

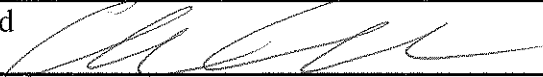
Memorandum

TO: Police and Fire Department Retirement Plan Investment Committee

FROM: Aynur Yeniay

SUBJECT: Investment Related Contracts

DATE: May 18, 2015

Approved  Date 5/18/15

RECOMMENDATION

Discussion and approval for the Secretary to negotiate and execute an amendment to the agreement with the following vendors:

CONTRACTOR	SERVICE	HIRE DATE	TERM EXTENSION
NEPC, LLC	General Investment Consultant	April 2008	Month-to-month not-to-exceed 6 months
Albourne America, LLC	Absolute Return Investment Consultant	June 2012	Month-to-month not-to-exceed 6 months
Abel Noser	Transaction Cost Analysis Provider - Equity	July 2013	From: July 1, 2015 To: June 30, 2016
Klarity FX	Transaction Cost Analysis Provider - Foreign Exchange	May 2013	From: July 1, 2015 To: June 30, 2016
Glass Lewis	Proxy Voting	July 2006	From: July 1, 2015 To: June 30, 2016

ANALYSIS

NEPC LLC

NEPC, LLC was hired in April 2008 as the Plan's Investment Consultant. On June 5, 2014, the Board approved renewing their agreement for one year. The contract has a not-to-exceed amount of \$750K and we have expended \$361,101 as of March 31, 2015. Based on an annual retainer of \$720K, the cost for six-month equals approximately \$360,000. The following table illustrates their fee schedule for the current fiscal year 2014-15 and proposed fee schedule for 2015-16 month-to-month period.

	FY 2014-15	FY 2015-16 Month-to-month
Traditional Asset Class	\$ 260,000	\$260,000/12= \$21,667
Alternative Asset Class	460,000	\$460,000/12= \$38,333
Total Fee	\$ 720,000	\$60,000 / monthly

Staff is currently in the process of conducting a Request for Proposals (“RFP”) for Investment Consultant. Staff recommends extending NEPC’s contract on a month-to-month basis for up to six months and to increase the not-to-exceed contract amount by \$400,000.

Albourne America LLC.

Albourne America, LLC was hired in June 2012 as the Absolute Return Investment Consultant for both Police & Fire Department Retirement Plan and Federated City Employees’ Retirement System. The current agreement expires on June 30, 2015. Albourne’s current agreement has a \$240,000 annual retainer. Staff is currently in the process of conducting an RFP for an Absolute Return Consultant. Staff recommends extending Albourne’s contract on a month-to-month basis for up to six months and to increase the not-to-exceed amount by \$120,000.

Abel Noser:

Abel Noser was hired in September 2013 to perform equity transaction cost analysis for the Plan at an annual cost of \$11,250.00. The initial contract was for one year, and Board approved renewing their agreement for another year on June 5, 2014. Staff recommends renewing Abel Noser’s contract until June 30, 2016 at the same yearly cost of \$11,250.00.

Klarity FX

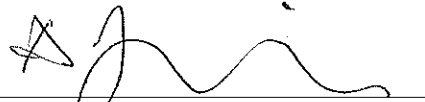
Klarity FX was hired in May 2013 to perform foreign exchange transaction cost analysis for the Plan at an annual cost of \$18,500.00. The initial contract was also for one year, and Board approved renewing their agreement for another year on June 5, 2014. Staff recommends renewing their contract until June 30, 2016 at the yearly cost of \$20,396.00

Glass Lewis

Glass Lewis & Co., LLC has been providing Proxy Voting service for the Police & Fire Department Retirement Plan and Federated City Employees’ Retirement System since July 2006. The current agreement expires on June 30, 2015. Staff recommends renewing their contract until June 30, 2016 for a not-to-exceed amount of \$50,000 (this amount is shared 50/50 with Federated City Employees’ Retirement System)

CONCLUSION

Staff recommends a one year renewal to the agreement between the Board and the following vendors: Abel Noser, Klarity FX, and Glass Lewis, and month-to-month renewal for up to a six month period for Investment Consultants: NEPC LLC, and Albourne America. The agreements with the Board have a thirty-day termination clause, which provides for an option to terminate the agreement prior to contract expiration.



Aynur Yeniay
Investment Operations Manager