MARIN COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

REQUEST FOR PROPOSAL (RFP)

RFP 2014-001

GENERAL INVESTMENT CONSULTANT

March 24, 2014
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SECTION 1: GENERAL INFORMATION

1.1 PURPOSE

This Request for Proposal (RFP) 2014-001 is issued by the Marin County Employees’ Retirement Association (MCERA) for the purpose of soliciting proposals from qualified companies to provide comprehensive full-retainer general investment consulting advice and services.

The selected investment consulting company will report regularly to the Board’s Investment Committee, working closely with the Committee, Retirement Administrator and Staff. The selected company will demonstrate extensive experience and superior capability for providing those investment consulting services that are critical to the success of a public pension system. In general, the selected company will assist the Board and MCERA in the on-going process of investment policy development and implementation. The company will serve in a fiduciary capacity and will acknowledge in writing the company’s fiduciary status, without qualification. In all cases, the company and its consultants will offer advice and recommendations to the Board and MCERA that is solely in the interest of the plan participants and beneficiaries.

1.2 PROPOSED TIMELINE FOR SEARCH AND SELECTION PROCESS

The following is based on best estimate of the schedule for the review and analysis of the proposals in response to the RFP. The schedule can be adjusted as necessary by MCERA. Each company will be notified of changes to the proposed schedule.

- March 24, 2014 RFP posted to MCERA website: www.mcera.org
- April 4, 2014 Deadline for submission of questions concerning the RFP
- April 14, 2014 Questions and corresponding responses posted to MCERA website
- April 21, 2014 Deadline for submission of proposals and any additional documents
- April 28, 2014 Ad Hoc Committee proposal review
- May 19, 2014 Finalist interview with Ad Hoc Committee
- June 2, 2014 Site visits to finalist companies, if necessary
- June 11, 2014 Board review of Ad Hoc Committee recommendation and contract approval
- July 1, 2014 Services begin

1.3 PROPOSAL SUBMISSION

The deadline for submission of the proposal is April 21, 2014, 4:00 p.m. PST. Please submit one complete electronic copy and 7 additional paper copies of the proposal to:
1.4 ERRORS AND OMISSIONS

If a Proposer discovers any ambiguity, conflict, discrepancy, omission or other error in this RFP, please immediately notify MCERA of such error by e-mail at jwickman@marincounty.org and request clarification or modification of the document.

If it becomes necessary to revise any part of this RFP or if a more exact interpretation of provisions of this RFP are required prior to the due date for proposals, a supplement will be posted by MCERA on its website. If such addenda issuance is necessary, MCERA reserves the right to extend the due date of proposals to accommodate such interpretations or additional data requirements.

If the Proposer fails to notify MCERA of a known error or an error that reasonably should have been known prior to the final filing date for submission, the Proposer shall assume the risk. If awarded the contract, the Proposer shall not be entitled to additional compensation or time by reason of the error or its late correction.

1.5 CONFIDENTIALITY

Proposers are advised that materials contained in proposals are subject to the California Public Records Act (Cal.Gov. Code Sections 6250 et. seq., “CPRA”), and, after the contract award, may be viewed and copied by any member of the public, including news media and competitors.

If you believe that any portion of your proposal is exempt from public disclosure under the CPRA, you must mark such portion “TRADE SECRETS”, “CONFIDENTIAL” OR “PROPRIETARY”, and make it readily separable from the remainder of your response. Proposals thus marked in their entirety will not be honored. By submitting a proposal with material marked “TRADE SECRETS”, “CONFIDENTIAL” OR “PROPRIETARY”, you represent you have a good faith belief that the material is exempt from disclosure under the CPRA; and you may be required to justify in writing why such material should not, upon request, be disclosed by MCERA under the CPRA.
If MCERA denies public disclosure of any portions so designated, you agree to reimburse MCERA for, and to indemnify, defend and hold harmless MCERA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys’ fees, expenses and court costs of any nature whatsoever (collectively, “Claims”) arising from or relating to MCERA’s non-disclosure of any such designated portions of your proposal; and (b) any and all Claims arising from or relating to MCERA’s public disclosure of any such designated portions of your proposal if MCERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

1.6 RFP RESPONSE COSTS

Any cost incurred by the Proposer in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Proposer.

1.7 DISCUSSION FORMAT

MCERA reserves the right to conduct discussions, either oral or written, with those Proposers determined by MCERA to be potential finalists. MCERA also reserves the right to clarify minor issues with potential finalists.
SECTION 2: BACKGROUND AND NATURE OF SERVICES REQUESTED

2.1 MARIN COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

The Marin County Employees’ Retirement Association (MCERA) is a cost-sharing multiple-employer defined benefit plan (the plan) covering all permanent employees of the County of Marin and of the following employers: Marin County Superior Court, City of San Rafael, Novato Fire Protection District, Southern Marin Fire Protection District, Marin City Community Services District, Tamalpais Community Services District, Local Agency Formation Commission and Marin Sonoma Mosquito and Vector Control District. The plan is administered by the Marin County Board of Retirement (the Board), which consists of nine members and three alternate members.

2.2 INVESTMENT PROGRAM

MCERA is governed by the County Employees’ Retirement Law (CERL) of 1937 (1937 Act). It is also governed by the California Constitution, article XVI, section 17 and California Government Code Sections 31594 and 31595, which provide for prudent expert administration of the plan and investment of its funds. Those provisions also require that the Board diversify the investments of the retirement system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Under these laws, the type and amount of plan investments as well as the quality of securities is not specifically delineated; rather the investments are made considering the overall best interest of MCERA plan members and beneficiaries.

Under the provisions of the CERL the Board manages the plan (aka “retirement system” or “fund”). The specific responsibilities of the Board include but are not limited to:

- Establishing and implementing investment policy
- Recommending employee and employer contribution rates to the Board of Supervisors and other governing employer bodies based on actuarial recommendations
- Establishing policy for the operation of MCERA

The fund has an approximate market value of $1.8 billion as of September 30, 2013 and is managed by outside investment managers. The Board has adopted the following strategic policy asset allocations:
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target Percent</th>
<th>Allowable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Large Cap Core</td>
<td>32.0%</td>
<td>28.0% - 36.0%</td>
</tr>
<tr>
<td>Small Cap Value</td>
<td>22.4%</td>
<td>19.4% - 25.4%</td>
</tr>
<tr>
<td>Small Cap Growth</td>
<td>4.8%</td>
<td>3.8% - 5.8%</td>
</tr>
<tr>
<td></td>
<td>4.8%</td>
<td>3.8% - 4.8%</td>
</tr>
<tr>
<td>Non-US Equities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Large Cap Value</td>
<td>22.0%</td>
<td>19.0% - 25.0%</td>
</tr>
<tr>
<td>International Large Cap Growth</td>
<td>6.6%</td>
<td>5.6% - 7.6%</td>
</tr>
<tr>
<td>International Small Cap Core</td>
<td>6.6%</td>
<td>5.6% - 7.6%</td>
</tr>
<tr>
<td>International Emerging Markets</td>
<td>4.4%</td>
<td>3.9% - 4.9%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US Core Plus Fixed Income</td>
<td>23.0%</td>
<td>20.0% - 26.0%</td>
</tr>
<tr>
<td>US Intermediate Credit Fixed Income</td>
<td>11.50%</td>
<td>8.50% - 14.50%</td>
</tr>
<tr>
<td>Global Fixed Income</td>
<td>5.75%</td>
<td>4.75% - 6.75%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>15.0%</td>
<td>11.0% - 19.0%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>8.0%</td>
<td>0.0% - 8.0%</td>
</tr>
</tbody>
</table>

The following principles apply when asset allocations are outside the allowable ranges noted above:

1. Cash held by MCERA and cash awaiting investment in private equity investments or other alternative investments may be securitized with exchange-traded futures to the underweight asset class by MCERA’s overlay manager. The use of derivative instruments is permitted as long as it does not create economic leverage in the portfolio and the instruments comply with the Derivatives section of the MCERA investment policy.

2. In order to rebalance as efficiently as possible and save transaction costs, allocations may be brought back by 50% of the difference between the current position and its target percentage, rather than exactly to the target percentage as long as the rebalancing brings the allocation back within the allowable range.

2.3 INVESTMENT MANAGERS

MCERA currently utilizes the following external managers to execute its strategic asset allocation:
2.4 SCOPE OF SERVICES

The services required include, but are not limited to, the following:

**Investment Policy and Asset Allocation**

a) Conduct an annual comprehensive review and analysis of investment policies, objectives, asset allocation and portfolio structure, and recommend changes, if appropriate. Review and update the system’s investment policy statement.

b) Work with staff and the actuary to conduct an asset/liability study of the fund at least every three years, including recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.

c) Develop an appropriate investment management structure for the system and each asset class that considers the role of active versus passive strategies and investment management styles under different market conditions.
d) Analyze the investment characteristics of available asset classes and the risk/return potential of alternative asset mix policies.

e) Develop policies, guidelines and procedures for rebalancing the asset mix.

f) Advise the system about new developments in investment management techniques and portfolio management strategies. Analyze how new techniques might improve the investment program and whether they should be implemented.

g) Provide advice and recommendations on various other investment policy issues including, but not limited to: currency management, derivatives, rebalancing, use of soft dollars, securities lending, proxy voting, etc.

**Investment Manager Search, Selection and Review**

a) Provide advice and recommendations on investment manager allocation and structure, manager mandates, fees and performance benchmarks.

b) Provide on-going monitoring and oversight of investment managers to ensure compliance with laws and regulations, investment policies and manager mandates. Have periodic discussions with managers on investment performance and organizational issues (such as changes in ownership, staff, new products, etc.).

c) Advise on manager retention/termination and assist in developing a formal manager review process.

d) Provide investment manager search and selection services and make recommendations as necessary.

e) Assist with negotiating appropriate investment management agreements.

f) Monitor and evaluate investment manager trading and transaction costs.

g) Conduct on-site due diligence meetings with potential managers prior to hire and current managers at least every three years.

h) Assist with the transition of managers who have been hired or terminated by the Board.

**Performance Monitoring and Reporting**

a) Compare the investment performance of the total fund, asset classes and investment managers to relevant benchmarks and “peer group” samples.

b) Conduct performance attribution analysis to determine the value added by investment policy, asset allocation and security selection.

c) Present performance reports on a quarterly basis to the Board’s Investment Committee.
d) Recommend appropriate performance benchmarks for the total fund, each asset class, portfolio composite and investment manager.

e) Provide access to performance evaluation and attribution analytics, tools and software.

f) Track and report unanticipated or emerging market issues that may impact MCERA immediately to the Retirement Administrator.

g) Provide risk reporting and advisory services including monitoring, analysis, and reporting on different measures of risk.

h) Assist MCERA staff with investment related issues as needed.

Client Service and Education

a) Attend six (6) Investment Committee meetings scheduled on the day after every other monthly Board meeting as well as at least two annual Strategic Workshops one scheduled in the spring and one in the fall. Also attend special meetings pertaining to investments that may be necessary from time to time.

b) Prepare and present quarterly reports on investment performance.

c) Communicate and coordinate effectively with staff, MCERA’s actuary, counsel and the custodian bank.

d) Respond to inquiries between meetings in an appropriate and timely manner.

e) Report any significant changes in the company’s ownership, organizational structure and personnel in a timely manner.

f) Assist on special projects as needed from time to time.

g) Provide all other investment advisory-related services as requested.

h) Provide education to Board and staff on investment issues.

i) Make available all company research, including proprietary research, and provide consultation with research staff.

Review, Search and Selection of Other Investment-Related Vendors

a) Provide advice and recommendations on custodial arrangements (including custodian review and search services).

b) Assist with evaluation, search and selection involving other investment-related consultants and vendors as required.
SECTION 3: PROPOSAL PROCEDURES

3.1 MINIMUM QUALIFICATIONS FOR PROPOSAL

The Proposer must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy any of the minimum qualifications will result in the immediate rejection of the proposal.

a) The company must provide investment consulting services to institutional clients with aggregate assets totaling at least $5 billion.

b) The primary consultant assigned to the this account must have a minimum of seven (7) years of experience providing domestic and international investment consulting services to public and/or private pension plans.

c) The company or team must have been in business at least (10) years as of December 31, 2013.

d) The company must have at least three (3) public pension fund clients, one of which must have assets in excess of one and a half (1.5) billion U.S. dollars as of July 31, 2013.

e) The consultant must carry a commercially reasonable level of errors and omissions coverage.

3.2 SUBMISSION REQUIREMENTS

Please complete all questions in the order that they are presented in Section 4, Parts A and B, of this Request for Proposal (RFP). Include all section and question numbers in your responses. Any additional comments or information may be provided in Section 4, Part C.

The individual(s) who is (are) authorized to bind the Proposer contractually must sign a cover letter, which will be considered part of the proposal. This cover letter must indicate the signer is authorized to bind the Proposer and must indicate the title or position that the signer holds in the Proposer’s company. An unsigned cover letter shall cause the proposal to be rejected. The letter must also contain the following:

a) The Proposer’s name, address, and telephone and facsimile number.

b) The Proposer’s Federal Employer Identification Number and Corporate Identification Number, if applicable.

c) The name, title or position, and telephone number of the individual signing the cover letter.

d) A statement indicating the signer is authorized to bind the Proposer contractually.

e) The name, title or position, and telephone number of the primary contact and/or account administrator, if different from the individual signing the cover letter.
f) A statement to the effect that the proposal is an irrevocable offer of the company, good for three years with two one-year extensions.

g) A statement expressing the Proposer’s availability of staff and other required resources for performing all services and providing all deliverables specified herein.

3.3 INQUIRIES

All questions regarding the intent or content of this RFP or the proposal process must be directed in writing to Jeff Wickman, Retirement Administrator, either via fax (415-473-4179) or by email (jwickman@marincounty.org).

3.4 CONTACTS

In accordance with the MCERA Board's Code of Fiduciary Conduct, Ethics and Governance Policy, an evaluation period is immediately in effect which applies to any service provider of investment consulting services. During the evaluation periods, staff and trustees shall not accept meals, travel, hotel, or other types of gifts from the service provider in question or otherwise communicate with the service providers.

In addition, trustees shall not communicate with any investment consultant service providers on matters pertaining to MCERA, except during board meetings, committee meetings, or due diligence visits. All communication to MCERA must be directed to the Retirement Administrator.

3.5 RESERVATIONS

This procurement and any agreement with proposers that may result shall be governed by the laws of the County of Marin and the State of California and any dispute hereunder shall be heard in Marin County Superior Court. Submission of a proposal constitutes acceptance of this condition.

MCERA reserves the right to award this contract to the firm which, in its sole judgment, will provide the best match with the requirements outlined in the RFP. MCERA is not required, and will not be obligated, to award this contract to the firm with the lowest cost proposal. This RFP does not obligate MCERA to contract for services specified herein.

MCERA reserves the right to reject proposals due to their noncompliance with the requirements of this RFP.

MCERA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.
MCERA reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP if MCERA determines such action or actions are in its best interest.

### 3.6 EVALUATION CRITERIA

The weighted factors below will be considered by MCERA when evaluating the submittals.

<table>
<thead>
<tr>
<th>Evaluation Criteria</th>
<th>Weight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experience and Capabilities</td>
<td>25%</td>
</tr>
<tr>
<td>Professional Staffing</td>
<td>25%</td>
</tr>
<tr>
<td>Methodology</td>
<td>30%</td>
</tr>
<tr>
<td>Philosophy and Approach to Consulting</td>
<td>5%</td>
</tr>
<tr>
<td>Additional Materials and Documents</td>
<td>5%</td>
</tr>
<tr>
<td>Fee Proposal</td>
<td>10%</td>
</tr>
</tbody>
</table>

### 3.7 AWARDING OF CONTRACT

The qualifying proposal determined to be the most advantageous to MCERA, taking into account all of the evaluation criteria (as outlined above), may be selected by MCERA for further action, such as a contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the selected company, MCERA may begin contract discussions with the next qualified company or determine that it does not wish to award a contract pursuant to this RFP, at its sole discretion.

At the point of contract, a final detailed agreement concerning services and performance expectations, substantially in the form of the Model Investment Consulting Services Agreement (“Model Agreement”) that is attached hereto as Attachment A, will be agreed upon between MCERA and the successful firm. The terms of the final contract between MCERA and the successful firm will be binding and supersede this RFP. However, this RFP and the successful firm’s proposal will be incorporated into the contract.

As set forth in the Model Agreement, the successful firm will be required to acknowledge, in writing, that it is a fiduciary with respect to MCERA.
SECTION 4: INFORMATION TO BE PROVIDED

PART A: QUESTIONNAIRE

All responses must include the original question using the number format listed below. Please be as clear and complete as possible in your responses. Incomplete or misleading information may lead to elimination of the company from consideration.

Name and Contact Information

1. What is the current name of the company?
   a) If the name has changed, what was the previous name?
   b) What was the original name of the company when it was founded?

2. Please provide the following information on the company:
   Address:
   Phone Number:
   Company’s Internet (www) Address:

3. Please provide the following information on the primary RFP contact for the company:
   Name:
   Title:
   Phone Number:
   Facsimile Number:
   Email Address:

History, Ownership and Organization of the Company

4. When was the company founded or established? If the company was subsequently acquired by another company, when did this take place?

5. Please provide the names of the current owners of the company and indicate their percentage of ownership.

6. Please provide a brief description of the current ownership and organizational structure of the company. Indicate the names of any subsidiary or affiliated companies and briefly describe the nature of their business and the relationship between the company and these other companies.

7. Have there been any significant changes in the company’s ownership, structure or organization over the past three years? What significant changes, if any, do you anticipate in the future?

8. Please list the location of all offices and the number of employees in each office. Indicate the office which would service this account.
9. Is the company registered as an investment advisor under the Investment Advisor Act of 1940? Does it acknowledge that it has a fiduciary obligation as an investment advisor in providing investment consulting services to public pension plans?

**Services and Revenues**

10. How long has the company been providing investment consulting services to public pension plans?

11. Please list the standard investment consulting services that the company provides in a typical public pension plan full service relationship. (A full service consulting relationship defined to include advice on asset allocation, investment manager search and performance measurement.) List any other products or services that may be of interest.

12. Please indicate the percentage of the company’s investment consulting revenue received from full service plan sponsor clients and non-full service relationships during the most recent fiscal year:

<table>
<thead>
<tr>
<th>Source of Investment Consulting Revenue</th>
<th>Percent Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full service plan sponsor clients</td>
<td></td>
</tr>
<tr>
<td>Non-full service relationships</td>
<td></td>
</tr>
</tbody>
</table>

13. Does the company or any affiliate (including any subsidiary or parent company) provide any services in addition to investment consulting, such as:
   a) Human resources, actuarial and benefits consulting?
   b) Investment management services?
   c) Broker/dealer services?
   d) Fund-of funds services
   e) Any other services (please specify)?

14. Please indicate the percentage of total revenue received by the company (including any subsidiary company) from investment consulting and any additional services listed above during the most recent fiscal year:

<table>
<thead>
<tr>
<th>Source of Total Company Revenue</th>
<th>Percent Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment consulting</td>
<td></td>
</tr>
<tr>
<td>Human resources, actuarial and benefits consulting</td>
<td></td>
</tr>
<tr>
<td>Investment management services</td>
<td></td>
</tr>
<tr>
<td>Broker/dealer services</td>
<td></td>
</tr>
<tr>
<td>Fund-of funds services</td>
<td></td>
</tr>
<tr>
<td>Other services: (please specify)</td>
<td></td>
</tr>
</tbody>
</table>
15. If the company has a parent company, please indicate the percentage of revenues received by the parent company from the following sources during the most recent fiscal year:

<table>
<thead>
<tr>
<th>Source of Parent Company Revenue</th>
<th>Percent Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan sponsor consulting clients</td>
<td></td>
</tr>
<tr>
<td>Investment manager clients</td>
<td></td>
</tr>
<tr>
<td>Brokerage clients</td>
<td></td>
</tr>
<tr>
<td>Other clients: (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

**Independence and Objectivity**

16. If the company or any affiliate provides services other than investment consulting, please explain briefly what policies or procedures the company has established to avoid or limit any potential conflicts of interest that could arise in providing advice to its public pension plan clients.

17. Does the company or an affiliate provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in company’s database, (ii) conference fees, (iii) brokerage commissions, etc.?
   a) If so, please describe briefly the nature of these services and compensation.
   b) Does the company or an affiliate provide any services or conduct any business with the retirement system’s current investment managers?

18. Does the company have any arrangements with broker-dealers under which it, or an affiliated company, will benefit if investment managers place trades for their clients with such broker-dealers?

19. Does the company accept a pension plan’s brokerage commissions as payment for its services? If so, please explain briefly how it ensures that the plan receives best execution in securities transactions.

20. Please disclose any potential conflicts of interest that may arise from the company’s representation of a public pension system, including the activities of any affiliated, subsidiary or parent company.

**Institutional Clients**

21. How many institutional clients on a full service consulting basis does the company currently have? What are the total assets under advisement?

22. Please indicate the number of full service consulting clients that the company currently has by type of client and size of assets:
Type of Clients | Under $1 billion | $1 - 10 billion | $10 - 25 billion | Over $25 billion
--- | --- | --- | --- | ---
Public Pension Plans |  |  |  |  
Corporate Plans |  |  |  |  
Union/Taft-Hartley Plans |  |  |  |  
Endowments, Foundations & Hospitals |  |  |  |  
Other |  |  |  |  
Total Number of Full Service Clients |  |  |  |  

23. Please indicate the number of full service consulting clients that the company currently has by length of service:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Number of Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td></td>
</tr>
<tr>
<td>1 – 5 years</td>
<td></td>
</tr>
<tr>
<td>5 – 10 years</td>
<td></td>
</tr>
<tr>
<td>Over 10 years</td>
<td></td>
</tr>
</tbody>
</table>

24. How many client relationships were terminated within the last three years?
   a) In how many cases of termination was the company dismissed outright or the contract rebid and the company not retained or not asked to bid?

25. Does the company participate in any independent surveys of investment consultants (e.g. Plan Sponsor, Greenwich, etc.)? If so, how has it ranked in each of the last three years?

**Litigation and Insurance**

26. Has the company, or any officer, principal, or employee of the company or an affiliated company, ever been investigated and/or charged by the Securities and Exchange Commission (“SEC”), the U.S. Department of Labor (“DOL”), or any other regulatory authority for violation of applicable laws? If so, please explain.

27. Has the company, or any officer, principal, or employee of the company, ever been involved in any business litigation or other legal proceeding? If so, please explain and indicate the current status of the litigation.
28. Does the company, or any officer, principal, or employee of the company, have any lawsuits pending against it concerning the delivery of investment consulting or related services for any client? If yes, please explain.

29. Please provide the level of insurance coverage that the company carries for errors and omissions and any fiduciary or professional liability. For each type of insurance, please indicate:
   a) The name of the insurance carrier; and
   b) Whether the coverage is on a per client basis or applies to the company as a whole.

Professional Staff

30. Please indicate the number of professional staff that the company currently employs in each of the following categories. (Each person should be assigned to only one category.)

<table>
<thead>
<tr>
<th>Categories of Professional Staff</th>
<th>Number of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Consultants</td>
<td></td>
</tr>
<tr>
<td>Consultants</td>
<td></td>
</tr>
<tr>
<td>Analysts</td>
<td></td>
</tr>
<tr>
<td>Company Management</td>
<td></td>
</tr>
<tr>
<td>Economists</td>
<td></td>
</tr>
<tr>
<td>Marketing</td>
<td></td>
</tr>
<tr>
<td>Analytics/Systems</td>
<td></td>
</tr>
<tr>
<td>Total Professional Staff</td>
<td></td>
</tr>
</tbody>
</table>

31. Please indicate the total turnover in professional staff during the last three years.

<table>
<thead>
<tr>
<th>Staff Turnover</th>
<th>Number of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hired</td>
<td></td>
</tr>
<tr>
<td>Terminated</td>
<td></td>
</tr>
<tr>
<td>Resigned</td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td></td>
</tr>
</tbody>
</table>

32. What is the average number of clients per consultant? Does the company have a maximum limit on the number of clients assigned per consultant?

33. How many professional staff have Chartered Financial Analyst (CFA) or Chartered Alternative Investment Analyst (CAIA) designations? How many are currently enrolled in these programs?
34. Which of the following types of compensation are provided to the company’s professional staff? Please indicate whether the compensation applies to all staff, senior staff, key employees, or principals only.

<table>
<thead>
<tr>
<th>Compensation</th>
<th>All/Senior/Key/Principals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td></td>
</tr>
<tr>
<td>Profit Sharing</td>
<td></td>
</tr>
<tr>
<td>Stock Ownership</td>
<td></td>
</tr>
<tr>
<td>Stock Options</td>
<td></td>
</tr>
<tr>
<td>Equity Participation</td>
<td></td>
</tr>
<tr>
<td>401(k) or Other Deferred</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

35. How many professional staff would be assigned to this account?

36. Please provide the following information on the lead consultant and, if applicable, the support consultant to be assigned to this account:
   a) Name
   b) Title
   c) Role
   d) Years of institutional investment experience
   e) Years of investment consulting experience
   f) Years with the company
   g) Education/qualifications
   h) Number of accounts as lead consultant
   i) Number of accounts as support consultant

37. Please provide the name and title and/or function of the other members of the team to be assigned to this account.

**Asset Allocation**

38. How long has the company been conducting asset allocation studies for public pension plans? How many studies has the company conducted over the past three years?

39. Are the asset allocation studies based on analysis of both assets and liabilities of the public pension plan, or assets only?
   a) Is the asset allocation model stochastic or deterministic? For assets? For liabilities?
b) Please explain briefly how the modeling of the assets influences or impacts the modeling of the liabilities, or vice versa.

40. Was the asset allocation model internally developed, or is it licensed from one or more third-party vendors? Please provide the names of the third-party vendors if any.

41. If the asset allocation recommendation is to be based on analysis of the risk versus reward of alternative asset allocation policies, over what future time period is the impact of these policies simulated and why?
   a) How does the asset allocation model measure reward for a defined benefit public pension plan?
   b) How does the model define and measure risk?

42. How are the assumptions or inputs to the asset allocation model determined?
   a) Based on historical data on returns, volatility and correlations.
   b) Historical data with adjustment to reflect current market conditions.
   c) Estimates of future inflation, real yields and risk premiums.
   d) Economic forecast of inflation, interest rates and economic growth.
   e) Other or a combination of the above (please explain briefly).

43. What is the methodology for developing these assumptions?
   a) What information or data sources are used?
   b) Who in the company is involved in this process?
   c) How often are these assumptions updated or revised?

44. Please list the asset classes which are included in the company’s asset allocation model. Are there asset classes that are not included?
   a) If alternative or non-traditional asset classes (such as real estate, private equity, hedge funds, etc.) are included, how does the model deal with non-market valuation and/or non-normal distribution of returns of these asset classes? Please explain briefly.
   b) If these asset classes are not included in the model, how is the allocation to these asset classes determined in the asset allocation study?

45. How frequently would the company be prepared to conduct an asset allocation study?
   a) What type of follow-up analysis or review of asset allocation would the company perform in between formal asset allocation studies?

46. Under what circumstances do you think it would be appropriate to make a significant shift in the risk level (either increasing or decreasing) of the portfolio?

47. Under what circumstances would you think it appropriate to have different investment policies for different plan sponsors within a fund?
Investment Manager Search and Selection

48. How many investment manager searches has the company conducted over the past three years for the following asset classes and investment strategies? What was the total value of assets involved in each type of search?

<table>
<thead>
<tr>
<th>Manager Searches</th>
<th>Number</th>
<th>Value of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities (all styles &amp; market segments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Fixed Income (including high-yield bonds, mortgages, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International and Global Equities (including emerging market equities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Bonds (including emerging market bonds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Investments (real estate, private equity and hedge funds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synthetic Strategies (TAA, currency overlay, alpha transport, managed futures, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Asset Classes (including commodities, timberland, infrastructure, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Manager Searches</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

49. Is there a unit or group within the company dedicated to (i.e. spends 100% of its time on) manager research?
   a) If so, how many professional staff are in that group?
   b) How many other professional staff, if any, are involved in manager research or due diligence? What percentage of time on average do they spend on these activities?

50. How many times did the company formally meet with investment managers, either on-site or in the company’s offices, annually on average over the past three years?

51. Please describe the company’s capabilities in providing investment consulting and manager search services for alternative investments, including real estate, private equity, hedge funds, commodities, infrastructure, timberland, and other non-traditional asset classes.
   a) How many searches has the company conducted over the past three years for each type of alternative investments? How many were fund-of-funds and how many were individual funds or managers? What was the total value of assets involved in these searches?
b) Does the company have any staff dedicated to research on alternative investment managers and funds? If so, how many?
c) How often did the company meet formally with alternative investment managers (general partners or company officers) annually on average over the past three years?

**Monitoring and Oversight**

52. Please explain briefly how the company evaluates the investment performance of a public pension plan at the total fund level?
   a) What benchmarks does the company recommend that a public pension plan use to measure performance at the total fund level?
   b) Are there any liability-related benchmarks that the company uses to determine the impact of total fund performance on the funded position of the pension plan?

53. What sources and/or databases does the company use to obtain information on benchmarks and indices for performance measurement and evaluation?
   a) Are there any asset classes, market segments, and investment styles or strategies for which the company does not have benchmarks to measure performance?
   b) Does the company have the ability to develop customized benchmarks or normal portfolios for specialized investment strategies?

54. What performance measurement databases or systems does the company use to compare the performance of the total fund and individual asset classes, managers and portfolios against their peer groups?
   a) How many public pension funds are covered in those databases?
   b) How many investment managers and portfolios/products are included?
   c) For each database, please indicate where the data comes from, how it is verified, who calculates the investment returns, and how any discrepancies are corrected.

55. Does the company provide performance attribution analysis at the total fund level as well as for individual asset class portfolios? Which asset classes?

56. How does the company monitor or track the investment style of client portfolios?
   a) What style analysis software or model does it use?
   b) Is the style analysis based on returns or on portfolio holdings?
   c) What asset classes are covered in the style analysis?

57. How does the company monitor or track the compliance of the client’s investments with:
   a) Policies and guidelines of the plan?
   b) Investment manager mandates, agreements or contracts?
   c) Laws and regulations?

58. Does the company periodically undertake a formal and comprehensive review and evaluation of its clients’ investment managers?
a) How often does it recommend that such an evaluation be done for each manager?
b) In addition to investment performance, what other aspects or features of a manager’s service or organization would be covered in such an evaluation?

**Research and Education**

59. Does the company undertake any research on general investment and pension-related issues?
   a) Please list the broad topics or areas on which such research was conducted over the past three years.
   b) What types of publications are made available to clients – e.g. research reports, newsletters, client memos, capital market reviews, etc.? How frequently are these publications produced?

60. What percentage of total revenue did the company spend on research and technology on average over the past three years?

61. How does the company provide education services to board trustees and staff?
   a) At regular board meetings
   b) Half or one-day seminars or workshops at client offices
   c) Board retreats
   d) Annual client conference
   e) All of the above.
PART B: PHILOSOPHY AND APPROACH TO CONSULTING

1. What is the overall philosophy of the company regarding an investment consultant's relationship with the board of trustees, staff, and investment managers?

2. State as clearly as possible the company’s investment philosophy. Are there any fundamental beliefs about capital markets which underpin the company’s investment advice to its pension plan clients?

3. What are the most crucial issues to consider in establishing investment policy for a public sector pension plan?

4. Please summarize, in one page or less, the company’s investment consulting capabilities and expertise. What are the company’s major strengths and limitations? Do you provide any services which are not provided by other investment consultants? Why should the retirement system engage you as its investment consultant?

5. Describe the plans for managing the future growth of the company, including limitations, if any, on the number of clients that the company intends to accept.

6. Explain how the consulting team assigned to this account would function, including lead consultant, back-up, quality control and support services.

7. How would you suggest that we measure and evaluate the performance of your company as an investment consultant?
PART C: ADDITIONAL MATERIALS AND DOCUMENTS

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:

1. An organization chart of the company, parent and all subsidiary and affiliated companies.

2. Biographies of the company’s professional staff to be assigned to this account.

3. A list of the company’s current full service institutional clients, including the year they retained the company, plan size and type.


5. The most recently filed SEC Form ADV, Parts I and II.

6. A copy of the company’s policies and procedures related to Conflict of Interest.

7. A sample of the company’s Quarterly Performance Report, both in executive summary form and in full detail.

8. A sample of the company’s due diligence reports on investment managers.

9. A sample Investment Policy Statement the company has developed for a public pension plan client.

10. Three sample research reports on different investment topics.

11. A sample presentation on investment education provided to a public pension plan client.

12. A statement as to whether any provisions in the accompanying Model Investment Consulting Agreement with MCERA would be unacceptable to the company and, if so, the company’s proposed amendment(s).

13. Any other information you feel would be necessary to gain a complete understanding of the company and the services it provides.
SECTION 5: FEES

The proposed fees shall be guaranteed for the duration of the contract which shall be a period of five (5) years from the effective date of the contract unless the contract is terminated earlier.

The services listed in Section 2.4, “Scope of Services” should form the basis for the proposed fees.

The method of payment will be set forth in the contract. Once the consultant is selected, the fee may be negotiated further depending on the variance from other proposals received. In no case will the negotiated fee be higher than the fee contained in this proposal.

Please use the following template as a guide in presenting your fee proposal:

A. All-Inclusive Flat Fee:

<table>
<thead>
<tr>
<th>Service/expense</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>All-Inclusive Flat Fee - Year 1</td>
<td>$_____________</td>
</tr>
<tr>
<td>All-Inclusive Flat Fee - Year 2</td>
<td>$_____________</td>
</tr>
<tr>
<td>All-Inclusive Flat Fee - Year 3</td>
<td>$_____________</td>
</tr>
<tr>
<td>All-Inclusive Flat Fee - Year 4 (optional)</td>
<td>$_____________</td>
</tr>
<tr>
<td>All-Inclusive Flat Fee - Year 5 (optional)</td>
<td>$_____________</td>
</tr>
<tr>
<td>TOTAL FEES (Years 1-5)</td>
<td>$_____________</td>
</tr>
</tbody>
</table>

B. Additional Fees or Costs:

Please provide a fee quote for any services or expenses, including any additional fees associated with alternative asset classes, that would not be covered in the fees proposed in Part A above. Please list fees as flat fees or hourly rates per consultant, as appropriate.

<table>
<thead>
<tr>
<th>Service/expense</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service/expense</td>
<td>$_____________</td>
</tr>
<tr>
<td>Service/expense</td>
<td>$_____________</td>
</tr>
<tr>
<td>Service/expense</td>
<td>$_____________</td>
</tr>
</tbody>
</table>

C. Additional Information:

Please provide any additional information that may assist us in more clearly understanding your fee proposal:

_________________________________________  ____________________________
Name of Company  Date

_________________________________________  ____________________________
Signature  Title
ATTACHMENT A: MODEL AGREEMENT FOR INVESTMENT CONSULTING SERVICES

See attached document.