

# RESOLUTION OF THE CITY COUNCIL

No. 312

Approved July 12, 2018

RESOLVED, That the Members of the Providence City Council hereby Authorize Approval of the following Contract Award by the Board of Contract and Supply, in accordance with Section 21-26 of the Code of Ordinances.

Wainwright Investment Counsel, LLC  
(Finance Department)

\$265,000.00

IN CITY COUNCIL

JUL 06 2017

READ AND PASSED

*Sabrina Mats*  
PRES.

*Lo L. Hy*  
CLERK

I HEREBY APPROVE.

*[Signature]*  
Mayor

Date: *7/12/17*

MATTHEW M. CLARKIN, JR.  
INTERNAL AUDITOR  
25 DORRANCE STREET, ROOM #307  
PROVIDENCE, RI 02903  
Phone: (401) 421-7740 EXT. 577  
Fax: (401) 351-1056  
mclarkin@providenceri.com



City of Providence, Rhode Island  
Office of the Internal Auditor

May 26, 2017

Ms. Lori Hagen  
City Clerk's Office  
City of Providence  
25 Dorrance Street  
Providence, RI 02903

Dear Lori:

I am writing to request that the following requested contract award be submitted to the City Council and the Finance Committee for approval.

- **Finance Department** – approval of an amendment of the contract in the amount of \$100,000 annually with Wainwright Investment Counsel, LLC for investment advisory services to the Board of Investment Commissioners. This amended contract will be effective January 1, 2017 and will bring the total annual contract to \$265,000. Funding for this contract is available in line item 700-700-53401.

Sincerely,

A handwritten signature in black ink that reads "Matthew M. Clarkin, Jr." with a stylized flourish at the end.

Matthew M. Clarkin, Jr.  
Internal Auditor

Cc: Alan R. Sepe, Director of Operations  
Lawrence J. Mancini, Finance Director  
James Lombardi, Senior Adviser to the City Council

Lawrence J. Mancini  
Finance Director



Jorge O. Elorza  
Mayor

**Finance Department**  
*"Building Pride In Providence"*

Honorable Jorge O. Elorza  
Chairman  
Board of Contract and Supply  
City Hall  
Providence, RI 02903

May 25, 2017

Dear Mayor Elorza:

The Department of Finance hereby notifies and respectfully requests formal approval/ratification of the amendment of a contract for investment advisory services, approved by the Board of Investment Commissioners, on May 25, 2017 with:

Wainwright Investment Counsel, LLC  
One Boston Plaza  
Boston, MA 02108

The change order is in the amount of \$100,000 per year, effective January 1, 2017 and continuing under the terms and conditions of the existing contract and for a period that prevails until such time the contract can be revoked at will of either party.

This change order will make the amended annual contract award \$265,000 (Two-hundred and sixty-five thousand dollars).

The funding for this service will be provided by 700-700-53401

Very Truly Yours,

A handwritten signature in cursive script that reads "Lawrence J. Mancini".

Lawrence J. Mancini  
Finance Director

CC: James J. Lombardi III, City Treasurer

TO: Larry Mancini, Director of Finance, City of Providence, Rhode Island

FROM: Wainwright Investment Counsel, LLC

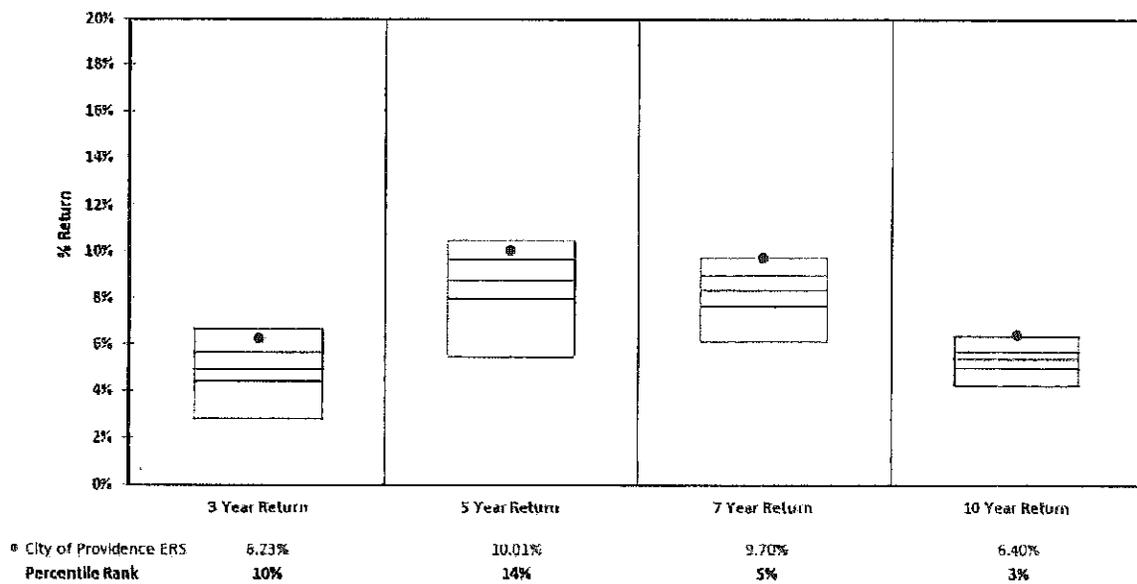
DATE: March 8, 2017

SUBJECT: Annual Investment Advisory Fee

Wainwright Investment Counsel, LLC ("Wainwright") is respectfully requesting an adjustment in its annual advisory fee from \$165,000 to \$265,000. This proposed increase of \$100,000 equates to approximately 0.04% of the average market value of the total portfolio, which was approximately \$270 million for the calendar year 2016. We are making this request in light of the fact that our firm has not negotiated an adjustment in our advisory fee since 2006. Since that time Wainwright and the Board, working together, have generated superior returns relative to its peers while providing the Board with an unsurpassed level of service.

The trailing period returns earned by the Providence ERS rank very highly against its peers as measured by the State Street Public Funds Defined Benefit (DB) State Street Extended (SSE) Universe<sup>1</sup> ("State Street Universe") over a three, five, seven and ten year time period as shown below.

**Trailing Period Gross of Fee Returns as of December 31, 2016**



As of December 31, 2016, the State Street Universe was comprised of 182 plans that have an aggregate market value of approximately \$2.3 trillion. Given that the current average plan market value in this universe is \$12.8 billion, the Providence ERS does extremely well despite being compared to other plans that are

<sup>1</sup> The State Street Public Funds Defined Benefit (DB) State Street Extended (SSE) Universe is computed by State Street based on TUCS data. TUCS is a service mark of Wilshire Associates Incorporated, licensed by State Street Bank and Trust Company and is defined as Wilshire Trust Universe Comparison Service (TUCS). All TUCS content is 2013 Wilshire State Street Universe - TUCS is not endorsed or sold by Wilshire, and Wilshire makes no representations or warranties. Additional information about the TUCS universe can be found at <http://wilshire.com/analytics/analytic-solutions/total-fund-solutions/wilshire-trust-universe-comparison-service-tucs>.

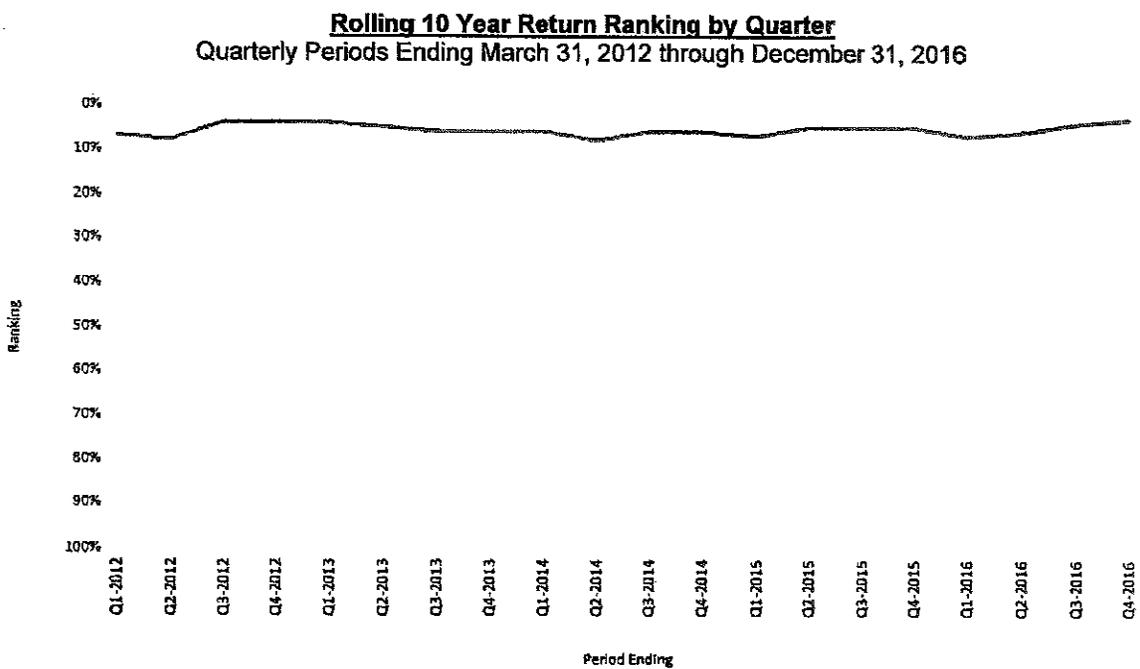
much larger in assets and as such, not only have the ability to invest in a wider set of investment choices, but can also operate with a lower fee structure.

While all of these returns and the corresponding peer rankings are noteworthy, we believe a most relevant comparison is the 10 year trailing return ranking given that the Board has adopted a very long term investment strategy. The Providence ERS' annualized average gross return during this period ranks within the top 3% of the State Street universe.

Put differently, the Providence ERS system has outperformed 97% of its peers over that time.

This ranking is even more meaningful when we consider that these returns were generated despite the Plan's high net spending rate which, during the past 10 years, has ranged from 1% to 13.7% of portfolio assets annually and has averaged 6.9% over that time.

While the Providence ERS' 10 year return has ranked in the top 3% of all plans in the State Street Public Funds Universe as of December 31, 2016, the Plan's 10-year annualized returns for each quarter end for the five year period ending December 31, 2016 has consistently ranked within the top decile of State Street's Public Fund universe. This data is shown below.



In addition to providing the Providence ERS with superior performance\*, Wainwright has consistently responded to any of the Board's requests with a high degree of professionalism.

We appreciate your consideration of our request and would be happy to discuss this in more detail at your convenience. We have attached a price addendum on the following pages for your review.

\* Past performance is never a guarantee of future returns.

**AMENDMENT TO  
CONSULTING AGREEMENT**

The City of Providence, R.I. Employees' Retirement System, by and through the Board of Investment Commissioners (collectively, the "**City**") currently has in effect a consulting agreement with Wainwright Investment Counsel, LLC ("**Wainwright**") (the "**Agreement**"). The purpose of this amendment is to amend the Agreement and increase the annual consulting fee paid by the City to Wainwright.

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties and covenants contained in this amendment and the Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**1. Amendment.**

With effect from and including January 1, 2017, the annual consulting fee payable to Wainwright shall be increased to \$265,000 per annum.

**2. Authority.**

The Client and Wainwright are authorized to enter into this amendment.

**3. Costs and Expenses.**

The parties will each pay their own costs and expenses (including legal fees) incurred in connection with this agreement and as a result of the negotiation, preparation and execution of this amendment.

**4. Amendments.**

No amendment, modification or waiver in respect of this amendment will be effective unless in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or electronic messages on an electronic messaging system.

**5. Governing Law.**

This amendment and all of the terms herein shall be construed and interpreted according to the laws of the State of Rhode Island, without regard to any conflict of laws doctrines.

**6. Counterparts.** This amendment may be executed in several counterparts, and all so executed shall constitute one agreement, binding on all the parties hereto. Any counterpart of this amendment, which has attached to it separate signature pages which together contain the signatures of all parties or is executed by an attorney-in-fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

**IN WITNESS WHEREOF**, the parties hereto have executed this amendment on the respective dates specified below:

**THE CONSULTANT:**

**WAINWRIGHT INVESTMENT COUNSEL, LLC**

By: \_\_\_\_\_  
Name: Eric Bertonazzi  
Title: Chief Executive Officer  
Date: February \_\_, 2017

**THE CLIENT:**

**THE CITY OF PROVIDENCE, R.I. EMPLOYEES' RETIREMENT SYSTEM, BY  
AND THROUGH THE BOARD OF INVESTMENT COMMISSIONERS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: February \_\_, 2017

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: February \_\_, 2017

City of Providence



Rhode Island  
Department of City Clerk

**MEMORANDUM**

DATE: May 30, 2017

TO: Purchasing Director

SUBJECT: **APPROVAL/RATIFICATION OF THE AMENDMENT OF A  
CONTRACT WITH WAINWRIGHT INVESTMENT COUNSEL,  
LLC – FINANCE DEPARTMENT**

CONSIDERED BY: Board of Contract and Supply

DISPOSITION: VOTED: that the Purchasing Director hereby authorizes requesting approval/ratification of the amendment of a contract, with Wainwright Investment Counsel, LLC, for investment advisory services approved by the Board of Investment Commissioners on May 25, 2017, in the amount of One Hundred Thousand (\$100,000.00) Dollars per year, effective January 1, 2017 and continuing under the terms and conditions of the existing contract and for a period that prevails until such time the contract can be revoked at will of either party, for a revised total amended annual contract amount not to exceed Two Hundred Sixty Five Thousand (\$265,000.00) Dollars, all in accordance with the request of Lawrence J. Mancini, Director, Finance Department, in communication dated May 25, 2017.

cc: Pur.Dir.  
Contr  
Finance  
File

*Lou L. Hogen*  
City Clerk