

Memorandum

To: City Council

CC: Kirby Hudson, City Manager

From: John Marcarelli, Director of Finance

Date: 12/15/2014

Re: Pension Funds Investment Management Advisory Services RFP -
RECOMMENDATION

After reviewing 10 proposals to our RFP, 3 firms were selected for further review and interviewed by the Pension RFP Review Committee. They were: 1) InR of Media, PA, 2) Peirce Park Group of West Chester, PA and 3) PFM Advisors of Philadelphia, PA. The incumbent, MassMutual Financial Services did not offer a proposal to the RFP. A termination notice has subsequently been sent to MassMutual.

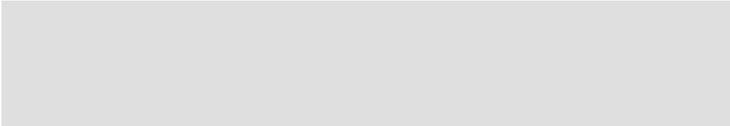
Review committee members checked on municipal references for the finalists and found generally a positive level of satisfaction with their service and performance. Committee members were impressed with the high number of municipal references provided by InR. In addition, the committee was impressed with InR's approach of a low cost, index approach and their strategy of having the client's own assumed interest rate for the plan be its own benchmark. [The current assumed interest rate for the Coatesville pension plans is 7%]. The majority of funds InR invests are with the Vanguard family of funds.

InR proposed TD Ameritrade as the plan custodian but has also offered to serve as the administrative liaison between the City and TD Ameritrade.

A final consideration is cost to provide the investment management advisory services. In this category, InR has an advantage over the other finalists. Attached is a spreadsheet comparing the fee proposals. For comparison, MassMutual has been charging \$36,000 for custodial/administrative fees and an additional \$139,955 for investment management fees.

The Pension RFP Review Committee recommends that the City Council authorize acceptance of the InR proposal for investment management advisory services and enter into agreement with InR for same and with TD Ameritrade for plan custodial services.

Attachment



CITY OF COATESVILLE

Request for Proposals - p. 1 of 2

Pension Funds Investment Management Advisory Services

FEE COMPARISON (See Attached for detail per proposal)

Name of Firm: **Beirne Wealth Mgt.** **PFM Advisors** **PNC Institutional** **Wilmington Trust** **Wells Fargo**

Description	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)
Investment Advisory Direct cost for investment advisory services	18	\$27,000	42	\$62,500	50	\$75,000	34.7	\$52,000	35	\$52,500
Mutual Fund Expenses Individual mutual fund/manager fees	N/A		19 to 25	\$28,500 - \$37,500	39	\$58,500	25 to 65	\$37,500 - \$97,500	30 to 45	\$45,000 - \$67,500
Custodian Direct cost for custodial services (If applicable)	included		3	\$4,500	0	\$0	5	\$7,500	N/A	N/A
Other Potential Fees	N/A		N/A	N/A			see proposal	see proposal	N/A	see proposal
TOTAL ANNUAL FEES	18	\$27,000	64 to 70	\$95,500 - \$104,500	89	\$133,500	64.7 to 104.7	\$97,000 - \$157,000	65 to 80	\$97,500 - \$120,000

CITY OF COATESVILLE

Request for Proposals - p. 2 of 2

Pension Funds Investment Management Advisory Services

FEE COMPARISON (See Attached for detail per proposal)

Name of Firm: **Morgan Stanley** **Peirce Park** **C. S. McKee, L. P.** **InR** **Valley Forge Asset Mgt.**

Description	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)	Fee in Basis Points	Fee in \$ (based on \$15M)
Investment Advisory Direct cost for investment advisory services	40	\$60,000	43	\$65,000	48	\$71,500	30	\$45,000	35	\$52,500
Mutual Fund Expenses Individual mutual fund/manager fees	31	\$46,500	36	\$54,000		see proposal	12	\$18,000		see proposal
Custodian Direct cost for custodial services (If applicable)	0	\$0	2	\$3,000		see proposal		included		see proposal
Other Potential Fees	0	\$0						included	N/A	N/A
TOTAL ANNUAL FEES	71	\$106,500	81	\$122,000	57.6	\$86,500	42	\$63,000	35	\$52,500