

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM

**REQUEST FOR PROPOSALS (RFP)
FOR
U.S. CORE or U.S. CORE PLUS FIXED INCOME
INVESTMENT**

TIMELINE

Date of RFP issuance	March 27, 2017
Deadline for written questions to SBCERS	April 7, 2017
Deadline for submission of Proposals	5:00 pm PT, April 17, 2017
Tentative interview dates	May 22 – 26, 2017
Finalist in attendance to present to Board	June 28, 2017

Delivery of Proposals

Proposals are to be delivered as follows:

Three (3) printed copies, including one with original signatures and marked "Original" and one (1) electronic version to be delivered to:

Sonia Ruiz
Sr. Fixed Income Research Analyst
RVK, Inc.
1211 SW 5th Ave.
Suite 900
Portland, OR 97204-3709

Note that both the electronic copy and the paper copy shall include signatures as required by this RFP. The electronic copy shall be included on a CD and included with the printed copies.

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SECTION I: BACKGROUND & NATURE OF SERVICES REQUIRED

A. Introduction

The Santa Barbara County Employees' Retirement System (SBCERS) is soliciting proposals from qualified, active U.S. Core or Core Plus Fixed Income asset managers.

B. Santa Barbara County Employees' Retirement System (SBCERS)

SBCERS was established on January 1, 1944. It has assets of approximately \$2.6 billion and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for County employees and contracting districts under the California State Government Code §31450 et seq., (County Employees' Retirement Law of 1937). Members include all permanent full and part-time employees of the County of Santa Barbara, the Santa Barbara County Courts, and the following nine districts:

- Carpinteria, Goleta, Oak Hill and Santa Maria Cemetery Districts
- Carpinteria-Summerland Fire Protection District
- Mosquito & Vector Management District of Santa Barbara County
- Santa Barbara County Air Pollution Control District
- Santa Barbara County Association of Governments
- Summerland Sanitary District

The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the System's assets under authority granted by the California State Constitution.

The Board consists of nine members and two alternates. The County Board of Supervisors appoints four members of the Retirement Board; six are elected by the membership (two by general members, two by safety members including one alternate, and two by retirees including one alternate); and the County Treasurer is an ex-officio member.

The Board retains a Chief Executive Officer responsible for the organization who oversees the investment division, managed by the Assistant Chief Executive Officer along with investment staff.

SBCERS has retained RVK for general consulting services. Their primary responsibilities include advising on matters related to asset allocation, investment policy and public markets portfolio, as well as Trust policy implementation and oversight.

C. Investment Program

Please refer to SBCERS' Statement of General Investment Policies and Guidelines for information on SBCERS' investment program. The policies can be found on the SBCERS website:

<http://cosb.countyofsb.org/sbcers/RetireBoard.aspx?id=19060>

Investment Grade Bond Portfolio

SBCERS has allocated approximately \$300M for Core and Core Plus active management, combined.

D. Scope of Services

Responding firms will be able to provide a core or core plus actively managed and daily valued investment vehicle designed to outperform the performance of the benchmark (the Bloomberg Barclays U.S. Aggregate Bond Index), net of fees. To achieve this goal, the strategy should invest in an intermediate duration portfolio of fixed income securities that exhibit characteristics including effective duration, maturity, and average portfolio credit quality that is generally in line with the Bloomberg Barclays U.S. Aggregate Bond Index. The corresponding universe for the submitted proposals should be the eVestment U.S. Core or Core Plus Fixed Income universe.

E. Minimum Qualifications for Proposal

The Proposer must meet all of the following minimum qualifications as of December 31, 2016, to be given further consideration.

1. The firm must be registered as an investment advisor under the Investment Advisor Act of 1940. It must be prepared to acknowledge in writing that it has a fiduciary obligation as an investment advisor of core or core plus fixed income assets to SBCERS.
2. The proposed strategy must be benchmarked against the Bloomberg Barclays US Aggregate Index.

3. The proposed strategy must have at least \$2 billion in AUM as of 12/31/2016.
4. The proposed strategy must have at least 5 years of performance against the Bloomberg Barclays US Aggregate Index (previously, Barclays US Aggregate Index) as of 12/31/2016.
5. The firm must manage at least 2 public fund separate accounts as of 12/31/2016 in the proposed strategy.
6. The firm must carry a minimum of \$5 million in Errors and Omissions insurance.

F. Evaluation Criteria

SBCERS will evaluate the proposals in accordance with the evaluation criteria listed below.

- a) Relevant asset management experience
- b) Firm stability
- c) Performance, gross of fees, against the benchmark and within the Core or Core Plus peer group
- d) Philosophy and process must be thorough and repeatable in all market environments
- e) Risk/Return trade-offs must be in-line with a capital preservation mandate
- f) Stability of portfolio management team, and well-defined succession plan
- g) Fees

G. Frequently Asked Questions (FAQ)

1. What prompted the search?

As part of the normal course of finding the best asset management for beneficiaries, SBCERS continues to reach out to the market to find talented asset management firms at competitive fees.

2. Who is the incumbent core and core plus manager?

Schroder STW manages a core fixed income portfolio, and Reams manages a core plus portfolio for SBCERS currently.

3. Will the incumbent managers be invited to rebid?

Yes, the incumbent core and core plus manager is invited to rebid.

SECTION II: PROCESS FOR SUBMITTING PROPOSAL

A. Submission of Proposal

The deadline for submission of the proposal is **5:00 pm PST, April 17, 2017**. Each proposing firm must submit three (3) printed copies, including one with original signatures and marked “Original” and one (1) electronic version to:

Sonia Ruiz
Fixed Income Sr. Research Analyst
RVK, Inc.
1211 SW 5th Ave.
Suite 900
Portland, OR 97204-3709

Note that both the electronic copy and the paper copy shall include signatures as required by this RFP. The electronic copy shall be included on a CD and included with the printed copies.

B. Timeline for Search and Selection Process

March 27, 2017	RFP published and posted on website
April 7, 2017	Deadline for submission of questions concerning the RFP, and intent to respond
April 17, 2017	Deadline for submission of proposals
May 22 – 26, 2017	Tentative interview dates
June 28, 2017	Finalist in attendance to present to Board

SBCERS will make best efforts to follow the above timeline but reserve the right to amend it as necessary.

C. Intent to Respond

Firms intending to respond to this RFP are asked to send an e-mail to **Sonia Ruiz, RVK, Inc.** at Sonia.ruiz@rvkinc.com by April 10, 2017. Failure to do so shall not preclude firms from nevertheless submitting a proposal.

D. Quiet Period, Questions and Communication Regarding the RFP

The Board has designated a “quiet period” for the duration of the US Core or US Core Plus Fixed Income search and selection process, during which time Trustees may not knowingly communicate with consultant candidates, except for official search-related interviews, due diligence and ongoing business with the current manager(s).

To assist the Board and SBCERS staff in implementing this quiet period, all questions regarding the intent or content of this RFP or the proposal process must be directed in writing to **Sonia Ruiz** by e-mail at sonia.ruiz@rvkinc.com on or before **April 7, 2017**.

Please refer to Appendix I for the full SBCERS Quiet Period Policy.

E. Addenda to Request for Proposals

SBCERS may modify this RFP, prior to the proposal due date, by issuing written addenda. Addenda will be posted on SBCERS’ website at <http://cosb.countyofsb.org/sbcers/>. The Proposer shall be responsible for ensuring that its proposal reflects any and all addenda issued by SBCERS prior to the proposal due date regardless of when the proposal is submitted. Therefore, SBCERS recommends that Proposers review the SBCERS website frequently, including shortly before the proposal due date, to determine if they have received all addenda.

F. Ambiguity and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are asked to promptly notify SBCERS and RVK, in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other errors in this RFP. Modifications and clarifications will be made by addenda as provided above.

G. Preparation of the Proposal

1. Format of Proposal

The proposal must be sequentially page numbered, organized and indexed in the following format:

- (a) Letter of Transmittal
- (b) Response to Questionnaire
- (c) Additional Documents and Materials

Please note: Signatures of principals or officers authorized to bind the Proposer are required in the Letter of Transmittal and the Fee Proposal.

2. Response to Questions and Requests for Information

Respond to all questions, and requests for information, in the order that they are presented in this RFP. Documents and materials requested in Section III: Part C shall be included as Exhibits to the Proposal, as specified therein.

Be clear and succinct. Ensure that each response is specific to the question asked or information requested. Unnecessary or superfluous information will be disregarded. Incomplete or misleading responses may lead to the rejection of the proposal and elimination of the firm from the search process.

At any time during the proposal evaluation process, SBCERS may require a Proposer to provide oral or written clarification of its proposal. However, SBCERS reserves the right to make an award without further clarifications of proposals received.

3. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The Proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any Proposer.

4. Errors and Omissions in Proposal

Failure by SBCERS to object to an error, omission, or deviation in the proposal will in no way modify this RFP or excuse the Proposer from full compliance with the specifications of this RFP or any contract awarded pursuant to this RFP.

SBCERS reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions prior to the final evaluation of the proposal, and to ask for clarification

on any issues, or to take any other measures with respect to this RFP in any manner necessary to serve the best interests of SBCERS and its beneficiaries.

5. Financial Responsibility and Ownership of Documents

Any cost incurred in the preparation, submission or presentation of proposals shall be borne solely by the proposing firm. Responses to this RFP and associated materials will become the property of SBCERS and may be returned only at SBCERS' option.

6. Governing Law

This procurement and any agreement with Proposers that may result shall be governed by the laws of the State of California. Submission of a proposal constitutes acceptance of this condition.

7. California Public Records Act

Materials contained in proposals are subject to the California Public Records Act (Cal. Gov. Code Sections 6250 et. seq., "The Act"), and, after a contract has been awarded, may be viewed and copied by any member of the public, including news agencies and competitors. If any portion of a proposal is believed to be exempt from public disclosure under the Act, such portion must be marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY", as applicable, and made readily separable from the rest of the proposal. Proposals marked in their entirety with a confidential designation, or other designation indicating exemption from public disclosure will not be considered confidential or exempt from disclosure under The Act, and SBCERS will not deny public disclosure of all or any portion of such proposals. By submitting a proposal with material marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY", the proposing firm represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and the proposing firm may be required to justify in writing why such material should not, upon request, be disclosed by SBCERS under the Act.

If SBCERS denies public disclosure of any portions so designated, by submission of a proposal the proposing firm agrees to reimburse SBCERS for, and to indemnify, defend and hold harmless SBCERS, 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 SBCERS' non-disclosure of any such designated portions of a proposal; and (b) any and

all Claims arising from or relating to SBCERS' public disclosure of any such designated portions of a proposal if SBCERS reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

H. Cancellation of the RFP

SBCERS reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP if it is in SBCERS' best interest. This RFP in no manner obligates SBCERS to the procurement of services until a written contract is entered into, negotiation of which may be terminated at any time by SBCERS. If negotiations fail, SBCERS may accept another submitted proposal, at its option. SBCERS may terminate negotiations at any time prior to the signing of a contract.

SECTION III: INFORMATION TO BE PROVIDED

Part A: Letter of Transmittal

The Proposal must include a Letter of Transmittal or cover letter signed by one or more individuals who are authorized to bind the firm contractually. The Letter of Transmittal shall be considered an integral part of the Proposal and must contain the following:

1. The Proposer's name, address, and telephone number.
2. The name, title or position, telephone number and email address of the individual signing the cover letter.
3. A statement indicating the signature is authorized to bind the Proposer contractually.
4. A statement to the effect that the proposal is a firm and irrevocable offer good for six (6) Months from the date of the submittal deadline.
5. A statement expressing the Proposer's availability of staff and other required resources for performing all services and providing all deliverables specified within.
6. A statement that the proposing firm meets the Minimum Qualifications for the Proposal set forth in this RFP.
7. A statement confirming that if selected the firm is prepared to enter into a contract stipulating that it has a fiduciary obligation in managing a core or core plus fixed income portfolio to SBCERS.
8. A statement that the firm acknowledges that all documents submitted pursuant to this RFP will become a matter of public record, except those portions which are claimed and determined to be exempt from disclosure under The Act, as set forth in Section II.G above.

Part B: Questionnaire

In completing this questionnaire, please ensure the text of each question precedes your response.

Be clear and succinct in your response. Ensure that each response is specific to the question asked or information requested, and follows the format requested (e.g., “Indicate Yes or No”, “Select the correct response”, “Complete the table provided”). Unnecessary or superfluous information will be disregarded.

Contact Information

1. Provide the following information on the primary RFP contact within the firm. This person will be responsible for all communications between SBCERS and RVK staff and be relied upon to receive and communicate necessary information back to the proposing firm and team:

	Primary Contact Within the Firm
Name	
Title	
Name of Firm	
Telephone Number	
E-mail Address	
Website Address	

2. Provide the following information on the secondary RFP contact within the firm:

	Secondary Contact Within the Firm
Name	
Title	
Telephone Number	
E-mail Address	

Scope of Services and Minimum Qualifications

1. Does the firm acknowledge that, should it be awarded this mandate, it would be serving as a fiduciary over the management of plan assets for SBCERS? (Indicate Yes or No).
2. Is the firm registered as an investment advisor under the Investment Advisors Act of 1940? (Indicate Yes or No).
- 3 Does the firm carry Errors and Omissions insurance, with a minimum of \$5 million in coverage, to provide the services requested in the RFP? (Indicate Yes or No)
4. Is the proposed strategy benchmarked against the Bloomberg Barclays US Aggregate Index?
5. Is the proposed strategy in the eVestment Database?

All proposing firms must enter all relevant data about the firm and proposed strategy(ies) in the eVestment Database by April 17, 2017. There is no fee associated with providing data to the eVestment Database. Registration information and further details for populating the eVestment Database can be found online at www.evestment.com. Firms must update all information and confirm that it is complete, accurate, and reflects data as of December 31, 2016.

The eVestment Database will be utilized for the evaluation of investment performance and for accessing other information. Each firm proposing a mutual fund must provide the applicable ticker symbol for their mutual fund and the applicable prospectus. Morningstar performance data will be utilized for mutual funds. Commingled trust funds and separate accounts performance returns, net of investment management fees, may be reduced by applicable custody and administrative fees.

6. Does the proposed strategy have at least \$2 billion in AUM as of 12/31/2016?
7. Does the proposed strategy have at least 5 years of performance benchmarked against the Bloomberg Barclays US Aggregate Index (previously, Barclays US Aggregate Index)?
8. Does the firm manage at least 2 public fund separate accounts as of 12/31/2016 in the proposed strategy?

A. Firm Background and Experience

(1) Provide the following information:

- (a) Name of organization
- (b) Complete address
- (c) Telephone number (including area code)
- (d) Fax number

(2) Describe the ownership structure of your firm. Are there any anticipated changes in the ownership of the firm in the next twelve (12) months? Have there been any changes in the past five (5) years? If so, provide details pertaining to these changes.

(3) Is your firm a registered investment advisor? Attach your firm's current investment advisors ADV Form, Part II (Corporate Review and Disclosure) including a current balance sheet. Insurance companies must attach a copy of their December 31, 2016 statutory filing and provide the capital and surplus of the sponsoring organization as of December 31, 2016 (Note: December 31, 2015 will suffice should the December 31, 2016 filing not be available at this time).

(4) Provide an organizational chart that diagrams the interrelationships between the professional staff, as well as parent-subsidiary or joint venture entities.

(5) Is your organization involved in any line of business other than strictly asset management? If so, explain.

(6) Describe the material developments in your organization over the past five (5) years that have impacted investment operations, investment process, or client service, etc. State the year in which these developments occurred.

(7) Describe compliance policies in place with respect to investment professionals (i.e., guidelines, procedures, ownership and trading of personal assets and accounts, etc.). Has your firm altered any internal compliance policies or procedures over the past two (2) years? If so, describe how.

(8) Provide details about the investment professionals and senior personnel who have been hired by or who have left your firm during the past five (5) years. Include the position/function, date hired or terminated, reason for termination, and indicate if the position was refilled.

- (9) Describe your firm's backup procedures in the event that a key investment professional assigned to this account should leave the firm or be transferred to other accounts or duties.
- (10) Over the past five (5) years, has your organization or any of its affiliates or parent, or any officer or principal, been involved in any business litigation, regulatory, or legal proceedings? Is there any litigation, governmental investigation, or administrative proceeding pending against your firm? If so, describe.
- (11) Describe any potential conflicts of interest your firm may have in the handling of this Account.
- (12) Provide a brief history of your firm's involvement in the management of U.S. Core or U.S. Core Plus Fixed Income portfolios. For how many years has your firm provided U.S. Core or U.S. Core Plus Fixed Income management to institutional investors?

B. Vehicle, Team, and Client Information

- (1) Provide the following information:
 - (a) Formal/official name of proposed investment strategy as it appears in the eVestment Database
 - (b) Vehicle type being proposed (e.g., mutual fund, institutional mutual fund, commingled trust fund, separate account)
 - (c) Share class (if applicable)
 - (d) Ticker symbol (if applicable)
 - (e) CUSIP (if applicable)
 - (f) Other information as applicable to identify the proposed strategy
- (2) List the key team members associated with the management of the proposed investment strategy. Include each respective role within the team and their primary responsibilities for the strategy. Include biographies of each key investment professional including, but not limited to, tenure in the investment management business, tenure with the firm and investment strategy, and the role of each individual. Where is the investment team located?
- (3) Describe the compensation structure for investment professionals associated with the proposed product and emphasize the degree to which compensation is influenced by the proposed product performance. What percentage of total compensation is base and bonus and how is bonus determined? Also, describe the extent to which the same investment professionals are invested in the proposed product.
- (4) Does your firm have a succession plan in place for key personnel on this product? If so, describe.
- (5) Describe relevant details about the team structure and history associated with the management of the proposed investment strategy, including a description of the decision-

making process summarizing the roles and responsibilities of the various team members and who has ultimate responsibility for buy/sell decisions. List all departures and additions to the team over the last five (5) years.

- (6) Provide the total number of clients and assets as of December 31, 2016 for the specific investment strategy and vehicle your firm is proposing.
- (7) Does your firm have a maximum limitation on the asset capacity of the proposed investment strategy (i.e., level of assets that would trigger the strategy to close to new investors)? In instances where multiple investment vehicles are available, list the vehicle and the maximum limits.

C. Investment Philosophy and Process

- (1) Provide the internal portfolio construction benchmark (index) and internal performance benchmark (index), including performance objectives used to measure performance of the proposed investment strategy.
- (2) Describe the investment philosophy for the proposed investment strategy. Describe why you believe your process will be successful in the future and how your approach differentiates your firm from its competitors. In what type of market environments is your proposed strategy expected to: a) outperform and b) underperform? Provide supporting rationale.
- (3) Describe how your firm implements the investment philosophy. Describe the investment process-. Discuss the decision-making process, titles, and responsibilities of the various individuals involved in each stage of the process, models used, and other relevant details.
- (4) Describe investment guidelines and portfolio construction rules including:
 - (a) Eligible asset classes, sectors, and securities
 - (b) Cash limits
 - (c) Size of individual holdings
 - (d) Duration guidelines
 - (e) Credit quality guidelines
 - (f) Deviation limits from the benchmark
 - (g) Other relevant information

D. Specific Investment Strategy Information

- (1) Describe the value added above the benchmark of your investment process, provide the allocations placed on the following categories (should total 100%):
 - (a) Sector weights
 - (b) Security selection

- (c) Yield curve decision
 - (d) Duration management
 - (e) Other; please describe
- (2) Describe how portfolio risk is measured, monitored, and controlled. Provide the risk profile as measured by Barra, Northfield, APT, Axioma, or similar systems, as applicable.
 - (3) What is the asset capacity of the product? Does your firm manage capacity across all of the firm's products? Describe how your firm plans to manage capacity as the product reaches its limits.
 - (4) Provide the percentage of the process that is:
 - (a) Top Down: ___ %
 - (b) Bottom-Up: ___%
 - (5) Provide the percentage of the process that is:
 - (a) Quantitative:___%
 - (b) Qualitative: ___%
 - (6) Provide sector allocation on a quarterly basis for no less than the past five (5) calendar years, and if available for the past ten (10) calendar years, across the following sector categories (should total 100%):
 - (a) US Treas/US Government
 - (b) Agencies
 - (c) Investment Grade Credit
 - (d) High Yield Credit
 - (e) ABS
 - (f) Non-Agency MBS
 - (g) CMBS
 - (h) Non-US
 - (i) EMD
 - (j) FX
 - (k) Cash or Cash Equivalents
 - (l) Other (please define)
 - (7) Provide the historical turnover in the portfolio and describe any recent variance from the strategy's "normal" levels.
 - (8) Is cash used as a strategic investment? If so, describe the types of markets when cash levels would be elevated.

E. Investment Performance

- (1) As it relates to the strategy's return stream provided in the eVestment database, provide the following:
 - (a) Describe the composite type including, but not limited to, master feeder arrangements, eligible client restrictions, etc.
 - (b) If composite performance reflects that of a separate account or commingled trust fund, does the composite comply with CFA® Institute GIPS? If not, how does it differ and why? Is GIPS compliance verified by an independent third-party?
 - (c) Are performance returns independently audited or verified? If so, how and by whom? Be specific.
 - (d) Provide the inception date of the proposed investment strategy and investment vehicle type.

F. Fees (answer for each vehicle type)

- (1) State which investment vehicle your firm is proposing for this RFP response and why this vehicle is preferred or recommended over others.
- (2) Provide the proposed total operating expense ratio (staggered fee schedule for separate account and commingled trust fund vehicles), including 12b(1) and sub-transfer agent fees (if applicable), for the proposed investment. Include details about available relationship pricing. If proposing a commingled trust fund vehicle, the custody costs should be included in the expense ratio. Custody costs associated with separate accounts will be the responsibility of SBCERS. If your firm provides multiple vehicle fee proposals, or have the capabilities to manage this mandate in multiple vehicle structures, please specifically state which vehicle your firm is proposing in response to this RFP.
- (3) Specify if the proposed fees are the same or lower than the fees charged by the firm to other clients with accounts having a comparable size. If other accounts receive more favorable fee arrangements, explain why.
- (4) If the proposed vehicle is a mutual fund, does your firm impose short-term trading fees related to shares bought and sold in a specific timeframe? If so, provide detailed information about the fee assessed, the period that would trigger a short-term trading fee, and the accounting aspect of imposing such fees (i.e., FIFO accounting).
- (5) If the proposed strategy is offered through a less expensive vehicle, specify the vehicle type and at what asset level your firm requires to access such vehicle.

G. Operations

- (1) If the proposed vehicle is a mutual fund, provide the most recent prospectus. If the proposed vehicle is a commingled trust fund, provide the declaration of trust and investment guidelines for the proposed investment strategy. If the proposed vehicle is a separate account, provide a copy of the standard Investment Manager Agreement for the proposed investment strategy including sample investment guidelines.

- (2) Describe the systems or processes used to monitor portfolio investment guidelines.
- (3) Which of your firm's offices would service this account? What services would specifically be provided by which office?
- (4) Who will be the primary client service officer? Provide detailed biographical information, including years with the firm and years within the industry.
- (5) Provide samples of client reports and indicate their frequency. How soon after quarter-end are these reports typically available? Does your firm provide online access to these reports?
- (6) List the people responsible for risk management and describe their role and process.
- (7) Describe your firm's capabilities to trade securities and execute relevant transactions for the proposed investment strategy? Include the following:
 - (a) Counterparty risk
 - (b) Best execution
 - (c) Number and experience of trading staff
 - (d) Procedures for selecting, monitoring, and compensating brokers
- (8) If your firm has a soft dollar policy, attach a copy. Are your firm's soft dollar practices in compliance with Securities Exchange Act Section 28(e) and the soft dollar standards of the CFA Institute?
- (9) For Securities Lending, (applicable to commingled trust fund and mutual fund vehicles)
 - (a) Is a non-lending fund available? (Yes/No)
 - (b) Does the proposed fund currently (or did it previously) participate in a securities lending program? (Answers: No, Yes - Currently, Yes - Previously)
 - (c) If the answer to (b) is "Yes – Currently," discuss your securities lending program ensuring to specifically address these points:
 - i. Identify agent(s) used and revenue dynamics including earning splits (and allocation to affiliated non-affiliated parties) and administrative or management fees paid.
 - ii. Discuss how long your firm has participated in securities lending.
 - iii. Discuss your program philosophy (e.g. focused on utilization or value).
 - iv. Discuss program oversight, monitoring, and controls in place.
 - v. Has your firm (or your funds or investors) ever borne realized losses related to securities lending activities (yes/no)? If yes, provide details regarding loss amounts and client resolutions.

- vi. Describe what visibility (if any) into program performance returns and risks will be provided to investors participating indirectly in your securities lending program.
- vii. Document the parameters under which your firm invests cash collateral received in exchange for securities on-loan. Provide a copy of investment guidelines.
- viii. Provide the following portfolio characteristics for your cash collateral reinvestment program:
 - a) Total assets at amortized cost
 - b) Total assets at fair market value (or shadow-priced incorporating unrealized mark to market losses)
 - c) Percentage of portfolio in overnight liquidity
 - d) Percentage of portfolio with final maturities greater than one (1) day but less than 397 days
 - e) Percentage of portfolio with final maturities greater than 397 days
 - f) Weighted average maturity (reset) of portfolio
 - g) Weighted average maturity (final) of portfolio
 - h) Percentage of exposure to asset-backed security investments

Clearly identify (yes or no) whether the performance presented in your product is inclusive of securities lending income. If performance includes securities lending income, provide a performance summary excluding securities lending income, or provide an estimate thereof.

Signature by Authorized Officer

Name of Firm

By

Title

Signature

Date

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 firm, parent and all subsidiary and affiliated companies.
2. Biographies of the firm's key professional staff involved in managing the proposed strategy
3. The most recently filed SEC Form ADV, Parts I and II.
4. Provide an example of quarterly reporting on the performance, attribution, and commentary made available to clients.
5. A copy of the firm's Code of Conduct/Ethics policy.

APPENDIX I: QUIET PERIOD POLICY

1. The Board, through the CEO, will initiate a "quiet" period when:
 - a. The earlier of (i) when the Board is presented with a list of potential candidate firms for consideration in a search process, or (ii) when an RFP or RFI is released to potential candidates in a search process; or
 - b. A current service provider is placed on an official "watch status" signifying that the service provider's performance has fallen below expectations or other issues have arisen that warrant closer scrutiny; or
 - c. The Board deems it is in the best interest of SBCERS to require that, for a limited period of time, communications between trustees and specified service providers be restricted to Board and committee meetings only.
2. The CEO or designated staff will normally report to the Board at a regularly scheduled meeting that a quiet period is to be instituted. Should urgent action be required, the CEO may institute a quiet period between meetings of the Board, in which case the CEO will notify all trustees immediately and report to the Board on the matter at its next regularly scheduled meeting.
3. During quiet periods, Board members shall not communicate with the specified service providers on matters pertaining to SBCERS, except (i) during Board or committee meetings, (ii) as part of scheduled due diligence meetings, or (iii) within the regular course of business with respect to incumbent service-providers. Furthermore, during quiet periods, individual Board members or groups of Board members will not meet with specified service providers for entertainment or social purposes. Exceptions may be made in the case of industry conferences such as SACRS, where SBCERS Board members may socialize with specified service providers during open social events that are also attended by trustees or staff of other systems, provided SBCERS Board members do not discuss matters pertaining to SBCERS business.
4. Board members who need to communicate with such service providers for reasons unrelated to SBCERS business agree to disclose such need in writing to the CEO and the Board prior to undertaking such communications. Disclosure to the Board shall be made in writing at a meeting of the Board. If time does not permit timely disclosure to the Board, the Board member shall then also provide disclosure of the intended communication to the Chair, or to the Vice-Chair if the Board member in question is the Chair.
5. For the purpose of quiet period provisions, communications include, but are not limited to, in person interaction, telephone conversations, letters, text messages, social media and e-mail.
6. Quiet periods will cease when:

- a. The Board authorizes staff or the investment consultant to negotiate a contractual arrangement with a successful bidder, or the search process is otherwise ended by the Board; or
 - b. When the quiet period is otherwise ended by the Board or CEO.
7. All SBCERS service providers shall be provided with a copy of the Quiet Period policy provisions and shall be asked to agree in writing to comply with its provisions.
8. All RFPs shall include the Quiet Period policy provisions and require that prospective service providers comply with its provisions during the selection process.
9. At the time a Board committee or the full Board meet to deliberate regarding the selection or retention of a service provider, or a decision materially effecting the compensation of a service provider, all Board members shall disclose any material contacts or communications with any of the service providers being considered, other than in the normal course of SBCERS' business with its current service providers, that have occurred in the preceding 12 months, irrespective of whether such contacts occurred before, during or after a quiet period.