

# St. Paul Teachers' Retirement Fund Association

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January 6, 2025

St. Paul Teachers' Retirement Fund Association (SPTRFA) is a defined benefit pension plan that provides retirement benefits to 13,856 members. The Plan pays more than \$127 million in annual benefits to retirees and survivors. Plan assets of \$1.3 billion are invested globally through managers in equities, fixed income, real estate and alternative investments. A 10-member Board of Trustees governs the Plan, and a staff of six experienced professionals administer the Plan.

### I. SCOPE OF SERVICES

The Scope of Services will cover five years and include, but is not limited to, the following:

- A. Asset Allocation Study
- B. Manager Searches
- C. Ongoing Consulting Services:
  - Quarterly and annual investment performance reports
  - Quarterly onsite performance presentations to the Board
  - Annual review of investment policies
  - Quantitative and qualitative analysis of investment strategies as needed
  - Occasional meetings with the investment committee, management, and staff
- D. Serve as a fiduciary to the plan.

### II. SUBMISSION OF PROPOSAL

The current timeline for the RFP process is as follows. The plan reserves the right to extend due dates subsequent to the receipt of proposals. All respondents will be notified of any extensions.

RFP Issuance	January 6, 2025
Written questions regarding the RFP due	January 17, 2025
Answers to written questions provided	January 24, 2025
Proposals due	February 7, 2025
Evaluation of proposals completed	April 16, 2025
Finalist presentations	May 21, 2025
Contract Award	May 30, 2025

Please submit questions and submissions [it@sptrfa.org](mailto:it@sptrfa.org). Additionally, please submit three (3) hard copies of your responses to Sections I to IV. Hard copies of some, or all, items requested in Section V may be optionally submitted but are not required. Hard copies should be sent to:

St. Paul Teachers Retirement Fund Association  
Attn: RFP Submission  
2550 University Ave., Suite 312N  
St. Paul, MN 55114-1005

III. SCORING CRITERIA

1. Firm Resources
2. Skill of Assigned Personnel
3. Investment Consulting Processes
4. Potential Conflicts of Interest
5. Fees

IV. MINIMUM QUALIFICATIONS

1. Provide fiduciary non-discretionary general investment consulting services to five (5) US public defined benefit pension plan clients with more than \$1B in assets
2. Non-discretionary US defined benefit plan assets under advisement of at least \$50B

When answering the following proposal questions, please include information at firm- wide level and, if applicable, for the office that will be servicing SPTRFA (e.g. the firm has 50 consultants and the servicing office has 10 consultants).

**I. OVERALL ORGANIZATION**

- 1) Please provide a brief history of your firm.
- 2) What is the present ownership of your organization? How long has the ownership structure been in place? Who are the largest shareholders? If privately held, how are ownership interests transacted?
- 3) Please describe your firm’s succession plan for senior leadership.
- 4) Besides consulting, what other investment-related services do you provide to clients?
- 5) Please provide a breakdown of your firm’s revenue by line of business, specifically showing discretionary and non-discretionary investment consulting as line items.

(\$in Ms)	2024	2023	2022
Non-discretionary Investment Consulting			
Business Line A			
Business Line B			
<b>Total Firm Revenue</b>			

- 6) What proportion of current clients have engaged another line of business outside of investment consulting services?
- 7) What are your strategic growth initiatives?
- 8) Is the firm, including its directors, officers or employees party to any current lawsuits, regulatory investigation, or governmental investigation? Over the previous five years, has the firm settled any lawsuits related to its investment consulting practice, or has been subject to a government or regulatory investigation? If so, please describe.
- 9) Have there been any audit findings in any of the last five fiscal years? If so, please describe.
- 10) Please outline your firm's current use of artificial intelligence (AI) in investment analysis, decision-making, or portfolio management. Additionally, describe any plans or strategies you have for integrating AI technologies into your services in the future, including potential benefits and challenges you anticipate in doing so. What data sets have been, or will be, used to train any AI initiatives.

## 11) Conflicts of Interest

- a) How does your firm manage conflicts of interest? What controls, policies, and procedures are in place to insure client interests come first?
- b) Does your firm or any affiliate of your firm provide trust, investment management or securities brokerage services? If so, please explain.
- c) Does your firm or any of its employees receive any form of compensation from any investment managers? If so, please explain.
- d) Does your firm provide any client data to outside firms? Please note, this should include anonymized data, such as client surveys. If your firm provides data, please describe what is provided and what consideration your firm receives.
- e) Please provide a copy of your most recent form ADV parts I and II (only include in electronic submission).

## **II. INVESTMENT CONSULTING**

The remainder of this questionnaire applies to your firm's investment consulting practice unless otherwise indicated.

- 1) What investment consulting services do you provide? Of these, which separate you from other consulting firms?
- 2) Which areas of practice are areas of growth? Which areas of your practice are areas for improvement?
- 3) What is the average tenure of each client? How many engagements have been won and lost in each of the past three years? Of those engagements, how many were defined benefit plans?
- 4) What is your experience with plans of our size (\$1B to \$2B)? What unique challenges do you feel plans of this size face and how would you address them?
- 5) What is your experience with plans that have a similar funded status (~70% funded)? What unique challenges do you feel plans at this funded status face and how do you generally recommend addressing them?
- 6) Based on the current market environment, how reasonable is the Plan's current 7.0% assumed long-term rate of return? What is the average assumed rate of return for your other government defined benefit Plan's?
- 7) How does your firm use artificial intelligence in its consulting process? What research initiatives regarding artificial intelligence are in development or under consideration?

## 8) Firm Resources

- a) What is the structure and size of the investment consulting practice? How many consultants are on staff? Which resources are accessible to clients and which serve as support to client facing resources?
- b) What is the average tenure of each employee and each consultant? How many total employees and consultants have been hired by and departed from the firm in each of the past three years? How many partners have been added to or departed the firm in each of the past three years?
- c) What is the average number of clients per consultant (by count and by assets advised)? How many clients does the proposed lead consultant currently advise (by count and by assets advised)?
- d) Please attach biographical information for the lead consultant and any other staff that will be working directly on the account.

## III. CLIENTS

### 1) Demographics

- a) Please provide the number of clients, assets under advisement, and median plan size for the following types of clients:
  - a. All Consulting Engagements
  - b. Non-discretionary Engagements
  - c. Government Plans
  - d. Defined Benefit Plans
  - e. Non-discretionary Engagements by Government Defined Benefit Plans
- b) Please provide a representative list of your investment consulting clients.

### 2) References

- a) Please provide three references. To the extent possible, include governmental defined benefit plans for which you provide consulting/performance measurement services. List the organization, contact name, address, e-mail and telephone number.
- b) Do you give SPTRFA permission to contact other clients not specifically provided as references?

### 3) What would your clients say are your greatest strengths and weaknesses?

### 4) How do you measure client satisfaction?

**IV. CONSULTING SERVICES**

1) Manager Selection

- a) Please provide an overview of your management selection process, including initial and ongoing due diligence practices. Is the process uniform across all assets classes? If not, please explain the differences.
- b) What are the quantitative and qualitative criteria used to determine your recommend, watch, and/or terminate lists? How often are these lists reviewed? What is the annual turnover of these lists?
- c) How do you determine when to recommend an active manager versus a passive index?
- d) Over the past five years, how have managers recommended to clients performed relative to their benchmark and peer group?
- e) Please provide a summary of your firms manager searches in the table below. (Please provide your sub-asset class hierarchies)

	2024			2023		
	Total # of Searches	Total # of Unique Strategies Presented to Clients	Total # of Unique Strategies Selected by Clients	Total # of Searches	Total # of Unique Strategies Presented to Clients	Total # of Unique Strategies Selected by Clients
Equities						
Sub-asset classes						
Fixed Income						
Sub-asset classes						
Real Estate						
Sub-asset classes						
Private Markets						
Sub-asset classes						
Other						
Sub-asset classes						

- f) How do you evaluate the effectiveness of your manager selection process? Are you able to quantify the value added to clients?

2) Investment Manager Database

- i) Which database(s) do you use? Who supplies and verifies the data in the database(s)?
- ii) Please complete the table below. Investable managers should represent the number of managers that meet the firm’s minimum criteria for recommendation as described in item (b) above. Managers currently covering should represent the number of managers that the firm has conducted initial or ongoing due diligence on during the past 12 months. Managers on recommend list should represent the number of managers that have appeared as finalists in a manager search or are currently on a formal recommend list. (Please provide your sub-asset class hierarchies)

	Total Managers in Database	Managers Currently Covering	Investable Managers	Managers on Recommend List	Managers in Client Portfolios
<b>Equities</b>					
(a) Sub-asset classes					
<b>Fixed Income</b>					
(a) Sub-asset classes					
<b>Real Estate</b>					
(a) Sub-asset classes					
<b>Hedge Funds</b>					
(a) Sub-asset classes					
<b>Alternatives</b>					
(a) Sub-asset classes					

3) Asset Allocation

- a) Please provide an overview of your asset allocation process.
- b) What methods are used to develop return, risk, and correlation assumptions?
- c) How have your return, risk and correlation assumptions compared to actual market performance?
- d) Please provide a copy of your current long-term return, risk, and correlation assumptions.
- e) To what extent are risk factors beyond volatility used in creating your optimization models?
- f) How are the plan’s liabilities incorporated into the model?
- g) What kind of sensitivity and/or scenario analysis is provided?

- h) Over the past five years, how have your clients' target portfolios performed relative to their target rate of return and relative to peers?
  - i) What rebalancing strategies and tactical tilts are recommended to clients?
  - j) How do you evaluate the performance of your capital market assumptions and asset allocation recommendation?
- 4) Performance Measurement
- a) How frequently do you produce performance evaluation reports for your clients?
  - b) What is the source of your performance data? How is it verified?
  - c) At what point following quarter end are performance reports generally available?
  - d) To what extent can your performance reports be customized to meet a particular client's needs? What are the most common customizations requested?
  - e) Over the past five years, what is the attribution for clients as it relates to allocation effect and manager selection?
  - f) What unique insights does your performance reporting process provide to clients?
  - g) Please provide a sample performance report.
- 5) Are there any additional services that are included in a standard investment consultant engagement (e.g. client education, interim communications, access to research, etc.)?
- 6) How do you measure client outcomes as it relates to the investment consulting services provided?

## V. FEES

- 1) Please provide your proposed fee schedules.
- 2) To the extent your firm has agreed-upon retainer fees, what services are typically covered by the retainer? What services are outside the retainer and what are the associated fees for such services?
- 3) To what extent are the quoted fees variable (e.g. based on the number of investment managers, manager searches, Board presentations, etc.)?



## **VI. EXHIBITS**

- 1) Please include as exhibits sample copies of the following:
  - a. Manager search book
  - b. Manager due diligence report
  - c. Market research report (Macro)
  - d. Monthly and Quarterly performance review
  - e. Capital markets projections
  - f. 2025 Market Outlook
  - g. List/sample of client resource tools (Dashboard)
  - h. Alphabetical client list segregated by client type
  
- 2) Please include a copy of your firm's most recent:
  - a. Form ADV Part I and II
  - b. Audited Financial Statements