

Employees' Retirement System of the State of Hawaii
Real Estate Investment Consultant
Request for Proposal

PROPOSAL EVALUATION

I. Introduction

ERS seeks to retain the highest quality organization to provide investment consulting services in a fair and competitive process. Through the selection process, ERS reserves its sole discretion in awarding the contract. ERS reserves the right:

1. To not award the contract to the lowest cost offeror.
2. To not award the contract at all.

II. Evaluation Process

A committee selected by the Procurement Officer will review and evaluate all proposals submitted by the deadline specified in this RFP.

The evaluation process will be conducted in six phases:

- Phase 1 - Evaluation of Minimum Qualifications and Mandatory Requirements
- Phase 2 - Establishment of Priority List of Offerors;
- Phase 3 - Facilities Inspections by ERS (done at the discretion of the ERS);
- Phase 4 Interviews with Priority-Listed Offerors
- Phase 5 - Final Evaluation of Proposals
- Phase 6 - Award

III. Evaluation Criteria

The evaluation criteria listed sections V and VII will be used to evaluate and rank offerors' proposals. ERS reserves the right to modify the evaluation criteria, or any other part of this RFP, prior to the date for final submission of responses.

IV. Phase 1 – Evaluation of Minimum Qualifications and Mandatory Requirements

The evaluation of the mandatory requirements shall be on a "pass/no pass" basis. The purpose of this phase is to determine whether an offeror's proposal is sufficiently responsive to the RFP to permit a complete evaluation. Each proposal will be reviewed for responsiveness. Failure to meet the minimum qualifications and mandatory requirements ("no pass") may be grounds for deeming the proposal nonresponsive to the RFP and rejection of the proposal. Only those proposals meeting the minimum qualifications and mandatory requirements ("pass") of Phase 1 will be considered in Phase 2.

The minimum qualifications are:

- Offeror must be an investment advisor registered under the Investment Advisors Act of 1940.
- Offeror must have three (3) years of experience in real estate investment consulting.
- Offeror must provide real estate investment consulting services to at least one public retirement system defined benefit client with assets greater than \$5 billion.
- Offeror must be based in the United States. "Based in the United States" means that offeror's principal place of business is in the United States and that offeror is subject to service of process in the United States.
- The primary consultant assigned to the ERS account shall have a minimum of seven (7) years experience providing domestic and international real estate consulting services to public pension plans.

The mandatory requirements are submission of:

- Cover Letter
- Questionnaire Answers
- Form ADV (Parts 1 and 2)
- Code of Ethics
- References
- Fee Proposal
- Sample Reports (performance, research, manager search, asset/liability modeling, etc.)
- Financial Statement
- Minimum Qualifications Certification

V. Phase 2 – Establishment of Priority List of Offerors

All offerors who pass Phase 1, Evaluation of Minimum Qualifications and Mandatory Requirements, shall be classified as "acceptable" or "potentially acceptable". If there are more than three "acceptable" or "potentially acceptable" offerors, the Evaluation Committee will evaluate all proposals and establish a priority list of three (3) offerors who received the best preliminary evaluations. The order, priority and points to be applied to each evaluation criteria as follows:

CRITERIA	POINTS
Real estate consulting experience. Organizational stability. Quality of and commitment to personnel resources. Capabilities to satisfy contractual deliverables.	45
Presence in the institutional real estate community. Experience with public fund pension and institutional clients. Breadth and depth of experience in recommending institutional real estate investment vehicles.	35
Quality of and on-going commitment to current real estate manager and market information.	20
Fees	0

Total	100
Capabilities with respect to real asset strategies.	15

VI. Phase 3 – Site Inspections; Interviews with Priority-Listed Offerors

During the course of this phase, the ERS Board of Trustees may conduct interviews with the priority-listed offerors in Honolulu during the week of April 18, 2017.

The ERS may conduct inspection of priority-listed offerors’ facilities April 3-13, 2017 or as can be conveniently scheduled.

VII. Phase 4 – Best and Final Offers

The priority-listed offerors’ best and final offer must be received by the Procurement Officer no later than 4:30 p.m. HST on April 28, 2017. If the Procurement Officer does not receive a best and final offer from a priority-listed offeror, the immediate previous offer will be construed as the priority-listed offeror’s best and final offer.

VIII. Phase 5 - Final Evaluation of Proposals

During this phase, the ERS will conduct final evaluations of the priority-listed offerors’ proposals in accordance with the following criteria:

CRITERIA

POINTS

Experience and sound approach to investment policy development and long-term strategic planning. Understanding of current real estate and market issues.	30
Leadership, management, and strength of organization and its key personnel; Presence of sound investment philosophy and defined process; Evidence of resources to meet ERS’s long term goals and objectives.	25
Approach to manager search process. Performance measurement and presentation.	20
Client references	5
Fees (excluding fees for real asset services)	20
Total	100

Capabilities with respect to real asset strategies.	15

***Formula for determining allocation of points for fee for the first 3 years:**

allocated points = (\$ amount of the lowest fee proposal x 12.0) + \$ amount of the fee proposal being evaluated

****Formula for determining allocation of points for fee for 6 years:**

allocated points = (\$ amount of the lowest fee proposal x 8.0) + \$ amount of the fee proposal being evaluated

IX. Phase 6 – Award

The ERS Board of Trustees will make the final selection.