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**STATE OF HAWAII  
EMPLOYEES' RETIREMENT SYSTEM**

September 23, 2022

Addendum No. 2  
To  
REQUEST FOR PROPOSALS  
Private Equity Consultant Services  
RFP 2022-04  
Issued August 29, 2022

OFFERORS: Please replace the original RFP pages 23 & 24 of 37 with the attached revised pages 23 & 24 of 37 (revised 9/23/2022) containing the following changes:

1. Page 23, The word "also" is added to the sentence following paragraph "C" to read as follows:

"The consultant will also provide the following:"

2. Pages 23 and 24, the original Item A.1. in its entirety (see below) is deleted as follows, and the remaining Items under "A. Strategic Private Equity Consulting" are consecutively re-numbered accordingly:

A. Strategic Private Equity Consulting

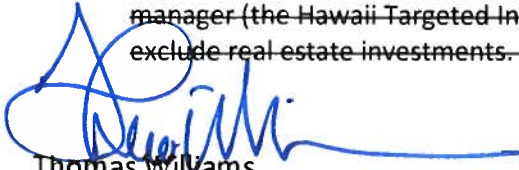
- ~~1. Assist the Board of Trustees, Investment Committee, and ERS staff in the development of an appropriately structured private equity program, including establishment of goals, strategy, objectives, and performance standards in light of the long-term 13.5% Private Equity Policy target effective July 1, 2015. (The previous private equity program target was 7%.) Policy and program oversight would include all ERS private equity advisors and privately structured fund investments (currently consisting of primary, secondary, co-investment and fund-of-fund managers). It also includes various types of privately placed investments (currently consisting of buyouts, growth, venture capital, debt, opportunistic and other strategies and a discretionary in-state venture capital program~~



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manager (the Hawaii Targeted Investment Program ("HiTIP") manager). Services to  
exclude real estate investments. . . .



Thomas Williams  
Executive Director

attachments

- B. The contractor shall have discretion as to all investment decisions regarding the Assets, without limitation, (i) voting of, or granting or withholding consent with respect to, any securities; (ii) entering into, amending or terminating any contract; (iii) commencing, settling or discontinuing any claim or action on behalf of the ERS; (iv) exercising any option, conversion or subscription rights relating to any securities or other property constituting a part of the Assets, or selling any such rights; (v) joining in, dissenting from, or opposing the reorganization, consolidation, recapitalization, liquidation, merger, sale, mortgage, pledge or lease of any securities or other property constituting a part of the Assets; (vi) depositing any Assets with any protective, reorganization or similar committee, and paying or agreeing to pay out of the Assets part of the expenses and compensation of any such committee and any assessments levied with respect to any securities or other property so deposited; (vii) monitoring and preparing performance reports, conducting capital call management including capital account reconciliation, account set-up and verifying audit confirmations; (viii) providing business and operational due diligence reports to ERS, and obtaining Placement Agent and other supporting documents from GPs; (ix) execute and submit to GP necessary closing documents; (x) Provide up to 5 non-discretionary, full business and operational due diligence reports per year at ERS' request at no additional cost; and (xi) generally taking or refraining from taking any other action relating to the investment or reinvestment of the Assets. The CONTRACTOR shall have no duties with respect to the Assets or the STATE except for: (1) the investment and reinvestment of the Assets in accordance with the terms of this Contract; and (2) as provided in that certain Contract for Goods and Services dated April 1, 2023, by and between STATE and CONTRACTOR and (vii) generally taking or refraining from taking any other action relating to the investment or reinvestment of the Assets.
- C. The contractor shall exercise the discretion and authority granted to contractor by the contract in accordance with: (i) a Strategic Plan, tactical, or business; (ii) the investment guidelines set forth in the Private Equity Portfolio Policies and Procedures of the Board of Trustees Policy, Guidelines and Procedures manual ("Investment Policies Manual") as they exist on the date of the contract and as they may be amended by the Board, from time to time, (ii) the laws of the State of Hawaii, and (iii) prudent investment practice. Contractor acknowledges receipt of a copy of the Investment Policies Manual which is currently in effect. The Board shall as soon as reasonably practical notify the contractor in writing of any changes to the Investment Policies Manual. The contractor agrees that all actions taken by contractor under the contract shall be taken with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent expert acting in like capacity and familiar with such matters would use in like situations. The ERS acknowledges that the contractor does not guarantee any rate of return on, or market value of, any investments of the Assets.

The consultant will also provide the following:

- A. Strategic Private Equity Consulting
1. Prepare quarterly and annual "program level" performance reports for the entire ERS private equity program. Also conduct special analyses and provide research as requested to better define program goals and objectives, monitor portfolio risk, develop performance

and peer benchmarks and model program cash flows/commitment pacing, or for other purposes relating to the private equity program.

2. Develop and produce written investment policy and manager guidelines for the private equity program.
3. Appear as requested at the contractor's expense (up to 6 times per year in the State of Hawai'i) at Investment Committee and/or Board of Trustees meetings or other meetings to (a) present performance, program updates, research, analyses, written reports, and recommendations or (b) respond to questions relating to the private equity program.
4. Conduct and prepare comprehensive written research, analysis, and advice on specific private equity investment issues; conduct special projects or other activities as requested.
5. Attend telephonic meetings with ERS staff in order to provide advice and counsel on matters relating to the private equity program, as requested.
6. Coordinate and communicate with the broader ERS organization, other ERS investment consultants, any incumbent discretionary- or non-discretionary private equity manager or consultant, the incumbent in-state venture capital manager, any other private equity managers hired by ERS during the duration of the engagement, and other asset class managers as appropriate to ensure effective and successful administration of the private equity program.

#### B. Deal Sourcing and Due Diligence

1. Develop a structured process that will analyze the full universe of available private equity investments and efficiently identify those most appropriate for investment for ERS. The process should include, but shall not be limited to, development of search criteria, review of qualifications, conduct of due diligence of investment candidates, and preparation of background materials for evaluation and decision making by the Board of Trustees or in compliance with established Investment Policy and State of Hawaii statutes.
2. Develop a proactive program to identify new investment opportunities using a global approach (i.e., US and non-US investments) including limited partnership funds, co-investments, secondaries, fund of funds, strategic partnerships and other appropriate investment vehicles suitable for a public pension plan.
3. Conduct initial screening and due diligence on prospective investments, which may be sourced by the other ERS contractors or ERS investment staff. If appropriate, engage in comprehensive due diligence that may include general partner site visits and appropriate reference checking, and development of a written investment analysis with appropriate