

# **REQUEST FOR PROPOSALS (RFP)**

**FOR**

**Investment Consultant Firm**

**FIRE AND POLICE PENSION FUND,  
SAN ANTONIO**

FIRE AND POLICE PENSION FUND, SAN ANTONIO  
11603 W. COKER LOOP; SUITE 201  
SAN ANTONIO, TX 78216  
TELEPHONE: 210-534-3262  
E-MAIL: INVESTMENT@SAFIREANDPOLICEPENSION.ORG

## **PROPOSAL SUBMISSION DEADLINE:**

**\*\*\*\*\*MUST BE RECEIVED NO LATER THAN 4:30 P.M., SEPTEMBER 30, 2011\*\*\*\*\***  
**CENTRAL STANDARD TIME**

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## **NAME AND ADDRESS OF COMPANY SUBMITTING PROPOSAL ("PROPOSER"):**

SageView Advisory Group  
920 Memorial City Way, Suite 500  
Houston, Texas 77024  
Contact Person: Eric Grimes  
Phone: (508) 330.4364 Fax: (865) 246 1770  
E-Mail: egrimes@sageviewadvisory.com

## **INTRODUCTION**

The Fire and Police Pension Fund, San Antonio (the "Fund"), was created to protect the pensions for San Antonio fire fighters and police officers and their beneficiaries because of the hazardous nature of their professions. The Fund is dedicated to providing retirement security for fire fighters and police officers--past, present and future. It is a statutory trust providing a defined

benefit plan for retired police officers and fire fighters (and their beneficiaries) and disability and death benefits for current police officers and fire fighters (and their beneficiaries) employed by the City of San Antonio. It is governed by Article 6243o of Vernon 's Texas Civil Statutes and the provisions of the Texas Government Code, Title 8, Subtitle A.

The Fund issues this Request for Proposals (RFP) in order to select an external investment consultant firm. This search for an investment consultant reflects a desire by the Board to review qualifications, accountability, responsiveness, reporting, and experience of proposers. In an era of declining historic returns and questioning of traditional portfolio analysis, the Fund solicits a presentation on a wide range of approaches and philosophies. It does not reflect a uniform dissatisfaction with the current investment consultant but rather a review of what investment firms have to offer in today's challenging investment world. Proposers should provide responses that reflect their investment philosophy.

A copy of the current investment allocation and list of managers is attached as Exhibit "A".

The Fund is approximately \$2 billion in assets and the Investment Committee meets monthly and expects the consultant to participate in approximately 8 meetings per year. Additional participation may be required at critical meetings of the Board and/or Investment Committee in person, by video conference or phone. Furthermore, the consultant will be responsible to provide performance reports on all managers; however, they will be not responsible for monitoring the alternative managers.

The Fund is created and governed by statutes promulgated by the Legislature of the State of Texas. Copies of the governing statute and Summary Plan Description are attached as Exhibit "B" and "C" respectively.

## **SECTION I - GENERAL PROVISIONS**

### **1.0 Submission of Proposal**

#### **1.1 Proposals shall be sent electronically to:**

Jesús R. Torres, Investment Analyst  
[investment@safireandpolicepension.org](mailto:investment@safireandpolicepension.org)

cc: Rafael Ramirez Jr., Investment Analyst  
[rramirez@safireandpolicepension.org](mailto:rramirez@safireandpolicepension.org)

### **2.0 Delivery of Proposals**

#### **2.1 Proposals must be received electronically no later than the time indicated on the Cover Sheet of this solicitation. The proposal must be completed and delivered in sufficient time to avoid disqualification for lateness due to difficulties in delivery. If the electronic attachment is too large, please send the Question/Answer section and overnight CD with all the attachments to be received within the next 3 business days.**

### **3.0 Public Information**

- 3.1 Submission of information relative to this RFP will not be released by the Fund during the proposal evaluation process or prior to contract award.
- 3.2 After the contract is awarded, all proposals may be open for public inspection, to the extent such proposals are subject to the Texas Public Information Act ("Act").

### **4.0 Proprietary Information**

- 4.1 If a proposer does not desire proprietary information in the proposal to be disclosed, it is required to identify all proprietary information. This identification will be done by individually marking each page with the words "Proprietary Information" on which such proprietary information is found. If the proposer fails to identify proprietary information, it agrees that by submission of its proposal that those sections shall be deemed non-proprietary and made available upon public request subject to the Act.
- 4.2 Proposers are advised that the confidentiality of their proposals will be protected by the Fund to the extent permitted by law. Proposers are advised to consider the implications of the Act, particularly after the proposal process has ceased and the contract has been awarded. While there is provision in the Act to protect proprietary information, please be advised that a determination on whether those standards have been met will not be decided by the Fund but by the Office of the Attorney General of the State of Texas.

### **5.0 Explanations**

Any explanation, clarification, or interpretation desired by a proposer regarding any part of this RFP must be requested in writing to [jtorres@safireandpolicepension.org](mailto:jtorres@safireandpolicepension.org) before September 1, 2011. All questions and answers will be posted on the website by Monday, September 5, 2011. Interpretations, corrections or changes to the RFP made in any other manner are not binding upon the Fund, and proposers shall not rely upon such interpretations, corrections or changes.

### **6.0 Addenda**

Any interpretations, corrections or changes to this RFP will be made by addendum. Sole issuing authority of addenda shall be vested in the Fund. Addenda will be posted on the website. Proposers are responsible for determining if addenda have been issued.

### **7.0 Withdrawal of Proposal**

A proposal may be withdrawn by a duly authorized representative of a proposer at any time prior to the proposal submission deadline.

## **8.0 Award of Contract**

The Fund reserves the right to accept or reject any and all proposals and to re-solicit for proposals, as it shall deem to be in the best interests of the Fund. Receipt of any proposal shall under no circumstances obligate the Fund to accept the lowest cost proposal. The award of this contract shall be made to the responsible proposer whose proposal is determined to be the best offer, taking into consideration demonstrated competence and qualifications to perform the service solicited in the RFP. Any reference to the word “bid” contained in this RFP shall mean “proposal”.

## **9.0 Period of Acceptance**

Proposer acknowledges that by submitting the proposal contained herein, proposer makes an offer, which, if accepted in whole or part by the Fund, constitutes a valid and binding contract as to any and all items accepted in writing by the Fund. The period of acceptance of this proposal is ninety (90) calendar days from the date of opening, unless the proposer notes a different period.

## **10.0 Tax Exemption**

The Fund is exempt from State Sales Tax for equipment, services or materials used in connection with this engagement; therefore, tax should not be included in this proposal for these items.

## **11.0 Cost Incurred in Responding**

All costs directly or indirectly related to preparation of a response to the RFP or any oral presentation required to supplement and/or clarify a proposal which may be required by the Fund shall be the sole responsibility of and shall be borne by proposer.

## **12.0 Negotiations**

The Fund reserves the right to negotiate all elements that comprise the proposal to ensure that the Fund's best interests are protected.

## **13.0 Contract Incorporation**

Proposers should be aware that the contents of the successful proposal will become a part of the subsequent contractual documents. Failure of a proposer to accept this obligation may result in the cancellation of any award. Any damages occurring to the Fund as a result of the proposer's failure to contract may be recovered from the proposer.

## **14.0 Non-Endorsement**

If a proposal is accepted, a proposer shall not issue any news releases or other statements

pertaining to the award or servicing of the agreement that state or imply the Fund's endorsement of a proposer's services.

**15.0 Contact Person**

Matthew O'Reilly, CIO of the Fire and Police Pension Fund, San Antonio, Telephone: (210) 534-3262 is designated as Contact Person and will act as the contact person between the Fund and the consultant firms after contract award.

**SECTION II - CONTRACT**

Proposer shall be required to execute a contract in substantially the form attached hereto as Exhibit "D". Minor clarification of contractual terms may be negotiated, but Proposer agrees to the execution of a contract in substantially the form attached by submitting a proposal to the Fund. Such contract includes a Standard of Conduct, which Proposer shall acknowledge and comply fully.

## Section III - Consultant Questionnaire

### A Company Background

- 1. Provide a brief history of the firm including year of inception, ownership, affiliated and subsidiary companies and relationships, joint ventures, and any business partners.**

SageView is an SEC Registered Investment Advisory (RIA) firm serving retirement plan sponsors throughout the United States since 1989. SageView was founded in Irvine, California, by Randall Long, our current Managing Principal. SageView is 100 % employee-owned and has no parent or affiliated companies. Our headquarters are in Irvine, California, and we maintain offices in Austin, Boston, Chicago, Houston, Kansas City, Knoxville, Los Angeles, Milwaukee, Richmond, San Francisco, Washington, D.C., and West Palm Beach. You can visit our website at [www.sageviewadvisory.com](http://www.sageviewadvisory.com).

- 2. Describe all significant developments with your firm in the last three years, such as changes in ownership, restructuring, personnel reorganization, and philosophy. Disclose any known or contemplated future changes in your organization.**

SageView has made significant investments in staff and opened several new offices to support our growing client base. There are no contemplated changes and we expect to continue this growth strategy.

- 3. Provide the address of your corporate office and a description of the firm, including number and location of offices, number of professional consultants, and scope of services offered. Also indicate which office(s) would service the Retirement System.**

Our corporate headquarters is located at 1920 Main St., Suite 800, Irvine, California 92614. We maintain offices in Austin, Boston, Chicago, Houston, Kansas City, Knoxville, Los Angeles, Milwaukee, Richmond, San Francisco, Washington, D.C., and West Palm Beach. SageView's team is comprised of 84 experienced industry professionals, including 16 lead consultants throughout the United States. SageView's team includes two attorneys, five Certified Public Accountants (CPA), two Certified Investment Management Analysts (CIMA), five CFA Charterholders (CFA), six actuaries, and 17 Accredited Investment Fiduciaries (AIF).

We advise 401(k), 403(b), 457, defined benefit, and deferred compensation plans that range in size from \$5 million to more than \$1 billion in plan assets. Retirement plans are SageView's primary focus. We spend every day working to provide our clients with better services and improve our knowledge of retirement plans. The collective experience of our firm is second-to-none when compared to other consulting firms our size. All of our employees are solely focused on retirement plan and investment consulting.

The Houston, TX, office would provide services to the Retirement System.

- 4. Provide an organizational chart of your firm showing functions, positions, and titles of all key personnel involved in consulting services. Provide a brief description of the relationship between each component and the consultant(s) who would service the Retirement System.**

The Retirement System will be assigned a Relationship Manager, Eric Grimes, and an assigned member of SageView's internal investment committee. SageView will assign a team of associates with the ability of leveraging our entire team so that the Retirement System benefits from the collective experience and knowledge of our entire company.

**5. Describe all of your firm's lines of business and the approximate contribution of each to the total revenue. If your firm is an affiliate or subsidiary of an organization, state percent of the parent firm's total revenue generated by your firm.**

In addition to our investment advisory services, SageView provides the following services for our clients:

**Fiduciary Risk Management Oversight**

- Conduct Retirement Plan Cost Assessment to evaluate appropriateness of current vendor's expenses and fees
- Ensure appropriate plan documents and committee meeting minutes are being maintained
- Stay abreast of regulatory and legislative changes

**Compliance Consulting**

- Investment Policy Statement review, development (as needed) and monitoring
- Evaluate ERISA 404(c) requirements

**Plan Design Consulting**

- Focus on maintaining fees and expenses that are reasonable for services provided
- Review plan features
- Evaluate potential plan enhancements
- Review administrative servicing needs

**Vendor Comparative Analysis**

- Analyze current vendor and appropriate fit to client
- Oversee vendor universe search
- Develop and distribute Request for Proposal (RFP)
- Review RFP responses
- Prepare vendor comparative analysis presentation
- Present findings to investment committee/board
- Assist with alternative vendor site visits as needed
- Introduce new vendor to committee/board

**Education/Communication Consulting**

- Evaluate current vendor's program based on participant demographics
- Assist with development/implementation of education/communication objectives
- Review and update program as needed to meet changing needs

**Actuarial and Consulting**

- Strategic planning
- Forecasting
- Asset/Liability modeling
- Actuarial valuations for funding and expense

- Financial reporting and disclosure
- Regulatory compliance
- Administration
- Union negotiations
- Mergers and acquisitions
- Guidance on technical issues

Approximately 80% of SageView's revenues come from consulting on Qualified Retirement Plans. The remaining 20% comes from our private wealth management practice.

**6. State what you believe distinguishes your consulting services from your competitors. Describe any services of your organization that may not be offered by other consultants.**

SageView would welcome the opportunity to work with Retirement System. We are confident in our ability to provide you with the level of service and expertise you deserve. There are many factors to consider when hiring a consultant, and here are some of the reasons we stand out from our competition:

SageView's primary focus is on retirement plans. All of our employees are dedicated to providing services to our retirement plan clients. We are one of the few firms in the country that has committed for years – in writing – to serve as a fiduciary to the plan. Accordingly, we serve as true partners with our clients, share the risks, and act solely for the benefit of plan participants – never the plan provider or any other vendor.

SageView is among a small, select group of investment advisors to be awarded the CEFEX certification for Fiduciary Practices by the Centre for Fiduciary Excellence. Through CEFEX's independent assessment, the certification provides assurance to investors, both institutional and individual, that SageView has demonstrated adherence to the industry's best fiduciary practices. This indicates that SageView's interests are aligned with those of investors, and we will always comply with fiduciary best practices. More information about CEFEX can be obtained at [www.cefex.org](http://www.cefex.org).

We feel the quality of our staff is second-to-none, and their experience in the retirement plan marketplace is unparalleled. Many of our competitors provide consulting services with a limited administrative staff and concurrently attempt to grow and manage their business. Our size and depth allow us to provide immediate solutions to our clients, while continuing to enhance and grow our business. The scale of our business and the tenure of our employees provide us a greater perspective on the retirement plan marketplace than our peers. We are able to leverage our knowledge of the industry, our reputation, and our relationships with vendors and investment managers to achieve the best plan available for your participants.

Additionally, we feel that our proprietary investment analysis process and investment research, which is supported by our 9-member investment committee, is unrivaled in the retirement plan consulting industry. SageView has done extensive research and built a proprietary investment selection and monitoring program that is used by all of our clients. We have an internal investment committee that meets quarterly to discuss all of our clients' investments. This committee process allows us to keep with a closer watch on issues that may arise in a client's investment program.



Many of our competitors outsource this process to a third party, or rely on just one or two individuals, and must rely upon this model to complete the analysis work before being able to report to their clients.

## B Clients

1. For all general, full-service consulting clients with which your firm has a current contractual relationship, provide the following by category:

Size	Public Funds	All Other Funds
Less \$100 M	3	267
\$100 M - \$500 M	0	30
\$500 M - \$1 B	0	3
\$1 B - \$10 B	1	0
Greater than \$10 B		0

2. Provide a list of 3 current public fund general or full-service consulting clients with assets greater than \$500 million for whom work similar to that requested in this RFP has been performed by your firm. Include name, contact person, telephone number, asset value, number of years they have been a client of the firm, and the services provided. The Fund may contact any of these clients as references. If you require advance notice of the Fund's intent to make inquiries, please so indicate.

The only client that meets this category is University of Alabama.

3. State the number of accounts, and value of assets represented in those accounts, lost during the last three years. List this for each one year period ending 2008, 2009, and 2010.

	2010	2009	2008
Assets	\$100M	\$82M	n/a
Clients Lost	7	8	3

## C Standards of Conduct

1. Has your firm adopted the Code of Ethics and The Standards of Professional Conduct of the CFA Institute? If so, how is employee compliance monitored?

SageView's employees who are CFAs must abide by the CFA Institute's Code of Ethics and Standards. Additionally, all supervised persons at SageView must agree to comply with our Code of Ethics. All supervised persons must sign a certificate promptly upon becoming employed or otherwise

associated with SageView that evidences his or her receipt of the Code of Ethics and submit a complete report of their securities holdings.

All supervised persons shall submit to the CCO, no later than 30 days after the close of each quarter, a list of all personal transactions in Reportable Securities. During the month of January all supervised persons will be required to certify on the Annual Certification of Compliance with the Code of Ethics form. Our firm and supervised persons must conduct business in an honest, ethical, and fair manner and avoid all circumstances that might negatively affect or appear to affect our duty of complete loyalty to all clients.

- 2. Describe your expertise in assisting clients in developing their own risk management procedures. Please include names of clients and briefly describe the projects for which you have provided these services.**

Our ongoing review of client portfolios includes both quantitative and qualitative risk evaluations of the portfolio as a whole and the underlying investments within the portfolios. These reviews include downside risk measurements, standard deviation evaluations and investment policy statement adherence.

- 3. Is your firm, its parent, or any affiliate a registered investment adviser with the SEC under the Investment Advisers Act of 1940? If not, state your fiduciary classification.**

Yes.

- 4. Within the last five years, has your organization or an officer or principal been involved in litigations, SEC investigations, or other legal proceedings relating to your investment consulting assignments? If so, please provide an explanation and indicate the current status or disposition.**

SageView's retirement plan consulting practice has never been the subject of any litigation. We do have a small, high-net-worth practice that is currently involved in litigation by a high-net-worth individual attorney who, following the market downturn, is asserting that his investments were unsuitable. SageView is challenging this allegation and is in the process of defending against the claim.

- 5. Has your firm ever been censured by any regulatory body? If so, please describe the situation.**

SageView was fined \$500 by the State of Nevada for a registration error that occurred in 2008.

## **D Conflicts of Interest**

- 1. Explain in detail any potential for conflict of interest that may be created by your firm's providing services to the Fund.**

No conflict of interest would exist. SageView operates in a fully disclosed environment. All employees abide by our firm's code of ethics. SageView does not accept compensation directly from money managers, investment funds, brokerage services or other providers. At any time, if a potential conflict of interest would arise, Retirement System would be notified immediately.

2. **Does your firm or an affiliate manage money for clients? Include also whether your firm or its parent or an affiliate is a broker/dealer. Do you trade for your client accounts through your own broker/dealer? Does your firm accept soft dollars as a method of payment for services provided? Do you use soft dollars to make payment for services received? What percentage of your clients has soft dollar arrangements with your firm?**

We are able to act in an ERISA 3(21) or ERISA 3(38) discretionary investment manager capacity. An ERISA 3(38) investment manager takes on discretionary authority of the investment lineup of the plan. This relationship allows the committee to transfer the fiduciary liability associated with investment oversight and selection to SageView. SageView is not a broker/dealer. SageView as a practice does not accept soft dollars as a means of compensation. We do not accept compensation directly from money managers, investment funds, brokerage services or other providers.

3. **Describe how conflicts of interest among your consulting functions are prevented if your firm also provides portfolio management or brokerage services, or if your firm also provides consulting services to investment management companies.**

SageView does not receive compensation directly from any investment manager. SageView believes in full fee disclosure for all of our clients. Our fee is clearly indicated in our advisory contract. The amount in the contract is the total amount that SageView will receive for providing services to the Fire and Police Pension Fund. SageView will not receive additional revenue from any sources for the services we provide to you.

4. **Describe in detail all circumstances under which your firm or any individual in your firm receives compensation, finder's fees or any other benefit from investment managers or third parties, and list all investment management firms or third parties from which your firm has received any compensation within the last five years.**

SageView does not accept any compensation from investment managers or third parties.

<b>E Staff and Consultants in the Firm</b>
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1. **How many investment consultants does your firm have?**

35.

2. **Discuss the ways you manage growth, including any limits to the client/consultant ratio.**

The number of clients an advisor works with can vary depending on the size and complexity of the client. We do not have any specific rule regarding a limit. We are constantly adding more advisors to meet the needs of our growing firm.

**3. Describe your company philosophy for recruiting, hiring, and retaining senior personnel.**

We recruit new employees from a variety of sources, but many come to us from our contacts in the industry. There are several reasons for our excellent employee retention record, including the following:

- We offer a comprehensive health benefit plan, 401k plan, and matching contribution.
- Reimburse fees for continuing education courses, classes to improve their skills
- Encourage employees to get industry specific certifications
- Opportunity for advancement
- Entrepreneurial atmosphere to allow them to have plenty of input and take ownership of projects, tasks, etc.
- Flexible work hours

**4. Describe how consultants and analysts in your firm are compensated.**

Our consultants and analysts are paid a fair market salary along with a performance-based bonus.

**5. List the turnover of consulting and research personnel in the last three years. State the reason of departure for each.**

SageView has not lost any consultants in the last three years. SageView had one research analyst leave the company in 2011 in order to relocate to another area of the country for personal reasons.

<b>F Consulting Team</b>
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**1. Provide name, title, home office location, and biography of the key individual(s) who would be directly responsible for providing consulting services to the Fund, including what year the individual joined your firm, current responsibilities, areas of expertise, experience, education, professional designations, and memberships. Detail their roles and the scope of their involvement for this assignment.**

**Eric Grimes**

Primary Retirement Plan Consultant  
Houston, TX



Eric serves as a Retirement Plan Consultant in SageView's Houston office. He is responsible for providing consulting to corporate defined contribution and defined benefit plans on plan design, investment selection and monitoring, and fiduciary governance issues.

With a background of more than 16 years in the retirement plan marketplace, Eric possesses extensive experience in the oversight and operations of retirement plans, advising and assisting plan fiduciaries in discharging their fiduciary responsibilities. Prior to joining SageView in 2011, Eric

worked in MA for Westminster Consulting, a Rochester, NY-based consulting firm. He has also held positions with Fidelity Investments, focusing on the mid-corporate segment, handling several high-profile relationships, as a Managing Director, in the Northeast corridor, and leading large-plan implementation projects within Fidelity's transition services group. Prior to working at Fidelity, Eric had a distinguished career selling in the institutional retirement space for AIG-VALIC.

Eric earned a B.A. in Liberal Arts and an M.A., both from Sam Houston State University. He is currently pursuing his Chartered Financial Analyst designation.

Eric will be the primary consultant assigned to the Fire and Police Pension Fund. He will attend and direct all of the Fund's quarterly reviews and manage all aspects of client services for the Fund.

**Sean G. King, J.D., CPA, MAcc**  
Principal – Southeast Region  
Knoxville, TN



With a background in accounting, law, taxation, insurance, and investments, Sean King is uniquely qualified to work in the financial services industry.

Sean serves as Principal of SageView Advisory Group for the Southeast. His specialty is creatively structuring and managing qualified and non-qualified retirement plans to assist his clients in achieving important business, retirement, estate planning, tax savings and asset protection objectives. Sean started with SageView in 2007, after working for Willis Retirement Services and MassMutual/Capital Financial Group. Sean also is a co-founder of Retirement Plan Consultants, a third-party administrative and consulting firm.

In September 2008, Sean was named one of the "20 Rising Stars of Retirement Plan Advisory" by Institutional Investor Magazine, and in December 2009 Sean was named one of the "300 Most Influential Advisors in Defined Contribution" by 401(k) Wire. In December 2010, Sean was named one of the nation's "Top 100 Retirement Plan Advisers" by PlanAdviser magazine.\*

Sean King is a Principal of the firm and, as such, is responsible for the satisfaction of all clients serviced from the Southeast regional office.

\*Listing in these publications does not guarantee future performance or success.

**Douglas A. Webster, AIFA**

Managing Director – SageView Investment Committee Member  
Knoxville, TN



Doug Webster, located in SageView's Tennessee office, provides clients with in-depth analysis of retirement plan investment options and other relevant information to assist them in their fiduciary investment decisions on behalf of plan participants. He focuses on delivering and implementing a defensible investment policy statement and monitoring process for our clients while serving as stated fiduciary to the retirement plan as defined in ERISA Section 3(21)

Part of the investment advisory and retirement plan consulting industry for ten years, Doug worked at Retirement Plan Consultants, Inc. and Capital Financial Group before joining SageView in 2007. He began his career with Merrill Lynch.

Doug serves on SageView's National Investment Committee, but his chief responsibility is to act as a conduit between SageView's investment committee and the clients served by his region.

**Larissa Whittle, CEBS**

Retirement Plan Consultant  
Nashville, Tennessee



In her role as an Account Executive with SageView Advisory Group, Larissa is responsible for providing our clients with all aspects retirement benefits consulting. Her responsibilities include advising on retirement plan design, benchmarking, operations, nondiscrimination testing, cost projections, market analyses and vendor searches, mergers and acquisitions, as well as participant education services for defined benefit, defined contribution and nonqualified programs.

With over 19 years of experience in retirement benefits and financial services, Larissa has served as a retirement plan consultant with several employee benefits and trust firms, including USI Consulting Group, SunTrust, MassMutual, and W. F. Corroon. She also has worked in consulting roles with third party administrators, and was employee benefits manager for Proffitt's, Inc.

Larissa actively serves in leadership roles with several employee benefits professional societies. She holds the Certified Employee Benefits Specialists designation, sponsored by the International Foundation of Employee Benefit Plans and The Wharton School. In addition to her professional certifications, she holds current securities registrations and insurance licenses.

Larissa supports Eric and Sean with plan benchmarking, vendor and manager searches and compliance questions. She has been with SageView since 2007.

- 2. State whether the individuals assigned to the work have any responsibilities other than providing consulting services, and if so, specify such responsibilities.**

No.

- 3. What are the procedures for addressing this account when the lead consultant or other assigned personnel are unavailable?**

All of our clients can contact our national headquarters in Irvine, CA and receive assistance from our consultants there. Our resources are shared nationally and consultants in either office would have the ability to access investment reports for your plan.

SageView operates in a team environment. Our structure provides our clients with the benefit of the knowledge and experience of the entire SageView team. Throughout your relationship with SageView, many SageView team members, from across the country will be working on The Fire and Police Pension Fund's behalf to provide you with the service you expect and deserve. Our online client relationship management tool (SageWORKS) allows us to track all client information and reporting through an online portal accessible by any of our consultants assigned to your team or as back-up.

- 4. Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm.**

As discussed, we believe in servicing our accounts with a team structure. Additionally, all of our reports, vendor search analyses and other important documents are stored and available through our client management system.

<b>G Research</b>
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- 1. Describe your firm's philosophy and resources, including history of experience in the following areas:**

- **Performance Evaluation and Reporting;**
- **Asset Allocation;**
- **Investment Policy;**
- **Manager Search (by asset class);**
- **Research.**

The goal of SageView's due diligence process is four-fold:

1. Identify talented investment managers based on our internally-developed quantitative metrics and qualitative criteria
2. Measure and rank the managers' performance relative to their peers utilizing our internal scoring system on a quarterly basis

3. Monitor selected firms and managers to determine if any adverse circumstances in their organizations, investment process, or performance warrant change
4. Document our evaluation and decision points in the selection process

### **Philosophy**

Our philosophy is based on finding managers who are able to execute their investment strategy consistently and thereby minimize style drifts within their portfolio. We favor managers with stable, long-term track records rather than those who hit occasional home runs. In conducting our research, we want to learn why an investment manager performed well and whether they have a repeatable investment strategy that gives them a competitive advantage. When appropriate, we try to find those “diamond in the rough” managers who may have been overlooked by the investment community. We also seek out managers who place extra significance on downside risk protection, as we feel this is an important aspect for constructing investment options in a defined contribution plan.

Our process is based on our accumulated knowledge and experience. Therefore, we continue to evolve, we will persistently evaluate our process and philosophy to ensure that they are dynamic and improving, in both quantitative and qualitative ways.

SageView’s strengths result from a combination of the extensive experience of its investment professionals, its structured investment process, and its coverage of the broad global investment markets. We utilize numerous processes, including proprietary rating methodologies, in deriving investment solutions for both asset classes and fully integrated portfolios.

Senior SageView investment professionals have substantial cumulative investment experience and have worked at large investment managers, such as Pacific Investment Management Co. and American Funds, and large investment consultants serving retirement plans and other institutional accounts. Such experience is a value-added resource for SageView in not only looking at preferred investment solutions in specific asset sectors but also in constructing portfolio solutions across multiple asset classes (i.e., target date funds). The cumulative experience of our Investment Committee is over 200 years.

## **2. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.**

Our investment process is structured formally under an Investment Committee (IC), consisting of nine senior members. The IC is responsible for formal approval of investment solutions for each asset class, integrated portfolio solutions derived for specific client channels and models used in deriving investment solutions. Individual research teams are responsible for recommending sector solutions after a rigorous review process, involving using our proprietary ranking system to identify a small subset of well-managed funds, sending out request-for-information packets, following up with targeted managers with conference calls and, ultimately, selecting specific funds for IC approval.

We have two separate research teams that are responsible for fund solutions within (i) global equity and debt asset sectors and (ii) asset class alternatives, such as commodities, real estate, tactical asset allocation, convertibles and specific strategies that are not well-correlated with broad equity markets. The recommendations of these research teams are forwarded to and approved by our IC.



This comprehensive fund approval process is applied across a broad set of global investment asset classes, including alternatives.

**3. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?**

We use several different investment software including Bloomberg, MPI Stylus, ProVal by Winklevoss and Morningstar. We also gather data directly from the managers, when necessary. Our proprietary system incorporates data from numerous sources, enabling us to develop a truly comprehensive look at each fund, which includes a thorough cross-check of return information and identification of any conflicts in valuation. It is important to understand that we have no limitations as to the inclusion of managers in our database.

**4. Describe the type, subject matter, and frequency of research provided to clients, and provide an example.**

Each quarter, SageView will provide the Committee with a comprehensive Quarterly Report, which will include a review of the plan investment options compared to our criteria established in the IPS. At our Committee meetings, we will review this information and record minutes. This will allow the Committee to maintain a record of the process and action items and, in doing so, to stay on top of their fiduciary responsibilities.

A typical meeting would include the following items:

- Review and approval of minutes from previous committee meeting
- Market commentary and review
- Defined Contribution legislative and industry update
- Analysis of investment options in plan
- Discussion of plan investments and allocation
- Plan operational update
- Other items as necessary

Our reports are divided into the following sections:

**Market Commentary** – Analysis of the overall economy and examination of various equity and fixed income markets. Included each quarter is a legislative update which review and legislative and legal issues that may affect our client's plans.

**Investment Summary** – Includes both historical returns and our proprietary fund ranking for each investment option.

**Portfolio Summary** – Looks at the overall plan lineup as a whole, including rankings versus custom benchmarks and static benchmarks. Style analysis of the plan lineup utilizing both holdings analysis and returns-based analysis.

**Plan Asset Allocation** – Detailed plan level statistics. Asset allocation by fund, portfolio compositions, plan demographics and provider usage statistics

**Fund Performance** – Detailed analysis of each investment option.

**Appendix** – Plan highlights and investment glossary.

- 5. Describe your ability to provide customized computer-based analytical tools to your clients. Please describe features.**

SageView's due-diligence and reporting system is proprietary and unique to SageView. Because it is under our control and not leased or licensed from a third party, reports are easily customizable.

- 6. List any relevant research papers written by your firm.**

SageView has not written research or white papers recently. We feel our time and efforts are better utilized in writing shorter articles and commentaries which are distributed to our clients in our quarterly newsletter and monthly email distributions.

## **H Asset Allocation**

- 1. Discuss the theory, methodology, and process your firm uses in determining the investment strategy and asset allocation. Please include information about the asset allocation models your firm employs and a brief explanation of how you develop asset class assumptions.**

We emphasize strategic asset allocation as a primary tool in constructing integrated portfolio solutions. Our intermediate-term assumptions as to asset class returns and co-variances are reviewed quarterly. Changes, if any, to longer-term asset returns and co-variances are likely to be modest under most circumstances.

In a manner similar to Tactical Asset Allocation (TAA), we attempt to combine strategically-derived portfolio solutions with a dynamical asset allocation process. We have a different decision framework than TAA managers, who may seek in many instances to take advantage of short-term price and valuation trends among multiple asset classes. We use dynamic asset allocation to assess whether our intermediate-term asset return assumptions may have been realized in the short term or whether our previously assumed intermediate-term return trends and relationships have changed in a substantial fashion.

We understand the value of a longer-term strategic focus in predicting asset class and portfolio performance. However, we do not want to take the approach that higher risk asset classes always outperform over the very long-term, resulting in few portfolio adjustments despite what may be occurring in the markets. Our intention is to lessen the impact of very adverse market performance and to determine where the best risk-return combinations may lie presently.

We do not intend to change longer-term asset allocations markedly over very short time frames but will work to lessen the effects of certain portfolio risks (e.g., equity betas, credit spread durations, general interest rates, yield curve shapes, currency) that appear in a present timeframe to offer returns not commensurate with the accepted risks.

It is our intention to determine “risk factor” loadings in portfolios and to assess the desired levels of such factors from estimated forward Sharpe ratios. This periodic assessment of risk factor compensation will occur in the context of dynamic asset allocation.

## **2. What variables would your firm consider essential in reviewing and developing long-range strategies for the Fund?**

Strategic assumptions are based upon 5-year projections for major asset class returns, return volatilities and asset class co-variances. Dynamic (prefer to use in lieu of tactical) changes are based upon quarterly reviews of our strategic assumptions.

In arriving at strategic assumptions, we look at drivers of total returns over extended time periods for specific asset classes. For example, with respect to equities, we have developed models that derive expected long-term total returns for the major equity sectors from the following forecasted data items:

- EPS per share
- EPS growth rates
- Current income or dividend yields
- Growth in dividends per share
- Change in dividend pay-out ratios
- ROE rates
- Growth in book values per share
- P/E ratios and expected changes

In estimating total returns for global fixed income sectors, we utilize the following:

- Beginning yields (yields-to-worst, if applicable)
- Expected yield curve changes
- Expected changes in credit premiums
- Estimated durations
- Dollar exchange rate changes, if international debt markets are involved

For alternative asset classes or strategies, we will estimate longer-term returns from the following:

- Beginning interest rate or dividend yields
- Expected change in investor-required credit premiums, interest rates and dividend yields
- Forecasted growth in relevant income indices
- Expected correlations or beta loadings with respect to equity or debt indices
- Total returns consistent with market conditions and forecasted traditional asset class returns (compared to past relative return performance)

Dynamic asset allocation processes address our strategic asset class return and correlation assumptions periodically by incorporating market relative return performances and valuation changes since the generation of our last strategic return assumptions. In assessing recent changes, it may be that we will change our asset class allocations in modest percentage amounts for specific

asset mix profiles. Our asset mix profiles are defined by the level of acceptable risks for our clients. Generally, the higher the risk acceptance, the higher the probability that asset class targeted percentages will be shifted, albeit moderately, with significant market valuation shifts or macroeconomic changes.

We may decide to hedge certain risks (e.g., interest rate risk, non-Dollar investment exposure, possibility of “left tail” risk of substantial market sell-offs) as a result of these dynamic asset class reviews. Any hedging strategies will be submitted for review and approval to our Investment Committee and include a costs-versus- benefits analysis.

**3. Describe your policy for changes to a pension system’s asset allocation with changes in the market environment.**

The Asset Allocation Committee will then present its summaries along with recommended changes to specific asset allocation committees that are involved in our private wealth management and institutional (i.e., foundations, defined benefit plans) practices. These specific client committees will then review and implement any approved asset allocation or fund changes across client portfolios.

**4. Discuss your firm’s view on risk management from an asset allocation perspective. Describe the tools you use here.**

Our ongoing review of client portfolios includes both qualitative and quantitative risk evaluations of the portfolio as a whole and the underlying investments within the portfolios. These reviews include downside risk measurements, standard deviation evaluations and investment policy statement adherence.

**5. Does your firm have a process to allow the Fund to review alternative market conditions? If so, briefly describe.**

While SageView does not have a specific written policy for this, we conduct these types of reviews as needed or requested.

**6. Describe your firm’s philosophy regarding strategic versus tactical asset allocation.**

As mentioned above, SageView emphasizes strategic asset allocation when constructing portfolios.

**7. Is your firm capable of performing asset/liability modeling studies? How many certified actuaries does your firm employ that work in this area of your firm’s research?**

Yes, six actuaries.

## **I Investment Policy Development and Review**

**1. Describe your philosophy and process for development of:**

overall investment policy as well as investment policy for specific asset classes;

In developing an Investment Policy Statement (IPS), our first step is to review the plan's objectives and analyze the demographics of the employee population. Next, we review the current plan asset class offerings to determine their suitability. With this knowledge, the Committee determines if any modifications to the Investment Policy Statement are necessary. Once these guidelines for the asset classes and the objectives of the plan are clearly established, the criteria for selecting the actual investment options are defined.

Each Committee member will sign off on the IPS and will be involved with the continual monitoring process. The IPS is a working document and can be modified by the Committee at any time. A good investment policy statement (IPS) should be dynamic and clearly state the purpose of the IPS. The IPS should serve as a blueprint for operating the plan.

The guidance and limitations set in an IPS should be intended to provide the Investment Committee and plan participants with a clear understanding of investment policies and objectives for the Plan. The IPS should provide a meaningful framework for the investment selections of the Plan and that the policies mentioned in the IPS will not be overly restrictive given the changing economic, business, and capital market conditions. Its intent should be that the objectives be sufficiently specific to be meaningful but flexible enough to be practical.

**client investment objectives, especially public pension clients.**

SageView's investment committee and the consultants assigned to a particular client review the investment policy statement to ensure that all investments and potential investments meet the requirements set forth in the investment policy statement. SageView has extensive experience in working with our retirement plan clients to review and modify the plan's current IPS to ensure that the Committee and the Plan are following the appropriate guidelines. This is an essential part of your Plan and will be reviewed and monitored on an on-going basis to be sure the correct processes are in place and are being followed.

All client portfolios can be customized to meet the specific needs of a client. Our modeling software and investment committee qualitative research provides us with the allocation and investment managers to construct the portfolio.

**2. Outline your process for analyzing a client's investment portfolio structure.**

Our analysis is comprised of both qualitative and quantitative components.

Our quantitative analysis focuses on a detailed comparison of an individual fund to its peer group. We feel it is crucial in determining the success of a fund, that all data is viewed in context to the other funds within a category. Various asset classes can perform differently at any given time; therefore we rank a fund's returns, rolling returns, Sharp Ratio, expense ratio, R-squared and other statistics to all other funds within a category. Our proprietary system combines these various rankings into an overall "fund score" which then allows us to place a fund appropriately within its peers.

Our qualitative analysis includes a detailed review of a manager's philosophy and strategy as well as manager tenure, manager change, style drift, current economic environment, corporate

scrutiny/public perception, individual and sector concentration, portfolio turnover, asset size and growth, cash flow, bond duration, firm structure, management team structure and firm ownership.

In selecting a manager we take into account our quantitative, proprietary scoring methodology and then couple that with our detailed qualitative understanding of the fund, the manager and the fund family. By doing so, we are able to select a fund that will meet the expectations of the plan's investment committee and the participants.

Our review and due diligence process is lead by our internal investment committee. SageView's internal investment committee is comprised of 9 professionals with over 166 years of experience. The committee is chaired by Dr. Frank Sortino, who is recognized throughout the investment community for his work on downside risk and his development of the Sortino Ratio.

The investment committee is responsible ultimately for approving and monitoring the implementation of significant investment policies, third party investment manager or fund selection criteria, portfolio allocation guidelines, capital markets' and general economic performances and financial industry trends.

<b>J Investment Manager Database &amp; Research (Traditional and Alternative)</b>
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- 1. Does your firm maintain an in-house database of investment managers? If not, from what vendor do you purchase the database?**

Yes.

- 2. How many traditional managers and how many products are included in the database your firm uses?**

Unlimited. Since SageView has no proprietary relationships, we include all registered mutual funds as well as thousands of separate account managers. In addition, any manager can be added to our database as long as the necessary data is available. There is no cost for adding a manager.

- 3. If the database you use is proprietary, describe the risk management procedures that have been implemented to protect it.**

- Access controls are in place for all client data.
- SageView utilizes a stateful packet inspection firewall.
- Internal and external penetration testing is conducted quarterly.
- McAfee Endpoint Encryption is deployed company wide.
- SageView uses AVG Corporate Antivirus company wide.
- All file transfers are secured using PGP encryption.

- 4. Describe how your firm gathers, verifies, updates, and maintains the data collected on managers for the database. Please include how often the databases are updated, how often staff visits**

**managers and the nature of the visits, and whether your firm uses surveys in evaluating managers in the database.**

Databases are updated daily. As part of our due-diligence process, SageView visits managers throughout the year and conducts conference calls with managers and analysts. While we don't have a specific time frame for how often we visit a specific manager, we attempt to visit managers every 2-3 years and conduct calls and in-house meetings annually.

- 5. Do you or the vendor you use charge direct or indirect fees for investment managers to be included in the database? If so, describe the fees.**

No.

- 6. With regard to "Alternative Assets" (broadly defined as Real Estate, Private Equity, and Hedge Funds), describe your firm's research facility for each area.**

We have two separate research teams that are responsible for fund solutions within (i) global equity and debt asset sectors and (ii) asset class alternatives, such as commodities, real estate, tactical asset allocation, convertibles and specific strategies that are not well-correlated with broad equity markets. The recommendations of these research teams are forwarded to and approved by our IC.

- 7. How many searches did you conduct in each area in 2010? List this by asset class for traditional managers and for Alternatives, list by Real Estate, Private Equity, Hedge Funds, and (including fund of funds).**

SageView does not count the number of manager searches we conduct, but it is a service we provide to most of our clients. We have done many searches in both traditional and alternative classes.

- 8. List your firm's Alternative Asset Research organizational chart.**

N/A

## **K Investment Manager Searches**

- 1. Describe your philosophy and methodology used in evaluating and selecting investment managers.**

The outline below discusses the general process we follow when analyzing investment managers for use in our defined contribution and wealth management practice. While the process may appear linear on paper, it is actually quite flexible, and we don't always follow these steps in sequential order. Generally, the foundation of our process is SageView's proprietary quantitative scoring system, overlaid by deeper subjective and qualitative analysis.

## STEP 1: Idea Generation

STEP 2: Initial Screen: Utilizing our internally-developed scoring system, we are able to rank all of the mutual funds in the Morningstar database and separate accounts that we track through other databases. Each manager is compared to its respective category peer group. Our internally-developed scoring system is based on nine metrics.

After each fund is ranked against its peer group in the previous categories, the rankings are weighted and then combined to achieve the SageView Score. Every fund in a category receives a score. It is then determined in which quartile a fund falls against its peers in that category.

The SageView Investment Committee determines the weightings for each category. The four total return numbers – one-year, three-year, five-year and ten-year – are weighted and combined into the Total Return Composite, with more emphasis being placed on the five-year number.

We under-weight the rolling 12-month return metric and put more emphasis on the rolling 36-month metric. We believe the 36-month time frames are a better measure of the investment manager's ability. Down capture ratio is over-weighted and up capture ratio is under-weighted. Down market returns have a greater impact on a fund's overall success than up market returns. Lastly, because expense ratio is indirectly included in many of the other categories, we under-weight the expense ratio.

If we are considering a new manager in our search, we also look at the manager's historical score (quarterly) within our system. While we do not have concrete rules, a manager's ranking consistency within the SageView scoring system will be a factor for further consideration.

We use the quantitative screen and past performance as a guide to help us identify managers who are worthy of additional qualitative analysis.

STEP 3: Questionnaire: To maintain consistency in our evaluation process, we developed a manager questionnaire for each one of the major asset classes. At this point in our process, we ask our candidate firms to fill out our questionnaire, which gathers more detailed information about them.

STEP 4: Manager Interview: We then speak directly with the portfolio manager or analyst team in charge of managing the product. During the interview, we want to learn more details about how the manager implements his strategy. We try to initiate stock-specific discussions to determine the consistency between how the manager describes his investment process and how it is implemented. A primary goal is determining the potential for a repeatable process that leads to consistency of performance.

STEP 5: Manager Site Visit: Because of the time constraints in reviewing and analyzing investment managers, this step is not a requirement for an investment manager to be included in our select of managers. Hopefully, by this point in our search, we have developed sufficient confidence and trust in the manager's capabilities through our previous contact with the manager and phone conversations. However, once a manager meets all of our criteria, we will make an effort to schedule an on-site meeting with them.

STEP 6: Committee Vote: A team of SageView analysts is responsible for researching the managers



and reviewing questionnaires. During the committee discussion, the lead analyst on the fund will present his or her conclusions to the entire team.

STEP 7: Maintenance and Follow-Up Research: Like our manager selection process, our manager monitoring system is based on both quantitative metrics and qualitative criteria. The goal of this step is to identify early any potential problems a manager faces and implement a systemic decision process to address our concerns and take appropriate action.

**2. Describe your firm's methodology and source of data for analyzing and evaluating a potential manager's performance. Describe how risk is factored into this analysis. Discuss any attribution analysis that is performed.**

The goal of SageView's due diligence process is four-fold:

1. Identify talented investment managers based on our internally-developed quantitative metrics and qualitative criteria
2. Measure and rank the managers' performance relative to their peers utilizing our internal scoring system on a quarterly basis
3. Monitor selected firms and managers to determine if any adverse circumstances in their organizations, investment process, or performance warrant change
4. Document our evaluation and decision points in the selection process

Our philosophy is based on finding managers who are able to execute their investment strategy consistently and, thereby, minimize style drifts within their portfolio. We favor managers with stable, long-term track records rather than those that hit occasional home runs. In conducting our research, we want to learn why an investment manager performed well and whether they have a repeatable investment strategy that gives them a competitive advantage. When appropriate, we try to find those "diamond in the rough" managers who may have been overlooked by the investment community. We also seek out managers who place extra significance on downside risk protection, as we feel this is an important aspect for constructing investment options in a defined contribution plan.

Our process is based on our accumulated knowledge and experience. Therefore, as we continue to evolve, we will persistently evaluate our process and philosophy to ensure that they are dynamic and improving, in both quantitative and qualitative ways

**3. What qualitative factors do you evaluate when researching investment management organizations? How does your firm identify qualitative problems at investment organizations? How is historical performance used in your evaluation?**

**Qualitative Criteria:**

- Firm Structure/Ownership
- Asset Size and Growth
- Manager Tenure
- Investment Team Structure
- Investment Philosophy
- Portfolio Construction

- Operations, Compliance, Trading Strategies
- Risk Controls

Potential qualitative problems are identified by periodic due-diligence visits and ongoing discussions with fund managers and analysts.

Historical quantitative performance is reviewed each quarter as described in the below question.

## **L Performance Review, Analysis, and Reporting**

- 1. Describe your firm's performance analysis philosophy and discuss the portfolio analytics your firm is capable of providing, including factors you consider to be critical in reporting performance and give reasons why this approach is superior to others. Is this service performed by your firm or through an outside vendor and can we access the information via the web? If you outsource, please identify the vendor and detail all quality controls in place.**

SageView's due diligence process is based on both quantitative and qualitative criteria. We continually evaluate our process and philosophy to ensure that they are dynamic and improving both the qualitative and quantitative aspects.

### **Quantitative Measures:**

All plan investment options are reviewed quarterly against their peer group and index benchmark to determine the performance and quality of each offering. Each are evaluated using the following criteria:

- 1. Trailing 1,3,5 and 10 year returns** - Total return is the most basic measure of a fund's performance and investors tend to focus more on total return than any other measure of a fund's success or failure. Each of the returns for a fund is weighted, based on the life of a fund. Recent returns are weighted slightly higher, while older returns, which could have been produced under different conditions, are weighted less.
- 2. Rolling 12-month returns (5 years)** - The use of 12-month rolling returns serves to minimize the problem of end-point sensitivity. In order to score highly, a manager must consistently outperform his peers in a variety of market cycles, not just the most recent one.
- 3. Rolling 36 month returns (10 years)** - The use of 36-month rolling returns also gives us a good view of the returns of a fund, but over longer segment's of time, thus putting more emphasis on performance across different cycles of the market.
- 4. Style Consistency to the appropriate index** - We utilize R-Squared to ensure that the funds selected for the plan continue to operate and perform as expected within their appropriate asset class. R-Squared is a measure of what percentage of a fund's returns can be attributed to movements in the benchmark. All funds have some deviation between asset categories, but excess deviation could indicate a fund that is drifting away from its stated category mandate.

5. **Sharpe Ratio** - The measure of a fund's risk-adjusted performance. How much additional risk did an investor have to assume to achieve a greater return? The Sharpe Ratio is calculated by dividing the annualized return in excess of the risk free treasury bill by the standard deviation for that same time frame. We feel the Sharpe Ratio is an excellent measure in determining if an investor is being rewarded for taking on additional risk.
6. **Alpha** - The use of Alpha allows us to gauge the effectiveness of the manager. Alpha is the difference between the portfolio's actual return and its expected return given the fund's level of risk as calculated by beta.
7. **Up Capture Ratio (5 years)** - The Up Capture Ratio calculates the percentage of return of an index a fund will capture during up market cycles. It is important to know that certain funds are matching or exceeding the appropriate index when the market is going up.
8. **Down Capture Ratio (5 year)** - The Down Capture Ratio calculates the percentage of return of an index a fund will capture during down market cycles. Funds that perform well in this category will tend to reduce the downside loss for investors during bear markets.
9. **Expense Ratio** - All other things being equal a lower expense ratio is preferred over a higher costing fund. The expense ratio is compared as a percentage to the appropriate category average and then given a score based upon that percentage. This ensures that low-cost funds are rewarded and high-cost funds are penalized. Although it could be argued that expense ratios are "double weighted" as performance returns are net of expenses, it is nevertheless appropriate for the fiduciaries of the plan to stress expenses.

Each fund is benchmarked to a specific market index, and fund performance is evaluated and compared to a relevant peer group using Morningstar category classifications. A fund is given a peer group ranking in each criterion, shown as a percentage. A ranking of 10% indicates a fund is in the top 10% of its peer group for this criterion. The rankings for all criteria are then averaged to give a fund its average ranking score.

**2. Does your firm meet the requirement that all performance reporting complies with CFA Institute Performance Reporting Standards?**

Yes

**3. Do you reconcile your calculated performance with investment managers' and custodians' reports? If yes, please describe.**

All returns for managers are cross-checked against reports generated by both the managers and the custodian.

**4. What amount of input may the client have in the content and format of an investment performance evaluation report? Do you have the ability to customize reports for your clients?**

SageView's due-diligence and reporting system is proprietary and unique to SageView. Because it is under our control and not leased or licensed from a third party, reports are easily customizable.

**5. Who will be responsible for working with the Fund to design the standard performance evaluation report and for compiling the report each quarter?**

Your relationship manager along with your assigned investment committee member will be responsible for the report design and compilation.

**6. What asset classes are tracked in your performance measuring system? How many managers are included within each asset category?**

Large-, mid- and small- cap US Equities, international equities, emerging markets equities, global real estate, alternative asset classes such as commodities, MLPs and hedge funds, short and intermediate term aggregate bonds, high-yield bonds, inflation protected bonds, international bonds and cash. Our database consists of all retail mutual funds as well as thousands of separate account managers.

**7. Describe the database/universe used by your firm for performance reporting. Is it an in-house product, or do you purchase the information? Describe any public fund components of this database as related to number and size of entities and amount of assets involved.**

SageView utilizes several different investment software packages including Bloomberg, MPI Stylus, ProVal by Winklevoss and Morningstar along with our proprietary reporting system. There is no public fund component.

**8. Describe the performance attribution analysis you use and provide a sample report.**

Please see our response to Question #1 in this section. A performance attribution analysis is included in our sample quarterly review.

**9. Describe your capabilities in the production/interpretation of securities lending.**

SageView can review the securities lending policies of a manager if necessary.

## **M Subcontracting**

**1. If your firm uses the services of a subcontractor, please identify the subcontractor and describe the skills and qualifications of the subcontractor and its individual employees.**

SageView does not use any subcontracting services.

**2. Describe the contractual arrangement contemplated with each subcontractor and describe generally the control/delegation of responsibilities anticipated in that arrangement.**

SageView does not use any subcontracting services.

## **N Insurance and Liability**

1. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers and provide evidence of professional liability insurance.

SageView currently carries \$100 million in errors and omissions policies, with an individual claim limit of \$7 million. This insurance covers all fiduciary activities, as well. These policies are held with American International Specialty Lines Insurance and National Union Fire Insurance Company

<b>O Fee Schedule</b>
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1. Provide, in detail, the fees your firm would charge for investment consulting services. Fees must be proposed as “all in.” The Fund has extensive investments across all three major areas of alternatives. Please propose a tiered fee schedule as follows:

- Traditional Asset Consulting (excluding alternative assets),
  - i. Under this structure, how much would your firm charge for a “one off” alternative asset manager search? How much for a “one-off” prudent letter report on an assigned alternatives manager?
- Traditional plus direct hedge funds,
- Traditional plus real estate,
- Traditional plus private equity,
- Traditional and all alternative assets.

SageView proposes an “all-in” fee of \$150,000 which we will guarantee for two (2) years for the services outlined in the above section.

**SAFP currently retains Townsend for real estate and Albourne for hedge funds. It is not contemplated that we will change but we want to understand if your organization has the capabilities and how much it would cost.**

SageView would like to understand more details surrounding this question before committing to a dollar amount regarding this service. What we can commit to is after reviewing the request and understanding the type of resources involved, we would set forth a pricing scenario in advance of the effort for SAFD’s review.

**Identify the period of time the proposed fees will remain in effect.**

The length of the contract can be discussed with the committee. Our contracts allow either party to terminate the agreement with 60 days notice.

2. Does your firm’s proposed fee arrangement consist of any incentive or contingent payments? If so, please describe the manner of calculation in detail.

They do not. SageView believes in full fee disclosure for all of our clients. Our fee is clearly indicated in our advisory contract. The amount in the contract is the total amount that SageView will receive for providing services SAFP. SageView will not receive additional revenue from any sources for the services we provide to you.

## **P APPENDICES**

- 1. Appendix A - FORM ADV Parts I and II: Please attach a copy of the current Form ADV Parts I and II of your firm and all other registered investment advisers (whether SEC or state registered) that are affiliated or related to your firm.**

Attached.

- 2. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?**

Yes. We are one of the few firms in the country that has committed for years – in writing – to serve as fiduciary to the plan. Accordingly, we serve as true partners with our clients, share the risks, and act solely for the benefit of plan participants – never the plan provider or any other vendor. With our certification from the Centre for Fiduciary Excellence (CEFEX), you can rest assured that SageView’s interests are aligned with those of investors, and we will always comply with fiduciary best practices