

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM

**REQUEST FOR PROPOSALS (RFP)
FOR
DISCRETIONARY REAL ESTATE CONSULTANT SERVICES**

TIMELINE

Date of RFP issuance	January 26, 2017
Deadline for written questions to SBCERS	February 10, 2017
Deadline for submission of Proposals	5:00 pm PST, March 3, 2017
Tentative interview dates	June 19 – 23, 2017

Delivery of Proposals

Proposals are to be delivered as follows:

Seven (7) printed copies, including one with original signatures and marked "Original" and one (1) electronic version to be delivered to:

Ms. Lauren Thompson
Retirement Investment Analyst
Santa Barbara County Employees' Retirement System
3916 State Street, Suite 100
Santa Barbara, CA 93105

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 professional real estate consulting firms for a discretionary mandate. Consultants should have real estate consulting experience in the institutional, and preferably, public pension fund area.

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. In addition, Hamilton Lane has been retained as a discretionary consultant for private equity, natural resources and infrastructure. ORG Portfolio Management is the real estate discretionary consultant. The Bank of New York Mellon serves as custodian for the assets of the Trust.

C. Investment Program

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

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

D. Real Estate Portfolio

SBCERS has approximately \$230M invested in real estate as of September 30, 2016. The allocation is made up of both public and private real estate investments. The private portion of the fund invests in Core, Value and Opportunistic real estate investments. Currently real estate is 9% of the total fund and the target allocation for real estate is 10%. A list of SBCERS current real estate managers can be found in Appendix I.

E. Scope of Services

Consultant shall provide discretionary real estate consulting advice and services. Consultant will report to the Board and functionally work closely with the Board of Retirement, CEO, Assistant CEO, and investment staff.

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

- a) Act as fiduciary to SBCERS in providing oversight and administration of SBCERS's real estate portfolio.
- b) Prepare reports and recommendations regarding market conditions as well as industry trends and developments that could affect the prospects, terms and structure of the market. Advise on real estate capital market assumptions.
- c) Review SBCERS's real estate investment policy and provide written recommendations for the amendment or modification as needed.
- d) Prepare an annual strategic plan for SBCERS real estate portfolio. These annual plans will project commitment pacing for the year taking into account, but not limited to, real estate portfolio structure, portfolio strategy, property type exposure and economic region diversification.

- e) Evaluate investment opportunities, including meeting with investment managers and reviewing their qualifications and track records.
- f) Review and act on recommendations for SBCERS' real estate investment strategies, including the review of appropriate asset class goals and objectives, asset allocation, cash flow forecasting and investment pacing.
- g) Monitor real estate portfolio, including existing investments, providing periodic performance review of individual asset managers and partnerships.
- h) Conduct due diligence reviews of partnership proposals, including legal terms and structure, and tax structure of prospective additional investments.
- i) Review, evaluate and negotiate key partnership terms and side letters to ensure SBCERS is in compliance with all regulatory requirements.
- j) Complete subscription documents.
- k) Review and analyze investment capital calls received by SBCERS and certify in writing the accuracy and conformance to the terms of the limited partnership agreement prior to SBCERS' funding of such capital calls.
- l) Review and analyze each distribution notice received by SBCERS and certify the accuracy and conformance of the terms of the limited partnership agreement.
- m) Provide wire notifications to SBCERS' custodian bank, staff and other relevant parties.
- n) Reconcile all cash flows, market values and portfolio company information for all real estate investment partnerships with SBCERS' custodian bank on a quarterly basis.
- o) Provide quarterly performance reports for SBCERS real estate portfolio to SBCERS Board.
- p) Attend at least six Board of Retirement meetings annually. Meetings typically consist of presentation of quarterly reports, strategic plan, and two educational presentations to the Board per year.
- q) Perform other services which may be required to ensure a successful real estate investment program as needed or at the request of the Board or staff.
- r) Tax reporting and filing

F. 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 in providing investment consulting services to SBCERS.
2. The firm must have at least five (5) existing institutional real estate consulting relationships, each with real estate assets of at least \$100 million. Types of clients considered institutional are endowments and foundations, corporate pension plans or tax-exempt public funds.

3. At least two (2) of the existing real estate consulting client relationships must be discretionary mandates, similar to the scope of services in this RFP.
4. The firm must have at least ten (10) years of continuous experience in performing real estate consulting for large institutional clients (endowments and foundations, corporate pension plans or tax-exempt public funds). Aggregate real estate assets must total at least seven (7) billion U.S. dollars.
5. The firm must carry a minimum of \$5 million in Errors and Omissions insurance.
6. At least one key professional assigned to SBCERS' account must have a minimum of ten (10) years of experience (five (5) of which have been with the current firm) recommending real estate investment programs for institutional clients.
7. The firm must maintain, or have unrestricted access to, a database of sufficient size and scope to complete the analysis of the returns of a significant number of real estate investment partnerships by structure, size, industry, geography, type, and stage of development.

G. Evaluation Criteria

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

Criteria
a) Relevant consulting and client experience
b) Firm resources
c) Proposed consulting team
d) Firm stability
e) Firm Independence and Legal Support Capacity
f) Investment Selection Process and Due Diligence
g) Client service/satisfaction (references)
h) Fees
i) Other

H. Frequently Asked Questions (FAQ)

1. What prompted the search?

The contract with the current real estate consultant was executed in 2010. In keeping with best practices and the Board's fiduciary duty to its members, the Board is undertaking a genuine search for a real estate consulting firm that will best meet the needs of SBCERS for the future.

2. Who is the incumbent investment consultant?

SBCERS' incumbent real estate consultant is ORG Portfolio Management.

3. **Will the incumbent consultant be invited to rebid?**

Yes, the incumbent real estate consultant is invited to rebid.

4. **What strategic projects are likely to be undertaken by the new consultant at the outset of the engagement?**

SBCERS is not considering any new strategic projects at this time, but will consider any recommendations in this regard by the real estate consultant.

5. **What is the Board's schedule with respect to monthly meetings that the investment consultant would be expected to attend?**

The real estate consultant is expected to attend a minimum of six Board meetings annually. The investment-oriented meetings are generally held on the fourth Wednesday of every month, with the exceptions in March, November, and December.

SECTION II: PROCESS FOR SUBMITTING PROPOSAL

A. Submission of Proposal

The deadline for submission of the proposal is **5:00 pm PST, March 3, 2017**. Each proposing firm must submit seven (7) printed copies, including one with original signatures and marked “Original” and one (1) electronic version to:

Ms. Lauren Thompson
Retirement Investment Analyst
Santa Barbara County Employees’ Retirement System
3916 State Street, Suite 100
Santa Barbara, CA 93105

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

January 26, 2017	RFP published and posted on website
February 10, 2017	Deadline for submission of questions concerning the RFP, and intent to respond
March 3, 2017	Deadline for submission of proposals
June 19 – 23, 2017	Tentative interview dates
July 26, 2017	Tentative finalist presentation 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 **Ms. Lauren Thompson, SBCERS** at lthompson@sbcers.org by February 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 real estate consultant 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 consultant.

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 **Ms. Lauren Thompson** by e-mail at lthompson@sbcers.org on or before **February 10, 2017**.

Please refer to Appendix III 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, 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) References

- (d) Fee Proposal
- (e) 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 Section III of 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.
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 out in Section I.F of 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 providing investment consulting services 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. **A separate MS Word version of the Questionnaire will be made available to interested firms in order to facilitate the preparation of proposals.**

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.

Word limits have been given for certain questions to give each firm an indication of the level of detail being sought. Any information provided beyond the word limit may be disregarded.

Contact Information

1. Provide the following information on the primary RFP contact within the firm:

	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

3. Section E of this RFP sets out the scope of services for the real estate consultant. Please confirm that you are proposing to deliver all services listed within the said scope (Indicate Yes or No).
 - a. If you answered “No”, list any exceptions.

4. Does the firm acknowledge that, should it be retained as the real estate consultant, it would be serving as a fiduciary for SBCERS? (Indicate Yes or No).

5. Is the firm registered as an investment advisor under the Investment Advisors Act of 1940? (Indicate Yes or No).

6. Does the firm have at least five (5) existing institutional real estate consulting relationships, each with real estate assets of at least \$100 million? Types of clients considered institutional are endowments and foundations, corporate pension plans or tax-exempt public funds. (Indicate Yes or No).

7. Are at least two (2) of the existing real estate consulting client relationships discretionary mandates, similar to that scope of services in this RFP?

8. Has the firm provided at least ten (10) years of continuous experience in performing real estate consulting to clients with aggregate assets (real estate only) totaling at least seven (7) billion U.S. dollars? (Indicate Yes or No).

9. 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)

10. Does the lead Consultant who would be assigned to SBCERS' account have a minimum of ten (10) years of experience (as of December 31, 2016) in real estate investments or real estate consulting to institutional fund clients including public and/or private pension plans? (Indicate Yes or No)

11. Has the lead consultant been with the firm for at least five (5) years? (Indicate Yes or No)

12. Does the firm maintain, or have unrestricted access to, a database of sufficient size and scope to complete the analysis of the returns of a significant number of real estate investment partnerships by structure, size, industry geography, type and stage of development? (Indicate Yes or No).

Relevant Consulting and Client Experience

13. What year did the firm begin providing consulting services to institutional clients?

14. Using the table below, indicate the percentage of the firm's revenue received during the most recent fiscal year and, where applicable, the associated number of clients:

Source of Firm Revenue	Share of Revenue (% In Most Recent Fiscal Yr.)	Number of Clients
Revenue from discretionary real estate consulting		
Revenue from advisory real estate consulting		
Revenue from other consulting		
Revenue from investment management		
Other Revenue		
Specify sources of Other Revenue:		

15. Complete the following table by indicating the number, types, and size of clients for which the *firm* provides *discretionary* real estate consulting services, as of December 31, 2016.

Discretionary Mandate	Number of Firm's Clients (by Type and Client's Total Asset Value)			
Types of Clients	Under \$250M	\$250M to under \$1B	\$1B to \$5B	Greater than \$5B
Public pension plans				
Corporate pension plans				
Taft-Hartley plans				
Foundations/Endowments				
Other (specify)				

16. List all clients for which the firm provides discretionary real estate consulting services, as of December 31, 2016.

17. Complete the following table by indicating the number, types, and size of clients for which the *firm* provides *advisory* real estate consulting services, as of December 31, 2016.

Advisory Mandate	Number of Firm's Clients (by Type and Client's Total Asset Value)			
Types of Clients	Under \$250M	\$250M to under \$1B	\$1B to \$5B	Greater than \$5B
Public pension plans				
Corporate pension plans				
Taft-Hartley plans				
Foundations/Endowments				
Other (specify)				

18. List all clients for which the firm provides advisory real estate consulting services, as of December 31, 2016.

19. List all real estate client terminations within the last three years:

Name of Client	Client Type	AUM	Date Left (mo/yr)	Discretionary/ Advisory	Reason

Firm Resources

20. List the locations of all the firm’s offices and the total number of employees in each office.

21. In column 2 below, indicate the number of total professional staff the firm currently employs in each of the categories listed in column 1. (Each person should be assigned to only one category).

(1) Category of Staff	(2) Number of Staff
Senior Investment Professionals (Consultants and/or Portfolio Managers)	
Junior Investment Professionals (Investment Analysts)	
Dedicated Executive Management Staff	
Other Non-Investment Professionals	
Technical/IT staff	
Administrative staff	
Total Staff	

22. In column 2 below, indicate the number of dedicated real estate consultant staff under each category listed in column 1 (i.e., where dedicated is defined as staff persons who spend at least 90% of their time on real estate consulting). Each person should be assigned to only one category.

(1) Category of Staff	(2) Number of Staff Dedicated to Real Estate Consulting
Senior Investment Professionals (Consultants and/or Portfolio Managers)	
Junior Investment Professionals (Investment Analysts)	

23. Provide the average number of clients assigned to real estate consultants in the firm, in both lead and support roles. Indicate the maximum limit, if any, on the number of clients assigned per consultant.

Role as Consultant	Average No. of Clients	Maximum Limit per Consultant if applicable
Lead Consultant		
Support Consultant		

24. Of the Consultants listed above, how many are fully dedicated to real estate consulting? Do consultants work on other asset classes?

25. How many staff have acquired professional designations such as the CFA, CAIA, FSA, etc.? How many are currently enrolled in these programs?

Professional Designation	Acquired	Enrolled
Chartered Financial Analyst (CFA)		
Chartered Alternative Investment Analyst (CAIA)		
Fellow of the Society of Actuaries (FSA) or Member of the American Academy of Actuaries		
Other (specify):		

Proposed Consulting Team

26. Identify the lead consultant using the format in the following table.

Investment Professional Information
Name:
Title:
Role and/or Function:
Number of years of experience in institutional investments:
Number of years of experience in investment consulting:
Number of years with the firm:
Educational degrees:
Professional designations:
Number of clients as Lead Consultant:
Number of clients as Secondary Consultant:
Names of clients for whom Consultant serves as Lead Consultant:
Equity ownership in the firm (%):

27. Identify the secondary consultant (if any) using the format in the following table.

Investment Professional Information
Name:
Title:
Role and/or Function:
Number of years of experience in institutional investments:
Number of years of experience in investment consulting:
Number of years with the firm:
Educational degrees:
Professional designations:
Number of clients as Lead Consultant:
Number of clients as Secondary Consultant:
Names of clients for whom Consultant serves as Lead Consultant:
Equity ownership in the firm (%):

28. Complete the following table by indicating the number, types, and size of clients for which the proposed *lead consultant* provides real estate consulting services, as of December 31, 2016.

	Lead Consultant's Clients (by Type and Client's Total Asset Value)			
Types of Clients	Under \$250M	\$250M to under \$1B	\$1B to \$5B	Greater than \$5B
Public pension plans				
Corporate pension plans				
Taft-Hartley plans				
Foundations/Endowments				
Other (specify)				

29. Please discuss how the firm approaches client education. Is education provided by the primary consulting team? If so outline their areas of expertise or recent educational presentations. If education is done by other members of the firm, outline how they work with clients to provide educational materials.

30. List all staff who would play a significant, supporting role in servicing our account, along with their positions/titles.

31. Please indicate the office location(s) of the lead consultant, secondary consultant, and support staff who would be servicing our account.

Firm Stability

32. When was the firm founded or established?

33. Please provide the names of any predecessor companies or other organizations with which the founders were previously associated.

34. If the firm was subsequently acquired by another company, when did this take place?

35. What is the name of the firm's parent company if applicable?
36. Describe the firm's ownership structure and business plan.
37. What significant changes, if any, have there been in the firm's ownership, structure or organization over the past three years?
38. Do you anticipate, or have you announced, any significant changes to the firm's ownership, structure or organization?
39. Indicate the names of any subsidiary or affiliated companies and briefly describe the nature of their business, and the relationship between the firm and these other companies.
40. Please provide the names of the current owners of the firm and indicate their respective percentage of ownership.
41. State the overall business objective of the firm's real estate consulting service with respect to future growth during the next five years. Note any planned areas of emphasis in the near future, including the total number of consulting relationships that will be accepted.
42. Using the following table, indicate the number of *discretionary* real estate consulting clients that the firm and lead consultant currently has by length of service with the firm, as of December 31, 2016.

Length of Service	Number of Clients (Firm)	Number of Clients (Lead Consultant)
Less than 1 year		
1-4 years		
5-10 years		
Over 10 years		

43. Using the following table, indicate the number of *advisory* real estate consulting clients that the firm and lead consultant currently has by length of service with the firm, as of December 31, 2016.

Length of Service	Number of Clients (Firm)	Number of Clients (Lead Consultant)
Less than 1 year		
1-4 years		
5-10 years		
Over 10 years		

44. If any of the firm's investment consulting relationships have ended during the last three calendar years as of December 31, 2016, please provide details in the following table:

Reasons for Termination	Number of Cases	Value of Assets	Discretionary/ Advisory
Firm Dismissed Outright			
Contract Rebid – firm Not Retained			
Firm Asked Not to Bid			
Firm Resigned Client Relationship			
Plan Merger or Consolidation			
Other (specify):			
Total Terminations/Resignations			

45. Using the following table, please indicate staff turnover over the past five calendar years (2011-2016):

Name	Position	Years with the Firm	Date of Departure	Reason for Leaving

46. What is total staff turnover (in percentage) over the past five calendar years (2011-2016)?

47. Which of the following types of incentive compensation are provided to staff? Please indicate whether the compensation applies to all staff, senior staff, key employees, or principals only.

Type of Compensation	Yes/No	All	Senior/Key	Principals
Bonus				
Profit Sharing				
Stock Ownership				
Stock Options				
Other Equity Participation				
401(k) or Other Deferred				
Other (Please specify):				

48. How does the firm manage the risk that key professionals leave the firm either as a group or individually? (75 words)

49. Provide details of the firm's financial conditions as of the most current year end (fiscal or calendar). This information may be submitted separately and confidentially.

Firm Independence and Legal Support Capacity

50. Is real estate consulting the firm's primary business emphasis? If not, what is the primary business and what other services does the firm provide?
51. Does the firm or any affiliate company provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in the firm's database, (ii) conference fees, (iii) brokerage commissions, (iv) purchase of software, (v) consulting services, etc.? (Indicate Yes or No). If you answered "Yes", describe briefly the nature of these services and compensation.
52. Do you have any affiliates, divisions, or investments in joint ventures that would be involved in the management of our assets under this assignment? (Indicate Yes or No) If you answered "Yes", provide details.
53. Does the firm or any affiliate provide any services or conduct any business with SBCERS' current real estate managers? Please see Appendix I for a list of current managers. (Indicate Yes or No) If you answered "Yes", provide the names of such managers, and, where appropriate, the name of the affiliate.
54. Does the firm or any employee of the firm invest their own capital in investment opportunities that they also recommend for clients? (Indicate Yes or No) If yes, please explain how potential conflicts that arise from these activities are mitigated.
55. Has the firm or anyone in the firm, or any affiliate, had any professional relationship (e.g., investment banking, brokerage, custodial, insurance, or actuarial) with SBCERS or the Santa Barbara County Board of Supervisors during the past three years? (Indicate Yes or No) If you answered "Yes", describe the nature of the relationship.
56. Has the firm or anyone in the firm provided any gifts or other remuneration, or paid any expenses for travel, hotel, meals or entertainment for or on behalf of a Board member or staff of SBCERS during the past twelve months. (Indicate Yes or No) If you answered "Yes", indicate the amount, recipient, and purpose of the payments.
57. Describe all arrangements or understandings (written or oral) between the firm and any advisor, placement agent, broker, law firm or other individual or entity in connection with the solicitation or referral of clients.

58. Disclose any other actual or potential conflicts of interest that may arise from the firm’s representation of SBCERS, including the activities of any affiliated companies that have not been disclosed above.

59. What is the firm’s policy on employment of family members (defined broadly)?

60. Does the firm currently have employees with familial ties (broadly defined)? If so, describe the employees’ role at the firm, reporting relationships and working relationship.

61. Indicate the name and title of the staff person responsible for communicating expectations as to conduct, monitoring compliance, and determining courses of action in the event of a breach of the firm’s code of ethics.

62. Does the firm sponsor fund-of-funds or other investment funds? (Indicate Yes or No) If yes, describe the funds in the tables below.

Name of Fund-of-fund	Year raised	Size of fund (\$M)	Focus of fund

Other Funds	Year raised	Size of fund (\$M)	Focus of fund

63. Describe the firm’s fee structure for managing funds-of-funds or other investment funds for clients.

64. Has the firm, or any officer, principal, or employee of the firm or an affiliated company, ever been investigated and/or sanctioned by the Securities and Exchange Commission (SEC), the U.S. Department of Labor (DOL), or any other regulatory authority? (Indicate Yes or No) If you answered “Yes”, provide details.

65. Has any self-regulatory organization, professional organization or association (e.g., the NASD) taken action against the firm, or any of the firm's owners, principals or personnel within the last five years? (Indicate Yes or No) If you answered "Yes", provide details.
66. When did the SEC, DOL or the NASD last audit or examine the firm? (Indicate year for each, if applicable) Note any material findings or recommendations. Are there any current or pending actions or investigations?
67. Has the firm, or any officer, principal, or employee of the firm, ever been involved in any business litigation or other legal proceeding? (Indicate Yes or No) If you answered "Yes", explain and indicate the current status of the litigation.
68. Does the firm have any lawsuits pending against it (excluding personnel-related lawsuits)? (Indicate Yes or No) If you answered "Yes", explain.

Strategic and Tactical Investment Planning

69. Briefly describe the firm's market outlook for the real estate investment markets.
70. What are the different real estate asset segments that the firm will typically consider when planning an investment program? Would the firm describe itself as more "bottom-up" or "top-down" in portfolio construction?
71. Outline the firm's process for monitoring and reporting on market trends.
72. Describe the manner in which the firm will assist SBCERS in developing, memorializing, and monitoring the following:
- a) Investment policy
 - b) Objectives and strategies
 - c) Benchmarking
 - d) Risk assumptions
 - e) Asset mix and permitted ranges for each sub-asset class
 - f) Rebalancing policies
 - g) Qualitative and quantitative portfolio oversight procedure

73. Please discuss the firm's opinion of the public real estate market. Discuss the advantages and disadvantages of the public real estate market in an overall asset strategy. Do you advise clients on public real estate market investments?
74. Discuss the firm's experience and philosophy regarding direct investments or co-investments in real estate.

Investment Selection and Due Diligence

75. What is the firm's competitive advantage in providing real estate consulting services to SBCERS?
76. Describe the firm's coverage of US vs Non US real estate markets. What resources does the firm utilize in sourcing and monitoring investments outside the US?
77. Describe how the firm sources new investment opportunities. Explain how investment recommendations are identified and monitored within the firm.
78. Discuss the firm's tracking system for prospective real estate investments.
79. Which of the following best describes the firm's approach to manager databases: (select the appropriate response)
- a) We rely primarily on third-party investment manager databases for manager data. (If a is selected, indicate third-party database used and/or describe the proprietary database and its capabilities.)
 - b) We rely primarily on our own proprietary real estate manager databases for manager data.
80. How many funds/managers do you maintain in the firm's manager search database?
81. How are managers added to the firm's database?
82. What quantitative and qualitative criteria are maintained on both managers and investment opportunities?
83. What criteria do you use in evaluating each fund manager for inclusion? List screening steps and fundamental requirements.

84. How many years of performance data are in the system for perspective investments?

85. Please describe the firm’s operational due diligence practices regarding investment managers.

86. Does the firm have staff dedicated to operational due diligence? If so, how many staff are dedicated to this activity?

87. Using the table below, indicate the number of funds/managers the firm reviewed, met with, conducted due diligence on and ultimately recommended to, or invested on behalf of clients over the **past three years ending December 31, 2016**.

Fund/Manager	Reviewed	Met with	Due Diligence	Recommended/ Invested
Strategy: Core				
Strategy: Value added				
Strategy: Opportunistic				
Types: Office				
Types: Retail				
Types: Industrial				
Types: Apartments				
Types: Others				
Region: US				
Region: Non-US				
Public/Liquid				
Total Fund/Manager				

88. How does the firm measure and compare relative differences of risk and return among funds/partnerships?

89. Does the firm have a policy regarding emerging investment managers? If so, describe the policy.
90. How do you verify manager provided information? Do you contract for criminal or other background checks?
91. Describe how investment opportunities are allocated among clients and/or fund of funds sponsored by the firm. Indicate specifically how investment opportunities are allocated to non-discretionary advisory clients, discretionary advisory clients and fund of funds.
92. If the firm manages/owns real estate investments, how do you handle due diligence and formulating investment recommendations for investments that may compete with the firm?
93. List the firm's 10 largest general partner relationships on behalf of the firm's clients and separately list all the funds you have recommended in the past two years.

Legal Due Diligence and Negotiations

94. Does the firm use internal or outside counsel for legal review of partnership agreements and subscription documents? Describe the experience of the legal team.
95. Who negotiates client-specific side letters and how successful has the firm been in obtaining favorable terms on behalf of their clients?
96. How does the firm ensure the execution of fiduciary best practices and legal compliance for public plans?
97. California has recently enacted Government Code Section 7514.7, requiring greater disclosures regarding fees paid with respect to alternative investment vehicles in which public funds are invested. To the extent that you provide services to California public fund clients, please describe the steps you have taken, if any, to assist those clients in complying with the statute with respect to private real estate investments.

Administration, Monitoring, Performance Measurement and Reporting

98. Please list specific services provided to clients regarding transaction management, fund accounting and fund administration capabilities. Please include:
- a) Assigned staff, their background and experience,

- b) Accounting and reporting systems,
 - c) Internal controls and procedures for validating and tracking capital calls, funding commitments, partnership management fees and other expenses or cash flows related to partnership investments on behalf of clients,
 - d) Steps taken to assure timely notification of capital calls and distributions from partnerships.
99. Describe the firm's partnership monitoring philosophy and process. What criteria are evaluated? How frequently are current client investments reviewed?
100. How does the firm ensure compliance with terms of limited partnership agreements?
101. How do you verify information provided by fund managers?
102. Describe how you have been helpful in dissolving partnerships, assisting in a timely and orderly liquidation of assets, and selling off unwanted partnership positions.
103. Describe the firm's position on attending partnership annual meetings and serving on advisory boards. Are reports of such meetings made available to clients as part of the firm's basic consulting services?
104. Provide a list of partnerships in which the firm or any employee of the firm currently holds an advisory board seat, and whether such relationships are on behalf of clients or the firm's Fund of Funds. Identify if held by proposed Lead Consultant
105. Provide examples of portfolio status reports and other reports useful in ongoing monitoring of existing investments.
106. List and describe the real estate investment benchmarks and peer universe typically employed by the firm's public fund clients.
107. Provide a detailed description of the peer universe to which a client such as SBCERS would be compared. Describe how benchmarks are chosen or developed for clients and how performance is compared to similar portfolios.
108. Describe the client reporting process typically used in preparing quarterly and annual reports. Assuming information is available in a timely basis from general partners, how soon after quarter and year end are reports delivered to clients?

109. Describe the quarterly reconciliation process. Are the firm's calculated performance reconciled with fund managers? Are the firm's calculated performance reconciled with client's custodian bank? Are reported cash flows and market values reconciled both with fund managers and client custodian banks?
110. Describe the firm's performance measurement reporting system and methodologies.
111. Describe the on-line services the firm provides to clients. Include and describe any account analysis and performance that would be available online.
112. Describe the flexibility available to customize reports. Does the firm provide customized computer-based analytical or reporting tools to its clients?
113. What portfolio analytics are provided to clients? How are these analytics used in evaluating manager performance and portfolio construction?
114. Explain the performance calculation methodology.
115. Are your clients able to electronically access underlying portfolio data? Is the data able to be manipulated by the client in order to analyze the portfolio? Are clients able to download data? Are clients able to run ad-hoc queries?
116. Please explain who owns the data (i.e. the consultant or the client). If the relationship with a client ends, what happens to their information?
117. Provide performance data, net of investment management fees, for the top five (5) best performing clients and the bottom five (5) worst performing clients of which the firm has discretionary authority. Performance should be given as 1, 3, 5, and 10 year time-weighted rates of returns as well as, inception-to-date IRRs. All performance should be as of September 30, 2016. Additionally, provide performance broken down by Core, Value, Opportunistic and Public Real Estate sectors.
118. Provide examples of other reports (internal and external) that would be useful in evaluating current investment activities and providing oversight of the investment program.

Part C: References

Please identify three (3) clients as references including, if possible, one client reference for each of the following categories: (1) Discretionary client; (2) The client has retained the firm for a minimum of five consecutive years; and (3) A public fund client with aggregate assets between \$2B to \$5B. Assume these clients will be contacted if the firm is selected as a finalist candidate. For each reference provide the following details:

- Name of institution
- Institution's approximate assets under management
- Name and title of contact person
- Phone number of contact person
- e-mail address of contact person
- Asset allocation policy (if possible)

Part D: Fee Proposal

The services listed in Section I of the RFP under “Scope of Services” should form the basis for the proposed fees in the table below. The method of payment will be set forth in a service agreement, to be entered into with the selected firm. Once the consultant is selected, the fee may be negotiated further depending on the variance from the other proposals. The proposed fees shall be guaranteed for the duration of the Contract.

1. In the table below, specify fee quote for the delivery of all services listed in Section E of this RFP under “Scope of Services” for the duration of the contract, as well as the total fees for the 5-year period. Indicate whether this fee includes travel and other out-of-pocket expenses.

Year	Total Fees	Fees Without Travel Expenses
Year 1		
Year 2		
Year 3		
Year 4		
Year 5		
Total Fees (Year 1 to 5)		

2. Please confirm whether the firm can and will provide all of the services listed in Section E of the RFP under “Scope of Services” for the stated fee above. If not, specify any services from that list that the firm cannot or will not provide.
3. Are there any tasks/services SBCERS will be expected to retain and/or pay for? If so, describe each item specifically.

Additional Services:

4. List any additional services (i.e., not listed in Section E of this RFP under “Scope of Services”) that the firm would provide and that would be included in the all-inclusive flat-fee set out above.
5. As set out in the Scope of Services, the consultant is required to attend 6 investment-oriented Board meetings per year. Provide the fees for attending any additional meetings that may be required by SBCERS over and above 6 meetings.
6. Indicate any other products or services that may be of interest to SBCERS, but that are not included in the proposed fee. Provide details on associated costs.

Other Information:

7. Please provide any additional information that may assist us in more clearly understanding the firm’s fee proposal for consulting services.

Signature by Authorized Officer

Name of Firm

By

Title

Signature

Date

Part E: 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. (Identify as Exhibit #1)
2. Biographies of the firm's key professional staff involved in delivering Real estate Consulting services. (Identify as Exhibit #2)
3. The most recently filed SEC Form ADV, Parts I and II. Please provide the ADV in CD format. (Identify as Exhibit #3)
4. A sample Real Estate Investment Policy Statement the firm has developed for a pension plan client similar to SBCERS. (Identify as Exhibit #4)
5. Two recent investment recommendation memos/reports the firm has provided to clients. If you provide clients with investment rejection memos, please attach a recent example. (Identify as Exhibit #5)
6. If the firm performs industry or asset class analyses that have been provided to clients, please submit an example of the work. (Identify as Exhibit #6)
7. Examples of portfolio status/performance reports and other reports useful in ongoing monitoring of existing investments. (Identify as Exhibit #7)
8. Provide examples of other reports you feel are useful in evaluating current investment activities and providing oversight of the investment program. (Identify as Exhibit #8)
9. A copy of the firm's Code of Conduct/Ethics policy. (Identify as Exhibit #9)

APPENDIX I: LIST OF CURRENT MANAGERS

SBCERS Current Real Estate Managers as of June 31, 2016

Investment	Vintage Year	Capital Committed
Abacus Core I	2014	10,000,000
Abacus III	2014	7,500,000
Blackstone Fund VII	2011	7,500,000
Greenfield Partners VI	2011	7,500,000
Greenfield Partners VII	2013	10,000,000
Harrison Street Core Property	2012	10,000,000
Harrison Street Securities	2011	20,000,000
H/2 Credit Partners	2010	10,000,000
Invesco U.S. Income	2013	20,000,000
Lubert-Adler Fund VII	2013	12,500,000
Mesa West Core Lending	2013	10,000,000
Mesa West Fund III	2013	10,000,000
Mesa West Fund IV	2015	10,000,000
Miller Global Fund VII	2012	7,500,000
Moorfield III	2014	4,685,400
Patron V	2015	5,457,000
Prologis Targeted Europe Logistics	2014	5,000,000
Prologis Targeted US Logistics	2011	15,000,000
Rockwood VIII	2009	10,000,000
Stockbridge Smart Markets	2012	20,000,000
Stockbridge Value Fund	2011	7,500,000
Stockbridge Value Fund II	2014	7,500,000
Walton Street Fund VII	2012	10,000,000

APPENDIX II: 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.