

OCERS seeks administrative governance overview and suggestions for best practices, as follows:

Review current Board governance policies to ensure continued effectiveness both as documented and implemented.

Question: Does “ensure continued effectiveness” imply ongoing review or did you intend evaluation of effectiveness up to and as of a point in time?

Answer: Our intent is up to and as of the point in time of review. The Board of Retirement adopted a series of Governance policies nearly seven years ago. Are those policies still effective as written, as well as practiced? Ongoing review is not anticipated.

Recommend best practices in clarifying roles of Board and staff in administration of plan with special focus on investment of fund portfolio.

Question: Is the role of any service provider, e.g., Callan, included? If so, please identify service providers that are to be included in the review.

Answer: No. The focus here is on determining the appropriate roles for the Board and separately the staff, with the current investment process being a particular focus.

Guidance in determining if the Board of Trustees would be better served to meet twice a month: once for administrative purposes, and separately for investment purposes – in lieu of the current Portfolio Review meetings held three times annually.

Question: This implies that the investment meetings could increase from 3 to 12 times per year. Are you interested in other board meeting frequencies?

Answer: This would be a fairly large departure from long standing practice, so we would be open to any options that you may wish to share.

Guidance with implementation of a multi-year strategic planning process.

Question: Do you have an existing multi-year strategic plan or are you looking to the consultant to assist you in developing a multi-year strategic plan?

Answer: A draft proposal of what a strategic plan for OCERS over a three year period could look like has been crafted and previously shared with the Board. We would welcome guidance from the consultant in looking over that materials and offering comments, suggestions and guidance for moving forward.

Question: What is the nature of the current strategic plan?

Answer: Presently OCERS creates an Annual Business Plan that has greater focus on the upcoming year's standard activities, rather than anticipating and projecting future strategies.

Question: What is the nature of the current strategic planning process?

Answer: OCERS executive staff meets several times in the summer to identify planned program needs for the following year. That is crafted into an Annual Business Plan and is presented to the OCERS Board for review at a Strategic Planning workshop in September, with approval at the Board's October meeting. That in turn provides the basis for budget review and adoption in November.

Guidance with integrating benchmarking into that multi-year strategic planning.

Question: Are you referring to investment performance benchmarking or are you referring to ways of benchmarking or measuring the fund's progress in achieving its strategic goals and objectives?

Answer: This refers to administrative, not investment activities. OCERS will begin participating with CEM Benchmarking services this summer, with our first report to be received in 2011. That should provide OCERS with guidance in identifying strategies to ensure effective and efficient plan administration. We will look to the consultant to provide initial advice as to how best use the CEM material when crafting a multi-year strategic plan.

Question: for purposes of the proposal, we should assume that the consultant would be involved in the strategic planning process only in year 1 and that the involvement would be of an advisory nature only. That is, we would not be involved in interviews, board workshops, presentations, writing of reports, etc. If advice is needed intermittently after year 1, it would be contracted for at that time. Is that correct?

Answer: To be clear – The primary objective of this RFP is to review the Board’s Governance Policies that have been in place for approximately seven years, and determine if they are still appropriate, and being put into practice in the most efficient manner – with a special emphasis on those policies that deal with the fund’s investments. Are staff and board roles clear in both documented policy and practice? This will involve interviews, writing a report, presentations to the full Board, etc.

By contrast, the RFP also seeks initial guidance on implementing a multi-year Strategic Planning process. In September 2009 OCERS CEO discussed with the Board the value of a multi-year strategic plan as compared to our current Annual Business plan, which tends to focus more on budgeting for the coming year, rather than projecting long term strategic needs. This is a change for OCERS, and we are looking for guidance from the consultant in how to best implement a culture of long term strategic planning. The involvement would be advisory in nature, for the first year only. The consultant will most likely deal primarily if not exclusively with staff, with perhaps a presentation to staff on how best to undertake strategic planning, with a written report in summary.

In subsequent years, as OCERS staff becomes comfortable with the Strategic Planning process, we may need to go out with future RFPs for additional guidance in refining that process. That future outlook is not part of this RFP.

Question: How many Board policies will be included in this review? What specific policies will be included?

Answer: Approximately seven years ago the OCERS Board adopted 23 governance policies, covering issues such as budget approval, travel, investments and planning. While the Board's Governance Committee has been reviewing these policies on a rotating three-year basis, we would like all of these policies reviewed by the consultant for current relevancy, to ensure best practices are in place. New policies may be proposed by the consultant.

Question: How many on-site meetings are anticipated?

Answer: At least two: One to meet with Board and outline goals and obtain their input. A second meeting to share the results.

Question: What is the preferred timeframe in which to complete the project?

Answer: The OCERS Board meets for its annual strategic planning meeting in mid-September. It would be preferred if the results could be shared at that meeting.

Question: Is it anticipated that the guidance related to benchmarking will be provided to the executive staff, or will the consultant also work directly with other levels of management within the organization?

Answer: Guidance regarding benchmarking would be provided to executive staff only.

Question: Are there any specific areas of governance that, in particular, are of concern?

Answer: Special emphasis should be focused on investment policies, defining the roles and responsibilities of the OCERS Board and staff, and ensuring those are the most efficient and effective.