

Memorandum

TO: Police and Fire Department Retirement Plan and
Federated City Employees' Retirement System
Investment Committees

FROM: Ron Kumar

SUBJECT: Investment & Risk Consultant Contracts

DATE: February 13, 2023

Approved

Date 02/13/2023

Recommendation

Discussion and action regarding investment and risk consultant contracts.

Background

Following a request for proposals ("RFP") process in 2017, Meketa Investment Group ("Meketa") was hired as the plans' 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.

In June 2020, the boards approved retaining both Meketa and Verus on two-year contracts with an additional one-year option to extend which was 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 \$680,000 and \$250,000, respectively. Meketa's contract includes a 3% raise at the end of the third year and takes effect July 1, 2023 if renewed. Verus is paired with MSCI Barra risk analytics system for an additional \$182,000/year. These amounts are shared 50/50 between the plans.

	Federated	P&F	Total
Meketa	340,000	340,000	680,000
Verus	125,000	125,000	250,000
MSCI Barra	91,000	91,000	182,000

The Boards also approved new terms for Albourne America, LLC (“Albourne”) from Absolute Return consultant to Absolute Return information provider in June 2020. The cost savings of \$180,000 annually for each plan (from \$240,000 to \$60,000) 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.

Conclusion

During the Investment Committee meeting, Staff would like to discuss the general investment consulting and risk consulting services and options for the next contract period.

Ron Kumar
Investment Operations Supervisor