



**District of Columbia Retirement Board
(DCRB)**

Solicitation Number: DCRB-15-018

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Question Cut-Off Date:	February 13, 2015 at 5 p.m. EST
Letter of Interest Due Date:	February 20, 2015 at 5 p.m. EST
Proposal Due Date:	March 6, 2015 at 5 p.m. EST

Firms who have received this solicitation from a source other than the issuing office of the District of Columbia Retirement Board should immediately contact the procurement officer and provide contact name and mailing address in order that any amendments or other communication related to the solicitation may be forwarded in a timely fashion. Any firm who fails to notify the procurement officer with this information assumes complete responsibility in the event that it does not receive communication about this solicitation before or after the due date.

District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
February 2015

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1.0 Introduction

The District of Columbia Retirement Board (the “Board” or “DCRB”) was established by the U.S. Congress on November 17, 1979, pursuant to the District of Columbia Retirement Reform Act (93 Stat. 866, P.L. 96-122), codified at D.C. Code § 1-701 et seq. (2001 Ed.), (the “Reform Act”). The Reform Act established the Board as an independent agency of the District of Columbia government (“District”) with exclusive authority to manage and control the assets of the District of Columbia Police Officers and Firefighters’ Retirement Fund as well as the District of Columbia Teachers’ Retirement Fund (collectively, the “Funds”). Provisions of the Reform Act are very similar, and in some instances, identical to those of the Employee Retirement Income Security Act (“ERISA”).

Under the Reform Act, the Board has authority to promulgate rules and regulations, adopt resolutions, issue directives for the administration and transaction of its business, and perform such functions as may be necessary to carry out its responsibilities under the Reform Act.¹ The Board is also granted specific authority to enter into contracts with public or private sector entities to the extent necessary to carry out its responsibilities.² Moreover, the Board is authorized to propose its own rules which govern the procurement of goods and services pursuant to its authority to contract.³

The purpose of this solicitation is to obtain the services of one or more experienced investment consulting firms (“Consultant”) with the skills, expertise and resources to assist and advise the Board’s Trustees (the “Trustees”) in making prudent investment policy decisions regarding the Funds’ investment portfolio, to assist and advise its Staff in the implementation of such decisions, and to provide ongoing Trustee and Staff education.

2.0 Background and General Information

The Board’s primary mission is to prudently invest the assets of the Funds and to provide the active and retired plan members and their survivors with total retirement services. To assist the Board in managing the assets of the Funds, the Board engages a number of external investment managers. In addition, the Board currently engages Meketa Investment Group as general investment consultant, with a focus on asset allocation and traditional investments (fixed income and public equities), and Cliffwater, LLC, to consult on the development, implementation and monitoring of the Board’s alternative investments (absolute return, private equity, and real assets). Additionally, State Street Bank and Trust Company is the Board’s custodian and responsible for providing record-keeping,

¹ D.C. Code § 1-711(e).

² D.C. Code § 1-711(i)(1).

³ D.C. Code § 1-711(i)(2).

performance calculations, and asset valuation services. CliftonLarsonAllen, LLC, provides the Board's annual financial audit. Cavanaugh MacDonald Consulting, LLC, is the Board's enrolled actuary and certifies the annual District contribution amount and the cost of any changes in benefits. Additionally, the Board retains outside legal counsel to assist with a variety of fiduciary, operational and investment-related matters.

The Board is composed of twelve (12) voting Trustees and one non-voting Trustee. Six (6) Trustees are elected by the active and retired participants (Police Officers, Firefighters and Teachers) of the retirement system; three (3) Trustees are appointed by the Mayor; three (3) Trustees are appointed by the Council of the District of Columbia; and the City Treasurer as a non-voting, ex-officio Trustee.

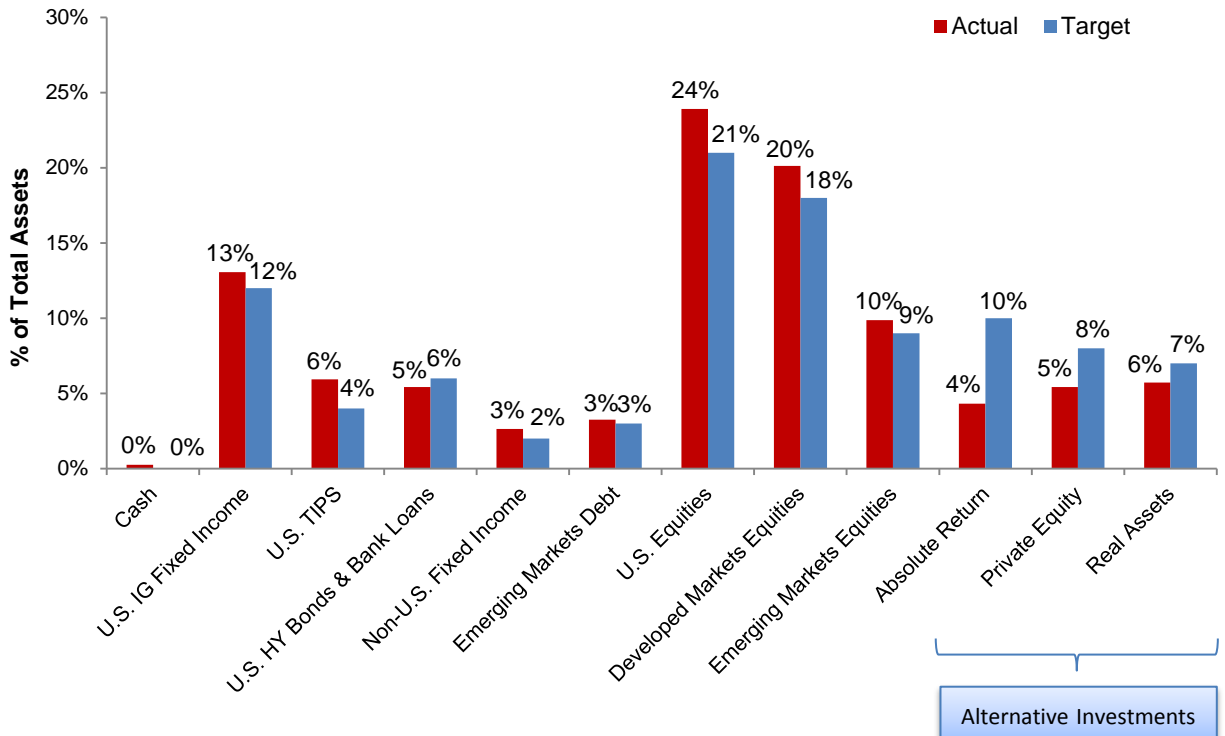
This Request for Proposal ("RFP") process is designed to elicit information necessary to assess, among other factors, prospective investment consulting firms' experience and resources, reasonableness of fees, and the capability to perform required services. Respondents may choose to bid for investment research and consulting services focused on the following areas:

- 1) Asset allocation and traditional investments (fixed income and public equities)
- 2) Private equity (buyouts, growth equity, venture capital, distressed)
- 3) Real assets (real estate, energy, natural resources, infrastructure)
- 4) Absolute return (hedge funds)

At the conclusion of the process, the Board may award the mandate for all areas to a single firm or hire separate consultants for each area.

Portfolio Overview

As of December 31, 2014, the Funds had a market value of roughly \$6.5 billion. The assets are managed by external investment management firms with oversight from the Board, Consultants, and Staff.



As of December 31, 2014, the Board had approximately \$2.0 billion invested in fixed income, \$3.5 billion in public equities (U.S., developed ex U.S., and emerging markets); \$0.4 billion in private equity, \$0.4 billion in real assets, and \$0.3 billion in absolute return strategies. Additionally, the Board had approximately \$0.2 billion in unfunded commitments to private equity and \$0.2 billion to real assets funds. The Board started participating in private equity and real asset investments in 1987 and in absolute return investments in 2006. Please see Attachment G for a list of the Board’s current absolute return, private equity and real assets relationships.

3.0 Scope of Work

The Board seeks one or more firm(s) with substantial institutional investment experience to provide comprehensive investment research and consulting services. Based on their interest and expertise, respondents to this RFP may choose to submit a proposal focused on one or more of the following areas:

1. Asset allocation and traditional investments (fixed income and public equities)
2. Private equity (buyouts, growth equity, venture capital, distressed)
3. Real assets (real estate, energy, natural resources, infrastructure)
4. Absolute return (hedge funds)

The Board expects any firm(s) retained under this RFP to offer the following services, at a minimum:

A. General

1. Participate in Investment Committee meetings (also may include Board meetings) and

- calls⁴ to (i) present research, analyses, written reports and recommendations and (ii) respond to Trustee and Staff questions.
2. Communicate with the Staff, investment managers, other investment consultants and service providers on an ongoing basis.

B. Asset Allocation

1. Every three-to-five years, undertake an asset/liability study and present a written plan proposing strategic asset allocation targets to the CIO and Investment Committee.
2. Review the reasonableness of the strategic asset allocation assumptions and results in light of market conditions in between asset/liability studies.
3. Assist the Staff in monitoring the Funds' asset allocation, and recommend rebalancing transactions.
4. Work with the CIO to develop an appropriate investment structure within each asset class, taking into account factors such as internal vs. external investment management, active vs. passive management, investment styles, risk management, and the number of investment managers.

C. Sourcing and Due Diligence

Investment opportunities will be sourced by both the Consultant and CIO. Sourcing and due diligence should include the following:

1. Develop a proactive, structured review process to analyze the full universe of available investments, including prospective investments identified by Trustees and Staff.
2. Conduct due diligence on prospective and existing investment managers.
3. Present written recommendations to the Investment Committee and CIO, which will include: i) the results of Consultant's due diligence, ii) a discussion of investment risks, iii) a description of how the investment will fit within the Board's portfolio, iv) a detailed track record analysis, and v) a review of legal and business terms.
4. Facilitate the contracting process with new investment managers.
5. Coordinate and participate with Staff in prospective and existing investment manager meetings.

D. On-Going Monitoring

In monitoring the programs, the Consultant will:

1. Review and analyze key events that may affect the investment program, including legacy managers and funds. Key events could include market, organizational, or regulatory changes.
2. Assist in protecting the interests of the Board as an investor, and interact with investment managers to ensure compliance by each with contract terms.
3. Attend annual and advisory board meetings, as appropriate, and timely share meeting notes with Staff.
4. Recommend appropriate actions based on on-going monitoring process.
5. Review and recommend courses of action for fund document amendment requests.

⁴ The estimated number of in-person meetings (including Board, Investment Committee, and Staff meetings) ranges from six to ten per year.

E. Performance Measurement and Reporting

The Consultant will provide the following performance measurement services:

1. Obtain investment data from legacy investment managers on a monthly/quarterly basis.
2. Evaluate the accuracy of this information and reconcile the monthly/quarterly figures with the custodian bank's reports and records.
3. Calculate returns in US dollar terms, converting local currencies to US dollars, as necessary, which will be reconciled with the performance calculations and currency conversions, reported by the partners and managers. Time-weighted (traditional investments and absolute return) and dollar-weighted (private equity and real assets) returns will be reported net-of-fees at the partnership, sub-asset class, and asset class levels.
4. Monitor and report on portfolio and investment-level diversification by investment strategy and geography, as well as other risk factors as defined by the Board and Staff.
5. Work with Staff to ensure that information provided by private equity and real assets managers follows ILPA Reporting Best Practices.
6. Provide a customized quarterly performance/risk report, including:

a) Total Funds

1. A narrative executive summary to accompany the performance report, describing significant factors contributing to the Funds' absolute and relative performance during the quarter and year;
2. A comparison of the 'Total Funds' performance against the actuarial return target and also the Policy Benchmark, highlighting fundamental characteristics of the Funds versus those of the Benchmark;
3. A performance evaluation of each asset class segment relative to its applicable benchmark, including a brief narrative discussion of factors contributing to the segment's over/under-performance.
4. A breakdown of portfolio characteristics for each asset class segment, including, beta, median market capitalization, P/E and P/B ratios, industry exposure, current yield, duration, and credit quality, each relative to applicable benchmarks.
5. An attribution analysis at the Total Funds level.

b) Traditional Investments and Absolute Return

1. Firm and fund updates
2. Date of inception and original investment amount
3. Current DCRB investment (NAV) and total fund/strategy AUM
4. Net returns and appropriate benchmark data
5. Risk metrics
6. Items 4 – 5 aggregated by sub-asset class and for the total program

c) Private Equity and Real Assets

1. Firm and fund updates
2. Date of inception/initial commitment
3. DCRB commitment and total fund commitments

4. Paid-in capital, Undrawn capital, Distributions, NAV
5. Net investment multiple & IRR since inception
6. Appropriate benchmark data
7. Items 4 – 6 aggregated by sub-asset class and for the total program
8. Allocation breakdown by vintage year, strategy, investment stage, and geography, with fund-of-fund/secondary fund look-through

F. Other

Additionally, the Consultant will:

1. Provide educational workshops as requested by the Board or recommended by the Consultant or CIO.
2. Provide comments and analysis on proposed federal and state legislation, as well as accounting and actuarial regulations affecting the Funds.
3. Support the Board and Staff through written and/or oral presentations of research analysis and position statements with government agencies, legislative committees, regulators, auditors, and actuaries.

4.0 Conflicts of Interest

To minimize potential conflicts of interest, the Board will evaluate firms' organizational structure, economic incentives and other factors that may influence the ability to provide independent and objective advice. Evaluation criteria will include, the firms' composition of revenues (% of total firm revenues from non-discretionary investment advisory services), ownership structure, distribution of firm economics, as well as past or current involvement in pay-to-play activities.

5.0 Term of Agreement

The term of the Agreement shall be for an initial three-year period, with an option for two one-year extensions.

6.0 Proposal Specifications

A. General

To facilitate the evaluation of proposals, the Board asks respondents to follow the instructions in this section. Failure to respond to the instructions may disqualify the proposal and eliminate the respondent from consideration.

Firms may submit a proposal for investment consulting services focused on any of the following four areas:

1. Asset allocation and traditional investments (fixed income and public equities)
2. Private equity (buyouts, growth equity, venture capital, distressed)
3. Real assets (real estate, energy, natural resources, infrastructure)
4. Absolute return (hedge funds)

In their letter of interest, respondents should specify the area(s) for which they would like to be considered (see section 6.C.). Each firm may submit only one proposal.

B. Inquiries

Questions concerning this RFP must be received in writing no later than 5 p.m. EST on Friday, February 13, 2015. Questions should be e-mailed to DCRB.Procurement@dc.gov. Staff will respond to inquiries, via e-mail, by Thursday, February 19, 2015.

C. Letter of Interest

Firms interested in submitting a response to this RFP should submit the following documents, all signed by an authorized signatory for the firm:

1. Letter of interest,
2. "Representations and Warranties" (Attachment A),
3. Form ADV, Parts 1 and 2, including all schedules.

These documents should be emailed in PDF format to:

- Ms. Neda Bolourian, Contracts Administrator, Neda.Bolourian@dc.gov

The Letter of Interest, Representations and Warranties, and Form ADV must be received by 5 p.m. EST on Friday, February 20, 2015. Firms that do not submit the above documents by the stated deadline will be excluded from consideration.

D. Proposal Submission

The proposal, including all attachments, must be received no later than 5 p.m. EST on Friday, March 6, 2015. Proposals received after the submission deadline will not be accepted. Proposals should be emailed in PDF format to Ms. Neda Bolourian (Neda.Bolourian@dc.gov).

Proposal Format

1. **Cover Letter:** The proposal must include a cover letter signed by an individual legally authorized to bind the respondent to both its proposal and fee schedule. The cover letter should contain the name, title, address, e-mail address, and phone number of the person(s) who is authorized to represent the firm and to whom the Board should direct follow-up correspondence. The cover letter should also confirm the area(s) for which the firm is submitting a proposal (as noted in Section 6.A):
2. **Response to Questionnaire:** The proposal must include a complete set of responses to the questions in the Proposal Questionnaire (Attachment B). The questions and/or requests made in the attached Proposal Questionnaire should be duplicated in their entirety in the Proposal, with each question and/or request repeated before the answer or response.
3. **Proposed Fee Schedule:** The proposal must include a completed and signed fee schedule (Attachment C). Firms bidding on multiple mandates (e.g., asset allocation and alternative investments) should submit a quote on a stand-alone and combined basis.

E. Public Record

All responses received (including fees) are deemed to be "public records" pursuant to the D.C. Freedom of Information Act (FOIA) (D.C. Code 2-531 et seq). However, there are certain exemptions from disclosures under a FOIA request, such as information that concerns business trade secrets of other confidential commercial or financial information.

To ensure the protection of any confidential information, the respondent should mark the title page of the RFP response with the following legend: "This proposal includes data that shall not be disclosed outside the DCRB and shall not be duplicated, used, or disclosed in whole or in part for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this firm as a result of, or in connection with, the submission of this data, the DCRB shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the DCRB right to use information contained in this data if it is obtained from another source without restriction." In addition, the respondent should mark each sheet of data it wishes to restrict with the following legend: "Use or disclosure of data contained on this sheet is subject to the restriction on the title page of this proposal."

F. Incurring Costs

Each firm is responsible for the costs incurred for the submission of its response and all other related expenses, including any travel costs.

G. Withdrawal/Lock-Out

A firm may withdraw a response in writing, once submitted, through an email to Ms. Neda Bolourian (Neda.Bolourian@dc.gov).

To avoid the appearance of a conflict in the decision-making process, upon receipt of the RFP, all recipients must refrain from intentional, unauthorized contact with any Trustee or Staff of the Board. Authorized contact includes communication for (a) ordinary and necessary business purposes, and (b) matters of public record.

The Board reserves the right to award this engagement based upon evaluation of the written responses received and without further discussions or negotiations. The Board reserves the right to terminate the process at any time without any selection or notification.

7.0 Selection Process

The Board seeks to retain the most qualified organization(s) in an open, fair, and competitive process. The Board reserves the right to award the mandate for each area separately or on a combined basis.

Step 1. Proposal Evaluation

The Staff will score all proposals based on the following criteria (weights in parentheses):

1. Understanding the Board's objectives and requirements (20%)
2. Firm experience and resources (20%)
3. Proposed team experience and qualifications (20%)
4. Potential for conflicts of interest (20%)
5. Fee proposal (20%)

The Staff will evaluate each firm’s qualifications for each mandate on a stand-alone and combined basis, and will select finalists based on the evaluation scores. The Staff will conduct site-visits with the finalists and the finalists will be invited to meet with the Executive Director and Chair of the Investment Committee prior to the formal Investment Committee Presentation.

Step 2. Investment Committee Presentation

The Investment Committee will interview finalists at the Board's offices in Washington D.C. on May 21, 2015. The Committee will make a final recommendation to the Board for approval. The Board’s Investment Committee meetings are closed to the public.

Step 3. Contract Negotiation

Through the selection process, the Board reserves the sole discretion in awarding the contract(s). All terms and conditions are subject to negotiation, amendment, or rescission by the Board at any time prior to the execution of the Agreement, if the Board deems it to be in the best interest of the Funds to do so. The Staff reserves the right to request supplemental information from potential firms at any point during the RFP process.

8.0 Tentative Timetable

The following is the tentative time schedule for the Board's search process. All dates are subject to modification with written notice.

Friday, February 6, 2015	RFP issuance
Friday, February 13, 2015	Deadline for submission of questions
Friday, February 20, 2015	Deadline for submission of letters of interest
Friday, March 6, 2015	Deadline for submission of proposals
March/April 2015	Selection of finalists/ on –site visits
May 21, 2015	Finalist presentations before Investment Committee
July 1, 2015	Contract commencement date

9.0 Minimum Criteria

Respondents must meet all of the following criteria to be given further consideration in the Board's search. Failure of a firm to meet the minimum criteria will result in the proposal's immediate rejection.

- A. The firm is a registered investment advisor under the Investment Advisers Act of 1940 or exempt from registration.
- B. The firm agrees to serve as a “fiduciary” to the Board, as the term is defined by ERISA and the Reform Act (Pub. L. 96-122) D.C. Code Sections 1-702(20) and 1-741(a)(1). These sections of the Reform Act are included as Attachment D.
- C. The firm has provided investment consulting services for at least three (3) years to at least one public pension client with more than \$5 billion in total assets (as of 9/30/14).

- D. The firm will designate a senior consultant, who has a minimum of ten (10) years of experience in investment consulting, to work on the Board's account. The designated Primary Consultant may not be changed by the respondent during the life of the contract, without the express written approval of the Board.
- E. The firm and its personnel are not involved in any formal investigation or proceeding by any federal, state or foreign regulatory authority or self-regulatory body.
- F. The firm will disclose in writing any legal and/or regulatory inquiries and/or sanctions against the firm or any individuals employed by the firm.
- G. The firm will disclose in writing all potential or actual conflicts of interest, sources of revenue and affiliations.
- H. The firm has (i) reviewed the representations and warranties, outlined in Attachment A, and (ii) agrees that, if retained to provide consulting services, such representations and warranties will be incorporated into the investment consulting agreement.

**District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
Representations and Warranties**

All firms are required to submit an executed Representations and Warranties statement as an attachment to the Letter of Interest (see section 6.B for more details).

- A. The firm warrants that it meets all of the minimum criteria as outlined in Section 9.0 of the RFP.
- B. The firm warrants that it shall discharge its duties with respect to the Funds in accordance with the requirements of the Reform Act⁵, with care, skill, prudence and diligence, and in compliance with any other applicable laws. Further, with respect to the foregoing, the Board will rely on the expertise and experience of the firm in all matters related to the Funds as to which services are to be provided by the firm.
- C. The firm warrants that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government, governmental authority, or other regulatory authority with respect to all actions, responsibilities, and obligations contemplated by the Agreement.
- D. The firm warrants that it maintains an errors and omissions insurance policy providing an adequate amount of coverage for negligent acts or omissions, and that such coverage will be applicable to the firm's actions, responsibilities and obligations under the Agreement.
- E. The firm warrants that it maintains a fiduciary insurance policy of at least \$1 million, and that such coverage will remain in effect for the duration of the assignment.
- F. The firm warrants that the person submitting the responses to this Proposal and executing these Representations and Warranties is duly authorized by the firm to do so.

Signature

Name of Firm

Name and Title

Date

⁵ See <http://www.lexisnexis.com/hottopic/dccode/> for details.

**District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
Proposal Questionnaire**

A. Organizational Background

General

1. Please provide the following information regarding your firm:
 - i. Firm Name
 - ii. Contact Name and Title
 - iii. Mailing Address
 - iv. E-mail Address
 - v. Phone Number
 - vi. Internet URL
2. Please provide a brief history of the firm, including its year of organization and the ownership structure of the firm, including any parent, affiliated companies or joint ventures.
3. Please list all owners of the firm and their ownership percentages.
4. Describe any ownership changes that have occurred within the last three (3) years, as well as any anticipated changes in ownership, organizational structure, or professional staffing.
5. Please provide the following information related to your firm:
 - a. Number of years of experience in investment consulting to institutional investors with total assets of more than \$250 million as of 9/30/14
 - b. Number of years of experience in investment consulting in the following areas:
 - i. Asset allocation and traditional investment consulting
 - ii. Absolute return investment consulting
 - iii. Private equity investment consulting
 - iv. Real assets investment consulting
 - c. Percentage of revenue derived from the above activities (if your firm provides both discretionary and non-discretionary services, please detail the split):

Client Base

6. Please provide the following information related to your firm's current clients:
 - a. Total number of clients, including total assets-under-advisement
 - b. Number of client relationships in each of the following practice areas:
 - i. Asset allocation and traditional investments
 - ii. Absolute return

- iii. Private equity
 - iv. Real assets
- c. Public pension fund clients, including size (based on assets-under-advisement), their relationship inception date, and the type of service provided
 - d. Percentage breakdown between discretionary and non-discretionary assets under management/advisement for each year from 2009 to today.
 - e. Percentage breakdown of clients by category (e.g., public pension funds, endowments & foundations, families, etc.)
 - f. Distribution of clients by asset size based on the following ranges: (1) less than \$5 billion, (2) \$5-10 billion, (3) \$10-20 billion, and (4) greater than \$20 billion. Average and median client size by assets.
 - g. Distribution of clients by geographic region: (1) U.S. Northeast, (2) U.S. Mid-Atlantic, (3) U.S. Southeast, (4) U.S. Midwest, (5) U.S. West Coast, and (6) International.
7. Please provide the names and asset values of any terminated consulting relationships since January 1, 2013, including reasons for the termination. Please provide the name and position of the applicable contact person, as well as telephone number and e-mail address for each such client.
8. Please provide details on the number, name and asset values of any consulting relationships gained since January 1, 2013, including names and positions of contact persons, as well as applicable telephone numbers and e-mail addresses.
9. Please discuss your firm's plans over the next two to three years for your institutional investment consulting business.
10. Please describe your firm's preferred style of working with clients. What is your preferred level of interaction with a client's investment staff?

Operations / Compliance

11. Please describe your compliance function and staff. Please include bios for your top compliance personnel.
12. Please describe your disaster recovery plan and facilities, including offsite data storage facilities and procedures. Include any significant changes to your firm's IT systems, backup/disaster recovery plan and/or document retention policy since January 1, 2013.
13. When and where was your latest full business resumption drill and what was learned?
14. Please describe your firm's cybersecurity policy and procedures.
15. If your firm has undergone a SSAE16 review, please summarize the most recent report and disclose any material weaknesses identified. If your firm has not undergone such a review, please include available documentation of your internal controls, valuation policies and procedures, risk management and anti-fraud procedures, and other client protections.

B. Professional Staff

16. Please provide an organizational chart showing name, title, responsibilities, educational background, professional background, number of years of experience in the industry, and number of years of tenure with your firm. Please note all professionals dedicated to each of the following areas:

1. Asset allocation and traditional investments (fixed income and public equities)
2. Private equity (buyouts, growth equity, venture capital, distressed)
3. Real assets (real estate, energy, natural resources, infrastructure)
4. Absolute return (hedge funds)

Also, please include the total number of professional employees and support staff.

17. Please provide the names of all professionals who will be assigned to the Board's account, including designated primary and secondary consultants, as well as detailed biographical data for all such individuals. Please include the following information for each, at a minimum:

- a. Number of years of experience in investment consulting and the number of years with your firm,
- b. List of currently assigned accounts, including total assets of each client, date of relationship inception, relationship type, and the clients' geographic location,
- c. Detailed description of prior experience in the areas for which you would like to be considered, and
- d. Consultants' home office location.

18. For each of the accounts identified in 17.b above, please provide the name, address, contact name, telephone number, and e-mail address as references for your firm.

19. Please explain how the team dedicated to the Board's account would function on a day-to-day basis.

20. Please describe any turnover in professional staff since January 1, 2013, including the name and position of each such employee, as well as the date and reason for the departure.

21. Within your firm, what is the average number of clients per client-facing consultant (excluding consultants primarily focused on firm management and manager research)?

22. Please provide a brief description of your firm's compensation arrangements for professional staff, including equity ownership, incentive bonus, and vesting information.

C. Services and Capabilities

General

23. Describe the range of consulting and other financial services that your firm offers. What is your firm's core expertise?

24. Are there common beliefs about the investment markets that underpin your firm's investment advice across its clients?
25. Have you ever made a recommendation against building an absolute return, private equity, or real assets program? If so, why?
26. Based on your experience, what are the primary characteristics of successful institutional investment programs/investors?

Asset Allocation

27. Describe your process for developing long-term capital market assumptions.
28. Please provide a copy of your current long-term capital market assumptions.
29. Describe your process for determining the appropriate strategic asset allocation and manager structure.
30. Describe your process for reviewing the existing asset allocation and manager structure over time.
31. Describe your experience in considering potential new asset classes for inclusion in a client portfolio.
32. What were your total new investments/commitments to the following asset classes in each of the last 15 calendar years? Where applicable, please list direct fund and fund-of-fund commitments separately.
 - a. Absolute Return
 - i. Market-neutral
 - ii. Credit/distressed
 - iii. Event-driven
 - iv. Equity Long/Short
 - v. Global Macro
 - vi. Multi-Strategy
 - b. Private Equity
 - i. U.S. buyouts
 - ii. U.S. growth equity
 - iii. U.S. venture capital
 - iv. U.S. distressed /special situations
 - v. Western European buyouts
 - vi. Western European growth equity / venture capital
 - vii. Western European distressed / special situations
 - viii. Asian buyouts
 - ix. Asian growth equity / venture capital
 - x. Asian distressed / special situations
 - xi. Latin American buyouts

- xii. African buyouts
 - xiii. Mezzanine/direct loans
 - xiv. Secondaries
- c. Real Assets
 - i. U.S. real estate
 - ii. Non-U.S. real estate
 - iii. Energy
 - iv. Infrastructure
 - v. Timber
 - vi. Agriculture
 - vii. Natural resources/mining
 - viii. Secondaries

Manager Access

- 33. Describe your firm's experience in helping clients secure access to the highest quality investment managers. If possible, please provide examples from your recent work.
- 34. How can an Investment Staff or a Board be helpful in this effort?
- 35. Over the last five years, what percentage of your absolute return, private equity and/or real assets recommendations were focused on less mature managers (hedge funds younger than three years or general partners raising their first or second fund)?

Manager Research

- 36. Describe your firm's process for evaluating and recommending investment managers. Who is responsible for conducting manager due diligence? What is their professional background and for how long have they been involved in manager due diligence? Please provide a sample due diligence report for each asset class.
- 37. Does your firm maintain any investment manager databases internally? If so, please describe (1) the asset classes covered, (2) the composition of the universe (such as number of managers per vintage year and strategy), (3) how the universe is maintained and updated, and (4) what firm and product attributes are tracked.
- 38. How many due diligence reports has your firm completed in the following areas in each of the last five (5) years (through 9/30/14)? Where applicable, please list direct fund and fund-of-fund commitments separately.
 - d. Absolute Return
 - i. Market-neutral
 - ii. Credit/distressed
 - iii. Event-driven
 - iv. Equity Long/Short
 - v. Global Macro
 - vi. Multi-Strategy

- e. Private Equity
 - i. U.S. buyouts
 - ii. U.S. growth equity
 - iii. U.S. venture capital
 - iv. U.S. distressed /special situations
 - v. Western European buyouts
 - vi. Western European growth equity / venture capital
 - vii. Western European distressed / special situations
 - viii. Asian buyouts
 - ix. Asian growth equity / venture capital
 - x. Asian distressed / special situations
 - xi. Latin American buyouts
 - xii. African buyouts
 - xiii. Mezzanine/direct loans
 - xiv. Secondaries

- f. Real Assets
 - i. U.S. real estate
 - ii. Non-U.S. real estate
 - iii. Energy
 - iv. Infrastructure
 - v. Timber
 - vi. Agriculture
 - vii. Natural resources/mining
 - viii. Secondaries

39. Describe your operational due diligence process for investment managers. Please provide a sample operational due diligence report for each asset class, if available.
40. Describe your firm's process for evaluating investment managers' policies regarding environmental, social, and governance risks. Include your firm's experience evaluating investment strategies focused on advancing energy efficiency, decreasing dependence on fossil fuels, and mitigating the effects of climate change.
41. Describe your firm's process for recommending that a manager be placed on probation (or watch), removed from probation, or replaced. Please provide examples from your recent work.
42. Please provide a list of any Absolute Return, Private Equity, or Real Assets funds your firm recommended for client investment during the last ten years. Please also indicate which, if any, ultimately collapsed, went bankrupt, were involved in fraud, or were convicted of any crimes.
43. Describe your firm's experience in identifying qualified emerging managers (e.g., minority-owned firms).
44. Describe your policy and procedures for adding client-sourced funds to the firm's due diligence pipeline.

On-Going Monitoring

45. Please describe your process for providing oversight for investment managers, including, compliance with investment management agreements, limited partnership agreements and/or side letters. If possible, please provide any sample documents (e.g., questionnaires, write-ups).
46. Please provide a list of all of the limited partnerships for which your firm currently holds an advisory board or observer seat.
47. How do you monitor limited partnerships in liquidation?
48. Describe your typical reporting duties and responsibilities with your clients. Are there any differences for clients subject to the Freedom of Information Act (FOIA)?

Performance and Risk Analysis

49. How do you measure and evaluate manager performance and risk?
50. What types of performance/risk reports do you provide to clients? Please provide samples.
51. How does your firm assure the accuracy of manager-provided data? Please describe in detail any work your firm performs to verify fund valuations.
52. Please describe your internal controls and procedures for validating and tracking capital calls, funding commitments, partnership management fees, clawbacks, and partnership extensions.
53. How long does it typically take for your clients to receive your performance/risk reports after the end of the month, quarter, and/or calendar year? How do clients access their reports?

Education

54. Please describe your firm's experience and capability in providing education and training to pension fund trustees and Staff. Please provide examples from your current work with clients.

D. Legal Issues and Potential Conflicts

55. Please provide the firm's SEC File Number and a copy of the most recent SEC examination report and your response.

56. Has your firm, its affiliates, primary/secondary consultants, or any officer or principal been involved in any litigation, arbitration, mediation, or other legal proceedings, or government investigation, or regulatory proceedings, involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty relating to investment consulting activities? If so, identify and provide an explanation for each and indicate the current status.
57. Please detail the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries, including a list of insurance carriers supplying the coverage.
58. Describe any relationship the firm or an affiliate of the firm enjoys with the U.S. government, the District of Columbia government, any agency or instrumentality of the District of Columbia government, and/or any employee organization that represents police officers, firefighters, or teachers of the District of Columbia.
59. Is any member of your firm an officer, director, or employee of a fiduciary or service provider of the Board? A list of the Board's fiduciaries and service providers can be found in Attachment E.
60. Does your firm, its parent or any affiliate manage money for clients on a discretionary basis? If so, how does your firm prevent conflicts of interest or the appearance of conflicts?
61. Does your firm, its principals, or any affiliate own any part of a money management firm, broker-dealer, or other organization that sells services to institutional investors? If so, identify the firm(s) and describe the service and the relationship to your consulting group.
62. If your firm, or its parent or affiliate, is a broker-dealer, does your firm trade for client accounts through this broker-dealer? How does your firm prevent conflicts of interests or the appearance of conflicts?
63. Does your firm sell database information and/or performance analytics to investment managers? Does your firm receive compensation directly or indirectly for such information?
64. Please describe any other circumstances under which your firm or any affiliates receive fees or other compensation from investment managers.
65. Would your firm place any limitations on the Board's ability to share, reproduce, or distribute any reports, papers, or other materials developed by your firm in connection with its service as consultant to the Board? If so, please describe such limitations.
66. Is it your firm's policy to impose any limitation on liability through your contracts with clients? If so, please describe.
67. Please attach your firm's written Code of Ethics and Compliance Manual.

**District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
Proposed Fee Schedule**

Firms must submit their proposed fees in the format prescribed below. The proposed fees should include all costs and expenses for providing services to the Board as described in this RFP. Please make note of any required services that you are unable or unwilling to provide within your proposed bundled fee. The bundled fee should include all travel and other out-of-pocket expenses.

As the term of the engagement will be for an initial three-year period, the proposed fees should be guaranteed for a period of not less than three (3) years from the effective date of the agreement. The Board reserves the right to further negotiate fees.

Firms must submit an annual fee for the services as described in Section III (Scope of Work). Firms submitting a proposal for multiple areas must submit a proposed fee for each area on a stand-alone basis, as well as on a combined basis.

	Asset Allocation & Traditional Investments Consulting	Absolute Return Consulting	Private Equity Consulting	Real Assets Consulting	Combined
Year 1					
Year 2					
Year 3					
Total					

Print Firm Name

Date

Print Authorized Signatory Name

Authorized Signature

**District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
Fiduciary Definition under D.C. Retirement Reform Act**

§ 1-702. Definitions

(20)(A) The term "fiduciary" means, except as otherwise provided in subparagraph (B) of this paragraph, any individual who, with respect to a Fund:

- i. Exercises any discretionary authority or discretionary control respecting management of such Fund or exercises any discretionary authority or discretionary control respecting management or disposition of its assets;
- ii. Renders investment advice for a fee or other compensation, direct or indirect, with respect to any monies or other property of such Fund, or has any authority or responsibility to do so; or
- iii. Has any discretionary authority or discretionary responsibility in the administration of such Fund.

§ 1-741. Fiduciary Responsibilities

(a)(1) The Board, each trustee of the Board, and each person defined in § 1- 702(20) shall discharge responsibilities with respect to a Fund as a fiduciary with respect to the Fund. The Board may designate one or more other persons who exercise responsibilities with respect to a Fund to exercise such responsibilities as a fiduciary with respect to such Fund. The Board shall retain such fiduciary responsibility for the exercise of careful, skillful, prudent, and diligent oversight of any person so designated as would be exercised by a prudent individual acting in a like capacity and familiar with such matters under like circumstances.

(2) A fiduciary shall discharge his duties with respect to a Fund solely in the interest of the participants and beneficiaries and:

- A. For the exclusive purpose of providing benefits to participants and their beneficiaries;
- B. With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent individual acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;
- C. By diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- D. In accordance with the provisions of law, documents, and instruments governing the retirement program to the extent that such documents and instruments are consistent with the provisions of this chapter.

**District of Columbia Retirement Board
Request for Proposal - Investment Consulting Services
Fiduciaries and Service Providers**

INVESTMENT MANAGERS

U.S. Equities

NORTHERN TRUST ASSET MANAGEMENT
SANDS CAPITAL MANAGEMENT

Non-U.S. Equities

COPPER ROCK CAPITAL PARTNERS
GRYPHON INTERNATIONAL INVESTMENT CORP.
LSV ASSET MANAGEMENT
STATE STREET GLOBAL ADVISORS

Fixed Income

BLACKROCK INSTITUTIONAL TRUST COMPANY
DDJ CAPITAL MANAGEMENT
MONDRIAN INVESTMENT PARTNERS
STONE HARBOR INVESTMENT PARTNERS

Absolute Return

BRIDGEWATER ASSOCIATES

Private Equity

ADVENT INTERNATIONAL
BLACKSTONE GROUP
CENTERBRIDGE PARTNERS
CVC CAPITAL
FAIRVIEW CAPITAL
H.I.G. CAPITAL
KELSO & CO.
ODYSSEY INVESTMENT PARTNERS
ONEX CORP.
PANTHEON VENTURES
RIVERSIDE PARTNERS
SENTINEL PARTNERS
WARBURG PINCUS

Real Estate

BLACKSTONE GROUP
CARLYLE GROUP
CBRE INVESTORS
GEM REALTY CAPITAL
HARRISON STREET REAL ESTATE CAPITAL
HEITMAN

J.P. MORGAN ASSET MANAGEMENT
NORTHERN TRUST ASSET MANAGEMENT
ORION CAPITAL MANAGEMENT
WHEELOCK STREET CAPITAL

Energy

ENCAP INVESTMENTS
LIME ROCK PARTNERS
QUANTUM ENERGY PARTNERS
RIVERSTONE HOLDINGS

Infrastructure/Oppportunistic

ENCAP FLATROCK
MACQUARIE CAPITAL
RESOURCE CAPITAL FUNDS
STEELRIVER PARTNERS

INVESTMENT CONSULTANTS

Generalist

MEKETA INVESTMENT GROUP

Real Assets, Private Equity, Absolute Return

CLIFFWATER LLC

Transaction Cost

ZENO CONSULTING GROUP

OTHER SERVICE PROVIDERS

Investment Research

WILSHIRE ASSOCIATES
EVESTMENT ALLIANCE
BLOOMBERG LP

Master Custodian

STATE STREET BANK & TRUST

Research Management System

ADVENT TAMALE

**District of Columbia Retirement Board
Request for Proposal for Investment Consulting Services
Board of Trustees**

Joseph M. Bress (Chair)
Lyle M. Blanchard
Barbara Davis Blum
Joseph W. Clark
Mary A. Collins
Gary W. Hankins
Edward C. Smith
Darrick O. Ross
Nathan A. Saunders
Thomas N. Tippet
Michael J. Warren
Lenda Penn Washington
Jeffrey Barnette (Ex-Officio)

District of Columbia Retirement Board
Request for Proposal for Investment Consulting Services
Absolute Return, Private Equity, and Real Assets Relationships as of 12/31/14

Asset Class	Inception / Vintage Year	Fund Name	Initial Investment / Commitment
Absolute Return	2006	Bridgewater Pure Alpha I	\$100,000,000
Private Equity	1987-2001	<i>Legacy Private Equity Program</i>	\$217,000,000
Private Equity	2005	Pantheon Capital Partners	\$300,000,000
Private Equity	2006	Pantheon Global Secondary Fund III B	\$100,000,000
Private Equity	2008	Warburg Pincus Private Equity X	\$100,000,000
Private Equity	2013	Riverside Capital Appreciation Fund VI	\$20,000,000
Private Equity	2013	H.I.G. Bayside Loan Opportunity Fund III	\$15,000,000
Private Equity	2014	Advent Latin American PE Fund VI	\$20,000,000
Private Equity	2014	CVC Capital Partners VI	€20,000,000
Private Equity	2014	Centerbridge Capital Partners III	\$20,000,000
Private Equity	2014	Kelso Investment Associates IX	\$25,000,000
Private Equity	2014	Odyssey Investment Partners V	\$20,000,000
Private Equity	2014	Onex Partners IV	\$25,000,000
Private Equity	2014	Sentinel Partners V	\$9,500,000
Private Equity	2014	Spectrum Equity Investors VII	\$15,000,000
Real Assets	2004	Heitman Value Partners	\$40,000,000
Real Assets	2005	J.P. Morgan Strategic Property Fund	\$52,000,000
Real Assets	2005	CBRE Strategic Partners IV	\$50,000,000
Real Assets	2006	Carlyle Realty Partners V	\$50,000,000
Real Assets	2007	SteelRiver Infrastructure Fund	\$50,000,000
Real Assets	2007	Carlyle European Real Estate Partners III	\$34,378,000
Real Assets	2007	Heitman Value Partners II	\$25,000,000
Real Assets	2008	Macquarie Infrastructure Partners II	\$50,000,000
Real Assets	2012	Lime Rock Partners VI	\$10,000,000
Real Assets	2012	Riverstone Global Energy & Power Fund V	\$10,000,000
Real Assets	2012	Blackstone Real Estate Partners VII	\$15,000,000
Real Assets	2013	EnCap Energy Capital Fund IX	\$12,500,000
Real Assets	2013	Northern Trust Global REIT Index Fund	\$101,353,000
Real Assets	2013	Resource Capital Fund VI	\$15,000,000
Real Assets	2013	GEM Realty Fund V	\$15,000,000
Real Assets	2013	Orion European Real Estate Partners IV	\$15,814,000
Real Assets	2013	Wheelock Street Real Estate Fund II	\$15,000,000
Real Assets	2014	EnCap Flatrock Midstream III	\$15,000,000
Real Assets	2014	Quantum Energy Partners VI	\$20,000,000
Real Assets	2014	Harrison Street Real Estate Partners V	\$20,000,000

