REQUEST FOR PROPOSALS
FOR
COMPENSATION AND INCENTIVE PROGRAM STUDY

JULY 2014
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SECTION 1: INTRODUCTION
The San Bernardino County Employees’ Retirement Association (SBCERA), issues this Request for Proposals (RFP) to solicit proposals from qualified vendors to provide compensation program design and consulting services. The proposals provided will help SBCERA determine the proper consulting contract terms to provide it with the desired compensation benchmarking and program design methodology, cost of compensation consulting services, the scope of these services, milestones, and timeframe for completion of the project. Based on the responses provided, SBCERA will determine the vendor to provide compensation services. The contract, including the cost of services, will be completed after the vendor is selected, in conformity with the terms hereof.

SECTION 2: BACKGROUND INFORMATION
The San Bernardino County Employees’ Retirement Association (SBCERA) is a cost-sharing, multiple-employer defined benefit pension plan. It operates under the California County Employees Retirement Law of 1937 (‘37 Act) and the California Public Employees’ Pension Reform Act (PEPRA) and covers substantially all employees of the following participating employers:

- Barstow Fire Protection District
- California Electronic Recording Transaction Network Authority
- California State Association of Counties
- City of Big Bear Lake
- City of Chino Hills
- County of San Bernardino
- Crestline Sanitation District
- Department of Water & Power of the City of Big Bear Lake
- Hesperia Recreation and Park District
- Inland Library System
- Law Library for San Bernardino County
- Local Agency Formation Commission
- Mojave Desert Air Quality Management District
- San Bernardino Associated Governments
- San Bernardino County Employees’ Retirement Association
- South Coast Air Quality Management District
- Superior Court of California, County of San Bernardino

SBCERA is controlled by its own independent Board of Retirement (Board), which serves as the ultimate fiduciary charged with policy oversight of the administration and investment of the trust fund. The Board consists of nine members and two alternate members. Four are appointed by the County of San Bernardino’s Board of Supervisors. Six, including the two alternates, are elected by the members of SBCERA. The San Bernardino County Treasurer is an ex-officio member. Day to day management of the Fund is administered by a Chief Executive Officer, and senior staff.
As of June 30, 2013, the date of the most recent actuarial valuation, SBCERA membership consisted of the following:

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retired Members and Beneficiaries</td>
<td>10,173</td>
</tr>
<tr>
<td>Terminated employees – vested</td>
<td>3,921</td>
</tr>
<tr>
<td>Active Members</td>
<td>19,401</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,495</strong></td>
</tr>
</tbody>
</table>

The SBCERA investment portfolio is broadly diversified and invests in both traditional and alternative assets. Portfolio management and oversight of this program requires a highly trained, experienced and forward thinking investment team. Both on-shore and off-shore investment vehicles are being used in the Fund’s management thereby creating an investment program that is significantly more complex than many other pension plans.

This added complexity has been driven largely by the low interest rate environment, in addition to the Plan’s funding objective and duty to Plan sponsors of maintaining contribution rates that generally remain level as a percentage of payroll. In the pursuit of this goal, the Plan’s investment staff, consultants and Trustees have sought to improve diversification, and increase income while reducing reliance on equity as the primary driver of Plan returns. Steps taken in meeting this investment objective have included the development of an internally run tactical asset allocation model, as well as a significantly expanded alternative asset program.

**SECTION 3: GENERAL INFORMATION**

SBCERA was established in 1945 under the provisions of the County Employees Retirement Law of 1937. SBCERA Executive and Management positions became an independent special district in 2008, and the remaining staff became independent special district employees in 2010. As an independent special district, SBCERA directly employs its staff. All SBCERA staff members are at-will employees.

SBCERA currently has 53 budgeted positions and 51 employees. An organization chart is included for your reference.

The objective of SBCERA’s compensation program is to provide market competitive and comprehensive reward programs that attract, retain and motivate high performing and highly engaged employees. SBCERA offers market-competitive pay with base compensation set at the 60th percentile of relevant market comparators. The last organizational compensation study was conducted in 2010.
SECTION 4: MINIMUM REQUIREMENTS
The respondent must have provided compensation program design and consulting services to at least three public pension plans, with at least one in California.

The respondent will complete the RFP questionnaire in its entirety. The RFP questionnaire responses will be included in the contract.

The following insurance policies providing a minimum of the following must be in effect at the time the proposal is submitted and throughout the term of the agreement:

1) Commercial general liability insurance in the amount of $2,000,000 annual aggregate and $1,000,000 per occurrence;
2) Automobile liability insurance in the amount of $1,000,000.00 per accident for bodily injury and property damage, or split limits of $500,000.00 per person/$1,000,000.00 per accident for bodily injury and $250,000.00 per accident for property damage;
3) Workers' Compensation Statutory coverage, if and as required according to the California Labor Code.

The firm must provide its own work facilities, equipment, supplies, and support staff to perform the required services.

Interested firms are invited to submit their Proposal. Please note that the final negotiated contract with the winning responder will incorporate the terms of this RFP and the winning Proposal, without substantial deviation. Any request for any deviation from the terms of this RFP must be made in the form of Exceptions submitted at the time of the Proposal’s submission. Exceptions may be granted or rejected in SBCERA’s sole discretion. Proposers should be aware that Exceptions that would substantially alter the terms of this RFP will not be granted, and may render a Proposal non-responsive and subject to rejection. In such a case, SBCERA may, but will not be obligated to, permit a Proposer to withdraw its Exceptions in order to cure any non-responsiveness.

Proposals are due at SBCERA offices no later than 3:00 P.M. Pacific Daylight Time on Friday, August 15, 2014. Questions may be directed to:

San Bernardino County Employees’ Retirement Association
Attention: Christie Porter, Chief of Member Services
348 W. Hospitality Lane, Third Floor
San Bernardino, CA 92415-0014
Tel: (909) 885-7980
Fax: (909) 885-7446
cporter@sbcera.org
SECTION 5: SCOPE OF SERVICES
SBCERA is searching for a qualified compensation and benefits consulting firm to provide advice and expertise with respect to compensation design and consulting for some or all of its positions. Responding firms must demonstrate extensive experience and superior capability for providing consulting services that are critical to the success of a public pension plan compensation and incentive program. The selected Consultant will report to the Chief Executive Officer and will be expected to attend meetings when requested, including Board or Committee meetings. SBCERA reserves the right, in selecting the successful responder and completing a contract, to initially engage for the performance of either all or a part of the Scope of Services described here, in SBCERA’s discretion. The firm selected will be expected to provide some or all of the following services:

1. Advise SBCERA on compensation plan design and policy that best supports the business objectives of SBCERA and cultivates the acquisition, retention and motivation of SBCERA employees.
2. Conduct customized benchmarking projects (compensation surveys) for SBCERA that include salary and annual and long-term incentive plans for designated SBCERA positions using data from both public and private organizations. Initially, the following positions will be included:

<table>
<thead>
<tr>
<th>Title</th>
<th>Number of Incumbents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Investment Officer</td>
<td>1</td>
</tr>
<tr>
<td>Sr. Investment Officer</td>
<td>0</td>
</tr>
<tr>
<td>Investment Officer</td>
<td>1</td>
</tr>
<tr>
<td>Sr. Investment Analyst</td>
<td>1</td>
</tr>
<tr>
<td>Investment Analyst</td>
<td>0</td>
</tr>
</tbody>
</table>

3. Assess compensation structure and philosophy.
4. Review non-base building supplemental benefits and pay.
5. Review the current SBCERA staffing model and conduct a peer comparative analysis. Identify possible restructuring options.
SECTION 6: RFP QUESTIONS

1. Please provide the name of the firm and the name, address, telephone number, and email address of the primary contact.

2. Please describe your firm’s history and current ownership structure. Include the year your firm was established and the year you began to provide compensation design and consulting services. If any near-term changes to the firm’s organizational structure are anticipated, please describe.

3. Provide an organization chart of your firm and describe the relationship between the compensation consulting group and any other components of the firm.

4. Provide biographies of personnel to be assigned to the SBCERA relationship, including educational qualifications, years of compensation consulting experience, and total years with the firm.

5. List the number of governmental clients the firm has served on a consultant basis over the last five years. Specifically designate if the governmental client is a public pension fund.

6. Provide references for three public pension fund clients, including at least one California public pension fund, that have used the firm’s compensation design and consulting services. Include the name of the client, contact person, e-mail address and telephone number. Please provide references for public pension fund clients or other government entities. If there are fewer than three, then include all.

7. Has anyone in your firm provided any gifts, travel expenses, entertainment, or meals to any member of the SBCERA Board, staff or plan sponsors in the last twelve months? If yes, describe the expense and the purpose.

8. Does anyone in your firm have any professional relationships with any member of the SBCERA Board, staff or plan sponsors? If yes, describe the relationship.

9. Describe the firm’s philosophy with respect to compensation design and consulting. What key strengths and competitive advantages does the firm possess that generate superior performance and service to pension plan clients?

10. Describe the firm’s process for assisting clients with compensation design and policy development and review. This should include, at a minimum, the major steps involved in the process and the time frame expected for completion.

11. Please provide the fee your firm would charge for providing all of the services requested in the Scope of Services. The fee quoted should include all travel and other out-of-pocket expenses, which will be borne by the successful vendor as part of the contracted fee.

12. Will subcontractors be used in providing the required SBCERA services? If so, describe the specific services that would be subcontracted, the name of the subcontractor, the cost to your firm of these services, and how you would control the quality of services provided.
13. Indicate any additional categories of consulting work not listed in the Scope of Services that would be considered to be "special projects" that would not be included in the fee quoted in response to the previous question. Define specifically how "special projects" would be billed.

SECTION 7: PROPOSAL COMPLETION AND SUBMISSION PROCEDURES
In order to encourage maximum participation, SBCERA may communicate with firms it believes to be in the business of providing the services sought herein, to inform them of this RFP. Firms receiving such communication will receive no preference in scoring or other consideration, should they submit Proposals, nor will any firm not receiving such communication be in any way disadvantaged.

Proposals should include the following and preceding information to illustrate the firm’s capabilities.

A cover letter is required, which includes the following statements:

1. The attached proposal is complete as submitted.
2. All prices, cost schedules, and/or other factors contained in the proposal are valid for 120 days from the proposal closing date.
3. Certification of non-discriminatory practices in the firm’s services.
4. Mandatory signature of the representative(s) who are authorized to legally bind the vendor.
5. The cover letter must also identify any sections of the proposal that the firm is identifying as confidential. Proposers should note that SBCERA is a public agency, and that submitted proposals will become public documents when an award is schedule for final approval. Legitimate designations of proprietary or otherwise non-public information will be honored, and material will be redacted as appropriate from any public release of information if, in the reasonable opinion of SBCERA, such designations are in compliance with applicable law. Attempts to designate an entire proposal as proprietary or confidential are not valid and will NOT be honored.

SBCERA has made every effort to include enough information in this proposal for the firm to prepare a responsive proposal. SBCERA strongly discourages any contact with Board members while the selection process is pending, unless contact had been initiated by the Board or staff. Proposals will be evaluated by an executive management team. Necessary inquiries or requests for clarification shall be directed to Christie Porter, Chief of Member Services. And responses or clarifications provided by SBCERA in response to such inquiries will be provided, along with the initial inquiry, to all Proposers or potential Proposers, as appropriate.

During the evaluation process, SBCERA may identify areas in submitted Proposals where additional information or clarification may be needed. If
required, SBCERA will provide each firm that it deems reasonably susceptible to award with a description of issues to be explored. These areas may include fees, personnel availability, or any other matter the evaluation team may need further information about for assessment. These issues will be exclusive to each firm that SBCERA deems reasonably susceptible to award; under no circumstances will the issues be disclosed between prospective firms. When this process is completed, final scores will be tallied. A successful firm will be selected. A tentative award will be made to the responding firm whose proposal is deemed to be the most advantageous to SBCERA, taking into consideration all stated criteria and evaluation factors.

The tentative award will be subject to final approval by the Board of Retirement. All Proposers will be simultaneously informed of the tentative award, and given reasonable notice of the date upon which the Board of Retirement will consider final approval. All Proposers will be permitted to address the Board of Retirement as their sole administrative recourse to contest the award. Written submissions to the Board of Retirement will be permitted, but must be delivered to SBCERA by 5:00 p.m. on the Friday immediately preceding the Board of Retirement meeting at which final approval is scheduled.

SBCERA anticipates that the proposal submittal, review, and selection process will take approximately 90 to 120 days. The process timeline follows:

1. **Distribution of RFPs.** RFPs mailed to vendors and posted on SBCERA’s website on **July 10, 2014**.
2. **Information Requests.** Written requests for additional information must be received no later than **August 1, 2014**. If additional information is desired, requests should be in writing to:
   
   San Bernardino County Employees’ Retirement Association  
   Christie Porter, Chief of Member Services  
   348 West Hospitality Lane, 3rd Floor  
   San Bernardino, CA 92415-0014  
   cporter@sbcera.org

3. **Proposal Submission.** Proposals must be received in writing by **3:00 P.M. Pacific Daylight Time on Friday, August 15, 2014**. On the outside of the sealed response package, clearly mark: “Response to RFP – Compensation Consultant”. FAX transmitted proposals will not be accepted. Please submit five proposals and related information (one original and four copies) to:

   San Bernardino County Employees’ Retirement Association  
   Christie Porter, Chief of Member Services  
   348 West Hospitality Lane, 3rd Floor  
   San Bernardino, CA 92415-0014  
   cporter@sbcera.org
4. **Firm Proposal.** All proposals shall be firm and may not be withdrawn or modified for a period of 120 days following the date of submission. The Proposal should be considered a binding offer to contract with SBCERA, the acceptance of which by SBCERA will result in the formation of an enforceable contract.

5. **Proposal Review.** SBCERA will schedule internal sessions to review and evaluate the proposals. SBCERA anticipates selecting one or more firms as finalists by the end of September 2014.

6. **Notification for Interview.** If more than one firm is selected as a finalist, interviews may be scheduled. SBCERA anticipates sending written notification during the week of September 29, 2014 if interviews are needed.

7. **Interviews.** If required, SBCERA will schedule presentations of the finalists to SBCERA staff in October 2014. Note that there may not be any oral presentations; each proposal is expected to be complete in and of itself.

8. **Final Notification.** Notification to firms of SBCERA’s tentative decision to award a contract for the compensation consulting services will be by mail, and is anticipated to occur on or after October 2, 2014, and subject to Board of Retirement approval on November 6, 2014.

9. **Contract Effectiveness.** Depending on contract completion, the approved firm will officially become SBCERA’s provider for the scope of services requested here immediately upon approval by the Board of Retirement and subsequent contract execution by SBCERA’s signatory.

SBCERA will make every effort possible to administer the proposal process in accordance with the terms and dates discussed in this section; however, SBCERA reserves the right to modify the proposal process and dates if necessary.

**SECTION 8: EVALUATION OF PROPOSALS**

Proposals will be screened initially to determine if they have met the conditions set forth under Minimum Qualifications. Proposals that are non-compliant will be eliminated. After Minimum Qualifications have been satisfied, the evaluation criteria will be the following:

1. **Ability.** The firm’s ability to provide the requested services.
2. **Related Experience.** The firm’s demonstrated, related experience in providing services comparable to SBCERA’s needs. Expertise in all aspects of compensation and incentive program design and studies, preferably as it relates to public entities and the 1937 Act.
3. **Qualified Personnel** assigned to provide necessary services.
4. **Firm Stability.** The firm’s stability, professionalism and reputation as compared to other firms providing compensation and incentive program design and studies, and demonstrated ability to effect smooth succession in the event of the departure of key persons.
5. **Assigned Individuals.** The credentials and experience of the Person(s) who would be assigned to SBCERA.

6. **Fee Proposal.** Reasonableness and competitiveness of the fee structure/costs proposed by the firm.

7. **General quality and adequacy of Proposal,** including completeness of response, conformity to terms and conditions, and written plan to effectively and timely deliver on scope of services.

8. **Quality of references.** Level of satisfaction of present and/or former clients.

9. **Other Factors.** Any other factors that would be in the best interest of SBCERA to consider which were not previously described.

**SECTION 9: PROPOSAL OBLIGATIONS**

The contents of the proposal and any clarifications thereto submitted by the successful firm shall become part of the contractual obligation and will be incorporated by reference into the Contract.

**SECTION 10: CONTRACT TERMS**

The Contract shall be a combination of the specifications, terms, and conditions of the RFP, any written clarifications or changes made to this RFP, the offer contained in the successful proposal, and any additional contractual terms and conditions agreed to mutually and in writing by the parties, which additional terms shall not substantially alter the otherwise applicable terms and conditions. Finalization, execution and any subsequent amendment of the Contract are the responsibility of SBCERA’s Chief Executive Officer, pursuant to Board of Retirement authorization where applicable. Operational oversight of services provided under the Contract for compensation consulting services is the responsibility of SBCERA’s Chief Executive Officer and/or his designees.

**SECTION 11: PUBLIC RECORD REQUESTS**

During the RFP review, presentation, and discussion time period, SBCERA will not disclose any information derived from the submissions. Once an award is ripe for final approval by the Board of Retirement, the proposals become public record, and may be disclosed upon request, with the exception of any legitimately designated confidential material. If you are submitting any information you consider to be proprietary, the information must be prominently marked as such. Please be aware, the marking of information as “proprietary” does not necessarily preclude its disclosure. Should a public information request be presented, the laws of the State of California will prevail.

Submission by a vendor constitutes a complete waiver of any claims whatsoever against SBCERA, and/or its agents, officers, or employees, that SBCERA has violated a vendor’s right to privacy, disclosed trade secrets or caused any damage by allowing the proposal to be inspected.
SECTION 12: RFP WITHDRAWAL OR MODIFICATION
Proposals may be withdrawn or modified by a written or faxed request from respondent no later than the RFP closing date.

SECTION 13: ERRORS/CLARIFICATIONS
If any ambiguity, conflict, discrepancy, omission or other error is discovered in this RFP, the firm should immediately notify SBCERA, Attention Christie Porter, in writing, requesting modification or clarification of the document. Modifications of material consequence will be made by addenda issued to all participating respondents.

SECTION 14: COLLUSION AFFIDAVIT/CONFLICT OF INTEREST
By submitting a proposal, the firm certifies that the quoted prices are genuine and not the result of collusion or any other activity which would tend to directly or indirectly influence the process.

The firm further certifies the firm has no real or potential conflicts of interest that would prevent the firm from acting in the best interests of SBCERA.

SECTION 15: FINAL COMMENTS
SBCERA reserves the right to reject any and all proposals, with or without cause, and to request additional information from the proposing firms.

SBCERA will not reimburse responding firms for any expenses incurred in preparing proposals and/or presentations in response to this RFP. All responses and accompanying documentation become the property of SBCERA at the time the proposals are opened, and will not be returned.

A response to this RFP must be prepared and submitted according to the specifications set forth in this document. Failure to adhere to these specifications may be cause for rejection of the proposal. Any correction and/or resubmission of a proposal shall be submitted prior to the bid submission deadline.

All proposals shall be firm and may not be withdrawn for a period of 120 days following the closing date of submission of proposals.

SBCERA reserves the right to conduct discussions with prospective firms, to accept revisions of proposals, if solicited, and to negotiate pricing changes.

SBCERA reserves the right to use all available means to evaluate the firms, including review of submitted proposals, reference checks, interviews and presentations. The evaluation team is under no obligation to contact firms for clarification of proposals, but may do so at any time prior to contract award.