity.org/risk/waivewc.pdf>

### **3.2.6 Lobbyist Disclosure**

Disclose any (1) arrangements your company has with any lobbyists and/or agents representing your company, and (2) any arrangements your company has with an unrelated individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to the proposing company being awarded a Contract with the City. If any such arrangements exist, describe the nature of the relationship and the manner in which compensation or fees would be shared.

### **3.2.7 Endorsement Disclosure**

Disclose any financial relationship your company has with any union, organization or association in conjunction with an endorsement. Provide details regarding the relationship, including any benefit that will be recognized by the union, organization or association in the event your company is awarded a Contract with the City.

### **3.2.8 Subcontracting**

If any portion of the Contract is to be subcontracted, it must be clearly set forth as to the part(s) to be subcontracted, the reasons for the subcontracting and a listing of subcontractors. For each subcontractor proposed, provide the following information:

- The specific service being subcontracted
- Name of Subcontractor
- Subcontractor’s Contact Name



- Contact Title
- Contact Phone Number
- Mailing Address
- Location of Business (if different from mailing address)
- Business Telephone Number
- Subcontractor's registration # and/or license #, if applicable
- Description of Work to be Subcontracted
- Reason for Subcontracting
- Percent of Total Contract to be Subcontracted & Dollar Amount
- Relevant work experience in years and level of responsibility
- Experience in number of years that your firm has worked with the Subcontractor providing these services
- If subcontractor is a Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Local Business Enterprise (LBE), Small Business Enterprise (SBE), Emerging Business Enterprise (EBE), or Other Business Enterprise (OBE)
- If subcontractors will not be utilized, so indicate here.

### **3.2.9 Required Contract Execution Date**

Please indicate if you (a) have any requirements, constraints, or limitations with respect to the implementation or "Go-Live Date" relative to final execution of a completed Agreement with the City; and (b) if you would be willing to provide services to the City prior to execution of a completed contract providing that a ratification clause is inserted into the Agreement.

### 3.3 QUESTIONNAIRE

#### 2020 Request for Proposal (RFP) Investment Management Services Proposal Questionnaire

Please complete the 2019 Investment Management Services RFP Questionnaire and include it with your RFP Proposal. Make sure that you enter information into ALL cells designated for responses. If the question does not apply, enter "N/A" into the cell. Do NOT leave empty cells. Do NOT add columns, rows or cells to the questionnaire format. If you have any questions regarding this form, contact the RFP Administrator.

Investment managers proposing Institutional Products must ensure their firm, strategy and vehicle details are entered and up-to-date in the Mercer GIMD® database which is open to all investment managers and serves as a repository of investment manager and strategy information for the DCP Investment Management Services RFP. Mercer GIMD can be found at [www.mercergimd.com](http://www.mercergimd.com).

Question Number	Question	Response
<b>Institutional Product Proposed</b>		
	Name of Company and Institutional Product proposed (should match name in <a href="http://www.mercergimd.com">www.mercergimd.com</a> ):	
1.	Does your Institutional Product meet all the Minimum Qualifications listed in Section 2.3? (Institutional Product that does not meet the Minimum Qualifications will be considered non-responsive).	
2.	Institutional Product proposed (check those that apply): <input type="checkbox"/> ACTIVE CORE PLUS BOND <input type="checkbox"/> ACTIVE MID-CAP VALUE EQUITY <input type="checkbox"/> ACTIVE MID-CAP GROWTH EQUITY <input type="checkbox"/> ACTIVE SMALL-CAP VALUE EQUITY <input type="checkbox"/> ACTIVE SMALL-CAP GROWTH EQUITY <input type="checkbox"/> ACTIVE INTERNATIONAL DEVELOPED MARKETS EQUITY <input type="checkbox"/> ACTIVE INTERNATIONAL SMALL-CAP EQUITY <input type="checkbox"/> ACTIVE INTERNATIONAL EMERGING MARKETS EQUITY <input type="checkbox"/> PASSIVE BOND <input type="checkbox"/> PASSIVE US LARGE-CAP EQUITY <input type="checkbox"/> PASSIVE US MID-CAP EQUITY <input type="checkbox"/> PASSIVE US SMALL-CAP EQUITY	
3.	Institutional Product proposed is a (check those that apply): <input type="checkbox"/> COLLECTIVE INVESTMENT TRUST AVAILABLE TO GOVERNMENTAL DEFERRED COMPENSATION PLANS <input type="checkbox"/> SEPARATE ACCOUNT STRATEGY WHICH REQUIRES EXTERNAL CUSTODY <input type="checkbox"/> OTHER: _____	
4.	Institutional Product proposed is net of investment management and other operating expenses (check those that apply): <input type="checkbox"/> YES <input type="checkbox"/> NO (if checked identify which costs are not included) _____	

5.	Have you updated your firm, strategy and vehicle details as of 6/30/19 in Mercer GIMD? (Failure to enter up-to-date information in the database will be considered non-responsive).	
<b>Required Documentation &amp; Disclosure</b>		
6.	State of California Board of Equalization Permit Number:	
7.	Has your company attached appropriate California Revenue and Taxation Code Form, if applicable (for out of state vendors)?	
8.	Has your company's insurance broker uploaded the Certificate of Liability Insurance onto the kwikcomply.com website?	
9.	Does your company agree to the following statement?  "The undersigned hereby offers and agrees to furnish the services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by the City. This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal, or any other person, firm or corporation to refrain from submitting a proposal; and the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer."	
10.	Does your company agree to the following statement?  "By submitting a proposal, we acknowledge and agree to the following: <ul style="list-style-type: none"> <li>• Receipt of and agree that the submitted Proposal is based on the RFP and any identified addenda.</li> <li>• Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive.</li> <li>• To constitute a responsive proposal all pages of the proposal questionnaire and required forms must be submitted.</li> <li>• Under penalty of perjury under the laws of the State of California the proposal is true and correct and the Proposer agrees to the terms and conditions in the proposal."</li> </ul>	
11.	Does your company agree to the following statement?  "By submitting a proposal, we acknowledge that we will have to comply with the City of Los Angeles General Contracting Provisions attached to this RFP in Part B, including the Standard Provisions for City Contracts (Rev. 10/17) with the exception of the provisions described in section 3.2.4."	
12.	If your response to prior question is "no," please be specific regarding which of the City's General Contracting Provisions you are not able to comply with and why.	
13.	Does your company have any potential or perceived conflict of interest involving relationships your company may have with the city's current or prospective service providers, governing authorities, advisors, or other interested parties?	
14.	Does your company have any potential or perceived conflict of interest involving relationships your company may have with the city's current or prospective service providers, governing authorities, advisors, or other interested parties?	
15.	Does your proposal contain all documents required pursuant to the "Proposal Response Checklist," with the exception of the provisions described in section 3.2.4.?	
16.	Assuming a ratification clause is included into the agreement, is your company willing to provide services to the City prior to the execution of a completed contract?	
<b>Organizational Background</b>		
17.	Describe the legal structure of your firm. If a subsidiary or affiliate of another company, provide your company's parent company name and, if applicable, percentage of ownership.	
18.	If your firm is a "subsidiary" or "affiliate," describe the nature of the business of the parent firm. Indicate what percentage of the parent company revenue your company represents for calendar years 2017, 2018, and 2019.	

19.	Has your company (or, if applicable, your parent company) had a change in business structure in the last five years, whether through acquisition or divestiture or through an alliance arrangement? Provide details.	
20.	Has your company had a change in senior management (Including CEO, CFO, CIO or Other Executive Management) in the last five years? If so, provide details.	
21.	Provide the number of clients to whom you currently offer investment management services for the Institutional Product you are proposing.	
22.	Provide a list of representative public sector clients for which your company provides investment services. Provide the following information for each public sector client you currently have: - name of public sector client - dollar amount for assets your company is managing for public sector client - experience (in years) that your company has worked with public sector client	
23.	Will any portion of this contract be outsourced or subcontracted to other companies? If so, indicate what percentage and whether these entities are domestic or foreign-domiciled.	
24.	If you answered "yes" to the prior question, provide the following information for each subcontractor who will receive more than 5% of the total fee proposed for this RFP: <ul style="list-style-type: none"> <li>• part of contract being subcontracted</li> <li>• name of subcontractor</li> <li>• is this a domestic or non-US company?</li> <li>• contact name for the subcontractor</li> <li>• contact's title</li> <li>• mailing address for subcontractor</li> <li>• business address (if different from mailing address)</li> <li>• business telephone number</li> <li>• subcontractor's registration and/or license number, if applicable</li> <li>• description of work to be subcontracted</li> <li>• reason for subcontracting</li> <li>• percent of total contract to be subcontracted</li> <li>• dollar amount to be subcontracted</li> <li>• subcontractor's work experience (in years) and level of responsibility</li> <li>• experience (in years) that your firm has worked with subcontractors for the services being subcontracted</li> <li>• identify if subcontractor is a MBE, WBE, LBE, SBE, EBE, or OBE</li> </ul>	
25.	Is your firm Global Investment Performance Standard (GIPS) <sup>1</sup> compliant? If not, please comment on the rationale for not adopting GIPS.	
26.	Does your organization have a formal, written policy on proxy voting and engagement? If so, provide detail.	
27.	In the past five years, has your company been involved in any litigation or been investigated/reprimanded by any regulatory authority?	
28.	If you answered "yes" to prior question, please provide the following additional details in chronological order from most recent to oldest? <ul style="list-style-type: none"> <li>- type of litigation filed</li> <li>- date you were notified of litigation</li> <li>- date the litigation was resolved</li> <li>- was the litigation filed with a state or federal regulatory agency or office?</li> <li>- provide details regarding the litigation</li> <li>- describe the final outcome of the litigation</li> </ul>	
29.	In the past five years, has your company had a license to do business, an agent/broker license or any other license revoked or suspended?	

<sup>1</sup> The GIPS standards are a set of standardized, industry-wide ethical principles that guide investment managers and asset owners on how to fairly calculate and present their investment results, with the goal of promoting performance transparency and comparability ([www.gipsstandards.org](http://www.gipsstandards.org)).

30.	<p>If you answered “yes” to prior question, please provide the following additional details in chronological order from most recent to oldest?</p> <ul style="list-style-type: none"> <li>• item revoked (license to do business, agent/broker license/other insurance license)</li> <li>• was the item revoked or suspended?</li> <li>• date of revocation or suspension</li> <li>• date revocation or suspension ended</li> <li>• provide details regarding the revocation or suspension</li> <li>• describe the final outcome</li> </ul>	
31.	<p>In the last five years, has your company or its subsidiaries ever filed or been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors?</p>	
32.	<p>If you answered “yes” to prior question, please provide the following additional details in chronological order from most recent to oldest?</p> <ul style="list-style-type: none"> <li>• define whether your company or its subsidiaries ever (1) file for bankruptcy/insolvency, (2) been petitioned into bankruptcy/insolvency, and/or (3) made any assignment for the benefit of your creditors</li> <li>• date for the filing, petition, and/or assignment</li> <li>• provide details regarding the filing, petition, and/or assignment</li> </ul>	
33.	<p>Does your company have any potential or perceived conflict of interest involving relationships your company may have with the City’s current or prospective service providers, governing authorities, advisors, or other interested parties?</p>	
34.	<p>If you answered “yes” to prior question, please describe the nature of the relationship(s).</p>	
<b>References</b> <b>(The City reserves the right to contact the references provided)</b>		
35.	<p>Provide contact information for your company’s three largest public sector defined contribution clients.  Client Name:  Current Asset Amount:  Contact Name:  Address:  Phone Number for Contact Person:  Email Address for Contact Person:  Year Your Company Started Providing Client Services:  Contract Services Provided (2-3 sentences):</p>	
<b>Investment Product</b>		
36.	<p>Provide the proposed Institutional Product’s largest account and median account size.</p>	
37.	<p>What is the strategy’s estimated capacity? At what level of assets in this strategy would you start to restrict inflows?</p>	
38.	<p>List the proposed vehicle type and provide lowest cost-effective share class (when accounting for revenue sharing, if any) and product identification code (e.g. cusip), appropriate for the funding amount (see Section 1.0).</p>	
39.	<p>Provide detail on how often the fund is valued and/or a unit price struck, when the fund is valued, and any other relevant details regarding unit pricing.</p>	
40.	<p>Please describe the fund’s official redemption policy, including any withdrawal terms and restrictions.</p>	
41.	<p>Will your firm strike the net value (NAV) for the Fund?</p>	
42.	<p>If you answered “no” to the prior question, please explain the process by which this typically occurs in similar circumstances.</p>	
<b>Portfolio Transition</b>		
43.	<p>Describe the process and key steps you would propose associated with the transition of the existing DCP mutual fund investment to your proposed Institutional Product. Are there any blackout dates required as part of this transition?</p>	
44.	<p>If the City were to liquidate its position in the proposed Institutional Product in the future, describe how this would occur based on the current mandate size and the current assets</p>	

	under management in your proposed strategy. Would liquidation be settled in cash? In how many days would settlement occur?	
<b>Administrative Reporting</b>		
45.	What are your reporting capabilities with respect to Trustees/Third-Party Administrators?	
46.	Confirm that you can provide daily unit value reporting to the trustee and Third-Party Administrator.	
47.	Confirm that you can provide monthly or quarterly statements to the City, its consultants, trustee, and Third-Party Administrator.	
48.	Confirm that you will attend and present, at your own cost, reports of investment reviews and organizational updates to the Board, staff, and the DCP consultant.	
49.	Describe the assistance your firm can provide with participant communications including fact sheets describing the nature and performance of your investment offering for use with DCP participants.	
<b>Fees</b>		
50.	Provide the expected total annual operating expenses for the proposed Institutional Product if your firm were to be awarded this mandate. Provide a detailed breakout of these fees including management fees paid directly to your firm for discretionary management in addition to subadvisor fees, acquired fund fees, and operating expenses. Indicate how long these fees are guaranteed.	
51.	Is there a minimum account size or a minimum fee for the account? If so, explain.	
52.	Are investment fees and other operating expenses deducted directly from the Account (i.e., a net NAV product)?	
53.	Discuss any entry or exit (i.e., redemption) fees associated with the proposed vehicle.	
54.	Do fees for the vehicle proposed include custody costs?	
55.	Please indicate whether your firm will offer the City a Most Favored Nations provision.	
<b>Additional Information</b>		
56.	Provide any additional information your firm believes is essential to the evaluation of your proposal. If there is no additional data your company wishes to present, state the following: "There is no additional data we wish to present."	
<b>Thank you for completing the questionnaire portion of the RFP.</b> <b>Please attach all required documents mentioned in this questionnaire to the RFP.</b>		

# **SECTION 4**

## **PROPOSAL FORMAT AND SUBMISSION REQUIREMENTS**

Proposals must be based only on the material contained in the RFP, Pre-Proposal Conference responses, amendments, addenda, and other material published by the City relating to the RFP. The Proposer must disregard any previous RFP draft material. Proposals must be submitted in accordance with the requirements set forth in this RFP.

### **4.0 ADDENDUM(A)**

The City reserves the right to issue addendum(a) to this RFP, which may add additional requirements which must be met in order for a proposal to be considered responsive. All Proposers must acknowledge any addendum(a) issued as a result of any change in this RFP on the Proposer Signature Declaration Page. Failure to indicate receipt of addendum(a) may result in a proposal being rejected as non-responsive.

### **4.1 IN WRITING**

All proposals must be submitted in writing and Proposers shall complete and return any and all applicable documents including but not limited to written responses, questionnaires, forms, appendices, spreadsheets, and any electronic files. The City may deem a Proposer non-responsive if the Proposer fails to provide all required documentation, copies, or electronic files and eliminated from further consideration in the evaluation process.

### **4.2 COVER LETTER**

Each proposal must include a cover letter limited to two pages. The cover letter must include the title, address, email address, and telephone number of the person or persons who will be authorized to represent the Proposer.

### **4.3 BEST OFFER**

The proposal shall include the Proposer's best terms and conditions. Submission of the proposal shall constitute a firm and fixed offer to the City that will remain open and valid for a minimum of 12 months from the submission deadline.

### **4.4 AUTHORIZED SIGNATURES**

Proposals must be signed by a duly authorized officer eligible to sign contract documents and authorized to bind the company to all commitments made in the proposal. A non-officer individual, with the authority to bind the Proposer to a contract, is sufficient to sign all applicable documents for the purpose of this RFP. Consortiums, joint ventures, or teams submitting proposals will not be considered responsive unless it is established that

all contractual responsibility rests solely with one Proposer or one legal entity. The proposal must identify the responsible entity.

#### **4.5 NUMBER OF PROPOSAL COPIES REQUIRED**

Proposers are required to submit their proposals to the proposal delivery address on page one of this RFP according to the instructions below:

To the RFP Administrator:

- One original written proposal **sent to the City of Los Angeles proposal delivery address which includes all required responses to Part A and Part B, with all documents** signed in ink.
- **One electronic (USB drive) copy** of your **Part A** and **Part B** responses in Adobe PDF, Microsoft Word, and (questionnaire only) Microsoft Excel formats.

To the Consultant:

- **One copy of the written proposal** including all required responses to **Part A only**.
- **One electronic (USB drive) copy** of your **Part A** responses in Adobe PDF, Microsoft Word, and (questionnaire only) Microsoft Excel formats.

Original and copies should be identified as such. If any proposal contains any trade secrets or other proprietary information that the Proposer claims is exempt from disclosure under the California Public Records Act, then one (1) redacted copy of the proposal must also be submitted in addition to the original version. Written proposals must be presented in a sealed envelope or box. Proposer must enter the title and Proposer's name on the outside of the envelope or box. Sealed proposals are to be delivered to the address listed in this RFP no later than the stated proposal submission deadline.

Certain efficiencies in how proposals are prepared and submitted are requested in order to facilitate the review, storage, and recycling processes for proposal materials. Economy in presentation and packaging is preferred over materials which are not easily reproduced, create unnecessary waste, or are inconvenient to store. **Please do not submit materials in plastic binders.** Each response should have the bulk of its contents prepared on standard 8½ x 11 paper. Non-essential promotional materials and over-sized materials should be avoided wherever possible except as otherwise requested within the RFP.

#### **4.7 INFORMATION REQUESTED AND NOT FURNISHED**

The information requested and the manner of submission is essential to permit prompt evaluation of all proposals. Accordingly, the City reserves the right to declare as non-responsive and reject any proposals in which information is requested and is not furnished or when a direct or complete answer is not provided.

#### **4.8 ALTERNATIVES**

The Proposer shall not change any wording in the RFP or associated documents. Any explanation or alternatives offered shall be submitted in a letter attached to the front of



the proposal documents. Alternatives that do not substantially meet the City's requirements cannot be considered. Proposals offered subject to conditions and/or limitations may be rejected as non-responsive.

#### **4.9 PROPOSAL ERRORS**

Proposer is responsible for all errors or omissions incurred by Proposer in preparing the proposal. Proposer will not be allowed to alter proposal documents after the Proposal Submission Deadline, except as allowed by the City. The City reserves the right to allow Proposers to make corrections. The City reserves the right to make corrections or amendments due to errors identified in the proposal by the City or the Proposer. This type of correction or amendment will only be allowed for typographical errors, transposition, or other obvious error. Any changes will be dated and time stamped, and attached to the proposal. All changes must be coordinated in writing with, authorized by, and made by the RFP Administrator.

#### **4.10 PROPOSAL CLARIFICATION**

The City reserves the right to request Proposers at any phase of the evaluation process to clarify information provided in RFP responses including clarification of assumptions used in the RFP response. All clarifications must be coordinated in writing with, authorized by, and made by the RFP Administrator. Clarifications must be submitted in writing by the requested deadline, otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

If the City determines that all Proposers failed to submit requested information or adequately responded to the same RFP question or request for data, the City may, at its discretion, issue an RFP Addendum and provide all Proposers with an opportunity to provide a response to the RFP question. Responses to RFP Addendum questions must be submitted in writing by the stated deadline otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

#### **4.11 WAIVER OF MINOR ADMINISTRATIVE IRREGULARITIES**

The City reserves the right, at its sole discretion, to waive minor administrative irregularities contained in any proposal.

#### **4.12 INTERPRETATION AND CLARIFICATIONS OF RFP REQUIREMENTS**

The City will consider prospective recommendations or suggestions regarding any requirements before the Pre-Proposal Conference. All recommendations or suggestions must be in writing and submitted to the RFP Administrator. The City reserves the right to modify or amend any and all requirements of the RFP.

#### **4.13 PROPOSAL SUBMISSION DEADLINE**

Timely submission of proposals is the sole responsibility of the proposer. The City reserves the right to determine the timeliness of all submissions. The proposals, including all hard copies, redacted copies and electronic copies of the final proposals and proposal

questionnaire must be received by the RFP Administrator and Consultant by the deadline indicated on page one of this RFP.

Please note that all persons and materials entering the Employee Benefits Division's City Hall location must go through a security check. Proposers should allow ample time to clear security in order to meet the deadline listed above. All proposals will be date and time stamped upon receipt.

#### **4.14 LATE PROPOSALS**

Proposals submitted after the Proposal Submission Deadline shall be considered late. Late proposals will not be considered.

#### **4.15 COST OF RFP**

The City is not responsible for any costs incurred by Proposer while submitting proposals. All Proposers who respond to the RFP do so solely at their own expense.

#### **4.16 WITHDRAWAL OF PROPOSALS**

Proposer may withdraw a submitted proposal in writing at any time prior to the Proposal Submission Deadline. A written request, signed by an authorized representative of the proposer, must be submitted to the RFP Administrator. After withdrawing a previously submitted proposal, the proposer may submit another proposal at any time up to the Proposal Submission Deadline.

#### **4.17 SELECTION OF VENDOR**

The proposer deemed most appropriate by the Board and that also satisfies all City contracting requirements will be recommended for selection. Selection is not restricted to the lowest offer or bid. Should contract negotiations not be successful with the selected proposer, the City may, based on its exclusive discretion, negotiate with the next most qualified proposer.

#### **4.18 REJECTION OF PROPOSALS**

The City reserves the right to reject any or all proposals; to waive any minor informality in proposals received; to reject any unapproved alternate proposal(s); and to reject the proposal of any proposer who has previously failed to perform competently in any prior business relationship with the City. The rejection of any or all proposals will not render the City liable for costs or damages.

#### **4.19 RFP WITHDRAWAL, CANCELLATION, OTHER OPTIONS**

The City reserves the right to withdraw or cancel the RFP at any time, if it deems such action necessary. If such action is taken, the City may re-issue the RFP. The City also reserves the right to contract with more than one respondent to this RFP. Furthermore, the City may exercise its right to not select any Proposer from this RFP, if it determines that there was no responsive Proposer.

If an inadequate number of proposals is received or the proposals received are deemed non-responsive, not qualified, or not cost effective, the City may, at its sole discretion, reissue the RFP or award a sole-source contract with a vendor. The award of the contract is subject to the successful negotiation of the terms and conditions of an agreement.

The City reserves the right to verify all information in the proposal. If the information cannot be verified, the City reserves the right to reduce the rating points awarded. The City reserves the right to require a pre-award interview and/or site inspection.

#### **4.20 CONTRACT EVALUATION PROGRAM**

When the term of the contract pursuant to this RFP has concluded, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on specified criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a "Marginal" or "Unsatisfactory" rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation and any response from the Contractor to evaluate Proposals and to conduct reference checks when awarding future service contracts.

#### **4.21 LOBBYING LAW COMPLIANCE**

Proposers bidding for a contract, as defined in Los Angeles Administrative Code Section 10.40.1, shall submit with their bid the Bidder Certification Form CEC 50 as prescribed by the City Ethics Commission acknowledging and agreeing to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance.

This ordinance serves to identify persons engaged in compensated lobbying activities aimed at influencing decisions of City government. Additional information regarding these restrictions may be obtained from the City Ethics Commission at (213) 978-1960 or <http://ehtics.lacity.org/>.

#### **4.22 CAMPAIGN CONTRIBUTIONS**

Proposers are subject to Charter Section 470(c)(12) and related ordinances. As a result, Proposers may not make campaign contributions to and or engage in fundraising for certain elected City officials or candidates for elected City office from the time they submit the Proposal until either the contract is approved or, for successful Proposers, twelve months after the contract is signed. The Proposer's principals and subcontractors performing \$100,000 or more in work on the contract, as well as the principals of those subcontractors, are also subject to the same limitations on campaign contributions and fundraising.

Proposers must submit CEC Form 55, provided in Part B materials, to the awarding authority at the same time the Proposal is submitted. The Form requires Proposers to

identify their principals, their subcontractors performing \$100,000 or more in work on the contract, and the principals of those subcontractors. Proposers must also notify their principals and subcontractors in writing of the restrictions and include such notice in contracts with subcontractors. Proposals submitted without a completed CEC Form 55 shall be deemed non-responsive. Proposers who fail to comply with City law may be subject to penalties, termination of Contract and debarment. Additional information regarding these restrictions and requirements may be obtained from the City Ethics Commission at (213) 978-1960 or <http://ethics.lacity.org/>

#### **4.23 LOCAL BUSINESS PREFERENCE PROGRAM ORDINANCE**

Proposers are advised that any proposal submitted and or contract awarded pursuant to this procurement process shall be subject to the applicable provisions of Los Angeles Administrative Code Section 10.47, Local Business Preference Program (LBPP) Ordinance. The City is committed to maximizing opportunities for local businesses, as well as encouraging local businesses to locate and operate in Los Angeles County. The LBPP Ordinance allows the Department to apply additional points to the Proposal's final score under certain conditions.

Proposers shall refer to Part B, "Local Business Preference Program" for further information regarding the requirements and application of the Ordinance.

If applicable, Proposers may choose to complete and upload the Local Business Certification Affidavit of Eligibility available on the City' Business Assistance Virtual Network (BAVN) residing at [www.labavn.org](http://www.labavn.org) prior to the Proposal Submission Deadline. The City may request supporting documentation to verify qualification for designation as a Local Business. Only those Proposers who apply and qualify for a Local Business designation (or otherwise qualify by using a qualified Local Subcontractor) by the RFP due date will be made eligible for additional points that can be awarded under the ordinance.

Proposers seeking additional information regarding the requirements of the Local Business Preference Program Ordinance may visit the Bureau of Contract Administration's web site at <http://bca.lacity.org>.

#### **4.24 CONFIDENTIALITY**

All documents, records and information provided by the City to the Contractor, or accessed or reviewed by the Contractor, during performance of the services will remain the property of the City. All documents, records, and information provided by the City to the Contractor, or accessed or reviewed by the Contractor and any if its employees during performance of services, are confidential (hereinafter collectively referred to as "Confidential Information"). The Contractor agrees not to provide Confidential Information, nor disclose their content or any information contained in it, either orally or in writing, to any other person or entity. The Contractor agrees that all Confidential Information used or reviewed in connection with the Contractor's work for the City will be used only for the purpose of carrying out City business and cannot be used for any other purpose. The Contractor will be responsible for protecting the confidentiality and maintaining the

security of City documents and records in its possession. Any Confidential Information provided by the City to the Contractor, or accessed or reviewed by Contractor, during performance of services, will be made available to its employees, agents, and subcontractors only on a need to know basis. Further, the Contractor will provide written instructions to all of its employees, agents and subcontractors, with access to the Confidential Information about the penalties for its unauthorized use or disclosure.

The Contractor must not remove Confidential Information or any other documents or information used or reviewed in connection with the Contractor's work for the City from City facilities without prior approval from the City. At no cost to the City the Contractor will, at the conclusion of services, or at the request of the City, promptly return in an organized manner that preserves and protects the documentation, any and all Confidential Information and all other written materials, notes, documents, or other information obtained by the Contractor during the course of work under the contract. The Contractor will not make or retain copies of any such information, materials or documents. The Contractor and its employees, agents, and subcontractors may have access to confidential employee personnel information; misuse of such information may adversely affect the subject individual's privacy rights and may violate various federal and State statutes. The Contractor will implement reasonable and prudent measures to keep secure employee personnel information accessed by its employees, agents, and subcontractors during the performance of services. The Contractor will advise its employees, agents, and subcontractors of this confidentiality requirement.

The Contractor shall disclose the intent to use any service provider outside the continental United States of America to handle any aspect of the work within the scope of services, and shall describe to the City's satisfaction the methods, which will be utilized to protect the City's interests and confidentiality of City records and information in doing so. The City reserves the right to approve any such service provider throughout the term of the contract at its sole and absolute discretion.

Any breach of security that occurs through Contractor's website, offices or network shall require Contractor to be responsible for notifying City and all applicants affected by such breach. Contractor shall also be responsible for all costs associated with such notification. The Contractor shall indemnify the City for any breaches of its security and the improper disclosure of confidential information.

#### **4.25 GOVERNMENT TAXATION FORMS**

Proposers must submit the following three forms found in Part B to the awarding authority at the same time the Proposal is submitted:

- IRS Request for Taxpayer Identification and Certificate (Form W-9)
- Evidence of having applied for or obtained a tax registration account number (City of L.A. Tax Registration Certificate number and/or Vender Registration number)
- State of California Withholding Exemption Certificate (Form 590) or Non-resident Withholding Certification (Form 587), if the Proposer is located outside of California.

#### **4.26 AMERICANS WITH DISABILITIES ACT**

As covered under Title II of the Americans with Disabilities Act, the City does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its proposals, programs, services and activities. If an individual with a disability requires accommodations to attend the Pre-Proposal Conference, please contact the Contract Administrator at least five working days prior to the scheduled event.

#### **4.27 FAIR CHANCE INITIATIVE FOR HIRING ORDINANCE**

City contractors and subcontractors with ten or more employees are prohibited under Los Angeles Administrative Code Section 10.48 from seeking a job applicant's criminal history information until a job offer is made and from withdrawing a job offer unless the employer performs an assessment of the applicant's criminal history and the duties of the position (contractors and subcontractors must also comply with State requirements regarding the use of criminal history information in the job application process). Contractors and subcontractors are required to include information regarding the ordinance in all job solicitations and advertisements and to post notices informing job applicants of their rights. Additional information and forms may be found at the Department of Public Works, Bureau of Contract Administration website at <http://bca.lacity.org/>.

#### **4.28 IRAN CONTRACTING ACT OF 2010**

In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

#### **4.29 BOND ASSISTANCE PROGRAM**

For those contractors wishing to bid on City projects but who are experiencing difficulty obtaining the required bid, performance and payment bonds, the City of Los Angeles provides bonding assistance thru the Los Angeles Bond Assistance Program (BAP LA). For more information regarding the BAP LA please go to the City's Risk Management website at <http://cao.lacity.org/risk>.

# SECTION 5

## EVALUATION OF PROPOSALS

### 5.0 REVIEW PROCESS

Proposals received by the Proposal Submission Deadline as specified in this RFP will be evaluated as outlined below.

#### 5.0.0 Preliminary Review – Level One

Proposals will be reviewed to determine (a) completeness of required documentation, (b) compliance with the City's administrative and general contracting requirements, and ability to meet the minimum requirements outlined in Section 2.3. Proposers that fail to submit or complete required documentation, fail to satisfactorily comply with the City's general contracting requirements, or which do not meet the minimum requirements outlined in Section 2.3 will be deemed non-responsive, eliminated from further consideration, and will not proceed to the Level Two review process. Proposers will be notified in writing or email regarding the results of the Level One review.

#### 5.0.1 Proposal Evaluation - Level Two

Employee Benefits Division staff, the DCP investment consultant, and members of the Board, including its Investments Committee, will collaborate to evaluate the technical competence of all proposals that pass Level One (standards above). The award of the contract is subject to successful negotiation of the terms and conditions of an agreement.

##### 5.0.1.0 Written Responses

All written responses to the RFP questionnaire will be considered and evaluated.

##### 5.0.1.1 Oral Presentations

The City reserves the right to request oral presentations of all of or the highest-ranked Proposers prior to making a final selection. However, the evaluation of proposals will be based strictly on the Proposer responses to the RFP. Proposers will not be permitted to submit new materials or otherwise enhance their proposals as part of the oral presentation.

### 5.1 REVIEW CRITERIA

- **Long-term performance:** The City will seek to identify products with above average trailing risk-adjusted performance relative to a comparable managed universe.

- **Team depth:** The City will assess the amount of dedicated resources to the strategy and also the caliber and tenure of the investment management team.
- **Personnel turnover:** The City will assess the extent of staff departures in recent years.
- **Portfolio construction:** The City will assess investment manager process and capabilities with regards to building a portfolio. Considerations will include the manager's portfolio guidelines (e.g., cash limitations, sector and stock concentration limits, ability to invest outside of the benchmark in foreign or other types of securities, etc.), typical number of portfolio holdings, typical portfolio turnover rates, and expected sources of value added versus the benchmark (e.g., stock selection, sector rotation, tactical use of cash, etc.).
- **Business management:** The City will assess the degree to which the fund's firm is run in the interest of investors, including factors such as continuity of ownership, focus on employee retention, employee ownership, a record of controlling growth (assets under management and new products brought to market), and commitment to maintaining reasonable fees for investors.
- **Strategy assets:** The City will assess the degree to which the amount of assets in a strategy support the manager's commitment long-term and the ability to implement a diversified portfolio, as well as ensure it is not so large that any specific holding would represent a significant portion of a company's overall market cap or debt issuance.
- **Attractiveness of fees:** The City will assess product fees.

## 5.2 PROPOSAL PROTEST

### 5.2.0 Level One - Preliminary Review

Proposer may file a protest regarding disqualification at the Level One review. A Notice of Protest must be filed in writing and submitted to the Contract Administrator within five (5) calendar days of the notification of disqualification date. The Notice of Protest must clearly state the grounds for the protest and the facts on which they are based. The Personnel Department General Manager will respond to a protest within 15 calendar days of receiving it. The decision of the Personnel Department General Manager will be final.

### 5.2.1 Level Two - Award of Contract Recommendation

Proposers may file a protest regarding the award of the contract. A Notice of Protest must be filed in writing and submitted to the Contract Administrator within seven (7) calendar days of the date the Contracting Authority makes its final vendor selections pursuant to this RFP. The Notice of Protest must clearly state the grounds for the protest and the facts on which they are based. A protest based on non-selection alone or disagreement with the award of the contract is not sufficient grounds for a protest.



Personnel Department staff will respond to a protest, in writing, within 20 calendar days of receiving it. Findings and/or recommendations will be submitted to the Board of Deferred Compensation Administration and the decision of the Board will be final.

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# **SECTION 6 GENERAL TERMS & CONDITIONS**

## **6.0 PROPERTY OF CITY/PROPRIETARY MATERIAL**

All proposals submitted in response to this RFP will become the property of the City and subject to the California Public Records Act (California Government Code Section 6250 et seq). Proposers must identify all trade secrets or other proprietary information that the Proposers claim are exempt from the Public Records Act. The City Attorney will make an independent determination regarding whether the identified information is disclosable.

In the event a Proposer claims such an exemption, the Proposer is required to state in the proposal the following: "The Proposer will indemnify the City and its officers, employees and agents, and hold them harmless from any claim or liability and defend any action brought against them for their refusal to disclose trade secrets or other proprietary information to any person making a request therefore."

Failure to include such a statement will constitute a waiver of a Proposer's right to exemption from this disclosure.

## **6.1 PRE-AWARD NEGOTIATIONS**

Prior to award of the contract, the successful Proposer(s) may be required to attend negotiation meetings that will be scheduled at a later date. The intent of the meeting(s) will be to discuss and negotiate contract requirements, prices/premiums, service level agreements, detailed scope of work specifications, ordering, invoicing, delivery, receiving and payment procedures, etc. in order to insure successful administration of the contract.

## **6.2 EXECUTION OF CONTRACT**

Unless otherwise stated, proposals submitted will be irrevocable for a period of one-year following the proposal due date. A contract will be developed following action by the Board.

Any contract made pursuant to this RFP must be accepted in writing by the Proposer. If for any reason Proposer should fail to accept the contract in writing, then the Proposer may be deemed non-responsive and the City may commence contract negotiations with another Proposer.

Please note that the City takes a legal approach whereby all contracts contain an order of precedence. In the event of a discrepancy between the provisions of the Contractor's documents and the City's documents, the City's documents take precedence with respect to resolution of the discrepancy.

### **6.3 AMENDMENTS/MODIFICATIONS/CHANGE ORDERS**

Any amendments, adjustments, alterations, additions, deletions, or modifications in the terms and/or conditions of the resultant agreement must be made by written amendment/change order approved by the Contracting Authority, the Contractor, and signed by the City Attorney. If Contractor performs any modification without a written amendment/change order, the City will neither pay for nor be obligated to accept said modification.

### **6.4 PRIME CONTRACTOR**

The Proposer awarded the contract must be the prime Contractor performing the primary functions of the contract. If any portion of the contract is to be subcontracted, it must be clearly set forth in the proposal document as to what part(s) are to be subcontracted, the reasons for the subcontracting and a listing of subcontractors. The City reserves the right to reject any proposal wherein use of subcontractors significantly affects the ability of the Proposer to function as the prime Contractor on the awarded contract. The prime Contractor will at all times be responsible for the acts and errors or omissions of its Subcontractors or joint participants and persons directly or indirectly employed by them.

### **6.5 SUBCONTRACTORS/JOINT VENTURES**

Acceptance or rejection of a Proposer's request to use subcontractors is at the sole discretion of the City. With written approval of the City, the Contractor may enter into subcontracts and joint participation agreements with others for the performance of portions of resultant agreement.

The provisions of the resultant agreement will apply to all subcontractors in the same manner as to the Contractor. In particular, the City will not pay, even indirectly, the fees and expenses of subcontractors that do not conform to the limitations and documentation requirements of the resultant agreement.

#### **6.5.0 Copies of Subcontractor Agreements**

Upon written request from the City, the Contractor will supply the City with all subcontractor agreements at no cost.

### **6.6 CONTRACTOR PERFORMANCE FEEDBACK MEETINGS**

The Proposer awarded the resulting agreement is required to attend periodic performance feedback meetings facilitated by the Contracting Authority. The meetings will focus on the Contractor's and the City's performance in fulfilling the service level requirements contained in the contract. The meetings will provide a forum to informally discuss opportunities for improving contract terms and conditions, service level requirements, and cost reductions for both parties.

### **6.7 REPLACEMENT OF CONTRACTOR'S STAFF**

The City reserves the right to have the Contractor replace any contract personnel with equally or better qualified staff upon providing written notice to Contractor. In addition, the

City reserves the right to approve in advance any changes in project personnel or levels of commitment by the Contractor to the project.

#### **6.8 CONTRACTOR'S ADDRESS**

The address given in the proposal response will be considered the legal address of the Contractor and will be changed only by written notice to the City. The Contractor will supply an address to which certified mail can be delivered. The delivery of any communication to the Contractor personally, or to such address, or the depositing in the United States Mail, registered or certified with postage prepaid, addressed to the Contractor at such address, will constitute a legal service thereof. Also, telephone numbers, fax numbers and e-mail addresses (if applicable) must be provided.

#### **6.09 TERM & OPTION TO RENEW**

The term of any contract(s) established pursuant to this RFP shall be for the period identified in the RFP Introduction. The City reserves the right in its sole discretion to seek an extension of the term of the contract.

#### **6.10 STANDARD CONTRACT PROVISION REQUIREMENTS**

Please carefully review the information contained in the City of Los Angeles Requirements and Checklist (Part B), including the Standard Provisions for City Contracts (Rev. 10/17). 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. Accordingly, the City reserves the right to declare as non-responsive and reject any proposals in which information is requested and is not furnished or when a direct or complete answer is not provided. These requirements will be discussed in detail at the Pre-Proposal Conference.

#### **6.11 GOVERNING LAW**

All matters relating to the formation, validity, construction, interpretation, performance and enforcement of the RFP and the resultant agreement/contract, must comply with all applicable laws of the United States of America, the State of California and the City.

#### **6.12 CALIFORNIA STATE SALES TAX**

Do not include California State sales tax in prices quoted unless otherwise requested. If requested, sales tax must be identified as being included in the pricing.

#### **6.13 CALIFORNIA STATE BOARD OF EQUALIZATION PERMIT**

Proposer must enter the company's State of California Board of Equalization permit number on the proposal form. If the company does not have this permit, the Proposer must sign the proposal form declaring that the company has no California sales tax permit.

#### **6.14 FEDERAL EXCISE TAXES**

The City is exempt from the payment of excise taxes imposed by the Federal Government. Such taxes must not be included in the proposed prices. The Department of General Services, upon request, will furnish Federal excise exemption certificates.

#### **6.15 PERIODIC INDEPENDENT AUDIT**

The City reserves the right to assign an independent auditor to assess the quality of services being provided and the extent to which the vendor and its subcontractors are conducting City business within generally accepted industry standard practices. Each Contractor will be required to cooperate fully with any external audit.

#### **6.16 FINANCIAL AUDIT**

Firms providing services to the City will be responsible for the verification of the legitimacy of payments made to service providers and their subcontractors. The City therefore reserves the right for staff of its Office of the Controller or their designee to conduct audits of financial accountability procedures.

#### **6.17 PROPOSER BACKGROUND INFORMATION**

Proposers must submit contact information as requested in the Proposal Questionnaire.

#### **6.18 PROPOSER SIGNATURE DECLARATION**

Proposer shall provide a Signature Declaration as requested in the Proposal Questionnaire.

**Request for Proposal**  
**Stable Value Fund Investment Management Services**  
**City of Los Angeles Deferred Compensation Plan**  
**City of Los Angeles Personnel Department Employee Benefits Division**  
**On behalf of the Board of Deferred Compensation Administration**

Date Issued: \_\_\_\_\_, 2020

TITLE: **STABLE VALUE FUND INVESTMENT MANAGEMENT SERVICES FOR  
THE CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN**

CONTRACT TERM: **Five years**

RFP ADMINISTRATOR:

**Daniel Powell, Senior Personnel Analyst**  
**Phone (213) 978-1586**  
**Email: [Daniel.Powell@lacity.org](mailto:Daniel.Powell@lacity.org)**

MANDATORY PRE-PROPOSAL CONFERENCE:

\_\_\_\_\_, 2020  
-  
**200 North Spring Street, Room 805**  
**Los Angeles, CA 90012**

PROPOSAL DELIVERY ADDRESSES:

**RFP Administrator**  
**City of Los Angeles**  
Attn: Daniel Powell  
200 North Spring Street, Room 867  
Los Angeles, CA 90012

**Consultant**  
**Mercer Investments**  
Attn: Devon Muir, CFA, Principal  
333 S 7th St, Suite 1400  
Minneapolis, MN 55402

DEADLINE FOR SUBMITTING PROPOSAL: \_\_\_\_\_, 2020 at 3:00 p.m.

## **PART A**

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## **PART B**

Exhibit A – Standard Provisions for City Contracts (Rev. 10/17)

# SECTION 1

## INTRODUCTION/BACKGROUND

### 1.0 INTRODUCTION

The City of Los Angeles Deferred Compensation Plan (“DCP”) is a non-qualified tax-advantaged savings program established in 1983 under Internal Revenue Code (IRC) Section 457 and City of Los Angeles Administrative Code, Division 4, Chapter 14, Sec. 4.1400-4.1410. The City’s Board of Deferred Compensation Administration (“the Board”) administers the DCP and selects its investment providers. The Board is seeking proposals for stable value fund investment management services for the DCP Stable Value Fund.

### 1.1 BACKGROUND

The nine-member Board includes three elected employee representatives from the Los Angeles City Employees’ Retirement System (“LACERS”), Fire and Police Pension System (“Pensions”), and Department of Water and Power Retirement DCP (“DWP Retirement”); the LACERS General Manager; the Pensions General Manager; the DWP Retirement Manager; a certified Union Representative; a retired participant representative; and the Personnel Department General Manager. The Board has administrative responsibility, including contracting authority, for the DCP.

As of September 30, 2019, the DCP had \$6.7 billion in assets (not including loans outstanding) and 48,548 participants. Assets invested in the Stable Value Fund were \$1.262 billion.

The Personnel Department's Employee Benefits Division provides primary staff support for the DCP. Employee Benefits staff performs the following functions:

- Develop policy and DCP design recommendations;
- Function as liaison to DCP contracted service providers;
- Administer all DCP-related contracts; and
- Facilitate all aspects of employee/beneficiary participation in the DCP

The Office of the City Attorney serves as the Board’s legal counsel and provides legal support for the DCP which includes reviewing procurements and contracts, ensuring compliance with State and federal laws, and providing guidance in regard to various administrative functions such as processing beneficiary claims and Qualified Domestic Relations Orders (QDROs).

The City contracts with Voya Institutional Plan Services (“Voya”) for DCP recordkeeping, enrollment and communication services. The City independently selects the investment options for the DCP, all of which are administered by Voya. These options are held as



mutual funds, separate accounts, commingled trusts, and bank deposit accounts. The DCP is trusted by Voya Institutional Trust Company.

Mercer Investment provides investment consulting to the DCP. Included among these services are ongoing performance review, procurement assistance, and investment menu design.

## 1.2 DEFINITIONS OF TERMS

The following terms used in the RFP documents shall be defined as follows:

- **“The Board”** means the City of Los Angeles Board of Deferred Compensation Administration.
- **“The City”** means the City of Los Angeles.
- **“Agreement”** shall be considered synonymous with the term “Contract.”
- **“City Contract Administrator”** means the City staff person serving as the primary point of contact for this RFP as identified on page one of this RFP.
- **“Contract Effective Date”** means the date, mutually agreed upon between the Contractor and City, that the Contractor begins performing services for the City.
- **“Contracting Authority”** means the City of Los Angeles Board of Deferred Compensation Administration.
- **“Contractor”** means the individual, partnership, corporation or other entity to which a contract is awarded and shall be synonymous with the term “Vendor.”
- **“DCP”** means the City of Los Angeles Deferred Compensation Plan, established pursuant to Section 457 of the Internal Revenue Code (“IRC”).
- **“Employee Benefits”** means the Employee Benefits Division of the City of Los Angeles Personnel Department.
- **“Fund”** means the DCP Stable Value Fund.
- **“Go-live Date”** means the beginning date that services are provided to the City and the fund first receives participant assets.
- **“Investment Policy Statement”** means the Investment Policy Statement adopted by the Board of Deferred Compensation Administration for the DCP and which defines the objectives and guidelines for the DCP’s investment options.
- **“Market Cycle”** means a full period that involves a growth stage and a contraction of the broad market. .
- **“Mercer”** means Mercer Investment, a consultant for the DCP.
- **“Pre-Proposal Conference”** means the conference held between the City and prospective Proposers to provide information regarding RFP requirements and answer questions regarding the RFP.
- **“Proposer”** means a respondent to this RFP.
- **“RFP”** means this Request for Proposal.
- **“TPA”** means Third-Party Administrator.
- **“Voya”** means Voya Institutional Plan Services.

## 1.3 CONTRACT TERM

The term of any contract(s) awarded pursuant to this RFP shall be for a period of five years from the contract effective date as provided for by the final contract, subject to the termination provisions therein.

#### **1.4 RFP CONTENTS**

The contents of this RFP are as follows:

##### **1.4.0 Part A**

RFP, including the DCP Profile & Scope of Services, Proposal Questionnaire, Proposal Format and Submission Requirements, Evaluation of Proposals, and General Terms & Conditions.

##### **1.4.1 Part B**

General Contracting Requirements and Attachments, which includes the City of Los Angeles Standard Provisions for City Contracts (Rev. 10/17) and other general contracting requirements that must be reviewed and completed by Proposers as specified in order for a proposal to be deemed responsive.

#### **1.5 RFP CONTACT INFORMATION**

The Board and Personnel Department staff are committed to ensuring that all DCP business transactions, including DCP procurement processes, are based strictly on integrity, competence, merit and benefit to DCP participants and their beneficiaries. As a matter of policy, Board members and staff will not communicate with current or prospective vendors or their representatives, or any other person or organization, for the purpose or intent of having a particular vendor secure or maintain a contract or business with the DCP, or otherwise realize financial gain from the DCP, whether during or outside of a procurement process.

In support of this, and to ensure the transparency and objectivity of this procurement process, all communications and questions regarding or related to the services included in this RFP should be directed to the RFP Administrator, whose contact information is identified on page one.

#### **1.6 PROPOSAL TIMELINE AND MANDATORY PRE-PROPOSAL CONFERENCE**

The Board intends to award a contract, in a form approved by the City Attorney, to the selected Proposer. Written proposals submitted to the City constitute a legally binding contract offer and shall remain open for twelve months. It is requested that proposals be prepared simply and economically, avoiding the use of unnecessary promotional material. If a Proposer is deemed non-responsive during the proposal process the Proposer will be eliminated from further consideration.

### 1.6.0 Proposal Timeline

The following is the current timeline for the RFP process. The City reserves the right to adjust this schedule. Changes to the timeline, if any, will be posted online as an RFP Addendum.

Proposal Dates	Event
_____, 2020	RFP released
_____, 2020	Deadline for receiving written questions for the Pre-Proposal Conference is 4:00 p.m.
_____, 2020	Deadline to register to participate in the Pre-Proposal Conference by telephone is 4:00 p.m.
_____, 2020	<b>Mandatory Pre-Proposal Conference at 11:00 a.m. Pacific Standard Time</b>
_____, 2020	Deadline for receiving written questions regarding the RFP is 4:00 p.m.
_____, 2020	<b>General Contracting Requirements preliminary submission deadline</b>
_____, 2020	Deadline for vendors to issue written solicitations to subcontractors via <a href="http://www.labavn.org">www.labavn.org</a> website. <b>This step must be completed by 11:59 p.m. Pacific Standard Time to avoid risk of late submission.</b>
_____, 2020	City Review of General Contracting Document due to vendor by this date
_____, 2020	<b>RFP responses due by 3:00 p.m. Pacific Standard Time</b>
_____, 2020	RFP evaluations
_____, 2020	City makes selection and begins contract negotiation with successful Proposer
_____, 2020	Deadline for executing contract
_____, 2020	Commencement of services

### 1.6.1 Mandatory Pre-Proposal Conference

A mandatory Pre-Proposal Conference will be held to provide information regarding the RFP requirements and answer questions from prospective Proposers regarding this RFP. The Pre-Proposal Conference will also give Proposers and potential subcontractors the opportunity to network. City staff will not provide assistance regarding a Proposer's individual RFP response.

The Pre-Proposal Conference has been scheduled pursuant to the schedule noted in the Proposal Timeline. Potential Proposers may participate by physically attending or by calling in. Participants will be asked to identify themselves by name and firm.

If you intend to participate by telephone, please pre-register by contacting the City Contract Administrator by the deadline noted in the Proposal Timeline. The City will provide a call-in number at that time for those interested in participating by

telephone. Attendance will be taken at the **beginning** and **end** of the Pre-Proposal Conference. Proposers attending by phone must remain for the duration of the Pre-Proposal Conference. Failure to attend and remain through the end of the Pre-Proposal Conference will result in your firm being deemed non-responsive and ineligible to submit a proposal in response to this RFP.

It is to your benefit to bring your own copy of the RFP, particularly the City's General Contracting requirements, to the conference. Copies will not be provided at the conference.

### **1.6.2 Questions Regarding the RFP**

To maximize the effectiveness of the conference, to the extent possible, Proposers should provide questions in writing prior to the Pre-Proposal Conference in accordance with the deadline noted in the proposal timeline. This will enable the City to prepare responses in advance.

All questions concerning the RFP should be submitted in writing via e-mail to the City Contract Administrator. Please identify the RFP title on the subject line of your message. All questions should identify the RFP section and page number, or the relevant General Contracting provision, for each question submitted. Additional questions may be accepted and addressed at the Pre-Proposal Conference. However, certain responses may be deferred and posted online as addenda to the RFP at a later date.

The City will make every effort to respond to all written questions as soon as practical. All questions and responses to questions, or any other changes to or interpretation of the RFP, will be posted online at [www.labavn.org](http://www.labavn.org). Any such changes or interpretations shall become a part of this RFP and may be incorporated into any Contract awarded pursuant thereto.

## **1.7 GENERAL CONTRACTING REQUIREMENTS PRE-SUBMISSION OPTION AND SUBMISSION DEADLINES**

The City's General Contracting Requirements are included in Part B, which is attached hereto. Part B contains the Standard Provisions for City Contracts (Rev. 10/17) and a variety of documents and forms with which prospective City vendors must demonstrate compliance in order to be awarded a City contract. Within Part B is a list of requirements that must be fully met, including forms to be completed and submitted and details regarding certain processes which must be followed by prospective vendors as part of their RFP response. Failure to meet any of these requirements to the satisfaction of the City by the RFP Proposal Submission Deadline may result in disqualification of the vendor's proposal as being non-responsive and eliminate the proposal from further consideration in the evaluation process.

The City will provide vendors an opportunity to demonstrate responsiveness to the City's General Contracting Requirements at a date prior to the RFP due date. Vendors are not required to complete and submit their General Contracting Requirements forms and

processes by the Preliminary Submission Deadline; however, it may be to their advantage to do so. If a vendor utilizes this option, City staff will identify whether the documents as submitted are or are not responsive to the City's requirements. If deemed non-responsive, the vendor will have time to demonstrate responsiveness by no later than the RFP Proposal Submission Deadline. Failure to adequately demonstrate responsiveness to the City's General Contracting Requirements, or a rejection by the vendor of those requirements or the Standard Provisions for City Contracts (Rev. 10/17), will result in disqualification of the proposal and shall eliminate the proposal from further consideration in the evaluation process. The relevant dates with respect to this process are included in the proposal timeline.

### **1.8 PROPOSAL SUBMISSION DEADLINE**

Response to this RFP must be submitted on paper and an electronic copy and must be received by the City Contract Administrator by the deadline noted in the proposal timeline. Electronic portions, as specified further in this RFP, must be received no later than this date/time as well. Late responses (i.e. proposals received after the proposal submission deadline) will not be considered. The City reserves the right to extend the proposal submission deadline should this be in the interest of the City.

### **1.9 CONSULTANT RESPONSE INFORMATION**

Responses to this RFP must also be submitted at the same time on paper and electronic copy to the consultant used by the City in the evaluation of responses to this RFP. Delivery should be provided by the proposal submission deadline to the consultant address on page one.

# SECTION 2

## DCP PROFILE & SCOPE OF SERVICES

### 2.0 DCP OVERVIEW & MISSION STATEMENT

The DCP is a tax-advantaged supplemental retirement savings program established in 1983 under Internal Revenue Code (IRC) Section 457 and by City of Los Angeles Administrative Code, Division 4, Chapter 14. All DCP assets are held in trust for the exclusive benefit of participants and their beneficiaries. The mission of the City's DCP is to assist eligible City employees in achieving retirement income security.

### 2.1 ORGANIZATIONAL STRENGTH

#### 2.1.0 Organizational Background and Reliability

The City will be evaluating each Proposer's organizational experience, stability, financial strength, experience in providing services to governmental defined contribution plans, staff qualifications and turnover, and other factors to assess how organizations are resourced to be long-term viable partners with the City in executing the DCP's mission, goals and strategies, and the specific services included within this RFP.

#### 2.1.1 Regulatory and Contractual Actions

The City will review each Proposer's status as to regulatory agency complaints, client legal actions, contract terminations, bankruptcy filings, and conflicts of interest, as part of assessing its reliability and institutional viability.

#### 2.1.2 Client Reviews

The City will be contacting current and former clients provided by each Proposer, including governmental DCP sponsors and other clients who are currently utilizing the provider's services as well as those who have terminated those services in the recent past.

### 2.2 SCOPE OF SERVICES

#### 2.2.0 Investment of Assets

The Contractor shall invest the assets invested in the Fund by DCP participants. The investment manager must manage the liquidity of the Fund to provide book value payments on a daily basis. The selected Contractor shall exercise investment discretion for the selection, retention or replacement of the investment strategies utilized to invest the assets of the Fund. These underlying strategies may be either proprietary or non-proprietary.

The investment manager chosen to provide these services to the City shall select, monitor and replace, if necessary, the wrap providers who will wrap the Fund's investments on a book value basis.

### **2.2.1 Creation of Reports**

The Contractor shall provide, or assist in the creation of, a daily net of fee unit value to the DCP's administrator. The selected investment manager shall provide on a monthly basis to the DCP's custodian and administrator financial statements showing opening balance, contributions, investment earnings, withdrawals, fees and closing balance. The Contractor shall provide quarterly reports detailing the Fund's crediting rate determination and fees.

### **2.2.2 Presentations to Board**

The Contractor shall be required to attend one or more Board meetings annually to present Fund performance reviews.

## **2.3 MINIMUM QUALIFICATIONS**

- The institution must be qualified to do business in the State of California and must be registered under the appropriate State and federal securities and/or insurance laws.
- The institution must be a SEC-registered investment advisor or exempt from registration.
- The institution will assume a fiduciary role for providing discretionary stable value investment manager services for the Fund consistent with the investment guidelines included in this section.
- The institution must not have been involved in any litigation with or investigation by a federal or State security/insurance agency that could be deemed substantive by the City. This would include expropriation of funds, insider trading, front running, or undisclosed derivatives or leverage.
- The institution must not be a broker or any third party selling another company's funds.
- Any underlying proposed funds or investment products must be qualified to accept IRC Section 457 DCP investments.
- The institution must not charge a redemption fee, transfer fee, deferred sales charge, or up-front sales load. In addition, the institution cannot apply or levy a penalty or fee of any type, except for adjustments related to market valuation of a fixed investment product upon liquidation, if the City, for any reason, finds it necessary to move or transfer funds to protect employees or if the City does not renew a contract beyond its contract term.
- The institution must have experience with and be willing to accommodate daily valuation.
- The institution must propose a well-diversified stable value strategy both in terms of portfolio composition and underlying fixed income portfolio management as well as having diverse exposure to three or more high quality wrap provider arrangements.

## 2.4 INVESTMENT GUIDELINES

### 2.4.0 Investment Objective

The primary objective of the portfolio is to provide safety of principal and consistency of returns with minimal volatility, while maintaining a stable credited rate of interest.

### 2.4.1 Performance Benchmarks

The performance objective of the portfolio is to outperform the 3-year Constant Maturity Treasury (“CMT”) yield + 0.50% over a full interest/market cycle. Performance relative to a comprehensive Stable Value Universe also will be reviewed.

### 2.4.2 Account Level Guidelines

	<u>Min</u>	<u>Max</u>
Liquidity Buffer (STIF or SV Fund)	0%	50%
Guaranteed Investment Contracts	0%	10%
Insurance Separate Account Contracts	0%	50%
Security Backed Contracts	0%	95%

### 2.4.3 Additional Diversification Guidelines

- No more than 3% of the aggregate portfolio will be invested in traditional Guaranteed Investment Contracts (GICs)/Bank Investment Contract (BICs) from any one contract issuer.
- Exposure to any one Insurance company separate account provider shall be limited to not more than 50% of the Fund’s Assets.
- Exposure to any one single wrap provider shall be limited to not more than 50% of the Fund’s Assets. In the event a wrap provider is terminated, it will not be deemed a violation of the guidelines if the provider limit is exceeded. Replacement of the terminated provider must occur within 180 days unless the vendors obtain client approval for an extension.

### 2.4.4 Quality Guidelines

The minimum quality of GIC/Separate Account/Security Backed contract providers must be A- or equivalent by at least one Nationally Recognized Statistical Rating Organization (“NRSRO”) at the time of initial placement. In the case of a split rating on investment contracts, the higher rating shall apply.

### 2.4.5 Duration/Maturity Guidelines

The overall duration of the underlying securities in the Fund shall be limited to a maximum of 3.5 years.



#### 2.4.6 Permitted Investments

Synthetic guaranteed investment contracts (CIGS), traditional CIGS, bank insurance separate account contracts, collective investment trusts, stable value collective funds, cash equivalents and/or money market funds.

#### 2.4.7 Competing Investment Option

It is preferred that any limitation on participant transfer of assets from the Stable Value Fund to other DCP options solely apply to DCP FDIC-insured capital preservation option and not other investment options in the DCP including the DCP risk-based portfolios and brokerage window.

#### 2.4.8 Underlying Investment Performance Benchmarks

Actively managed portfolio performance is expected to exceed established benchmarks over a market cycle.

#### 2.4.9 Underlying Investment Sector Guidelines

No more than the following maximum amounts (shown in percentage) may be invested in any single underlying investment sectors.

	<b><u>Max</u></b>
U.S. Government/Agency	100%
Corporates	60%
Asset Backed	30%
Mortgage Backed	65%
Agency Residential Mortgage-Backed Security (RMBS) and Commercial Mortgage-Backed Securities (CMBS)	60%
Non-agency RMBS	10%
Non-agency CMBS	20%
Sovereign/Supranationals	20%
\$USD denominated only	10%

#### 2.4.10 Additional Diversification Guidelines

- No more than 15% may be invested in any single asset backed or non-government mortgage backed issuer.
- No more than 3% may be invested in any single corporate issue.

#### 2.4.11 Quality Guidelines

All securities will be rated investment grade (BBB-/Baa- or better) by a Nationally Recognized Statistical Rating Organization (NRSRO) at time of purchase. The minimum weighted average quality of the underlying assets will be maintained at a minimum AA.

Minimum rating on money market instruments will be A1/P1 at time of purchase. In the case of a split rating, the higher rating shall prevail.

For securities downgraded below investment grade, or A+ for short term securities, the manager may retain the security, if in the judgment of the manager, it is appropriate to do so subject to a maximum of no more than 3% of the portfolio's assets in issues below BBB- measured on a par or cost basis.

#### **2.4.12 Additional Constraints**

Where collective funds, external manager separate accounts, or insurance company separate accounts are utilized, those guidelines are incorporated and made part of these overall guidelines. The guidelines shall conform to these overall guidelines. If additional restrictions are required by wrapper contract issuers, those restrictions shall be incorporated and made part of these overall guidelines.

### **2.5 FEES & PERFORMANCE GUARANTEES**

#### **2.5.0 Compensation**

The City will assess information provided by Proposers relative to the compensation derived from their proposed services.

#### **2.5.1 Performance Guarantees**

The City will consider the Proposer's performance guarantees, with a focus on those that are meaningful, measurable and best relate to the DCP's core mission and service objectives as identified in this RFP.

# SECTION 3

## PROPOSAL QUESTIONNAIRE

### QUESTIONNAIRE INTRODUCTION AND INSTRUCTIONS

#### 3.0 INTRODUCTION

The questions included in this RFP are intended to solicit important background information about your firm and fully disclose the data points upon which Proposers will be evaluated. The City is not evaluating firms utilizing any information other than what is outlined within this RFP. Responses to this section along with documents required to be submitted pursuant to Part B of this RFP are necessary for the proposal to be considered responsive.

#### 3.1 INSTRUCTIONS

- Do not alter the questions or question numbering.
- Complete all appropriate sections of the questionnaire.
- To obtain an electronic version of the questionnaire, please contact the City Contract Administrator. When providing narrative responses in the Excel questionnaire document, do not include any images, graphics, or charts. However, you may include images, graphics, or charts in print copies of your Proposal.
- Provide an answer to each question even if the answer is “not applicable” or “unknown.”
- Answer the question as directly as possible.
- If the question asks, “How many...” provide a number.
- If the question asks, “Do you...” indicate “Yes” or “No” followed by any additional brief narrative explanation to clarify.
- **Be concise in your response.** Use bullet points as appropriate.
- **Do not respond to a question solely by referring to a document or material that is not otherwise included within your Proposal. If referring to such documents or materials, you are nevertheless responsible for summarizing the content in order for you to be deemed responsive with respect to that question.**
- Referring the reader to attachments for further information should be avoided or used on a limited basis. Any response that does not directly address the question, but only contains marketing information, will be considered non-responsive.

## 3.2 INTRODUCTORY QUESTIONS

Responses to the following are required in order for your proposal to be considered responsive but will not be rated.

### 3.2.0 Cover Letter and Proposal Declaration

Provide a cover letter and Proposal Declaration to include the following:

- Title **“City of Los Angeles Stable Value Fund Investment Management Services RFP”** and submission date
- Contact name of person authorized to bind the Proposer to the proposal
- Contact Name/Title:
- Mailing Address:
- Location of Business (if different from mailing address):
- Type of legal entity (corporation, limited liability company, joint venture, partnership, etc.)
- A short description of your organization, the businesses in which it engages and the services it provides.
- Telephone Numbers (Office, Cell, and 24-hour lines of person(s) who will be authorized to represent the Proposer):
- Fax Number:
- E-mail Address:
- Date entity was established and location of entity when established
- Location of headquarters (full address) and, if your firm has more than one office location, which of your firm’s offices will service this account.
- Remittance Address (if different from mailing address):
- Annual revenues
- Number of employees providing services for this contract
- The following statement:

**“The undersigned hereby offers and agrees to furnish the services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by the City. This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal, or any other person, firm or corporation to refrain from submitting a proposal; and the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer.”**

- A signature submitted on behalf of the Proposer by an officer authorized to bind the Proposer to the proposal, acknowledging:

- Receipt of and agreeing the submitted Proposal is based on the RFP and any identified addenda.
- Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive.
- To constitute a responsive proposal all pages of the proposal questionnaire and required forms must be submitted.
- Under penalty of perjury under the laws of the State of California that the proposal is true and correct and the Proposer agrees to the terms and conditions in the proposal.

### **3.2.1 City Business License Number or Vendor Registration Number**

Indicate your City Business License Number or Vendor Registration Number, if available. A license or registration number is not required for your proposal but will be required prior to execution of a contract. To obtain a Business Tax Registration Certificate (BTRC) or Vendor Registration Number call the Office of Finance at (213) 473-5901 and pay the respective business taxes. The address is as follows: City of Los Angeles, Office of Finance, City Hall, Room 101, 201 North Main Street, Los Angeles, CA 90012 – <http://www.finance.lacity.org>.

### **3.2.2 State of California Board of Equalization Permit**

Indicate your company’s State of California Board of Equalization permit number. If you do not have this permit, please make a statement to this effect.

### **3.2.3 California Revenue and Taxation Code**

Fill out and submit the appropriate California Revenue and Taxation Code form, if applicable (for out-of-state vendors).

### **3.2.4 Compliance with Standard Provisions**

Provide a statement indicating that your firm will comply with the City of Los Angeles General Contracting Provisions attached to this RFP in Part B, including the Standard Provisions for City Contracts (Rev. 10/17). Please note that your statement does not relieve you from providing all of the documents required pursuant to the “Proposal Response Checklist.”

Due to the nature of the services sought by this RFP, the following standard provisions will be **exempted**:

- Equal Benefits Ordinance (PSC-26.B.)
- Living Wage Ordinance (PSC-28)
- Service Worker Retention Ordinance (PSC-29)
- Contractor Responsibility Ordinance (PSC-31)
- Business Inclusion Program (PSC-32)
- Slavery Disclosure Ordinance (PSC-33)
- First Source Hiring Ordinance (PSC-34)
- Restriction on Campaign Contributions and Fundraising (PSC-37)

- Border Wall Disclosure
- National Rifle Association Disclosure

### **3.2.5 Insurance**

The City is estimating that the following insurance coverage types will apply to this contract:

- Workers Compensation (\$1,000,000)
- General Liability (\$1,000,000)
- Professional Liability (\$10,000,000)
- Fiduciary Liability (\$5,000,000)

Please verify that you will be able to meet the required coverage levels and that you will submit proof of such pursuant to Part B, “General Contracting Requirements - Insurance Requirements,” as a condition of execution of any final contract (see Part B, “Standard Provisions – Insurance Requirements” for further details). Note that if the Proposer is a sole owner company with no employees, the Proposer can sign the City’s waiver of worker’s compensation. General Liability can also be obtained through the City’s SPARTA program for small contractors. Links to the City’s waiver form and SPARTA program from the City’s Risk Management website are provided as follows:

<http://www.2sparta.com/>  
<http://cao.lacity.org/risk/waivewc.pdf>

### **3.2.6 Lobbyist Disclosure**

Disclose any (1) arrangements your company has with any lobbyists and/or agents representing your company, and (2) any arrangements your company has with an unrelated individual or entity with respect to the sharing of any compensation, fees, or profit received from or in relation to the proposing company being awarded a Contract with the City. If any such arrangements exist, describe the nature of the relationship and the manner in which compensation or fees would be shared.

### **3.2.7 Endorsement Disclosure**

Disclose any financial relationship your company has with any union, organization or association in conjunction with an endorsement. Provide details regarding the relationship, including any benefit that will be recognized by the union, organization or association in the event your company is awarded a Contract with the City.

### **3.2.8 Subcontracting**

If any portion of the Contract is to be subcontracted, it must be clearly set forth as to the part(s) to be subcontracted, the reasons for the subcontracting and a listing of subcontractors. For each subcontractor proposed, provide the following information:

- The specific service being subcontracted

- Name of Subcontractor
- Subcontractor's Contact Name
- Contact Title
- Contact Phone Number
- Mailing Address
- Location of Business (if different from mailing address)
- Business Telephone Number
- Subcontractor's registration # and/or license #, if applicable
- Description of Work to be Subcontracted
- Reason for Subcontracting
- Percent of Total Contract to be Subcontracted & Dollar Amount
- Relevant work experience in years and level of responsibility
- Experience in number of years that your firm has worked with the Subcontractor providing these services
- If subcontractor is a Minority Business Enterprise (MBE), Women Business Enterprise (WBE), Local Business Enterprise (LBE), Small Business Enterprise (SBE), Emerging Business Enterprise (EBE), or Other Business Enterprise (OBE)
- If subcontractors will not be utilized, so indicate here.

### **3.2.9 Required Contract Execution Date**

Please indicate if you (a) have any requirements, constraints, or limitations with respect to the implementation or "Go-Live Date" relative to final execution of a completed Agreement with the City; and (b) if you would be willing to provide services to the City prior to execution of a completed contract providing that a ratification clause is inserted into the Agreement.

### 3.3 QUESTIONNAIRE

**2020 Request for Proposal (RFP)  
Stable Value Fund Investment Management Services  
Proposal Questionnaire**

Please complete the 2019 Stable Value Fund Investment Management Services RFP Questionnaire and include it with your RFP Proposal. Make sure that you enter information into ALL cells designated for responses. If the question does not apply, enter "N/A" into the cell. Do NOT leave empty cells. Do NOT add columns, rows or cells to the questionnaire format. If you have any questions regarding this form, contact the City Contract Administrator.

**Qualifying Questions**

Responses to the following are required in order for your proposal to be considered responsive, but will not be rated.

Question Number	Question	Response
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**CONTACT INFORMATION**

1	Name of Company:	
2	Person Authorized to Submit Proposal:	
3	Title of Person Authorized to Submit Proposal:	
4	Business Address: (Company Office to Service Account)	
5	Name(s) of Client Service Officers:	
6	Type of Legal Entity: (Corp, LLC, Partnership, etc.)	
7	Business Telephone Number:	
8	Business Fax Number:	
9	Business Email Address:	
10	Company Website:	
11	Remittance Address: (If Remittance Address Same as Above, Enter "Same" in Cell)	

**REQUIRED DOCUMENTATION & DISCLOSURE**

12	State of California Board of Equalization Permit Number:	
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13	Has your company attached appropriate California Revenue and Taxation Code Form, if applicable (for out of state vendors)? [Yes/No]	
14	Has your company's insurance broker uploaded the Certificate of Liability Insurance onto the kwikcomply.com website? [Yes/No]	
15	<p>Has your company completed the forms listed below on the LABAVN website? [Yes/No]</p> <ul style="list-style-type: none"> <li>- Equal Benefits Ordinance/First Source Hiring Ordinance Form</li> <li>- Slavery Disclosure Ordinance/Border Wall Contracting Disclosure Ordinance Form</li> <li>- NRA Disclosure Ordinance</li> </ul>	
16	<p>Does your company agree to the following statement? [Yes/No]</p> <p>"The undersigned hereby offers and agrees to furnish the services in compliance with all the service level requirements, instructions, specifications, and any amendments contained in this RFP document and any written exceptions in the offer accepted by the City. This proposal is genuine, and not sham or collusive, nor made in the interest or in behalf of any person not herein named; the Proposer has not directly or indirectly induced or solicited any other Proposer to put in a sham proposal, or any other person, firm or corporation to refrain from submitting a proposal; and the Proposer has not in any manner sought by collusion to secure for itself an advantage over any other Proposer."</p>	
17	<p>Does your company agree to the following statement? [Yes/No]</p> <p>"By submitting a proposal, we acknowledge and agree to the following:</p> <ul style="list-style-type: none"> <li>- Receipt of and agree that the submitted Proposal is based on the RFP and any identified addenda.</li> <li>- Failure to indicate receipt of addenda may result in the proposal being rejected as non-responsive.</li> <li>- To constitute a responsive proposal all pages of the proposal questionnaire and required forms must be submitted.</li> <li>- Under penalty of perjury under the laws of the State of California that the proposal is true and correct and the Proposer agrees to the terms and conditions in the proposal." </li></ul>	
18	<p>Does your company agree to the following statement? [Yes/No]</p> <p>"By submitting a proposal, we acknowledge that we will have to comply with the City of Los Angeles General Contracting Provisions attached to this RFP in Part B, including the Standard Provisions for City Contracts (Rev. 10/17) with the exception of the provisions described in section 3.2.4."</p>	
19	If your response to prior question is "NO," please be specific regarding which of the City's General Contracting Provisions you are not able to comply with and why.	
20	Does your proposal contain all documents required pursuant to the "Proposal Response Checklist," with the exception of the provisions described in section 3.2.4.? [Yes/No]	
21	Assuming a ratification clause is included into the agreement, is your company willing to provide services to the City prior to the execution of a completed contract? [Yes/No]	

**RATED QUESTIONS**  
The following questions will be used to rate your Proposal.

**ORGANIZATIONAL BACKGROUND**

<b>22</b>	Is your company a subsidiary or affiliate of another company? [Subsidiary/Affiliate/Not Applicable]	
<b>23</b>	If you answered "subsidiary" or "affiliate" to prior question, provide your company's parent company name and, if applicable, percentage of ownership.	
<b>24</b>	If you answered "subsidiary" or "affiliate" to prior question, describe the nature of the business of the parent firm. Provide all indirect or indirect ownership. Indicate what percentage of the total company revenues your company represents for calendar years 2016, 2017, and 2018.	
<b>25</b>	Has your company (or, if applicable, your parent company) had a change in business structure in the last 5 years, whether through acquisition or divestiture or through an alliance arrangement? [Yes/No]	
<b>26</b>	If you answered YES to prior, describe how this change in the business affects your company?	
<b>27</b>	Has your company had a change in senior management (Including CEO, CFO, CIO or Other Executive Management) in the last five years? [Yes/No]	
<b>28</b>	If you answered YES to prior question, describe the circumstances for the change.	
<b>29</b>	Please provide a summary of your organization's strategic plan, including how you control/manage growth of your business.	
<b>30</b>	How many proposals related to Stable Value Fund Investment Management Services has your company submitted in the last 5 years in response to public sector 457 plan service provider RFPs?	
<b>31</b>	Pertaining to prior question, how many of these resulted in your company being selected to provide services?	
<b>36</b>	Total number of employees reported who will be providing services to this contract:	

**ORGANIZATIONAL STRENGTH**

<b>37</b>	Provide the total value of assets under management with your institution:	
<b>38</b>	Provide the number of years your company has provided the services in this RFP:	
<b>39</b>	Provide the annual revenue for calendar year 2017:	
<b>40</b>	Provide the net profit for calendar year 2017:	
<b>41</b>	Provide the annual revenue for calendar year 2018:	
<b>42</b>	Provide the net profit for calendar year 2018:	

43	Provide the annual revenue for calendar year 2019:	
44	Provide the net profit for calendar year 2019:	
45	Will any portion of this contract be outsourced or subcontracted to domestic companies? [Yes/No]	
46	What percentage of the services solicited in this RFP would be outsourced or subcontracted to <b>domestic</b> companies?	
47	Will any portion of this contract be outsourced or subcontracted to non-US companies? [Yes/No]	
48	What percentage of the services solicited in this RFP would be outsourced or subcontracted to <b>non-US</b> companies?	
49	<p>If you answered YES to prior two questions, provide the following information for each subcontractor who will receive more than 5% of the total fee proposed for this RFP:</p> <ul style="list-style-type: none"> <li>- part of contract being subcontracted</li> <li>- name of subcontractor</li> <li>- is this a domestic or non-US company?</li> <li>- contact name for the subcontractor</li> <li>- contact's title</li> <li>- mailing address for subcontractor</li> <li>- business address (if different from mailing address)</li> <li>- business telephone number</li> <li>- subcontractor's registration # and/or license #, if applicable</li> <li>- description of work to be subcontracted</li> <li>- reason for subcontracting</li> <li>- percent of total contract to be subcontracted</li> <li>- dollar amount to be subcontracted</li> <li>- subcontractor's work experience (in years) and level of responsibility</li> <li>- experience (in years) that your firm has worked with subcontractors for the services being subcontracted</li> <li>- identify if subcontractor is a MBE, WBE, LBE, SBE, EBE, or OBE</li> </ul>	
50	Provide the number of clients to whom you currently offer stable value fund investment management services for retirement plans.	
51	Do you currently have any public sector clients for which your firm provides investment services? [Yes/No]	
52	<p>List all current public sector clients for which your company provides investment services. Provide the following information for each public sector client you currently have:</p> <ul style="list-style-type: none"> <li>- name of public sector client</li> <li>- dollar amount for assets your company is managing for public sector client</li> <li>- experience (in years) that your company has worked with public sector client</li> </ul>	
53	Does your company agree to the following statement?(select yes or no from dropdown options)"our company executives (e.g., portfolio manager, chief investment officer, company president, etc.) will meet with the DCP Board to answer questions and provide periodic updates (as necessary)."	

**REGULATORY AND CONTRACTUAL ACTIONS**

<b>54</b>	In the past five years, has your company been the subject of any complaint filed with any state or federal regulatory agency or office? [Yes/No]	
<b>55</b>	If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest? - type of complaint filed - date you were notified of complaint - date the complaint was resolved - was the complaint filed with a state <b>or</b> federal regulatory agency or office? - provide details regarding the complaint - describe the final outcome of the complaint	
<b>56</b>	In the past five years, has your company had a license to do business, an agent/broker license or any other license revoked or suspended? [Yes/No]	
<b>57</b>	If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest? - item revoked (license to do business, agent/broker license/other insurance license - was the item revoked or suspended? - date of revocation or suspension - date revocation or suspension ended - provide details regarding the revocation or suspension - describe the final outcome	
<b>58</b>	Has your company ever been reprimanded or otherwise cited by a regulatory agency? [Yes/No]	
<b>59</b>	If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest? - was your company reprimanded or cited? - date you were reprimanded/cited - reason for reprimand/citation - provide details for reprimand/citation - describe the final outcome of the reprimand/citation	
<b>60</b>	In the last five years, has your company been sued or had other legal action initiated by clients? [Yes/No]	
<b>61</b>	If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest? - was your company sued or what other legal action was brought against your company? - date you were sued or notified of other legal action - date the suit or other legal action was resolved - provide details regarding the suit or legal action - describe the final outcome of the suit or legal action	
<b>62</b>	In the last five years, has your company sued or taken other legal action against a client? [Yes/No]	

63	<p>If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest?</p> <ul style="list-style-type: none"> <li>- what type of legal action did your company initiate against a client?</li> <li>- provide contact information for the entity sued or challenged</li> <li>- date your lawsuit or legal action was filed</li> <li>- date the suit or other legal action was resolved</li> <li>- provide details regarding the suit or legal action</li> <li>- describe the final outcome of the suit or legal action</li> </ul>	
64	<p>In the last five years, has your company had a contract terminated for default? [Yes/No]</p>	
65	<p>If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest?</p> <ul style="list-style-type: none"> <li>- provide contact information for the entity that terminated the contract</li> <li>- term of the contract</li> <li>- date the contract was terminated</li> <li>- provide details regarding the contract termination including your company's position on the matter</li> </ul>	
66	<p>In the last five years, has your company or its subsidiaries ever filed or been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? [Yes/No]</p>	
67	<p>If you answered YES to prior question, please provide the following additional details in chronological order from most recent to oldest?</p> <ul style="list-style-type: none"> <li>- define whether your company or its subsidiaries ever 1) file for bankruptcy/insolvency, 2) been petitioned into bankruptcy/insolvency, and/or 3) made any assignment for the benefit of your creditors</li> <li>- date for the filing, petition, and/or assignment</li> <li>- provide details regarding the filing, petition, and/or assignment</li> </ul>	
68	<p>Does your company have any potential or perceived conflict of interest involving relationships your company may have with the city's current or prospective service providers, governing authorities, advisors, or other interested parties? [Yes/No]</p>	
69	<p>If you answered YES to prior question, please describe the nature of the relationship(s)</p>	
70	<p>Does your company have any current arrangements with any lobbyist and/or any agents representing your company? [Yes/No]</p>	
71	<p>If you answered YES to prior question, please describe the nature of the relationship(s) and the manner in which compensation or fees would be shared with lobbyist(s).</p>	
72	<p>Does your company have any agents representing your company? [Yes/No]</p>	
73	<p>If you answered YES to prior question, please describe the nature of the relationship(s) and the manner in which compensation or fees would be shared with agent(s).</p>	

**REFERENCES**  
**(The City May Be Contacting the References Provided)**

<b>74</b>	Provide contact information for your company's three <b>largest public</b> sector defined contribution clients: Client Name: Current Asset Amount: Contact Name: Address: Phone Number for Contact Person: Email Address for Contact Person: Year Your Company Started Providing Client Services: Contract Services Provided (2-3 sentences):	
<b>75</b>	Provide contact information for your company's three <b>former public</b> sector defined contribution clients which have <b>most recently discontinued</b> services: Client Name: Contact Name: Address: Phone Number for Contact Person: Email Address for Contact Person: Year Your Company Started Providing Client Services: Year Your Company Stopped Providing Client Services: Contract Services Provided (2-3 sentences):	
<b>76</b>	Provide contact information for your company's three <b>public sector</b> defined contribution clients which have <b>most recently retained</b> your services: Client Name: Contact Name: Address: Phone Number for Contact Person: Email Address for Contact Person: Year Your Company Started Providing Client Services: Year Your Company Stopped Providing Client Services: Contract Services Provided (2-3 sentences):	

**INVESTMENT EXPERIENCE**

<b>77</b>	How long (in years) has your company managed discretionary stable value assets as of December 31, 2019?	
<b>78</b>	Provide the total assets (in \$ millions) under management within your stable value group as of December 31, 2019?	
<b>79</b>	Provide the total number of separate account discretionary stable value clients/accounts your firm currently manages and the asset value associated with these accounts as of December 31, 2019?	
<b>80</b>	How many different commingled stable value funds do you manage?	
<b>81</b>	Provide (if applicable) the total value (in \$ millions/billions) of commingled stable value assets as of December 31, 2019.	

82	Provide the number of stable value portfolio managers (those who make the discretionary allocation/structure decisions) currently employed at your firm as of December 31, 2019.	
83	Provide the number of stable value portfolio managers that would work on this account.	
84	Provide the number of research analysts dedicated to stable value investments as of December 31, 2019.	
85	Provide the number of marketing/client service personnel dedicated to stable value investments as of December 31, 2019.	
86	List the investment personnel experience of the individuals who will be assigned to this account. Your information should include job responsibilities, years of experience, years with your firm, professional designations and educational degrees.	
<b>INVESTMENT APPROACH</b>		
87	<p>Please prepare a detailed investment strategy for how you would manage the DCP stable value fund. address the following issues in your response, using composite data, where applicable:</p> <ul style="list-style-type: none"> <li>• how your proposed strategy would be implemented;</li> <li>• the allocation to various components, if applicable (e.g. liquidity, fixed maturity, open maturity in percentage ranges in %) of the proposed portfolio and the rationale behind your allocations;</li> <li>• a listing of acceptable assets;</li> <li>• the applicable credit quality criteria which you would suggest (for underlying investments managed internally and externally as well as wrap providers);</li> <li>• your duration, diversification, liquidity and maturity structure requirements including minimum/maximum constraints per sector, per security and per issuer;</li> <li>• the extent (i.e. acceptable allocation) to which the open-maturity investments would be managed internally or externally (and if externally, list suggested managers);</li> <li>• for the open maturity investments, please state what percentage range would be invested in the various components (i.e. cash, low duration, core fixed income, core plus fixed income, intermediate fixed income, intermediate plus fixed income, etc.)</li> <li>• your procedures and methodology for setting the stable value fund's crediting rate;</li> <li>• your strategy for managing the liquidity needs of the fund;</li> <li>• the provisions you suggest to manage unexpected cash flow both into and out of the fund;</li> <li>• the extent to which passive management rather than active management would be utilized;</li> <li>• the extent to which the fund invests in commingled funds rather than investing in individual securities and if commingled funds whether units are daily, monthly or quarterly valued;</li> <li>• the frequency of valuation (i.e. daily valued, monthly valued, etc.); and</li> <li>• the employee-related withdrawal restrictions, the employer-related withdrawal restrictions and DCP termination restrictions.</li> </ul> <p>Please state the anticipated duration for the portfolio and the initial crediting rate of the portfolio (using December 2019 data), based on your strategy as articulated above.</p>	
88	Describe the underlying investment products and/or individual securities in which you would invest the fund's separate account assets. Please indicate the investment expenses of each of these investments.	

<b>89</b>	Describe the decision process in selecting the underlying external investment managers that may be used in the overall portfolio construction.	
<b>90</b>	What external investment managers are accessible through your firm?	
<b>91</b>	For the underlying external managers (if applicable), please provide the acceptable investment guideline constraints (including high yield and international exposure) for these strategies.	
<b>92</b>	Discuss the extent to which your firm manages market valued fixed income assets internally.	
<b>93</b>	What is the rationale for managing such funds internally rather than hiring an outside manager?	
<b>94</b>	How are your internal fixed income capabilities distinctive? For each applicable style, identify the style, amount of assets under management, the investment objective and guidelines, gross and net quarterly performance since inception through March 31, 2019, applicable fees applied, and the applicable market benchmark. (Note that the city may request this data in an electronic format).	
<b>95</b>	Please describe the utilization, if any, of non-dollar and non-investment grade securities in your investment management products.	
<b>96</b>	Describe your internal credit quality research capabilities.	
<b>97</b>	Please state how your research adds value relative to the information provided by the public rating agencies.	
<b>98</b>	Does your firm employ a proprietary ratings system? [Yes/No]	
<b>99</b>	If you answered YES to prior question, please describe the proprietary ratings system and differentiate your methodology from the methodologies employed by the public rating agencies.	
<b>100</b>	What is the appropriate benchmark index for your strategy?	
<b>101</b>	What is your strategy to add value relative to your benchmark?	
<b>102</b>	What is the size of the return premium you look to provide above your benchmark index net of your fees?	
<b>103</b>	Describe your selection criteria for the selection of book-value wrappers.	
<b>104</b>	Please list the book value wrappers your firm currently utilizes and the percentage currently held in each across firm-wide stable value assets managed.	
<b>105</b>	Discuss the credit quality criteria your firm uses to select the book-value wrapper and the current credit quality (most recent date available) on each. Include the permissible maximum allocation to each book-value wrapper.	
<b>106</b>	Describe the wrap contract provisions you require.	
<b>107</b>	List the wrap providers your firm can access today to provide book value wrap capacity to the City's DCP.	



108	Describe whether the wrappers suggested require assets to be managed by either the wrapper provider or one of its affiliates.	
109	What is the current cost for your book value wrap contracts?	
110	Describe the risk management processes your firm uses to minimize volatility and other risks within your stable value portfolios. Your response should address both the overall portfolio and individual underlying investments.	
111	Describe, if applicable, the utilization of securities lending in your product. Indicate the percentage of the fund that participates in securities lending, the additional return generated by securities lending in each of the past three calendar years, and the split of the earnings resulting from securities lending between the fund and the securities lending provider.	
112	Please indicate who manages the securities lending collateral pool and the fees associated with such management.	
113	What enhancements do you anticipate making to your strategy from the perspective of credit quality, liquidity, investment performance, and/or responsiveness to interest rate movements? How does the Separate Account Composite react in a rising/falling interest rate environment?	
114	<p>Did your company complete the Individual Account Stable Value Composite (IASVC) Worksheet included in the Excel workbook? [Yes/No]</p> <p>On the IASVC Worksheet, please provide information regarding your individual account Stable Value Composite.</p>	
<b>INVESTMENT PERFORMANCE</b>		
115	<p>For the ten-year period ended December 31, 2019, please supply as an additional excel file the monthly, book value and market value (if available) time-weighted rate of returns, gross and net of fees, market to book ratio and crediting rate (gross and net) for your organization's stable value composite. Also, provide duration, current yield, weighted-average maturity, weighted average quality, and total AUM by period. In your exhibit, please detail how your composite was calculated. You must identify the number of funds included in the composite and the size of the underlying portfolios.</p> <ul style="list-style-type: none"> <li>• In addition, please provide separately, the quarterly return data on the highest returning portfolio, within the composite, and the lowest returning portfolio, within the composite.</li> <li>• Provide the asset size of these portfolios and discuss the variance in returns for these portfolios relative to your composite.</li> <li>• Indicate the size and number of portfolios that were excluded from your composite and the reason for exclusion.</li> </ul> <p>Please note that your composite must be limited to accounts in which you have complete investment discretion.</p>	

116	<p>For the ten-year period ended December 31, 2019, please supply as an additional excel file the monthly (or quarterly), market value time-weighted rate of returns, gross of fees, for the underlying composite(s) (made up of commingled pools and/or separate accounts [i.e. Core bond, intermediate bond, low-duration, etc.]) That would cover either your internally managed fixed income products or externally managed fixed income products that can be utilized as underlying fixed income managers for this assignment. Composite returns are acceptable. In your exhibit, please detail the following:</p> <ul style="list-style-type: none"> <li>• Name of the strategy (or fund) and who the investment management company is (if managed externally).</li> <li>• What the appropriate benchmark is for this underlying composite</li> <li>• The asset size of each composite</li> <li>• The number of clients invested in each commingled pool or composite.</li> </ul>	
<b>PORTFOLIO TRANSITION</b>		
117	Describe the process and key steps associated with the transition of the existing stable value fund portfolios to your organization.	
118	Describe how existing book value to market value relationships will be maintained under a transition.	
<b>ADMINISTRATIVE REPORTING</b>		
119	What are your reporting capabilities with respect to trustees/Third-Party Administrators?	
120	Confirm that you can provide daily unit value reporting to the trustee and Third-Party Administrator. [Yes/No]	
121	Confirm that you can monthly or quarterly statements to the City, its consultants, trustee, and Third-Party Administrator. [Yes/No]	
122	Confirm that you will attend and present, at your own cost, reports of investment reviews and organizational updates to the Board, staff, and the DCP consultant. [Yes/No]	
123	Describe the assistance your firm can provide with participant communications including fact sheets describing the nature and performance of your investment offering for use with DCP participants.	
<b>FEES</b>		
124	Provide the expected total annual operating expenses for the DCP stable value fund if your firm were to manage the fund. Provide a detailed breakout of these fees including management fees paid directly to your firm for discretionary management in addition to non-affiliated investment advisor fees, acquired fund fees, wrap contract charges, distribution fees, and any other expenses. Indicate how long these fees are guaranteed.	

125	Please indicate any and all administrative or other fees or charges that would not be included within the compensation you net out of the credited rate of return.	
126	Please indicate if you would waive transaction fees or charges that might be incurred in connection with your administration of this account.	
<b>PERFORMANCE GUARANTEES</b>		
127	Please indicate what performance guarantees your company would provide and any associated financial penalties associated with some or all of them.	
<b>ADDITIONAL INFORMATION</b>		
128	Provide any additional information your firm believes is essential to the evaluation of your proposal. if there is no additional data your company wishes to present, state the following: "There is no additional data we wish to present."	

**You Have Now Completed the Questionnaire Portion of the RFP. Please Attach All Required Documents, Samples, Reports Mentioned in This Questionnaire to the RFP.**

DRAFT

# **SECTION 4**

## **PROPOSAL FORMAT AND SUBMISSION REQUIREMENTS**

Proposals must be based only on the material contained in the RFP, Pre-Proposal Conference responses, amendments, addenda and other material published by the City relating to the RFP. The Proposer must disregard any previous RFP draft material. Proposals must be submitted in accordance with the requirements set forth in this RFP.

### **4.0 ADDENDUM(A)**

The City reserves the right to issue addendum(a) to this RFP, which may add additional requirements which must be met in order for a proposal to be considered responsive. All Proposers must acknowledge any addendum(a) issued as a result of any change in this RFP on the Proposer Signature Declaration Page. Failure to indicate receipt of addendum(a) may result in a proposal being rejected as non-responsive.

### **4.1 IN WRITING**

All proposals must be submitted in writing and Proposers shall complete and return any and all applicable documents including but not limited to written responses, questionnaires, forms, appendices, spreadsheets, and any electronic files. The City may deem a Proposer non-responsive if the Proposer fails to provide all required documentation, copies, or electronic files and eliminated from further consideration in the evaluation process.

### **4.2 COVER LETTER**

Each proposal must include a cover letter limited to two pages. The cover letter must include the title, address, email address, and telephone number of the person or persons who will be authorized to represent the Proposer.

### **4.3 BEST OFFER**

The proposal shall include the Proposer's best terms and conditions. Submission of the proposal shall constitute a firm and fixed offer to the City that will remain open and valid for a minimum of 12 months from the submission deadline.

### **4.4 AUTHORIZED SIGNATURES**

Proposals must be signed by a duly authorized officer eligible to sign contract documents and authorized to bind the company to all commitments made in the proposal. A non-officer individual, with the authority to bind the Proposer to a contract, is sufficient to sign all applicable documents for the purpose of this RFP. Consortiums, joint ventures, or teams submitting proposals will not be considered responsive unless it is established that

all contractual responsibility rests solely with one Proposer or one legal entity. The proposal must identify the responsible entity.

#### **4.5 NUMBER OF PROPOSAL COPIES REQUIRED**

Proposers are required to submit their proposals to the proposal delivery address on page one of this RFP according to the instructions below:

To the RFP Administrator:

- One original written proposal which includes all required responses to Part A and Part B, with all documents signed in ink.
- One copy of the written proposal including all required responses to Part A only.
- One electronic (USB drive) copy of your Part A and Part B responses in Adobe PDF, Microsoft Word, and (questionnaire only) Microsoft Excel formats.

To the Consultant:

- One copy of the written proposal which includes all required responses to Part A only.
- One electronic (USB drive) copy of your Part A responses in Adobe PDF, Microsoft Word, and (questionnaire only) Microsoft Excel formats.

Original and copies should be identified as such. If any proposal contains any trade secrets or other proprietary information that the Proposer claims is exempt from disclosure under the California Public Records Act, then one (1) redacted copy of the proposal must also be submitted in addition to the original version. Written proposals must be presented in a sealed envelope or box. Proposer must enter the title and Proposer's name on the outside of the envelope or box. Sealed proposals are to be delivered to the address listed in this RFP no later than the stated proposal submission deadline.

Certain efficiencies in how proposals are prepared and submitted are requested in order to facilitate the review, storage, and recycling processes for proposal materials. Economy in presentation and packaging is preferred over materials which are not easily reproduced, create unnecessary waste, or are awkward to store. **Please do not submit materials in plastic binders.** Each response should have the bulk of its contents prepared on standard 8½ x 11 paper. Non-essential promotional materials and over-sized materials should be avoided wherever possible except as otherwise requested within the RFP.

#### **4.6 ELECTRONIC (USB DRIVE) SUBMISSION**

In addition to the written copies of the proposal, Proposers are required to provide a copy of the proposal in Adobe PDF, Microsoft Word, and/or (questionnaire only) Microsoft Excel format on a USB flash drive. Redacted versions should be sent separately and **identified** as such. The USB flash drive containing the proposal versions should be labeled with the firm name and title of this RFP and placed in a sealed envelope with the firm's name written across the front of the envelope and attached or affixed inside the front cover of the original RFP response.

#### **4.7 INFORMATION REQUESTED AND NOT FURNISHED**

The information requested and the manner of submission is essential to permit prompt evaluation of all proposals. Accordingly, the City reserves the right to declare as non-responsive and reject any proposals in which information is requested and is not furnished or when a direct or complete answer is not provided.

#### **4.8 ALTERNATIVES**

The Proposer shall not change any wording in the RFP or associated documents. Any explanation or alternatives offered shall be submitted in a letter attached to the front of the proposal documents. Alternatives that do not substantially meet the City's requirements cannot be considered. Proposals offered subject to conditions and/or limitations may be rejected as non-responsive.

#### **4.9 PROPOSAL ERRORS**

Proposer is responsible for all errors or omissions incurred by Proposer in preparing the proposal. Proposer will not be allowed to alter proposal documents after the Proposal Submission Deadline, except as allowed by the City. The City reserves the right to allow Proposers to make corrections. The City reserves the right to make corrections or amendments due to errors identified in the proposal by the City or the Proposer. This type of correction or amendment will only be allowed for typographical errors, transposition, or other obvious error. Any changes will be dated and time stamped, and attached to the proposal. All changes must be coordinated in writing with, authorized by, and made by the City Contract Administrator.

#### **4.10 PROPOSAL CLARIFICATION**

The City reserves the right to request Proposers at any phase of the evaluation process to clarify information provided in RFP responses including clarification of assumptions used in the RFP response. All clarifications must be coordinated in writing with, authorized by, and made by the City Contract Administrator. Clarifications must be submitted in writing by the requested deadline, otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

If the City determines that all Proposers failed to submit requested information or adequately responded to the same RFP question or request for data, the City may, at its discretion, issue an RFP Addendum and provide all Proposers with an opportunity to provide a response to the RFP question. Responses to RFP Addendum questions must be submitted in writing by the stated deadline otherwise the RFP response will be deemed non-responsive or evaluated without the benefit of the clarification requested.

#### **4.11 WAIVER OF MINOR ADMINISTRATIVE IRREGULARITIES**

The City reserves the right, at its sole discretion, to waive minor administrative irregularities contained in any proposal.

#### **4.12 INTERPRETATION AND CLARIFICATIONS OF RFP REQUIREMENTS**

The City will consider prospective recommendations or suggestions regarding any requirements before the Pre-Proposal Conference. All recommendations or suggestions must be in writing and submitted to the City Contract Administrator. The City reserves the right to modify or amend any and all requirements of the RFP. All amendments will be posted as an addendum to the RFP in LABAVN.

#### **4.13 PROPOSAL SUBMISSION DEADLINE**

Timely submission of proposals is the sole responsibility of the proposer. The City reserves the right to determine the timeliness of all submissions. The proposals, including all hard copies, redacted copies and electronic copies of the final proposals and proposal questionnaire must be received by the RFP Administrator and Consultant by the deadline indicated on page one of this RFP.

Please note that all persons and materials entering the Employee Benefits Division's City Hall location must go through a security check. Proposers should allow ample time to clear security in order to meet the deadline listed above. All proposals will be date and time stamped upon receipt.

#### **4.14 LATE PROPOSALS**

Proposals submitted after the Proposal Submission Deadline shall be considered late. Late proposals will not be considered.

#### **4.15 COST OF RFP**

The City is not responsible for any costs incurred by Proposer while submitting proposals. All Proposers who respond to the RFP do so solely at their own expense.

#### **4.16 WITHDRAWAL OF PROPOSALS**

Proposer may withdraw a submitted proposal in writing at any time prior to the Proposal Submission Deadline. A written request, signed by an authorized representative of the proposer, must be submitted to the City Contract Administrator. After withdrawing a previously submitted proposal, the proposer may submit another proposal at any time up to the Proposal Submission Deadline.

#### **4.17 SELECTION OF VENDOR**

The proposer with the highest score based on the RFP criteria and that also satisfies all City contracting requirements will be recommended for selection. Selection is not restricted to the lowest offer or bid. Should contract negotiations not be successful with the selected proposer, the City may, based on its exclusive discretion, negotiate with the next most qualified proposer.

#### **4.18 REJECTION OF PROPOSALS**

The City reserves the right to reject any or all proposals; to waive any minor informality in proposals received; to reject any unapproved alternate proposal(s); and to reject the proposal of any proposer who has previously failed to perform competently in any prior business relationship with the City. The rejection of any or all proposals will not render the City liable for costs or damages.

#### **4.19 RFP WITHDRAWAL, CANCELLATION, OTHER OPTIONS**

The City reserves the right to withdraw or cancel the RFP at any time, if it deems such action necessary. If such action is taken, the City may re-issue the RFP. The City also reserves the right to contract with more than one respondent to this RFP. Furthermore, the City may exercise its right to not select any Proposer from this RFP, if it determines that there was no responsive Proposer.

If an inadequate number of proposals is received or the proposals received are deemed non-responsive, not qualified, or not cost effective, the City may, at its sole discretion, reissue the RFP or award a sole-source contract with a vendor. The award of the contract is subject to the successful negotiation of the terms and conditions of an agreement.

The City reserves the right to verify all information in the proposal. If the information cannot be verified, the City reserves the right to reduce the rating points awarded. The City reserves the right to require a pre-award interview and/or site inspection.

#### **4.20 CONTRACT EVALUATION PROGRAM**

When the term of the contract pursuant to this RFP has concluded, the City will conduct an evaluation of the Contractor's performance. The City may also conduct evaluations of the Contractor's performance during the term of the contract. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on specified criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the Contractor assigns to the contract. A Contractor who receives a "Marginal" or "Unsatisfactory" rating will be provided with a copy of the final City evaluation and allowed fourteen (14) calendar days to respond. The City will use the final City evaluation and any response from the Contractor to evaluate Proposals and to conduct reference checks when awarding future service contracts.

#### **4.21 LOBBYING LAW COMPLIANCE**

Proposers bidding for a contract, as defined in Los Angeles Administrative Code Section 10.40.1, shall submit with their bid the Bidder Certification Form CEC 50 as prescribed by the City Ethics Commission acknowledging and agreeing to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance.

This ordinance serves to identify persons engaged in compensated lobbying activities aimed at influencing decisions of City government. Additional information regarding these



restrictions may be obtained from the City Ethics Commission at (213) 978-1960 or <http://ehtics.lacity.org/>.

#### **4.22 CAMPAIGN CONTRIBUTIONS**

Proposers are subject to Charter Section 470(c)(12) and related ordinances. As a result, Proposers may not make campaign contributions to and or engage in fundraising for certain elected City officials or candidates for elected City office from the time they submit the Proposal until either the contract is approved or, for successful Proposers, twelve months after the contract is signed. The Proposer's principals and subcontractors performing \$100,000 or more in work on the contract, as well as the principals of those subcontractors, are also subject to the same limitations on campaign contributions and fundraising.

Proposers must submit CEC Form 55, provided in Part B materials, to the awarding authority at the same time the Proposal is submitted. The Form requires Proposers to identify their principals, their subcontractors performing \$100,000 or more in work on the contract, and the principals of those subcontractors. Proposers must also notify their principals and subcontractors in writing of the restrictions and include such notice in contracts with subcontractors. Proposals submitted without a completed CEC Form 55 shall be deemed non-responsive. Proposers who fail to comply with City law may be subject to penalties, termination of Contract and debarment. Additional information regarding these restrictions and requirements may be obtained from the City Ethics Commission at (213) 978-1960 or <http://ethics.lacity.org/>

#### **4.23 LOCAL BUSINESS PREFERENCE PROGRAM ORDINANCE**

Proposers are advised that any proposal submitted and or contract awarded pursuant to this procurement process shall be subject to the applicable provisions of Los Angeles Administrative Code Section 10.47, Local Business Preference Program (LBPP) Ordinance. The City is committed to maximizing opportunities for local businesses, as well as encouraging local businesses to locate and operate in Los Angeles County. The LBPP Ordinance allows the Department to apply additional points to the Proposal's final score under certain conditions.

Proposers shall refer to Part B, "Local Business Preference Program" for further information regarding the requirements and application of the Ordinance.

If applicable, Proposers may choose to complete and upload the Local Business Certification Affidavit of Eligibility available on the City' Business Assistance Virtual Network (BAVN) residing at [www.labavn.org](http://www.labavn.org) prior to the Proposal Submission Deadline. The City may request supporting documentation to verify qualification for designation as a Local Business. Only those Proposers who apply and qualify for a Local Business designation (or otherwise qualify by using a qualified Local Subcontractor) by the RFP due date will be made eligible for additional points that can be awarded under the ordinance.

Proposers seeking additional information regarding the requirements of the Local Business Preference Program Ordinance may visit the Bureau of Contract Administration's web site at <http://bca.lacity.org>.

#### **4.24 CONFIDENTIALITY**

All documents, records and information provided by the City to the Contractor, or accessed or reviewed by the Contractor, during performance of the services will remain the property of the City. All documents, records, and information provided by the City to the Contractor, or accessed or reviewed by the Contractor and any of its employees during performance of services, are confidential (hereinafter collectively referred to as "Confidential Information"). The Contractor agrees not to provide Confidential Information, nor disclose their content or any information contained in it, either orally or in writing, to any other person or entity. The Contractor agrees that all Confidential Information used or reviewed in connection with the Contractor's work for the City will be used only for the purpose of carrying out City business and cannot be used for any other purpose. The Contractor will be responsible for protecting the confidentiality and maintaining the security of City documents and records in its possession.

Any Confidential Information provided by the City to the Contractor, or accessed or reviewed by Contractor, during performance of services, will be made available to its employees, agents, and subcontractors only on a need to know basis. Further, the Contractor will provide written instructions to all of its employees, agents and subcontractors, with access to the Confidential Information about the penalties for its unauthorized use or disclosure.

The Contractor must not remove Confidential Information or any other documents or information used or reviewed in connection with the Contractor's work for the City from City facilities without prior approval from the City. At no cost to the City the Contractor will, at the conclusion of services, or at the request of the City, promptly return in an organized manner that preserves and protects the documentation, any and all Confidential Information and all other written materials, notes, documents, or other information obtained by the Contractor during the course of work under the contract. The Contractor will not make or retain copies of any such information, materials or documents. The Contractor and its employees, agents, and subcontractors may have access to confidential employee personnel information; misuse of such information may adversely affect the subject individual's privacy rights and may violate various federal and State statutes. The Contractor will implement reasonable and prudent measures to keep secure employee personnel information accessed by its employees, agents, and subcontractors during the performance of services. The Contractor will advise its employees, agents, and subcontractors of this confidentiality requirement.

The Contractor shall disclose the intent to use any service provider outside the continental United States of America to handle any aspect of the work within the scope of services, and shall describe to the City's satisfaction the methods, which will be utilized to protect the City's interests and confidentiality of City records and information in doing so. The

City reserves the right to approve any such service provider throughout the term of the contract at its sole and absolute discretion.

Any breach of security that occurs through Contractor's website, offices or network shall require Contractor to be responsible for notifying City and all participants affected by such breach. Contractor shall also be responsible for all costs associated with such notification. The Contractor shall indemnify the City for any breaches of its security and the improper disclosure of confidential information.

#### **4.25 GOVERNMENT TAXATION FORMS**

Proposers must submit the following three forms found in Part B to the awarding authority at the same time the Proposal is submitted:

- IRS Request for Taxpayer Identification and Certificate (Form W-9)
- Evidence of having applied for or obtained a tax registration account number (City of L.A. Tax Registration Certificate number and/or Vender Registration number)
- State of California Withholding Exemption Certificate (Form 590) or Non-resident Withholding Certification (Form 587), if the Proposer is located outside of California.

#### **4.26 AMERICANS WITH DISABILITIES ACT**

As covered under Title II of the Americans with Disabilities Act, the City does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its proposals, programs, services and activities. If an individual with a disability requires accommodations to attend the Pre-Proposal Conference, please contact the Contract Administrator at least five working days prior to the scheduled event.

#### **4.27 FAIR CHANCE INITIATIVE FOR HIRING ORDINANCE**

City contractors and subcontractors with ten or more employees are prohibited under Los Angeles Administrative Code Section 10.48 from seeking a job applicant's criminal history information until a job offer is made and from withdrawing a job offer unless the employer performs an assessment of the applicant's criminal history and the duties of the position (contractors and subcontractors must also comply with State requirements regarding the use of criminal history information in the job application process). Contractors and subcontractors are required to include information regarding the ordinance in all job solicitations and advertisements and to post notices informing job applicants of their rights. Additional information and forms may be found at the Department of Public Works, Bureau of Contract Administration website at <http://bca.lacity.org/>.

#### **4.28 IRAN CONTRACTING ACT OF 2010**

In accordance with California Public Contract Code Sections 2200-2208, all bidders submitting proposals for, entering into, or renewing contracts with the City for goods and services estimated at \$1,000,000 or more are required to complete, sign, and submit the "Iran Contracting Act of 2010 Compliance Affidavit."

#### **4.29 BOND ASSISTANCE PROGRAM**

For those contractors wishing to bid on City projects but who are experiencing difficulty obtaining the required bid, performance and payment bonds, the City of Los Angeles provides bonding assistance thru the Los Angeles Bond Assistance Program (BAP LA). For more information regarding the BAP LA please go to the City's Risk Management website at <http://cao.lacity.org/risk>.

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# SECTION 5

## EVALUATION OF PROPOSALS

### 5.0 REVIEW PROCESS

Proposals received by the Proposal Submission Deadline as specified in this RFP will be evaluated as outlined below.

#### 5.0.0 Preliminary Review – Level One

Proposals will be reviewed to determine (a) completeness of required documentation, (b) compliance with the City's administrative and general contracting requirements, and ability to meet the minimum requirements outlined in Section 2.3. Proposers that fail to submit or complete required documentation, fail to satisfactorily comply with the City's general contracting requirements, or which do not meet the minimum requirements outlined in Section 2.3 will be deemed non-responsive, eliminated from further consideration, and will not proceed to the Level Two review process. Proposers will be notified in writing or email regarding the results of the Level One review.

#### 5.0.1 Proposal Evaluation - Level Two

Employee Benefits Division staff, the DCP investment consultant, and members of the Board, including its Investments Committee, will collaborate to evaluate the technical competence of all proposals that pass Level One (standards above). The award of the contract is subject to successful negotiation of the terms and conditions of an agreement.

##### 5.0.1.0 Written Responses

All written responses to the RFP questionnaire will be considered and evaluated.

##### 5.0.1.1 Oral Presentations

The City reserves the right to request oral presentations of all of or the highest-ranked Proposers prior to making a final selection. However, the evaluation of proposals will be based strictly on the Proposer responses to the RFP. Proposers will not be permitted to submit new materials or otherwise enhance their proposals as part of the oral presentation.

### 5.1 REVIEW CRITERIA

- **Long-term performance:** The City will seek to identify products with above average trailing risk-adjusted performance relative to a comparable managed universe.

- **Team depth:** The City will assess the amount of dedicated resources to the strategy and also the caliber and tenure of the investment management team.
- **Personnel turnover:** The City will assess the extent of staff departures in recent years.
- **Portfolio construction:** The City will assess investment manager process and capabilities with regards to building a portfolio. Considerations will include the manager's portfolio guidelines, typical number of portfolio holdings, typical portfolio turnover rates, and expected sources of value added versus the benchmark.
- **Business management:** The City will assess the degree to which the fund's firm is run in the interest of investors, including factors such as continuity of ownership, focus on employee retention, employee ownership, a record of controlling growth (assets under management and new products brought to market), and commitment to maintaining reasonable fees for investors.
- **Strategy assets:** The City will assess the degree to which the amount of assets in a strategy support the manager's commitment long-term and the ability to implement a diversified portfolio, as well as ensure it is not so large that any specific holding would represent a significant portion of a company's overall market cap or debt issuance.
- **Attractiveness of fees:** The City will assess product fees.

## 5.2 PROPOSAL PROTEST

### 5.2.0 Level One - Preliminary Review

Proposer may file a protest regarding disqualification at the Level One review. A Notice of Protest must be filed in writing and submitted to the Contract Administrator within five (5) calendar days of the notification of disqualification date. The Notice of Protest must clearly state the grounds for the protest and the facts on which they are based. The Personnel Department General Manager will respond to a protest within 15 calendar days of receiving it. The decision of the Personnel Department General Manager will be final.

### 5.2.1 Level Two - Award of Contract Recommendation

Proposers may file a protest regarding the award of the contract. A Notice of Protest must be filed in writing and submitted to the Contract Administrator within seven (7) calendar days of the date the Contracting Authority makes its final vendor selections pursuant to this RFP. The Notice of Protest must clearly state the grounds for the protest and the facts on which they are based. A protest based on non-selection alone or disagreement with the award of the contract is not sufficient grounds for a protest.

Personnel Department staff will respond to a protest, in writing, within 20 calendar days of receiving it. Findings and/or recommendations will be submitted to the

Board of Deferred Compensation Administration and the decision of the Board will be final.

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# SECTION 6

## GENERAL TERMS & CONDITIONS

### 6.0 PROPERTY OF CITY/PROPRIETARY MATERIAL

All proposals submitted in response to this RFP will become the property of the City and subject to the California Public Records Act (California Government Code Section 6250 et seq). Proposers must identify all trade secrets or other proprietary information that the Proposers claim are exempt from the Public Records Act. The City Attorney will make an independent determination regarding whether the identified information is disclosable.

In the event a Proposer claims such an exemption, the Proposer is required to state in the proposal the following: "The Proposer will indemnify the City and its officers, employees and agents, and hold them harmless from any claim or liability and defend any action brought against them for their refusal to disclose trade secrets or other proprietary information to any person making a request therefore."

Failure to include such a statement will constitute a waiver of a Proposer's right to exemption from this disclosure.

### 6.1 PRE-AWARD NEGOTIATIONS

Prior to award of the contract, the successful Proposer(s) may be required to attend negotiation meetings that will be scheduled at a later date. The intent of the meeting(s) will be to discuss and negotiate contract requirements, prices/premiums, service level agreements, detailed scope of work specifications, ordering, invoicing, delivery, receiving and payment procedures, etc. in order to insure successful administration of the contract.

### 6.2 EXECUTION OF CONTRACT

Unless otherwise stated, proposals submitted will be irrevocable for a period of one-year following the proposal due date. A contract will be developed following action by the Board.

Any contract made pursuant to this RFP must be accepted in writing by the Proposer. If for any reason the Proposer should fail to accept the contract in writing, then the Proposer may be deemed non-responsive and the City may commence contract negotiations with another Proposer.

Please note that the City takes a legal approach whereby all contracts contain an order of precedence. In the event of a discrepancy between the provisions of the Contractor's documents and the City's documents, the City's documents take precedence with respect to resolution of the discrepancy.



### **6.3 AMENDMENTS/MODIFICATIONS/CHANGE ORDERS**

Any amendments, adjustments, alterations, additions, deletions, or modifications in the terms and/or conditions of the resultant agreement must be made by written amendment/change order approved by the Contracting Authority, the Contractor, and signed by the City Attorney. If Contractor performs any modification without a written amendment/change order, the City will neither pay for nor be obligated to accept said modification.

### **6.4 PRIME CONTRACTOR**

The Proposer awarded the contract must be the prime Contractor performing the primary functions of the contract. If any portion of the contract is to be subcontracted, it must be clearly set forth in the proposal document as to what part(s) are to be subcontracted, the reasons for the subcontracting and a listing of subcontractors. The City reserves the right to reject any proposal wherein use of subcontractors significantly affects the ability of the Proposer to function as the prime Contractor on the awarded contract. The prime Contractor will at all times be responsible for the acts and errors or omissions of its Subcontractors or joint participants and persons directly or indirectly employed by them.

### **6.5 SUBCONTRACTORS/JOINT VENTURES**

Acceptance or rejection of a Proposer's request to use subcontractors is at the sole discretion of the City. With written approval of the City, the Contractor may enter into subcontracts and joint participation agreements with others for the performance of portions of resultant agreement.

The provisions of the resultant agreement will apply to all subcontractors in the same manner as to the Contractor. In particular, the City will not pay, even indirectly, the fees and expenses of subcontractors that do not conform to the limitations and documentation requirements of the resultant agreement.

#### **6.5.0 Copies of Subcontractor Agreements**

Upon written request from the City, the Contractor will supply the City with all subcontractor agreements at no cost.

### **6.6 SUPPLIER PERFORMANCE FEEDBACK MEETINGS**

The Proposer awarded the resulting agreement is required to attend periodic performance feedback meetings facilitated by the Contracting Authority. The meetings will focus on the Contractor's and the City's performance in fulfilling the service level requirements contained in the contract. The meetings will provide a forum to informally discuss opportunities for improving contract terms and conditions, service level requirements, and cost reductions for both parties.

### **6.7 REPLACEMENT OF CONTRACTOR'S STAFF**

The City reserves the right to have the Contractor replace any contract personnel with equally or better qualified staff upon providing written notice to Contractor. In addition, the

City reserves the right to approve in advance any changes in project personnel or levels of commitment by the Contractor to the project.

#### **6.8 CONTRACTOR'S ADDRESS**

The address given in the proposal response will be considered the legal address of the Contractor and will be changed only by written notice to the City. The Contractor will supply an address to which certified mail can be delivered. The delivery of any communication to the Contractor personally, or to such address, or the depositing in the United States Mail, registered or certified with postage prepaid, addressed to the Contractor at such address, will constitute a legal service thereof. Also, telephone numbers, fax numbers and e-mail addresses (if applicable) must be provided.

#### **6.09 TERM & OPTION TO RENEW**

The term of any contract(s) established pursuant to this RFP shall be for the period identified in the RFP Introduction. The City reserves the right in its sole discretion to seek an extension of the term of the contract.

#### **6.10 STANDARD CONTRACT PROVISION REQUIREMENTS**

Please carefully review the information contained in the City of Los Angeles Requirements and Checklist (Part B), including the Standard Provisions for City Contracts (Rev. 10/17). 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. Accordingly, the City reserves the right to declare as non-responsive and reject any proposals in which information is requested and is not furnished or when a direct or complete answer is not provided. These requirements will be discussed in detail at the Pre-Proposal Conference.

#### **6.11 GOVERNING LAW**

All matters relating to the formation, validity, construction, interpretation, performance and enforcement of the RFP and the resultant agreement/contract, must comply with all applicable laws of the United States of America, the State of California and the City.

#### **6.12 CALIFORNIA STATE SALES TAX**

Do not include California State sales tax in prices quoted unless otherwise requested. If requested, sales tax must be identified as being included in the pricing.

#### **6.13 CALIFORNIA STATE BOARD OF EQUALIZATION PERMIT**

Proposer must enter the company's State of California Board of Equalization permit number on the proposal form. If the company does not have this permit, the Proposer must sign the proposal form declaring that the company has no California sales tax permit.

#### **6.14 FEDERAL EXCISE TAXES**

The City is exempt from the payment of excise taxes imposed by the Federal Government. Such taxes must not be included in the proposed prices. The Department of General Services, upon request, will furnish Federal excise exemption certificates.

#### **6.15 PERIODIC INDEPENDENT AUDIT**

The City reserves the right to assign an independent auditor to assess the quality of services being provided and the extent to which the vendor and its subcontractors are conducting City business within generally accepted industry standard practices. Each Contractor will be required to cooperate fully with any external audit.

#### **6.16 FINANCIAL AUDIT**

Firms providing services to the City will be responsible for the verification of the legitimacy of payments made to service providers and their subcontractors. The City therefore reserves the right for staff of its Office of the Controller or their designee to conduct audits of financial accountability procedures.

#### **6.17 PROPOSER BACKGROUND INFORMATION**

Proposers must submit contact information as requested in the Proposal Questionnaire.

#### **6.18 PROPOSER SIGNATURE DECLARATION**

Proposer shall provide a Signature Declaration as requested in the Proposal Questionnaire.

THE BOARD OF  
DEFERRED COMPENSATION  
ADMINISTRATION



REPORT  
FROM

TO: City Council	DATE _____, 2020
REFERENCE: Los Angeles Administrative Code Division 4, Chapter 7, Article 5, Sec. 4.303	COUNCIL FILE _____

SUBJECT: **Deferred Compensation Plan Contract Extensions for Investment Manager Searches**

**RECOMMENDATION:**

That the City Council authorize the City of Los Angeles Board of Deferred Compensation Administration to (a) extend the City’s current contract with Mercer Consulting (Contract No. C-127171) for a one-year term from July 1, 2020 through June 30, 2021 and (b) extend the City’s current contract with Galliard Capital Management (Contract No. C-127342) for a one-year term from July 1, 2020 through June 30, 2021.

**SUMMARY:**

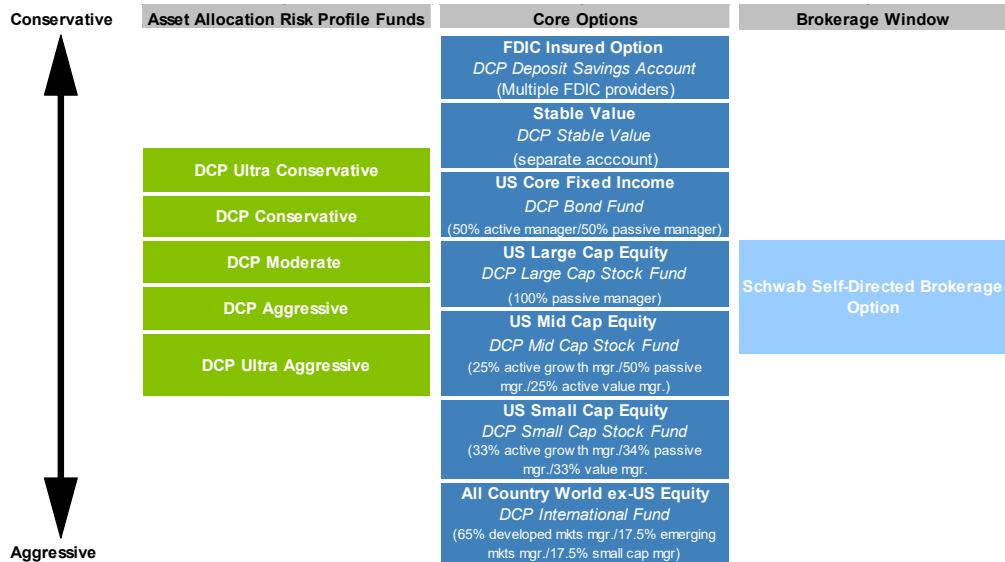
In 1983 the City of Los Angeles established a Deferred Compensation Plan (DCP) under Internal Revenue Code Section 457 and City of Los Angeles Administrative Code (LAAC) Division 4, Chapter 14, as a voluntary supplemental retirement savings program for all employees who are members of one of the City’s three primary defined benefit retirement plans. The DCP allows employees to set aside a portion of their compensation (up to applicable annual Federal contribution limits) on a tax-advantaged basis. Employees elect how their savings are invested within the DCP menu of investment options. The mission of the DCP is to assist City employees in achieving retirement income security. The DCP presently serves over 50,000 participants and with approximately \$7.2 billion in assets.

The City Council established a Board of Deferred Compensation Administration (“Board”) to oversee the DCP. The Board is composed of the following:

1. General Manager Personnel Department
2. General Manager Los Angeles City Employees’ Retirement System (LACERS)
3. General Manager Los Angeles Fire and Police Pensions (LAFPP)
4. Retirement Plan Manager Department of Water & Power Employees’ Retirement Plan (DWPERP)
5. Elected Representative – Participant Member of LACERS
6. Elected Representative – Participant Member of LAFPP
7. Elected Representative – Participant Member of DWPERP
8. Elected Representative – Retired Plan Participants
9. Organized Labor Representative

The City Council further established the Personnel Department as the entity responsible for providing staff support for the DCP. The Board and the Personnel Department have a statutory and fiduciary obligation to act solely in the best interest of DCP participants. In connection with these responsibilities, the Board has the authority to enter into contracts to support administration of the program, including agreements for third-party administration, investment management, consulting, audit, and other services. LAAC Division 10, Section 10.5, provides the Board with the ability to establish DCP service provider contract terms for up to five years in length without City approval.

The Board has adopted an Investment Policy Statement (IPS) and utilizes the services of a consultant and Personnel Department staff as part of exercising its fiduciary responsibilities in selecting DCP investment options and providers. DCP investment options are summarized as follows:



The Plan’s investment manager service relationships, including contracts and other arrangements for providing fund options, are typically reviewed on a rolling five-year basis. The final stage of formally launching the search process for the current expiring cycle was delayed for approximately one year as the Board substantially revised the design and execution of its search process parameters in order to provide for the widest possible consideration of available options with a much higher level of efficiency.

Following conclusion of its search redesign process, in February 2020 the Board launched an extensive and comprehensive search process for 13 separate DCP investment mandates, including all of the DCP’s core bond, equity, and Stable Value Fund investment options. The search process will include a blend of procurements for institutional fund products and searches for mutual fund investment products. Institutional funds require contract relationships with the City; mutual funds do not involve contractual relationships

The search process will rely heavily on the expertise and resources of the Board’s investment consultant, Mercer Consulting (“Mercer”), in order to review the broad provider universe of fund offerings and select providers meeting the requirements set forth in the IPS and which best serve the interests of DCP participants. Mercer acts in a fiduciary capacity providing expert investment performance review and monitoring as well as assistance with the Board’s search processes. The current Contract No. C-127171 with Mercer encompasses the period July 1, 2015 through June 30, 2020. Mercer’s services include not only its expert advisory services but a proprietary investment fund database incorporating over 35,000 institutional fund and mutual fund products managed by 7,108 managers across all asset classes globally. In order to ensure sufficient time is available to utilize Mercer’s advisory services as well as provide continued access to its proprietary investment fund database for the duration of the search process, the Board is requesting

authorization from the City Council to extend Contract No. C-127171 for one additional year, from July 1, 2020 through June 30, 2021.

Additionally, the Board has contracted with Galliard Capital Management (“Galliard”) to provide investment management services for the DCP’s Stable Value Fund. The Stable Value Fund is an interest-bearing investment option. The Stable Value Fund is comprised of various government and corporate bonds along with related insurance protections providing participants with liquidity and the ability to execute investment and withdrawal transactions at a stable price. This option is currently utilized by over 13,800 participants with approximately \$1.2 billion in assets. The current Contract No. C-127342 with Galliard encompasses the period July 1, 2015 through June 30, 2020. In order to ensure sufficient time is available to successfully conclude the Board’s search and contracting process for a new Stable Value Fund services contract, the Board is further requesting authorization from the City Council to extend Contract No. C-127342 for one additional year, from July 1, 2020 through June 30, 2021.

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JOHN MUMMA, CHAIRPERSON

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THOMAS MOUTES, VICE-CHAIRPERSON

BOARD OF DEFERRED COMPENSATION ADMINISTRATION