

## Memorandum

**TO:** Police and Fire Department Retirement Plan

**FROM:** Ron Kumar

**SUBJECT:** Investment & Risk Consultant Contracts

**DATE:** March 28, 2023

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**Approved**

**Date**

03/28/2023

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### Recommendation

- a) Discussion and action to renew the investment consulting agreement with Meketa Investment Group for one year for an amount not-to-exceed \$350,500.
- b) Discussion and action to renew the risk consulting agreement with Verus Advisory, Inc. for one year for an amount not-to-exceed \$125,000.
- c) Discussion and action to renew the risk data service agreement with Barra LLC for one year for an amount not-to-exceed \$96,000.

### Background

Following a request for proposals (“RFP”) process in 2017, the Police and Fire and Federated Boards hired Meketa Investment Group (“Meketa”) as their general investment consultant and Verus Advisory, Inc (“Verus”) as risk consultant. Staff conducted another RFP in January 2020 since both consultants’ contracts were nearing expiration. Both incumbents ranked highly for both general investment consulting and risk consulting services. Staff felt that a combination of the experience and skill set of both incumbent consulting firms was complementary and added value beyond what either of the firms could bring to the assignment if they served in dual capacities.

Based on the RFP, in June 2020, the boards approved retaining both Meketa and Verus on two-year contracts with an additional one-year option to extend which were exercised as of July 1, 2022. The current agreements with Meketa and Verus are due to expire on June 30, 2023, and include an annual compensation of \$340,000 and \$125,000, respectively. Verus is paired with Barra LLC’s risk analytics system for \$91,000 per year.

In June 2020, the Boards also approved new terms for Albourne America, LLC (“Albourne”) from Absolute Return consultant to Absolute Return information provider. The cost savings of \$180,000 annually for each plan (from \$240,000 to \$60,000 per plan) was achieved due to the restructure of the agreement. Albourne’s contract expired on December 31, 2022, and currently is on a month-to-month basis.

### Analysis

At the February 28, 2023 meeting, the Investment Committee approved staff recommendation to renew the three contracts for one year ending June 30, 2024. The fee comparison is illustrated below:

	Current	Proposed
	FY 2022-23	FY 2023-24
<b>Meketa</b>	340,000	350,200
<b>Verus</b>	125,000	125,000
<b>Barra</b>	91,000	95,550

Meketa’s current contract includes a 3% increase at the end of the third year which takes effect July 1, 2023, if renewed. Verus’ fee will remain the same and Barra’s fee will increase slightly. The Federated plan is also assessed the same amounts. During the next fiscal year, staff will conduct an RFP for investment and risk consultants and provide recommendation(s) to the Board in the second quarter of 2024.

### Conclusion

Staff and Investment Committee recommend approval to renewal the contracts as stated above.

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Ron Kumar  
Investment Operations Supervisor