



November 18, 2021

**To:** Board of Trustees

**From:** David Wescoe, Executive Director

*David*

**Re:** Agenda Item 19: Discuss Scope of Work for General Investment Consultant RFP

The Consultant RFP Scope of Services is attached.

**ATTACHMENTS:**

1 - Consultant RFP Scope of Services



## **SCOPE OF SERVICES FOR GENERAL CONSULTING**

- 1. Fiduciary Standard of Care General Investment Advisory Services.** The General Investment Consultant (Consultant) is hired by, and reports to, the Board. The Consultant provides advice to the Board on all investment-related matters, including the development of investment goals and objectives, investment policies and strategies, asset allocation decisions, high-level implementation issues, some manager search, selection, monitoring and terminations, investment management guidelines and restrictions, analysis of investment performance, and internal staffing issues. The Consultant also provides the Board with educational opportunities designed to improve each Trustee's knowledge of investment practices and issues.

Although the Consultant is retained to provide competent, objective and independent advice to the Board, the Consultant is a valuable resource for investment staff, working closely with them in all aspects of the investment program and to ensure that issues remain focused and addressed specifically to TMRS' investment objectives, and in accordance with applicable state and federal laws.

- 2. Asset Allocation and Portfolio structure.** During the annual allocation review, work with staff to prepare and present to the TMRS Board and/or Staff Investment Committee a report containing an evaluation of the effectiveness of the current portfolio's asset allocation and asset class structure as it relates to the goals and objectives of the investment program and, if necessary, make reasoned recommendations for any changes. A formal asset allocation study has historically been conducted every 3 years. TMRS last completed a formal asset allocation study in 2019 and is schedule to conduct the next formal study in 2022.
- 3. Asset-Liability Review.** TMRS completed an asset-liability review in 2019 and expects to conduct such an analysis approximately every 3-6 years, with the next study coming up in 2022.
- 4. Specific Investment Policy analysis.** Review and analyze investment initiatives proposed by the TMRS staff, TMRS Board and/or Staff Investment Committee, and investment managers to ensure overall consistency of TMRS' investment policies as they relate to the goals and objectives of the investment program.
- 5. Investment Performance.** Review and recommend appropriate performance goals, objectives, and benchmarks. Calculate, evaluate, analyze (including performance attribution) and report on total return performance as currently provided by the custodian bank.
- 6. TMRS Board Agendas.** Assist in the development of agendas for the TMRS Board and/or Staff Investment Committee meetings as required.
- 7. Attendance at TMRS Board meetings.** Attend regular meetings of the TMRS Board. It is

anticipated that there will be approximately 5 Board meetings and 1 Board retreat in 2022.

8. **Trustee education/symposium.** Provide relevant research-based ideas and education to the Board and staff. Recommend specific reporting by TMRS staff to the Board and assist TMRS staff in developing specific topical presentations at regular Board meetings. Participate in trustee education/symposium discussions on various investment policy issues or specific issues designated by TMRS.
9. **General research and analysis.** Upon request of the Board and/or TMRS staff, provide research, analysis, presentations, and/or advice on specific TMRS investment or general market issues.
10. **Custodian bank and security lending agent.** Assist TMRS staff in the ongoing evaluation of the custodian bank as well as ongoing evaluation of the structure of the securities lending program (if applicable).
11. **Assist TMRS staff in identifying issues.** Assist in identifying issues related to implementation of asset classes and portfolio strategies, including operational, accounting, administrative, and legal issues, and advise or identify resources to assist TMRS staff as needed.
12. **Investment manager search, evaluation, selection, and oversight.** TMRS currently uses external investment managers to assist in the management of the public market portfolios. The consultant will be expected to assist in the research, review, recommendation, implementation, and monitoring of Public Market investment managers. This would include but not be limited to:
  - Assist and advise in the selection and monitoring of external investment manager(s) and provide reports related thereto.
  - Establish and provide the Board and/or Staff Investment Committee with external investment manager selection criteria within the guidelines defined by TMRS; prepare background material for the TMRS Board, Staff Investment Committee, and investment staff, provide reasoned analysis including evaluation factors and methods, screen prospective managers and establish a calendar of events regarding external investment manager selection; assist TMRS with manager interviews and comparisons; and assist in the communication decisions regarding manager selection to the Board and Staff Investment Committee.
  - Provide analysis and advice on questions or issues that arise in the course of overseeing the investment manager(s). For example, advice on investment guidelines, restrictions, or fee structures.
  - Provide advice and recommendations concerning investment advisor termination.
  - As requested by TMRS staff, accompany staff on due diligence trips to review investment manager(s) and/or custodian/securities lending agent.

For those bids which additionally contemplate providing Alternative Asset consulting services, the above listed “Investment manager search, evaluation, selection, and oversight” would apply to Alternative Assets as well.