

2023

# REQUEST FOR PROPOSAL

## Institutional Investment Consulting Services

LOUISIANA DISTRICT ATTORNEYS' RETIREMENT SYSTEM

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# REQUEST FOR PROPOSAL

## INSTITUTIONAL INVESTMENT CONSULTING SERVICES

### Louisiana District Attorneys' Retirement System

### Baton Rouge, LA

#### INTRODUCTION:

The Louisiana District Attorneys' Retirement System ("DARS") is requesting proposals for investment consulting services to DARS staff and Board of Trustees. In addition to investment expertise, preferred candidates will have some degree of experience with defined benefit plans. Respondents to this RFP are encouraged to describe attributes and processes that make their firm unique and capable. This search was authorized by the Board of Trustees and seeks to identify potential full-service general retainer investment consultants. The consultant will report to the Board of Trustees, which meets every other month. The consultant will also work closely with the Director on a regular basis. DARS anticipates entering into a five-year contract with the consultant.

#### BACKGROUND:

The first meeting of the Board of Trustees of the District Attorneys' Retirement System ("DARS") was held on August 8, 1956. It is a defined benefit plan designed for elected state District Attorneys, Assistant District Attorneys, and employees of the Louisiana District Attorneys' Association ("LDAA") and DARS. The Board consists of four District Attorneys, two Assistant District Attorneys, two retirees, one member of the State Senate, and one member of the State House of Representatives. The DARS Board delegates their authority to the Director and two staff members.

Per the most recent Annual Funding Valuation, DARS serves over 1,100 active, retired, and survivor members among 42 districts across the state. The plan is 87.12% funded.

As of June 19, 2023, investment assets under management for DARS was \$507MM with a strategic target asset allocation below:

<b>Asset Class</b>	<b>Range</b>
Equity	40% - 65%
Large Cap	20% - 40%
Mid Cap	10% - 25%
Small Cap	5% - 20%
International	5% - 15%
Opportunities	0% - 5%
Fixed Income	25% - 55%
Alternatives	5% - 20%

Please note cash and equivalents are included in the Fixed Income allocation. Equity allocation is discretionary, but currently passively managed. Fixed Income is actively managed.

#### SCOPE OF WORK:

1. Provide continuous review of DARS' Investment Policy Statement in line with best practices, portfolio mix, and investment strategies relative to changes in the capital markets and structure of similar assets. Make recommendations on rebalancing and additional asset classes when appropriate.
2. Maintain, and have available, a broad database of investment managers including their philosophies, styles, fee schedules, portfolio characteristics, firm background, and performance.
3. Attend three to six Board meetings each year and any other special meetings that may emerge.
4. Be regularly accessible to the Director via telephone or email to provide updates on the portfolio, market commentary, additional strategies, and any other portfolio maintenance items.
5. Assist in investment manager searches or any other search requested by DARS. This includes development and compilation of any RFP, evaluating proposals, and providing guidance to the Board in final manager selection.
6. Prepare monthly reports regarding account balances, investment returns over various time periods with comparison to appropriate benchmarks, current asset allocation breakdowns in comparison to target, and cash flow data.
7. Provide on-going monitoring of manager compliance with DARS investment policies and contract provisions.
8. Provide on-going education to DARS trustees and staff regarding asset classes, market overviews, economic forecasts, and any other relevant information requested by DARS.
9. Assist, when necessary, in compiling or procuring regulatory reports such as the Prohibited Nations report per R.S. 11:312 and the Act 1004 report regarding transmitting investment performance to state agencies.
10. Provide regular/periodic market commentary and research to DARS staff.

#### MINIMUM ELIGIBILITY REQUIREMENTS:

1. The investment consulting firm ("the Firm") must be a registered investment advisor under the Investment Company Act of 1940. The firm must have been in business for a minimum of five years,

and the principal consultant assigned to DARS' relationship must have at least seven years of investment consulting experience.

2. The investment consulting firm must be able to maintain practical electronic interface with DARS' custodian bank by online connection or other method at the investment consulting firm's expense.
3. The Firm must agree to be a fiduciary to the plan as the term is defined in Louisiana statute.
4. The investment consulting firm must utilize all reasonable steps to avoid conflicts of interest. If the firm or its affiliates, officers, or employees are affiliated in any way with any investment manager, broker/dealer, bank, DARS Board Member or staff, or any other service provider, that relationship must be fully disclosed in writing prior to any engagement or interaction with the related party. Disclosures must also include any soft dollar costs the consultant obtains through such relationships.

#### EVALUATION AND SELECTION PROCESS:

The RFP selection process will primarily be driven by the below elements:

1. Conformity to the RFP instructions and completion of answers
2. Proposed work plan, soundness of approach, and understanding of the needs of DARS
3. Demonstrated ability to perform the services required and expected in the RFP
4. Relevant investment consulting experience of the firm and the expertise of the individuals servicing the account
5. Reference and recommendation of other clients
6. Fees

#### PROPOSAL CONTENT:

##### A. FIRM OVERVIEW:

1. The proposer's name, home office address, address of the office providing the services under the contract and telephone number for each.
2. Provide a brief history of the Firm including size, number of employees, primary business, other business or services, type of organization (franchise, corporation, partnership, etc.) And other descriptive material. Include information on all business units and % of total of the proposer's income derived from each unit.
3. What is the ownership structure of the Firm? Please elaborate on any ownership or organizational changes that have occurred over the last three (3) years. Does the Firm anticipate any future ownership or organizational changes?
4. Describe any changes in the structure of the firm over the past five years, as well as any future changes currently planned or scheduled.

5. Please describe the Firm’s financial stability, overall business objectives with respect to future growth. What portion of the Firm’s revenue is generated by public pension plan’s investment consulting and reporting activities?
6. List all key individuals responsible for the DARS’ account. Indicate their names, titles, qualifications, number of years with the company, number of years in the position, total number of years in the industry, and years of experience in performance measurement in general, in the public sector, and with Louisiana public defined benefit retirement plans.
7. Describe any sanctions, disciplinary actions, or any other enforcement measures levied by FINRA, SEC, or other financial regulatory body upon the Firm, key individuals, or personnel that would be handling our account.
8. List public employee retirement systems for which the individual who would be assigned to our account currently provides evaluation services, including system name and approximate value of investment portfolio. Also provide the address, telephone number, name and title of person(s) who may be contacted for reference.
9. In your view, how should a client measure its investment consulting firm’s performance? How does your firm measure its own performance? Please explain and furnish any relevant information regarding the Firm’s performance record for clients similar to the DARS portfolio.
10. Describe your firm’s compensation structure (bonuses, stipend, and other programs) available to your firm’s professional staff. Please be detailed and specific.
11. Please identify the types of clients (e.g. Public Pension Plans, Corporate Pension Plans, Taft-Hartley Plans, Endowments, Foundations, etc.) to whom the Firm provides consulting services as of December 31, 2022. For each type of client, denote whether there is any level of discretionary authority, specify the number of clients that fall into that category, and the total consulting assets under advisement. Below is a table for reference:

Client Type	Discretionary Accounts		Non-Discretionary Accounts		Total	
	Number of Clients	Assets Under Advisement (\$mm)	Number of Clients	Assets Under Advisement (\$mm)	Number of Clients	Assets Under Advisement (\$mm)
Public						
Taft-Hartley						
Corporate						
Endowment, Foundation						
Other						
(Describe Other)						
<b>TOTAL:</b>						

12. Please provide the accounts gained and lost by your firm for investment consulting services over the last three years. Describe the reason for each loss.

B. GENERAL QUESTIONS:

1. Briefly describe how you intend to service this account. What unique features of your plan services do you feel add the most value over time?
2. Describe how you educate your clients.

C. INVESTMENT QUESTIONS:

1. Describe the Firm's process for performing a comprehensive asset allocation and liability study. Provide a description of the Firm's asset allocation model which shall include, at a minimum: (1) basic theory behind the model, (2) the standard inputs into the model, and (3) whether it was purchased from an outside vendor or developed in-house.
2. Describe the Firm's philosophy for portfolio construction of a public pension plan.
3. How often does the Firm recommend a formal asset allocation study?
4. Please describe the Firm's view on rebalancing. Include discussion of targets, ranges, frequency, and implementation methods.
5. How many managers/asset types does the Firm believe a typical public pension plan client with \$500 million under management should employ?
6. What is the Firm's view on passive versus active mandates? Which active management mandates does the Firm believe has the ability, net of fees, to add value over time?
7. Provide an outline of the issues and items that would be covered in a typical investment policy statement.
8. What is the Firm's view in employing tactical asset allocation strategies?
9. For discretionary accounts, describe any asset classes utilized.

D. MANAGER REVIEW/DUE DILIGENCE:

1. Describe the process the Firm follows when hired to evaluate a client's investment portfolio and review its existing managers.
2. Describe the Firm's ongoing manager due diligence process. Describe the Firm's procedures for placing managers on "watch" status or terminating managers.
3. Detail whether you monitor your success in selecting investment managers and describe how you measure the level of success of existing investment managers.
4. How often are on-site visits conducted with the managers utilized by the Firm's clients?
5. Describe the investment consulting firm's views on performance-based fees (not including carried

interest in hedge funds, private equity or real estate partnerships). Do any of the Firm's current clients utilize these types of fee arrangements?

6. Does the Firm have an approved list of managers? How is this list constructed, and utilized when making recommendations to clients?
7. Identify research that you purchase or generate internally when recommending investment managers to the Board. What criteria do your firm use to narrow the selection of managers?
8. Describe due diligence that your firm uses to evaluate current or potential managers.
9. Describe the criteria or process that your firm uses to recommend replacement of a manager.

#### E. RESEARCH CAPABILITIES:

1. Describe the investment consulting firm's commitment to research and system enhancements.
2. Describe the structure and organization of the Firm's research department, including the number and experience of its analysts.

#### F. PERFORMANCE REPORTING:

1. When are reports available after month end? Please provide an example performance report as appendix A.
2. Can performance reports be customized? Are there charges for these additional information requests?
3. Please describe the quality control procedures in place to ensure accuracy and timeliness of reports. How does the Firm verify the accuracy of data received from the custodian and investment managers? How will discrepancies be handled? What process does the Firm use to monitor and communicate performance issues to investment managers?
4. What are your firm's performance attribution capabilities? Can your firm generate a report containing attribution analysis at the total fund, asset class, and investment manager level?
5. Please describe how the Firm monitors risk for clients' portfolios. What measurements are used at the levels of the total portfolio, asset classes and investment managers? How are risk measurements and evaluations reported to clients? Does the Firm use outside providers?
6. Does the Firm regularly produce research papers that are shared with clients?

#### G. FIDUCIARY QUESTIONS:

1. Does your firm, its affiliates, or the ultimate parent of the firm receive revenue, non-cash in-kind benefits, or similar perquisites from investment managers for consulting services or business functions provided, including, for example software sold, attendance at conferences, access to manager databases, or for any other reason? (Please specify type, source, and amount of revenue or such noncash in-kind benefits, or perquisites.)
2. Does the Firm or any affiliates provide investment related products or services to both pension plan advisory clients and money managers? If so, please describe the services provided for money



managers.

3. Please describe your Code of Ethics policy.
4. Describe your company's system back-up, security, and disaster recovery procedures.

**H. FEE PROPOSAL:**

1. Please provide the Firm's proposed all-inclusive flat fee. The all-inclusive fee should include all administrative, third party, travel expenses and other incidental costs of providing the services. For the purposes of quoting a fee, a 5-year contract may be assumed. For pricing travel, please anticipate attending every meeting, which is every other month (six times a year). This all-inclusive fee should be quoted as an annual fee for each year of the 5 year period.

**PROPOSALS:**

Proposals must be submitted by conforming with the following instructions – five copies bound in separate three ring binders and two USB/thumb drives. For accessibility, emailed proposals can be submitted in addition to the hard copies. Proposals received after the deadline are not guaranteed to be given consideration. Proposals can be mailed or hand delivered, but the respondent will be responsible for all costs associated with the preparation, compilation, and submission.

**TIMELINE AND POINT OF CONTACT:**

Below is an anticipated timeline for the RFP process. If changes occur, participants in the RFP process will be notified by email. During the period between RFP issuance and the final deadline, respondents may ask clarifying questions directed to the point of contact related to the RFP. Please make a concerted effort to consolidate questions to a single communication.

<b>Activity</b>	<b>Date</b>
RFP Issuance	October 27, 2023
Final Deadline for Submission	November 17, 2023
Candidates Selected for Staff Review	December 15, 2023
Oral Interviews Conducted by DARS Staff	January 15, 2024 through January 19, 2024
Finalists Recommended to Board	February 2024
Oral Presentations to Board	April 2024
Contract Award Announcement	April 30, 2024

Interviews performed by DARS staff will be conducted via video conference. However, finalist presentations to the Board will be performed on site. On-site presentations may include supplemental information not originally transmitted in the RFP. This material must be cleared by the Director prior to the date of the on-site presentation. It is recommended that finalist candidates reserve the whole day for this part of the process.

**Point of Contact:**

Philip Qualls  
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2525 Quail Dr.  
Baton Rouge, LA 70808  
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[Philip.qualls@ladars.org](mailto:Philip.qualls@ladars.org)

## APPENDICES

### Appendix A

Please attach an example of the investment consulting firm's standard portfolio performance report.

### Appendix B

Please attach your firm's current form ADV Part I and Part II.

### Appendix C

Please attach your firm's current audited financial report.

### Appendix D

Please attach a sample contract or agreement your firm uses for investment consulting services.