



San Diego City Employees' Retirement System Request for Proposals for Proxy Voting Services

The San Diego City Employees' Retirement System ("SDCERS") invites proposals from companies specializing in proxy voting and advisory services in response to this Request for Proposals ("RFP") to provide proxy research, recommendations, and voting solutions.

I. BACKGROUND

SDCERS is a tax-qualified, charter-created public retirement system for the employees of the City of San Diego ("City"), the San Diego Unified Port District ("Port"), and the San Diego County Regional Airport Authority ("Airport"). Since 1927, SDCERS has provided retirement, disability, and death benefits to its participants, which include general, safety, and elected officer members. Employees of the Port became members of SDCERS in 1963, and employees of the Airport became members in 2003. It is a contributory system; the contributions to fund the System are paid by the City, Port, and Airport and their respective employees. SDCERS' Board of Administration ("Board") is currently responsible for managing \$8.7 billion in trust fund assets. The Board administers the defined benefit plans of public employees and their survivors under the City, Port, and Airport plans. For more information, see SDCERS' Comprehensive Annual Financial Report and other documents at www.sdcers.org.

II. SCOPE OF SERVICES

SDCERS currently utilizes a proxy voting service provider to provide research, give voting recommendations, and vote on behalf of the plan. All votes are made in accordance with SDCERS' Proxy Voting Guidelines.

SDCERS currently employs four domestic equity investment managers, six international equity investment managers, and four global equity investment managers. SDCERS' voting agent voted a total of 139 domestic proxies and 194 international proxies in 2018.

SDCERS updates its Proxy Voting Guidelines on an annual basis based on recommendations from its proxy voting service provider. Staff relies on the

research and reports provided by its proxy voting agent to remain up to date on news and developments in the industry and to ensure that SDCERS' Proxy Voting Guidelines are updated accordingly.

III. CALENDAR OF EVENTS

Issuance of RFP	October 9, 2019
Applicant Questions and Intent to Participate due to SDCERS	October 16, 2019
RFP responses due to SDCERS	November 8, 2019
Due diligence visits (if necessary)	November 18-22, 2019
Draft of Board materials due	December 4, 2019
Investment Committee meeting and selection	January 9, 2020
Board meeting	January 10, 2020

IV. PROPOSAL REQUIREMENTS

In setting forth qualifications, you must provide the information described below. SDCERS may deem a proposal non-responsive and reject the proposal if it does not include all requested information.

A. Proposal Submission

Proposals must include a cover letter including the mailing address of the office submitting the proposal, the name of the individual who will represent the firm as the primary contact, and the telephone, fax, and email information of the primary contact.

The proposal cover letter must state that the proposal is irrevocable for 180 days and be signed by an authorized person.

Four bound hard copies and one electronic copy (in PDF format on a disc or via email) of your proposal are due no later than **5:00 p.m. PST** on the due date listed above. All proposals must be delivered to:

San Diego City Employees' Retirement System
Attention: Liza Crisafi, Chief Investment Officer
401 West A Street, Suite 400
San Diego, CA 92101

Electronic copies can be emailed to Demitrios Haldes at dhaldes@sdcers.org.

SDCERS will not consider proposals received after this deadline, or faxed proposals, whenever received.

B. Intention to Participate

If you intend to respond to the RFP, please email a letter stating that your organization will be replying to the RFP by October 16, 2019 to:

Demitrios Haldes, Assistant Investment Officer at dhaldes@sdcers.org

C. Questions to Be Answered

Please answer the questions listed in the Technical Proposal section starting on page 8. You are encouraged to be succinct and answer the questions as asked.

D. Proposed Fees and Billing

Proposals must contain the following:

1. The total proposed fee for the services contemplated herein.
2. Any special considerations with respect to billing or payment of fees and expenses that you offer and that you believe would differentiate you from other applicants and make your services more cost effective to SDCERS.
3. SDCERS expects to receive the lowest rate charged by you for your governmental and nonprofit clients. If for any reason you are not prepared to do so, please indicate your reasons.

E. Questions about the RFP

All correspondence, inquiry, and communication regarding the RFP should be directed to Demitrios Haldes via email at dhaldes@sdcers.org unless

otherwise directed in this RFP. Questions regarding the RFP should be forwarded to Demitrios Haldes, with the appropriate section, question, and page number identified. The deadline for questions is October 16, 2019.

V. EVALUATION AND SELECTION

A. Evaluation Criteria

Staff and the Board will evaluate the proposals based upon the following factors:

1. Voting capabilities
2. Market coverage
3. Breadth and quality of research
4. Anticipated cost of services
5. Commitment of time and resources to SDCERS
6. Information provided by references
7. Overall organization, completeness, and quality of proposal, taking into account cohesiveness, conciseness, and clarity of responses

B. Selection Process

Staff will review all proposals for completeness. Any proposal that does not address all requested requirements or is untimely may be rejected at SDCERS' sole discretion. Staff will evaluate all proposals based on the criteria stated above.

Staff and the Board may interview applicants it believes are qualified to perform the services requested. Applicants selected for interviews will be notified in advance of the proposed interview date.

VI. PROPOSAL LIMITATIONS AND CONDITIONS

A. Limitations

This RFP does not commit SDCERS to award an agreement, pay any costs incurred in the preparation of a response, or procure services of any kind whatsoever. SDCERS reserves the right, in its sole discretion, to negotiate with any or all applicants considered, or to postpone, delay, or cancel this RFP in whole or in part. SDCERS may terminate negotiations, at its sole discretion. SDCERS reserves the right to award an agreement or agreements based upon proposals received; you should not rely upon the opportunity to alter your proposal (e.g., services, fees, etc.) during negotiations.

SDCERS may request an applicant to clarify the contents of its proposal. Other than to provide such information requested by SDCERS, no applicant will be allowed to alter its proposal after the RFP due date.

All material submitted in response to this RFP is the sole property of SDCERS. SDCERS reserves the right to use any and all ideas submitted in the proposals received.

SDCERS may waive informalities or irregularities in a proposal, at SDCERS' sole discretion.

B. Errors and Omissions

If you discover an ambiguity, conflict, discrepancy, omission, or other error in this RFP, immediately notify Demitrios Haldes at dhaldes@sdcers.org and request clarification or modification of the document.

If deemed necessary, SDCERS may modify this RFP. Notice of any modification will be given by written notice to all applicants who have furnished a proposal or notice of intent to propose.

If an applicant fails to notify SDCERS of a known error or an error that reasonably should have been known before the final filing date for submission, the applicant assumes the risk. If awarded an agreement, the applicant will not be entitled to additional compensation or time by reason of the error or its late correction.

VII. AGREEMENT APPROVAL

SDCERS' selection of one or more successful applicants will not be binding until it has been approved by authorized Staff, Committee, or the Board. Any direction by SDCERS Staff, Committee, or the Board to enter into a contract is not a binding contract unless negotiations result in agreement by all parties.

VIII. GENERAL INFORMATION

A. No Contact

No contact with SDCERS' Board, Staff, or Consultants relating to the RFP is allowed while this RFP is pending, except as expressly allowed herein. Any contact relating to the RFP with said persons is grounds for disqualification.

B. No Reimbursement for RFP Expenses

SDCERS will not reimburse any expenses incurred in responding to this RFP including the costs of preparing the response, providing any additional information, or attending any interviews or presentations.

C. Notice Regarding the California Public Records Act and Open Meetings Laws

The proposal you submit in response to this RFP will be subject to the California Public Records Act (Cal. Gov. Code §6250 *et. seq.*, the "Act"). The Act provides that all records relating to a public agency's business are open to public inspection and copying, unless an exception applies. In addition, if SDCERS chooses to hire or recommend you for hiring, your proposal may appear in a publicly posted agenda packet for a public meeting in accordance with the Ralph M. Brown Act (Cal. Gov. Code §54950 *et seq.*). If it is included in the agenda packet, your proposal will not be exempt from public disclosure. If a request is made pursuant to the Act for materials you have submitted, SDCERS will determine, in its sole discretion, whether the materials are subject to public disclosure. If SDCERS determines that the materials requested are not subject to disclosure under the Act, SDCERS will either notify you so you can seek a protective order at your own cost or expense and/or SDCERS will deny disclosure of those materials. If SDCERS denies disclosure, then by submitting your proposal you agree to reimburse SDCERS for, and to indemnify, defend, save, and hold harmless SDCERS, its officers, trustees, fiduciaries, employees, and agents from and against any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses including, without limitation, attorneys' fees, expenses, and court costs of any nature whatsoever (collectively,

“Claims”) arising from or relating to SDCERS’ non-disclosure. By submitting your proposal, you also agree to indemnify, save, and hold SDCERS harmless from and against any and all Claims arising from or relating to SDCERS’ public disclosure of any such designated portions of your proposal if SDCERS determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

IX. AGREEMENT PERIOD

Either party may, in its sole discretion, terminate the agreement at any time, subject to California law, including ethical obligations to protect SDCERS’ interests in the process of withdrawing.



**San Diego City Employees' Retirement System
Technical Proposal for Proxy Voting Services**

I. FIRM PROFILE

Please fill out the following table:

Firm name	
Address of servicing office	
Primary contact name	Telephone number
	Fax number
Year firm was founded	Year firm began offering proxy voting services
Number of employees on staff	Number of proxy voting-related employees on staff
Has the firm been censured by the SEC or other regulatory agency? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Total number of current relationships	

II. ORGANIZATION/PEOPLE

- Describe the history of your organization, including the key developments and evolution of your Firm, especially concerning ownership, structure, senior management, and ability to provide proxy services

2. State the name(s) of individuals and institutions that own your firm, and their percentage of ownership
3. Discuss any changes in ownership, strategic alliances, personnel, or the business in the past three years
4. Discuss any prospective changes in ownership, strategic alliances, personnel, or the business over the next three years
5. Discuss the business objectives of your firm with respect to future growth. Comment on any present or planned area of emphasis in the future
6. Describe your firm's disaster recovery/business continuity plan, especially as it relates to your ability to continue providing proxy services
7. Briefly describe your firm's strengths, weaknesses, and competitive advantages
8. What percentage of total firm revenue is derived from providing proxy services? Briefly list the source and percentage of firm revenues
9. Does your firm or any affiliate provide services to clients other than institutional shareholders? Does your firm or any affiliates provide non-proxy services to any clients? If yes, please explain.
10. How are conflicts of interest managed, disclosed, or prevented? Does your firm have a conflict of interest policy? If so, please provide a copy.
11. Does your firm or any affiliate accept soft dollars as payment for services?
12. Does your firm earn revenue from providing consulting or other services or products to companies that are assessed in your proxy service practice? Please explain any activity that could be perceived as a conflict of interest and state the amount of revenue received from the activity.
13. Indicate the number of client relationships gained and lost in the last three years with respect to proxy voting services.
14. Describe the practices in place to attract and retain key personnel.

III. SERVICES OFFERED

1. Review the scope of proxy voting services sought in Section II of the Request for Proposal (on pages 1-2), and list which of the services your firm is capable of providing.
2. Discuss how your firm would provide voting agent services to SDCERS.
3. State the number of securities in your database separately for the following:
 - U.S. companies
 - International developed market countries
 - Emerging market countries
4. Attached is a list of U.S. and international securities held by SDCERS as of September 30, 2019 (Attachment 1). State in percentage terms the U.S. and international equity securities held by SDCERS for whom you provide proxy coverage.
5. Describe how clients receive proxy information and recommendations, such as via the internet or other electronic means. State the systems requirements (hardware, software, network connectivity, databases, utilities, etc.) for your proxy voting system.
6. What reporting systems does your firm offer? Describe the types of reports clients receive. Please provide examples of monthly/annual client reports and any other relevant reporting.
7. Describe the types of research reports SDCERS should expect to receive from your firm. Please provide a representative example of a report your firm would provide for various types of proxy reports, such as: executive compensation, stock option plans, mergers and acquisitions, shareholder rights, or other important proxy related matters.
8. Discuss how many research analysts your firm utilizes, how company research is gathered, and from what sources.
9. Describe how SDCERS' portfolio holdings would be monitored and updated.

10. Discuss the steps your firm is taking to prevent against errors or inaccuracies in the research and voting recommendations your firm provides to its clients.

IV. FEES

1. Itemize and quote the fees for research and voting services on an annual, quarterly, or per meeting/ballot basis. Please be sure to explain how overages in any year would be charged.

V. OTHER

1. Discuss available training and any annual conference information.
2. Provide three references that use your proxy services, including the following information:
 - a. Organization name, address, and telephone number.
 - b. Contact name, title, address, telephone number, and email address.
 - c. The length of the relationship.
 - d. The client's custodian(s).
 - e. The amount of assets for which proxy services are provided.
 - f. Description of the proxy services provided, including the types of reports furnished and the number of proxies voted.