

Employees Retirement System of the City of St. Louis
Request for Proposal and Qualifications for
Active U.S. Mid-Cap Value Equity Investment Management Services

The Board of Trustees (the “Board”) of the Employees Retirement System of the City of St. Louis (the “System”) requests information from qualified investment managers to provide investment management services to the Board, on behalf of the Plan, which has a combined market value of approximately \$850 million.

The Board employs a multiple manager approach to investment of the Plan’s assets. **The Board seeks an active U.S. Mid-Cap Value Equity manager to manage a portfolio on their behalf.** The initial portfolio assignment is **estimated to initially be approximately \$30 million.** The actual dollar amount of the assignment could change. In order to qualify for consideration, your firm and your firm’s product **must** meet the following criteria. **IF ALL CRITERIA ARE NOT MET, PLEASE DO NOT SUBMIT A RESPONSE.**

Requirements:

- The firm must be (i) registered as an investment adviser under the Federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.) or (ii) a bank, as defined in the Federal Investment Advisers Act of 1940 (15 U.S.C. 80b-1, et seq.).
- Separate accounts are preferred.
- The firm must have a minimum “live” track record of five (5) years for the strategy proposed as of December 31, 2020.
- The firm must have a minimum of \$200 million in assets under management in the proposed product as of December 31, 2020.
- Performance data submitted must include information on CFA Institute GIPS compliance and/or audited correspondence.
- Performance will be compared against the Russell Midcap Value Index Fund.
- Investment manager must maintain at least \$5 million of Errors & Omissions insurance.
- Please submit your best and final fee proposal with the RFP response.
- Investment manager will not have performance-based fees for this mandate.
- Investment manager must agree to abide by the Missouri Fiduciary Standards 105.687-105.690.
- Investment manager must obtain and maintain a business license with the City of St. Louis.
- Investment manager must be in compliance with the requirements set out in the System’s Procurement Action Policy, a copy of which is attached.
- Investment manager’s key professionals and/or organization must not have material conflicts of interest with the Plan or its Board of Trustees. See Disclosure Requirements below.

Terms and Conditions:

The Board and the System’s participating employers along with the Board’s auditors and accountants shall be afforded access during the term of any contract/agreement adopted pursuant to this Request for Proposals, and for five (5) years following termination, to all of the firm’s/company’s books and records pertaining to the System without limitation whatsoever for the purpose of conducting audits. All such books and records shall be open to inspection and/or reproduction to the extent necessary to adequately permit evaluation and verification of the company’s full compliance with contract/agreement documents. In those situations where the company’s records have been generated from computerized data or records, in addition to hard copy (reports), contractor shall provide such information in a suitable alternative electronic format.

The successful firm must agree that in performing any services pursuant to a contract or agreement awarded pursuant to this Request for Proposals that neither the successful firm nor anyone under the successful firm’s control, will permit discrimination against any employee, worker or applicant for employment because of race, color, age, religion, sex, familial status, disability, sexual orientation, genetic information, gender identity or expression, national origin or ancestry. The successful firm must agree that it will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, age, religion, sex, familial status, disability, sexual orientation, genetic information, gender identity or expression, national origin or ancestry.

In connection with the furnishing of goods and services under any contract/agreement resulting from this Request for Proposals, the firm shall comply with all applicable requirements and provisions of the Americans with Disabilities Act (ADA) and the Patriot Act.

As a condition for the award of this contract/agreement, the successful firm, shall, pursuant to the provisions of Sections 285.530 through 285.555 of the Revised Statutes of Missouri 2000, as amended, affirm its enrollment and participation in a federal work authorization program with respect to the employees working in connection with this Agreement. The successful firm shall also sign an affidavit affirming that it does not knowingly employ any person who is an unauthorized alien in connection with this contract/agreement.

As a condition for the award of this contract/agreement, the successful firm must certify that it is not currently engaged in and shall not, for the duration of this contract/agreement, engage in a boycott of goods or services from the State of Israel; companies doing business in or with Israel or authorized by, licensed by or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel in compliance with Chapter 34 of the Missouri Revised Statutes. This provision shall not apply to agreements with a total potential value of less than \$100,000.00 or successful firm(s) with less than ten (10) employees. The terms "boycott Israel" and "boycott of the State of Israel" shall have the meaning set out in Chapter 34 RSMo. Any agreement or contract without this provision is void as against the public policy of the State of Missouri. This requirement is set out in Senate Bill 739 which was truly agreed and finally passed during the 100th General Assembly in 2020 and is set to become law on August 28, 2020.

All RFP responses are due by 4:00 p.m., Central Time, on March 19, 2021 via email to openrfp@marquetteassociates.com. All RFP responses shall be opened by Marquette Associates on or after 4:00 p.m., Central Time on March 19, 2021 and all responses and related documents shall remain closed records under Section 610.021(12) of the Missouri Revised Statutes until such time as a contract has been negotiated and approved by the Board of Trustees of the Employees Retirement System of the City of St. Louis or all proposals have been rejected. Please note that faxed responses as well as responses received after the due date will not be considered. Any questions and communications should be directed to Marquette Associates at tmurphy@marquetteassociates.com. Any questions must be in writing and the deadline for questions is 4:00 p.m. Central Time on March 5, 2021. No contact with any Board member, City official, Employees Retirement System staff or employee is permitted before completion of the RFP process except by invitation to do so. Unauthorized contact regarding this RFP may result in disqualification or rejection of a proposal.

Disclosure Requirements:

Firms responding to this RFP are required to disclose the following information in any proposal submitted in response to this RFP:

1. Any gifts, meals or entertainment provided to any member of the Board or System's staff by the firm, members of the firm or employees of the firm within the last 12 months; and/or
2. Any business or financial relationships between your firm and any of the following entities:
 - i. Any current member of the Board (including the member's parents, spouse, children, brothers and/or sisters);
Current members of the Board:
 - a. Felicia Hinton-Ramey
 - b. Ryan Coleman
 - c. Freddie L. Dunlap
 - d. Alfred J. Wessels, Jr.
 - e. Darlene Green
 - f. Thomas Stoff
 - g. Richard R. Frank (non-voting)
 - ii. Any current System staff member (including the member's parents, spouse, children, brothers and/or sisters);

Current System staff members:

- a. Denise M. Droege
- b. Gerard Helm
- c. Sandra Falls-McKinney
- d. Scott Lang Harper
- e. Therese Kiger
- f. Deanna Krampfert
- g. LaKesha Dean
- h. Debby Pakpahan

ii. The Mayor or Comptroller of the City of St. Louis since January 1, 2018;

iv. Any of the following System participating employers:

1. City of St. Louis;
2. St. Louis Art Museum;
3. St. Louis Public Library;
4. The St. Louis Zoological Park;
5. St. Louis Metropolitan Taxicab Commission;
6. The St. Louis Mental Health Board;
7. The Police Retirement System of St. Louis;
8. Firemen's Retirement System of St. Louis;
9. Firefighter's Retirement Plan of the City of St. Louis;
10. Tower Grove Park

v. Any potential conflicts of interest with regard to representing the System, its Board, the System's trustees and staff.

Any disclosure should provide a detailed explanation of the nature of the relationship, the time period of the relationship, the name(s) of the person(s) at your firm who were (or are) involved in the relationship.

Operational Addendum to Statement of Investment Policy

**Procurement Action Policy for the
Employees Retirement System of the
City of St. Louis**

In accordance with Section 4.16.100(E) of the Revised Code of the City of St. Louis 1994, as amended, and Section 105.702 of the Missouri Revised Statutes 2000, as amended, and within the bounds of its fiduciary responsibilities under law, including but not limited to the provisions of Section 105.688 RSMo., the Board of Trustees of the Employees Retirement System of the City of St. Louis (the "Board") desires to take actions to encourage diversity and assure equal opportunities for minorities and women with respect to contracts and agreements involving the Employees Retirement System of the City of St. Louis (the "System"). To accomplish that goal, the Board adopts the following plan:

- 1) In soliciting proposals from service providers, the Board will include, as a specification, the requirement the proposed firm describe its efforts to recruit, encourage or enhance diversity in its workplace and describe minority or women ownership interests (partnership or equity ownership interest) in the firm.
 - a. Service providers will provide sufficient information to ascertain the percentage of minorities and the percentage of women in key decision-making positions in the firm, along with a description of their positions.
 - b. Service providers will provide a copy of their current processes and/or policies established to help recruit, hire, and develop a diverse workforce, including but not limited to, minorities and women at their firm.
 - c. Service providers will describe the extent and nature of ownership interests of the firm (partnership or equity interests) held by diverse persons, including but not limited to minorities and women. Said service providers will also outline the extent and nature of the key decision-making roles held by diverse persons, including but not limited to, minorities or women with a partnership or equity ownership interest in the firm
- 2) In soliciting proposals from Investment Managers and Investment Consultants, the Board's Investment Consultant will publicize the contract or agreement process in a manner likely to inform qualified firms owned by diverse persons, including, but not limited to, minorities and women.

- 3) In accordance with the Board's fiduciary obligations, diversely owned service providers, including but not limited to, minority or women-owned service providers who submit qualified proposals that meet the criteria for any Board approved Request for Proposals shall be directly and contemporaneously compared, via quantitative and qualitative analysis, against other qualified firms submitting proposals. The Board shall give consideration to all said qualified diversely owned service providers, including but not limited to, minority or women-owned service providers whose economic value to the System, its participants and beneficiaries is economically preferable to or indistinguishable from other qualified firms that have submitted proposals. The Board hereby instructs its Investment Consultant to provide the Board with the quantitative and qualitative analysis for any qualified diversely-owned Investment Manager, including but not limited to minority or women-owned Investment Manager and to make a recommendation to the Board regarding whether or not the economic value to the System, its participants and beneficiaries is preferable or indistinguishable from other qualified Investment Managers who have submitted proposals.
- 4) The Board will gather information from each System service provider on a periodic basis pertaining to the following:
 - a. The efforts the firm made to recruit a diverse workforce, including but not limited to, minorities and women as employees;
 - b. The positions of diverse persons, including but not limited to, minorities and women employed by the firm;
 - c. The diverse persons, including but not limited to minorities and women, who have a partnership or equity interest in the firm and whether or not they have a combined significant ownership interest; and
 - d. The key decision-making firm roles played by diverse persons, including but not limited to, minorities and women who have a partnership or equity interest in the firm.
- 5) Each solicitation for System service providers performing any services pursuant to a contract or agreement awarded pursuant to a Request for Proposals must state that neither the bidder nor anyone under the bidder's control, will permit discrimination against any employee, worker or applicant for employment

because of race, color, age, religion, sex, familial status, disability, sexual orientation, gender identity or expression, national origin, ancestry or genetic information. In addition, each bidder must agree that the bidder will take affirmative action to ensure that applicants are employed, and that employees are treated fairly during employment, without regard to their race, color, age, religion, sex, familial status, disability, sexual orientation, gender identity or expression, national origin or ancestry.

- 6) The Board will review this Procurement Action Policy periodically after its adoption. Based on the review, the Board will determine whether any changes in the Policy are necessary.
- 7) This Procurement Action Policy shall only apply prospectively.
- 8) To qualify as a diversely owned or minority or women-owned service provider, such firm shall:
 - a. be domiciled in the United States;
 - b. be owned or controlled by one or more individuals who collectively are diverse persons, women or who qualify as a minority as defined below. Ownership is classified as having a combined significant or controlling interest in the firm; and
 - c. have such diverse persons or women or minority owners involved in the daily business operations of the firm.

As used herein, the term "diversity" or "diverse person" encompasses efforts to expand opportunity to persons protected under Missouri laws and/or City of St. Louis ("City") ordinances which bar discrimination in places of public accommodation, state and/or City contracting, employment or housing based on race, color, religious creed, age, familial status, national origin, ancestry, disability, sexual orientation, genetic information, gender identity or expression, but also to Missouri-based firms, and to emerging firms which have been in business less than five (5) years.

As used in this policy, the term "minorities" includes, but is not necessarily limited to, African Americans, Native Americans, Hispanic Americans, and Asian Americans.

- a. African American (not of Hispanic Origin) - All persons having origins in any of the Black racial groups of Africa.

- b. Hispanic- All persons of Mexican, Puerto Rican, Cuban, Central or South American, or other Spanish or Portuguese speaking culture or origin, regardless of race.
- c. Asian or Pacific Islander- All persons having origins in any of the original peoples of the Far East, Southeast Asia, the Indian subcontinent, or the Pacific Islands. This area includes China, India, Japan, Korea, the Philippine Islands, and Samoa.
- d. Native American- All persons having origins of at least one quarter descent in any of the original peoples of North America, and who maintain cultural identification through tribal affiliation or community recognition as evidenced by a tribal enrollment card recognized by the Federal Bureau of Indian Affairs, a Native Hawaiian organization, or an Alaska Native Corporation.



Domestic Equity Request for Proposal

Product Class: U.S. Mid-Cap Value Equity

Your Company Name: _____

Your Product Name: _____

Benchmark Index: Russell Mid-Cap Value

Data as of: 12/31/2020

Due Date for RFI: March 19, 2021 to openrfp@marquetteassociates.com

Marquette Contact: Tara Murphy

Recipient Email: tmurphy@marquetteassociates.com

I. Firm

- 1) Please provide the year your firm was established and a brief history of the firm.
- 2) Please provide the organization's name, and the name, title, address, phone number, and email of the individual who will be our primary contact.
- 3) Please provide the address of the firm's headquarters and all branch offices. Please note if you have any offices located in St. Louis, how many employees are in St. Louis, and what their roles are.
- 4) Provide a copy of current processes and/or policies established to help recruit, hire, and develop a diverse workforce, including but not limited to, minorities and women at the firm.
- 5) Provide sufficient information to ascertain the percentage of minorities and the percentage of women in key decision-making positions in the firm, along with a description of their positions.
- 6) What is the minimum asset level required for your firm to remain profitable and what is your current total firm AUM?
- 7) Please give succession plans for key employees if retirements are planned within 5 years.

II. Ownership

- 8) Please discuss your general ownership structure, including what percentage of your firm is owned by current active employees.
- 9) Please explain any known or potential changes in firm ownership or personnel.
- 10) Are you a registered minority (at least 51% minority owned) investment manager? If so, please attach state or local registration. Also, please give ownership percentages based upon race and gender.

III. Client Breakdown

11) Please provide client data using the format below:

# of All Institutional Clients in Product	
# of Public Institutional Clients in Product	
AUM of All Institutional Clients in Product	
AUM of Public Institutional Clients in Product	

12) Please provide the approximate client turnover in the *firm* using this format:

	2016	2017	2018	2019	2020
# of Clients Gained					
Assets (\$MM) Gained					
# of Clients Lost					
Assets (\$MM) Lost					

13) Please provide the approximate client turnover in the *product* using this format:

	2016	2017	2018	2019	2020
# of Clients Gained					
Assets (\$MM) Gained					
# of Clients Lost					
Assets (\$MM) Lost					

IV. Investment Professionals

Firm Specific:

- 14) Please specifically describe whether the bonus plans are based on asset growth, investment performance, or some combination. If any or part of the compensation is based on investment performance, please specifically cite the performance measurement (performance vs. peers, vs. benchmark) and the time period involved (1 year, 3 years, or a weighted measurement).
- 15) Are the investment professionals under employment contracts with the firm?
- 16) Discuss all turnover of investment professionals (analysts/portfolio managers/traders/ marketers) in the firm during the last three years.

Product Specific:

- 17) Please provide brief biographies of the investment professionals (analysts/portfolio managers/traders/operational due-diligence personnel) on this product and the estimated percentage of time each professional devotes solely to this product.
- 18) Do your investment professionals invest their own assets in this product? If so, please provide details.

V. Compliance

- 19) Please attach a copy of your firm's Code of Ethics.
- 20) Are you compliant with GIPS® Standards?
- 21) Have you contracted with an outside firm to conduct a GIPS® verification? If yes, please indicate the last verification year and name of outside firm. If yes, please provide the most recent verification letter.
- 22) Are you a registered investment advisor? Please attach your ADV Part II.
- 23) What is your firm's Errors & Omissions (E&O) Insurance policy limit in millions? Please attach proof of E&O Insurance coverage.
- 24) Please provide a brief description of any past or pending regulatory action, litigation, or other legal proceedings involving the firm or any registered

employees and/or principals as defendants in the last 5 years.

- 25) Are you currently or have you been in the last 5 years out of compliance with any regulatory agency? If yes, please explain thoroughly.
- 26) When was your last audit, please be specific by month and year, by the SEC, DOL or any regulatory agency?
- 27) Please explain all findings on your most recent SEC audit, including minor deficiencies. Please attach a copy of the SEC Review findings and firm responses.
- 28) Who is the firm's independent auditor and how long have they served in this capacity?
- 29) Do you act as a fiduciary?
- 30) Please describe your firm's disaster recovery and business continuity plans.

VI. Trading and Soft Dollars

- 31) Please describe your firm's policy on soft dollar trading.
- 32) If your firm utilizes soft dollars, please rank by dollar value, in descending order, your top-five soft dollar relationships within the last year:

Broker	Dollar Value (\$)
1)	
2)	
3)	
4)	
5)	

- 33) If a client requests no soft dollars be used in the construction of their separate account, can you comply?
- 34) If you didn't use soft dollars, what impact would that have on portfolio performance and trading costs?
- 35) Please provide a list of the minority-owned brokerage firms you utilize.
- 36) What percentage of your firm's actual trades are with minority-owned brokerage firms?

VII. Product Investment Process

37) Please provide a complete review of your firm's investment methodology for the product and the decision-making process. Please comment specifically on:

- Top-down versus bottom-up analysis, if appropriate
- Initial stock universe/benchmark
- Market capitalization criteria
- Liquidity criteria
- Stock selection criteria
- Buy/sell decision
- Sector weightings
- Number of portfolio holdings
- Average portfolio turnover

38) What part(s) of your process add the most value? Please provide backup data on your answer.

39) Has there been a time when the product significantly underperformed its benchmark over a consecutive three-quarter period? If so, please explain.

40) Has there been a performance time period that best highlights your investment style? If yes, please explain in detail.

41) Have there been any changes to the product's investment process over the past five years? If yes, please describe in detail.

42) At what asset level, if any, will you close this product?

43) What distinguishes your product from other investment managers?

44) What is expected from the product in a bull market versus a bear market?

VIII. Fees, ESG, Security, and Other

45) What is your proposed firm and final fee schedule for this product? In the event this mandate is split, we need to be able to ascertain the fee schedule for a mandate smaller than \$30M.

46) What is the current Most Favored Nations Policy?

47) Are you open to side letters to address legal concerns?

- 48) What are the liquidity terms for this product if it is not a separate account?
- 49) Describe the firm's security environment. Specifically cover the physical, digital security, and policy measure safeguards that you have put in place to control access to portfolio reporting systems and client account information.
- 50) Has your firm ever had a data security breach? If so, please describe the incident as well as the corrective actions.

IX. Attachments and Disclosure

Please check off items included as attachments. If any **required** items are excluded, please indicate an alternate means for our review of requested items.

Required	Included?
ADV Part II	_____
SEC Review Findings Letter	_____
Disaster Recovery and Business Continuity Plans	_____
Code of Ethics	_____
Proof of E&O Insurance Coverage	_____
Historical Performance Attachment	_____

Include, if Applicable	Included?
State or Local Registration for M/WBE	_____
GIPS Verification Letter	_____

Chief Compliance Officer Signature

I, Chief Compliance Officer of _____, have reviewed all of the aforementioned statements and documents. To the best of our ability, we believe all statements and documents to be accurate, truthful and timely.

Signature

Print Name

Employees Retirement System of the City of St. Louis Manager Performance Data Request

****YOU MUST USE THIS FORMAT TO BE CONSIDERED FOR THIS MANDATE****

<u>FIRM NAME</u>	
<u>PRODUCT NAME</u>	
<u>INCEPTION DATE</u>	

	Annual Net of Fees Performance	End of year product AUM (in millions)
2020		
2019		
2018		
2017		
2016		
2015		
2014		
2013		
2012		
2011		
2010		
2009		
2008		
2007		

(If your performance does not go back as far as this table, please label time periods as N/A)

	Trailing annualized performance (Net of Fees)
ENDING December 31 2020	
1 Year	
3 year	
5 year	
7 year	
10 year	
Since Inception Return	

(If your performance does not go back as far as this table, please label time periods as N/A)