

Date: May 26, 2021

To: Board of Directors



From: Sam Desue, Jr.

Subject: RESOLUTION NO. 21-05-19 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A CONTRACT WITH MEKETA INVESTING GROUP INC. FOR DEFINED BENEFIT PLANS INVESTMENT ADVISORY SERVICES

1. **Purpose of Item**

This Resolution requests that the TriMet Board of Directors (Board) authorize the Interim General Manager or his designee to execute a contract with Meketa Investing Group Inc. (Meketa) for Defined Benefit Plans Investment Advisory Services (Contract).

2. **Type of Agenda Item**

- Initial Contract
 Contract Modification
 Other:

3. **Type of Contract Procurement**

- Low Bid / Invitation to Bid (ITB)
 Request for Proposals (RFP) (inc. CM/GC)
 Request for Qualifications (RFQ) (Personal Services)
 Other (inc. sole source): _____

4. **Reason for Board Action**

Board authorization is required for all personal services contracts obligating TriMet to pay in excess of \$500,000.

5. **Type of Action**

- Resolution
 Ordinance 1st Reading
 Ordinance 2nd Reading
 Other _____

6. **Background**

TriMet has a need for a contractor to provide advisory and fiduciary services in support of the investments and management of two pension funds: (1) The Defined Benefit Pension Plan for Bargaining Unit Employees of TriMet and (2) the TriMet Defined Benefit Retirement Plan for Management and Staff Employees.

The Pension Plan for Bargaining Unit Employees of TriMet Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers all full-time and part-time employees represented by the Amalgamated Transit Union hired before August 1, 2012. The Bargaining Unit DB Plan is “closed” and no employees hired after July 31, 2012 can become eligible to receive benefits. Benefits under the plan are 100 percent vested after 10 years of service. Under the terms of the Bargaining Unit Pension Plan and Permanent Disability Agreement, covered members retiring at or after age 58 with 10 or more years of service will receive a monthly benefit for life with annual cost of living adjustments.

The TriMet Defined Benefit Retirement Plan for Management and Staff Employees Trust Fund accounts for the assets of the employee benefit plan held by TriMet in a trustee capacity. The plan covers most TriMet non-union employees hired before April 27, 2003. The plan is closed to new enrollment. Covered employees who retire at or after age 62, with five years of service, are entitled to an annual retirement benefit, payable monthly for life, with annual cost of living increases. TriMet is required to maintain funds under the plan sufficient to pay benefits when due.

The selected contractor will review and evaluate portfolio structure and performance objectives for each plan; complete asset liability studies and make asset allocation recommendations to Trustees; and review and update plan investment policies, in addition to performing other related tasks.

7. **Description of Procurement Process**

TriMet issued a Request for Proposals for these services on February 5, 2021. A total of 194 vendors were notified of the RFP via the TriP\$ website. On February 26, 2021, TriMet received three proposals from Callan, NEPC LLC, and Meketa.

In March, 2021, the Source Evaluation Committee (SEC) met to discuss and evaluate proposals. Evaluation criteria included experience of the firm and key staff, diversity, understanding of the work, and price. The selection committee consisted of members of TriMet’s Finance and Administrative Services, Legal Services, and Labor Relations and Human Resources Divisions. Members of the ATU were also invited to participate but elected to concur in the decision made by TriMet staff.

After receipt and review of proposals from three interested firms, TriMet's evaluation committee ranked the firms as shown in the table below and recommended that the Contract be awarded to Meketa.

Criterion (points)	Callan	Meketa	NEPC LLC
Qualifications of Proposer, Staff, and Diversity (40 Pts)	35.2	35	31
Understanding of Work (40 Pts)	34.2	35.2	32
Pricing (20)	18.3	20	17.3
Total	87.7	90.2	80.3

Based on the final scores, the SEC recommends awarding a contract to Meketa. Meketa will be paid an annual fee for the performance of all services stated in the scope of work. The total Contract value will be \$850,000 over the five-year term. The proposed cost was deemed fair and reasonable based on comparison with the other price proposals received and the amount paid by TriMet under the previous contract.

8. **Diversity**

Meketa's workforce is 26% minority and 53.9% female; its total employee count is 215. Meketa will self-perform all work under the Contract.

9. **Financial/Budget Impact**

The total value of the Contract will be \$850,000 over five years. The first year Contract amount is accounted for in TriMet's Finance and Administrative Services Budget for FY2022.

10. **Impact if Not Approved**

If this Resolution is not approved, TriMet will need to reissue the RFP. This option is not recommended, as Meketa is a well-qualified firm and resoliciting is unlikely to result in additional competition.

RESOLUTION NO. 21-05-19

**RESOLUTION NO. 21-05-19 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) AUTHORIZING A
CONTRACT WITH MEKETA INVESTING GROUP INC. FOR DEFINED
BENEFIT PLANS INVESTMENT ADVISORY SERVICES**

WHEREAS, TriMet has authority under ORS 267.200 to enter into a contract with Meketa Investing Group, Inc. for Defined Benefit Plans Investment Advisory Services (Contract); and

WHEREAS, the total amount of the Contract will exceed \$500,000; and

WHEREAS, by Resolution dated October 25, 2017, the TriMet Board of Directors (Board) adopted a Statement of Policies requiring the Board to authorize personal services contracts obligating TriMet to pay in excess of \$500,000;

NOW, THEREFORE, BE IT RESOLVED:

1. That the Contract shall conform with applicable law.
2. That the Interim General Manager or his designee is authorized to execute the Contract in the amount of not more than \$850,000 through the June 30, 2026, Contract term.

Dated: May 26, 2021

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department