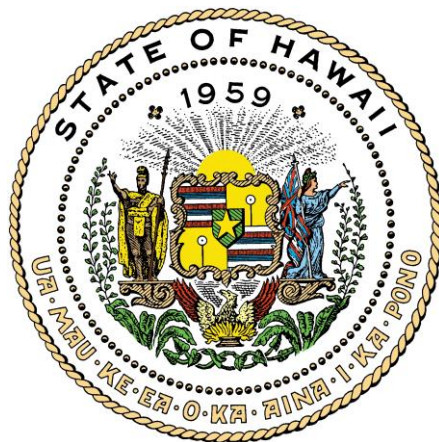


Employees' Retirement System of the State of Hawaii (ERS)

**Request for Proposals
Real Assets Investment Consultant
RFP 2022-06**



**Issued
October 3, 2022**

**POTENTIAL OFFERORS WHO WISH TO RECEIVE ADDENDA TO THIS
REQUEST FOR PROPOSALS MUST REGISTER WITH THE ERS AS
POTENTIAL OFFERORS.**

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**Employees' Retirement System of the State of Hawaii
(ERS)
Real Assets Investment Consultant
Request for Proposal**

ADMINISTRATIVE OVERVIEW

I. Background

The Employees' Retirement System of the State of Hawaii ("ERS") was established by Chapter 88, Hawaii Revised Statutes ("HRS"), for the purpose of providing retirement allowances and other benefits for public employees. The Statewide program has a contributory and a non-contributory defined benefit program with over 74,000 active and inactive vested members, plus over 45,000 retirees and beneficiaries. There are five employers for the State and county employees, teachers, police officers, firefighters, judges and elected officials.

Administration of the ERS falls under the policy and executive direction of a Board of Trustees with certain areas of administrative control vested in the State Department of Budget and Finance.

ERS investment portfolio is valued at over \$22.5 billion as of December 31, 2021 and is managed by over 54 investment firms in a combination of separate and commingled accounts. Current asset classes include domestic equity, international equity, domestic fixed income, international fixed income, real assets (real estate, timber, infrastructure, agriculture/farmland, etc.), and mortgage loans, alternative investments (including private placements, buyouts venture capital and restructuring loans). The Board of Trustees adopted a functional risk allocation framework in 2014 with current strategic targets as follows: Broad Growth 65%; Diversifying Strategies 35%; and Other 0%. The strategic allocations are expected to be achieved by 2022.

Additional information regarding the ERS's investments, including the ERS's Investment Policy, Guidelines and Procedures manual, is available on the ERS's website (<http://ers.ehawaii.gov>) at the Investments tab.

The ERS's Comprehensive Annual Financial Reports are available at: <http://ers.ehawaii.gov/resources/financials>.

II. Purpose

ERS is seeking proposals for a dedicated Non-Discretionary Real Assets Investment Consultant (real estate and other real assets) to review the performance of the real assets managers and the real assets program for the Employees' Retirement System of the State of Hawaii. A more detailed description of these services is set forth in Paragraph VI of the Scope of Work section. For the avoidance of doubt, the consultant will also provide coverage for real assets (such as timber, infrastructure, agriculture/farmland, etc.) in addition to real estate. When responding to this Request for Proposal ("RFP"), we encourage you to describe the ways in which you believe your organization's service

capability is unique or would add particular value. Please be succinct in your answers and, if certain services cannot be provided, please so state where appropriate.

III. Authority

This RFP is issued under the provisions of Chapters 88 and 103D, Hawaii Revised Statutes, and the implementing Administrative Rules. All prospective offerors are charged with presumptive knowledge of all requirements of the cited authorities. Submission of a valid executed proposal by any prospective offeror shall constitute a representation of such knowledge on the part of such prospective offeror. Pursuant to HRS §103D-102(d), the use of the Chapter 103D RFP process shall not constitute a waiver of any applicable exemption from Chapter 103D, HRS, and shall not subject this procurement to any other provision of Chapter 103D, HRS.

IV. Procurement Officer and Contract Administrator

This RFP is issued by the Employees' Retirement System of the State of Hawaii. The individual listed below is the Procurement Officer and Contract Administrator for this procurement.

Mr. Thomas Williams, Executive Director
 Employees' Retirement System of the State of Hawaii
 City Financial Tower
 201 Merchant Street, Suite 1400
 Honolulu, HI 96813
 Phone: (808) 586-1776
 Fax: (808) 586-1677

V. Procurement Timetable

Listed below are the important actions and corresponding final dates by which the actions must be taken or completed. **Offerors are notified that these dates are estimated by the ERS and are subject to change at the discretion of the ERS. The ERS reserves the right to change any date(s) as deemed necessary and in the best interest of the ERS.** If the ERS decides to change a date for any reason, notification will be given via the addendum process described in Paragraph XIII of this section.

Actions	Date
RFP Available to Prospective Offerors	October 3, 2022
Closing Date for Submission of Questions	October 25, 2022 by 4:30 p.m. (H.S.T.)
ERS' Response to Offerors' Question	November 4, 2022
Closing Date for Receipt of Proposals	November 30, 2022 by 4:30 p.m. (H.S.T.)

Determination of priority-listed offerors	December 1-9, 2022
ERS Visits to Offerors' Facilities (optional at ERS's discretion)	February 14-17, 2023
Best and Final Offerors	February 24, 2023 by 4:30 p.m. (H.S.T.)
Oral Presentations (in Honolulu at ERS's discretion)	March 13-17, 2023
Contractor Selection and Award	April 10, 2023

Priority-listed offerors selected in accordance with Paragraph V of the Proposal Evaluation section of this RFP may be required to make a presentation on March 13-17, 2023 in Honolulu, Hawaii. Priority-listed offerors will be contacted by the ERS staff to arrange a specific time and location for the presentation.

VI. Communications with ERS; Questions

Offerors and potential offerors (including agents of offerors or potential offerors) should **not** contact any member of the ERS Board of Trustees or any member of the ERS staff. An exception to this rule applies to firms who currently do business with the ERS; provided that any contact made by any such firm should be related to that business, and should not relate to this RFP.

If additional information is required regarding this RFP, requests for such information must be submitted in writing (fax and email are acceptable) to the Procurement Officer. The Procurement Officer, listed in Paragraph IV of this section, is the sole point of contact from the date of release of this RFP until the selection of the offeror or offerors to whom an agreement will be awarded.

Questions will be accepted until **4:30 p.m. (Hawaii Standard Time)** October 25, 2022. A written response to any questions will be provided by the ERS via the addendum process described in Paragraph XIII of this section.

VII. Submission of Proposals

Offerors must carefully examine the solicitation, amendments (if any), required contract forms, and other documents, laws and rules, as necessary, before submitting a proposal. The submission of a proposal shall be considered to be a warranty and representation that the offeror has made a careful examination and understands the work and the requirements of this solicitation.

Each qualified offeror may submit only one (1) proposal. Alternate proposals will not be accepted.

The proposal should be labeled "Employees' Retirement System of the State of Hawaii Real Assets Investment Consultant RFP 2202-06." One hard copy unbound (marked "original") correlated with sectional dividers **and** one electronic copy unencrypted on a USB drive must be received no later than **4:30 p.m. (Hawaii Standard Time) November 30, 2022.**

The sealed package should be addressed to the Procurement Officer listed in Paragraph IV of this section.

The outside cover of the package containing the proposal shall be marked as indicated below:

Employees' Retirement System
State of Hawaii (ERS)
Real Assets Investment Consultant Proposal
RFP 2022-06
(Name of Firm)

No faxed or e-mailed proposals will be considered or accepted.

VIII. Receipt, Opening and Recording of Proposals; Late Proposals

Proposals and modifications will be time-stamped upon receipt and held in a secure place by the Procurement Officer until the established due date.

Proposals may be modified or withdrawn, prior to the deadline for submission of proposals, by the following:

- Modifications - a written notice received by the Procurement Officer stating that a modification to the proposal is submitted; or a written notice by facsimile machine sent to the Procurement Officer stating that a modification to the proposal is submitted; and the written notice accompanying the actual modification securely sealed in a separate envelope or container.
- Withdrawal - a written notice received by the Procurement Officer; or a notice by facsimile machine to the Procurement Officer.

Proposals will not be opened publicly, but will be opened in the presence of two or more procurement officials. Proposals and modifications will be shown only to personnel having a legitimate interest in them.

After the date established for receipt of proposals, a register of proposals will be prepared which will include the name of each offeror and the number of modifications received, if any. The register of proposals shall be open to public inspection only after a contract has been awarded.

Any notice of withdrawal, notice of modification of a proposal with the actual modification, or any proposal received by the Procurement Officer after the time and date set for receipt and opening of proposals is late and will not be considered for award. A late proposal, late modification, or late withdrawal shall not be considered late if received before contract award and if it would have been timely but for the action or inaction of personnel within the ERS. A late withdrawal request shall be answered with a statement of the reasons for non-acceptance of the withdrawal.

An offeror may withdraw and resubmit a proposal prior to the final submission date. No withdrawals

or re-submissions will be allowed after the final submission date.

IX. Best and Final Offer

Priority-listed offerors will be given an opportunity to submit a best and final offer.

X. Mistakes in Proposals

Mistakes shall not be corrected after award of contract. When the Procurement Officer knows or has reason to conclude before award that a mistake has been made, the Procurement Officer will request the offeror to confirm the proposal. If the offeror alleges mistake, the proposal may be corrected or withdrawn.

Once discussions are commenced or after best and final offers are requested, any priority-listed offeror may freely correct any mistake by modifying or withdrawing the proposal until the time and date set for receipt of best and final offers.

If discussions are not held, or if the best and final offers upon which award will be made have been received, mistakes shall be corrected to the intended correct offer whenever the mistake and the intended correct offer are clearly evidenced on the face of the proposal, in which event, the proposal may not be withdrawn.

If discussions are not held, or if the best and final offers upon which award will be made have been received, an offeror alleging a material mistake of fact which makes a proposal nonresponsive may be permitted to withdraw the proposal if: 1) the mistake is clearly evident on the face of the proposal but the intended correct offer is not; or 2) the offeror submits evidence which clearly and convincingly demonstrates that a mistake was made.

ERS reserves the right to waive or permit cure for minor informalities, errors or omissions, and to conduct discussion with all qualified offerors in any manner necessary to serve the best interests of the ERS.

XI. Costs for Proposal Preparation

Expenses for the development and submission of responses to the RFP are the sole responsibility of the organization submitting the response. Travel and expenses to and from the State of Hawaii are also the sole responsibility of the organization submitting the response.

XII. Disqualification of Proposals

The ERS reserves the right to consider as acceptable only those proposals submitted in accordance with all requirements set forth in this RFP and which demonstrate an understanding of the scope of work. Any proposal offering any other set of terms and conditions, or terms and conditions contradictory to those included in this RFP, may be disqualified without further notice.

An offeror will be disqualified and the proposal automatically rejected for any one or more of the following non-exclusive reasons:

- Proof of collusion among offerors, in which case all proposals and offerors involved in the collusive action will be rejected.
- The offeror's lack of responsibility and cooperation as shown by past work.
- The proposal shows any noncompliance with applicable law.
- The proposal is conditional, incomplete, or irregular in such a way as to make the proposal incomplete, indefinite, or ambiguous as to its meaning.
- The proposal has any provision reserving the right to accept or reject award, or to enter into an agreement pursuant to an award, or provisions contrary to those required in the solicitation.
- The delivery of the proposal after the deadline specified in the timetable.
- The offeror being in arrears on existing contracts with the State or having defaulted on previous contracts.
- The offeror's lack of sufficient experience to perform the work contemplated.
- The offeror's conflicts of interest or lack of independence in judgment.

XIII. RFP Amendments and Addendum

ERS may modify any part of the RFP, prior to the date fixed for final submission of responses, by issuance of an addendum to all participating parties. ERS will respond to questions and inquiries via the addendum process. Addenda will be numbered consecutively.

XIV. Cancellation of Request for Proposals/Rejections of Proposals

This RFP may be cancelled and any or all proposals may be rejected in whole or in part, when it is determined to be in the best interests of ERS.

XV. Uncertainties Beyond the Control of ERS

ERS recognizes that circumstances beyond the control of the ERS may arise that may significantly affect the ability of the contractor to provide the services described in this RFP or as proposed by the contractor. Accordingly, the ERS reserves the right to modify the agreement to address such circumstances.

XVI. Proposal Bonds; Performance and/or Payment Bonds

No bid bond is required to be submitted with the proposal, and no performance or payment bond will be required for the contract awarded pursuant to this RFP.

XVII. Acceptance of Proposal and Execution of Contract

Acceptance of a proposal, if any, will be made as provided in the Procurement Timetable. The offeror must have the ability to perform as called for in the RFP and in the contract. ERS shall be the sole judge of capability. The successful offeror will be notified by letter that its proposal has been accepted and that the offeror is being awarded the contract.

ERS reserves the right to award a contract based upon the written responses received and without prior

discussion or negotiations.

Attachment A is a sample contract used by ERS for real assets consulting services. In submitting a proposal, the offeror will be deemed to have agreed to each provision set forth in Attachment A unless the offeror identifies the provision to which objection is made and submits alternative language. ERS reserves the right to further negotiate the terms and conditions of the contract with the successful offeror. The contract awarded pursuant to this RFP shall consist of the RFP and any amendments thereto, and the specific terms and conditions of the negotiated contract.

ERS shall forward a contract to the successful offeror for execution. The contract shall be signed by the successful offeror and returned within ten days after receipt by the offeror or within such further time as may be allowed.

No contract shall be considered binding upon ERS until the contract has been fully and properly executed by all parties thereto.

If the offeror to whom a contract is awarded shall fail or neglect to enter into the contract within ten days after such award or within such further time as may be allowed, the Procurement Officer will consider the next highest ranked offeror or may call for new proposals, if it is deemed to be in the best interests of the ERS.

XVIII. Debriefing

Nonselected offerors may submit a written request for debriefing to the Procurement Officer or designee within three working days after the posting of the award of the contract. If a debriefing is requested by one or more of the nonselected offerors, a combined debriefing will be held. The debriefing will be held by the Procurement Officer or designee, to the maximum extent practicable, within seven working days after receipt by the Procurement Officer or designee of the first request for debriefing; and may be conducted in person or by telephone at the sole discretion of the ERS. The debriefing will be held at:

Employees' Retirement System of the State of Hawaii
City Financial Tower
201 Merchant Street, Suite 1400
Honolulu, HI 96813

Any protest by the requestor following a debriefing, shall be filed within five (5) working days, as specified in HAR §103D-303(h).

XIX. Requirements for Doing Business in the State of Hawaii

Section 3-122-112, Hawaii Administrative Rules ("HAR"), requires that, before award of contract may be made, the successful offeror must provide proof of compliance with the requirements of the following chapters of the Hawaii Revised Statutes ("HRS"):

- 1) Chapter 237, general excise taxes
- 2) Chapter 383, unemployment insurance
- 3) Chapter 386, workers' compensation
- 4) Chapter 392, temporary disability insurance
- 5) Chapter 393, prepaid health care

And one of the following:

- 1) Be registered and incorporated or organized under the laws of the State of Hawaii, or
- 2) Be registered to do business in the State of Hawaii.

Proof of compliance with the foregoing requirements can be provided through the Hawaii Compliance Express (HCE), which allows vendors, contractors and service providers doing business with the State to register online through a simple wizard interface at <http://vendors.ehawaii.gov> to acquire a "Certificate of Vendor Compliance." The HCE provides current compliance status as of the date the Certificate of Vendor Compliance is issued. The Certificate of Vendor Compliance indicating that offeror or contractor's status is compliant with the requirements of HRS Chapter 103D-310(c), will be accepted for both contracting purposes and final payment.

If a Certificate of Compliance showing that the offeror's status is "Compliant" is not submitted on a timely basis for award of the contract, an offeror otherwise responsive and responsible may not receive the award.

The contractor must maintain such compliance during the term of the contract and for final payment. The ERS may conduct periodic checks to confirm that a contractor maintains compliance with the foregoing requirements throughout the term of the contract, including any extensions. If a contractor's Certificate of Vendor Compliance shows that the contractor's status is "Not Compliant" or "Expired", the ERS has the right to withhold any and all payments to the contractor until the contractor's Certificate of Vendor Compliance shows that the contractor's status is "Compliant." Such withholding shall not be considered or constitute a breach of contract and shall not be a basis or excuse for nonperformance of the contract by the contractor, or entitle contractor to claim interest for a late payment.

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

PROPOSAL

I. Introduction

The offeror shall prepare a written proposal that will fully describe the qualifications and availability of the offeror to provide the services requested and the compensation the offeror proposes in response to this RFP. The proposal shall include, without limitation, the following:

- 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

II. Cover Letter

The RFP response must include a cover letter addressed to the Procurement Officer. The letter, which will be considered an integral part of the Proposal, must contain the following:

i. Contact Information

The cover letter shall include the offeror's name, address, telephone/fax numbers, and e-mail address.

ii. Terms and Conditions of RFP

A statement that the offeror fully understands and will comply with all terms and conditions contained in the RFP.

The offeror must include written acknowledgement of receipt of any and all amendments or addenda made to this RFP.

iii. Legal Entity

A statement indicating that the offeror is an individual, a partnership, a limited liability

company or a corporation. If the offeror is a corporation, a partnership, a limited liability company or other legal entity, include a statement indicating the jurisdiction where the offeror is organized.

iv. Authorized Signature

The cover letter must be signed by an individual or individuals authorized to legally bind the offeror. If the offeror is a corporation, evidence in the form of a certified copy of a corporate resolution or certified copy of articles of incorporation or bylaws shall be submitted showing the individual's authority to bind the corporation. If the offeror is a partnership, the proposal must be signed by all the partners or evidence in the form of a certified copy of the partnership agreement shall be submitted showing the individual's authority to bind the partnership. Similar evidence must be submitted for an individual signing the proposal letter on behalf of any other kind of entity.

v. Federal Tax ID No.

The cover letter shall include the offeror's federal tax identification number.

vi. Hawaii General Excise Tax ID No.

A Hawaii General Excise Tax (GET) ID must be provided or a representation that a Hawaii General Excise Tax ID will be obtained prior to commencement of the work.

vii. Current Licenses and Registration

A statement that the offeror maintains the current licenses necessary to provide the services required. In addition, an offeror must provide evidence that the offeror is registered to do business in the State of Hawaii prior to commencement of the work. True and accurate copies of the offeror's license(s) and certificates must be provided.

viii. Subcontracting of Services

A statement by the offeror indicating that the work described in the RFP will not be subcontracted, except as described in the proposal, or assigned. The extent to which the work will be subcontracted and the qualifications of any subcontractor will be considered in evaluating the offeror's ability to perform the service referred to in the RFP.

ix. Non-discrimination

A statement of affirmative action that the offeror does not discriminate in employment and practices with regard to race, color, religion, age (except as provided by law), sex, marital status, political affiliation, national origin, handicap or disability.

x. ERS Approval of Contractor's Recommendations

A statement that the offeror understands that the ERS reserves the right to disapprove contractor recommendations without penalty when they conflict with the policy or fiscal interests of the ERS, as determined by the ERS Board of Trustees.

xi. Terms and Conditions of Contract

Affirm that the provisions of the sample contract in Attachment A are acceptable or state any proposed modifications. ERS reserves the right to decline or classify as "unresponsive" any substantive changes, modifications, or revisions to the provisions of the sample contract.

III. Confidential or Proprietary Information

The offeror shall designate those portions of the proposal that contains trade secrets or other proprietary data/information that the offeror wishes to remain confidential. This information must be clearly marked and readily separable from the proposal to facilitate public inspection of the non-confidential portions. Any request for public inspection is subject to the requirements of Chapter 92F, Hawaii Revised Statutes. The entire proposal CANNOT be considered confidential. The fee proposal CANNOT be considered confidential.

Employees' Retirement System of the State of Hawaii
Real Assets 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 assets investment consulting.
- Offeror must provide real assets 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 assets 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 assets consulting experience. Organizational stability. Quality of and commitment to personnel resources. Capabilities to satisfy contractual deliverables.	45
Presence in the institutional real assets community. Experience with public fund pension and institutional clients. Breadth and depth of experience in recommending institutional real assets investment vehicles. Capabilities with respect to real assets strategies.	35
Quality of and on-going commitment to current real assets manager and market information.	20
Fees	0
Total	100

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 March 13-17, 2023.

The ERS may conduct inspection of priority-listed offerors’ facilities February 14-17, 2023 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 February 24, 2023. 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 assets and market issues. Capabilities with respect to real assets strategies.	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	20
Total	100

***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.

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

SCOPE OF WORK

I. Introduction

The purpose of the agreement resulting from this RFP is to obtain comprehensive pension fund non-discretionary investment consulting services for the ERS.

The contractor must be an investment advisor registered under the Investment Advisors Act of 1940, as amended and shall provide investment advisory and consulting services as described in this RFP.

The contractor will enter into an agreement, in substantially the form set forth in **Attachment A**, which will obligate the contractor to provide investment consulting services.

II. Agreement Period

Unless sooner terminated as provided in the agreement, the term of the agreement is approximately three years, ending on June 30, 2026, with a three-year extension at the option of the ERS. The term of the agreement will commence on or around July 1, 2023. ERS will determine in 2026 whether to extend the term of the contract. If the three-year contract extension is not granted, the contract will expire on June 30, 2026. If the three-year extension is granted, the contract will expire on June 30, 2029.

The last payment due to the contractor will be issued after the quarterly performance report and other contracted materials, for June 30 of the expiring year, have been received.

The term of the agreement may be extended by the ERS at ERS's option to facilitate the completion of any investment manager in progress at the end of the then existing term. Such extension shall be solely for the purpose of completing the searches and shall be at no additional cost to the ERS.

III. Compensation

The annual fixed fee shall be paid in equal quarterly installments. The contractor shall submit to the ERS a monthly statement for the work covered under the annual fixed fee.

Any work not covered by the annual fixed fee shall be submitted for payment upon completion of the work. The contractor shall submit to the ERS a statement upon completion of the work not covered by the annual fixed fee.

The statements shall include the work performed by the contractor in sufficient detail to justify payment. ERS shall process the claim for payment in accordance with the standard operating

procedures of ERS.

Funds are not presently available for performance under this contract beyond the current fiscal year. ERS' obligation for performance of the contract beyond the fiscal year is contingent upon the availability of funds from which payment for contract purposes can be made. No legal liability on the part of the ERS for any payment may arise for performance under the contract beyond the current fiscal year until funds are made available for performance of the contract.

IV. Multi-Term Solicitation

This solicitation is for a multi-term contract. The proposed annual fixed fee shall be the same throughout the contract, except to the extent that price adjustment may be provided in this RFP and the resulting contract. The multi-term contract will be cancelled only if funds are not appropriated or otherwise made available to support continuation of performance in any fiscal period succeeding the first; however, this does not affect the ERS's rights or the contractor's rights under any termination clause of the contract. The head of the purchasing agency must notify the contractor on a timely basis if funds are not available for the continuation of the contract for each succeeding fiscal period. Offerors must submit prices for the entire time of performance only. In the event of cancellation, the contractor will be reimbursed unamortized reasonably incurred nonrecurring costs, if applicable.

V. Liaison and Authorization to Proceed

The ERS Chief Investment Officer will serve as the primary liaison with the contractor during the term of the agreement. The Chief Investment Officer will chair status meetings, assist in scheduling, and monitor and assess the contractor's performance.

ERS does not encourage, and will not in any way be bound by, work performed on behalf of ERS without approval by the ERS. Any work performed by the contractor prior to approval by ERS to proceed is done at the contractor's own risk.

VI. Scope of Services

The contractor shall not bind or purport to bind the ERS for any contractual commitment in excess of the contract period. Contractor shall comply with all applicable ERS policies and procedures.

The Chief Investment Officer will coordinate the activities of the consultant under general direction from the Investment Committee and be responsible for the implementation of decisions and oversight of managers.

For the avoidance of doubt, the consultant will provide coverage for all types of real assets investments, including real estate and other real assets such as timber, infrastructure, agriculture/farmland, etc., in addition to real estate. All of which will be covered under the all inclusive flat fee.

The specific duties of the Real Assets investment consultant will be as follows:

Develop, periodically review and recommend changes to a five (5) year Strategic Plan (including annual Strategic Plans and Pacing Plans) for the real assets investment program including a statement of program goals, quantifiable and qualitative objectives, policies and procedures, and benchmarks at the asset class level and individual portfolios. The real assets program can include core real estate, non-core real estate, real estate debt; real estate secondaries and other related assets, timber, infrastructure, agriculture/farmland, etc., commodities, and other more opportunistic investments as determined by ERS, among others. Provide other critical services for real assets investments, such as annual strategic planning, annual pacing planning, portfolio construction, policy reviews (Investment Policy Statement updates), ESG analysis and reporting, and macro research, etc.

The Strategic Plan for each program should set the investment criteria and guidelines for individual manager portfolios to achieve overall objectives.

Conduct an annual review of manager investment plans for individually managed accounts to ensure conformity with the Strategic Plan and investment criteria. This review will incorporate budget and management plans for the individual properties, as well as proposed acquisitions and dispositions for the succeeding year.

Search for separate account managers, commingled funds, and other investment vehicles appropriate for public pension fund and facilitate the inclusion of any manager in the ERS portfolio approved by the Board of Trustees.

Conduct due diligence on proposed managers for compliance with the Strategic Plan. This will include a review of the manager's preliminary investment proposal and an on-site visit to confirm manager representations. Assist with negotiation of terms and conditions, and prepare written recommendation reports to the Board of Trustees as requested.

Evaluate and monitor managers of separate accounts and commingled funds relative to established benchmarks and Strategic Plan compliance.

Prepare and present quarterly performance evaluation reports and analyses on the aggregate and individual manager portfolios as well as analysis of real assets market conditions. Portfolio return calculation will include individual property returns for separate accounts.

Assist with monitoring of capital calls and distributions and providing confirmation memos to ERS.

Assist with Limited Partner Advisory Committee (LPAC) activities (also referred to as other terms, such as Limited Partner Advisory Board, etc.). Activities may include, but are not limited to, attending LPAC meetings, reviewing LPAC materials, and reviewing LPAC consent/voting requests and providing recommendations to ERS (in a timely manner to meet deadlines).

Assist with reviewing general partner/manager consent/voting requests and providing recommendations to ERS (in a timely manner to meet deadlines).

The consultant will attend up to eight meetings annually as requested, which may include attendance at Investment Committee and Board meetings to review performance, assess the real assets program and make recommendations. In addition, attendance is required at the annual portfolio reviews.

Assist staff and Board with education on various real assets investment issues.

In addition, the consultant will perform such other duties or activities as may be requested by the ERS, provided that such duties or activities are consistent with the foregoing and with a full-service non-discretionary real assets consulting engagement.

Provide access to ERS or its representatives, the State auditor, or other third parties identified by ERS for the purpose of performing any audits or reviews that are deemed necessary by the ERS.

ESG Integration: Identify, assess, and integrate financially relevant ESG factors into market research, analysis, return assumptions, and portfolio design. Matters may include but are not limited to climate change, demographic trends, and technological innovation. Assist in the assessment and monitoring of real assets portfolio ESG integration risks and opportunities, consistent with ERS's investment policy. Conduct specialized research on ESG topics and integration strategies as requested.

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

MINIMUM QUALIFICATIONS CERTIFICATION

The undersigned Offeror hereby represents and warrants to the Employees' Retirement System as follows:

1. Offeror is an investment advisor registered under the Investment Advisors Act of 1940.
2. Offeror has been in business as a real assets investment consultant for a minimum of three years.

Date business commenced (please provide commencement date for each of the areas covered by the proposal): _____

3. Offeror provides real assets investment consulting services to at least one public retirement system defined benefit client with assets greater than \$5 billion.

Name(s) of client(s): _____

4. The primary consultant assigned to the ERS account has a minimum of seven years experience providing domestic and international investment consulting services to public pension plans.

Name of the primary consultant: _____

Number of years of experience: _____

5. The Offeror's principal place of business is in the United States. Offeror is subject to service of process in the United States.

Location of Offeror's principal place of business: _____

6. If awarded the contract, the Offeror will serve as a "fiduciary" with respect to the ERS.

OFFEROR'S NAME: _____

Signed: _____ **Date:** _____

QUESTIONS

Your answers must be numbered consecutively as listed below, including the restatement of the question followed by your firm's response.

Organization

1. Provide your company's name and address, and the primary RFP contact's name, phone number, fax number, and e-mail address. Provide the address of the office that will service this account. Provide the legal entity name that will be represented on the contract should your organization be awarded this consulting mandate?
2. Give a brief history of your firm's involvement in the real assets consulting business and any related businesses to consider such as real assets, for example, including the year of organization, current ownership structure, affiliations and any recent changes. Are ownership changes planned or anticipated at this time?
3. How many years has the firm provided real assets consulting services to public pension plans? How many years full discretionary? How many years non-discretionary?
4. What do you consider to be your firm's consulting specialties, strengths, and limitations? What services, if any, does your firm (or any subsidiary) offer in addition to pension fund real assets consulting services? What percentage of your total firm revenues come from outside your real assets consulting services?
5. Describe your current ownership structure including the names and titles of owners (or parent organization) by percentage.
6. List the total number of professionals assigned to providing professional-level real assets consulting services within your organization and how many of those professionals who would have direct responsibility for the ERS account. Please define your definition of "professional" in terms of functions and responsibilities.
7. Describe your present and future business plan/strategy as it relates to ownership structure and real assets consulting services.
8. Does your firm also provide real assets consulting services to real assets managers? How do you handle potential conflicts?
9. Does your firm or affiliates provide investment management, brokerage or other services for clients? What procedures are in place that would mitigate or eliminate potential conflicts of interest?
10. Does your firm act as a fiduciary when serving as a pension fund real assets investment consultant? Please elaborate if your firm does not and why.
11. Describe any financial relationships that exist with other organizations such as brokerage firms,

insurance companies, commercial banks, investment banking firms, investment management firms, etc.

12. Please disclose the nature of any relationship you now have or have had in the past five years with any ERS Board member, consultant, or staff.
13. Do you subcontract or outsource any parts of your investment consulting business? If yes, please describe in detail which parts are performed externally and the reason for doing so. Please provide the name(s) of the providers, their office location, how long they have been in business, and the qualifications of the specific people who will be working on our account.

Clients

1. Provide a list of all clients, noting the institutional clients with assets of more than \$1 billion using the following format:

*Place “x” mark if applicable

Client’s name	Public pension plan*	Retainer Based*	Transaction Based*	Total Plan Assets greater than \$1 billion (state amt. in \$mm)	Funded % of Total Plan Assets Allocated to Real Assets	Target % of Total Plan Assets to Real Assets

2. Indicate the total amount of assets under your pension fund real assets consulting management at the end of June 30, 2017 to June 30, 2022. Separate the amount as follows using the format provided:

(State in \$million as of June 30)

Period	Direct	Commingled	Co-Investments	Other (specify)	Other (specify)	Total
2022						
2021						
2020						
2019						
2018						
2017						

3. For clients over \$1 billion, please list clients’ investments by using the following format (please list all public pension fund clients first):

Clients name	Property Type	Geographic location	Strategy Type (core, enhanced, etc.)	% of Allocation to Real Assets	Market Value (state in \$mm)

4. List at least three client's (public pension funds preferred) that your firm provides full service real assets consulting and briefly describe the services provided. Indicate whether full discretionary or non-discretionary.

5. References: (Please get advanced permission from each reference provided).

List three (3) public pension funds (or three (3) clients if public pension funds are unavailable) with assets equal to or over \$5 billion for whom you have provided primary real assets consulting services.

For each reference listed include client name, address, telephone number, email address and whether they are a full-retainer client and whether they are discretionary or non-discretionary with name of contact person.

*Place "x" mark if applicable.

Client's Name, address, contact person and phone no. email address	Number of Managers monitored	Market value	Commingled (C) or Direct (D)	Equity (E) or Debt(D)	Office*	Industrial*	Multi-family*	Retail*	REITS*	Specialized Non-traditional*	Other*

6. Provide a list of pension fund clients to whom your firm has provided specific project consulting (no long-term retainer) in the last three years and briefly describe the type of assignment (e.g. investment policy, staffing study, market study, specialized/non-traditional real assets investments, etc.) using the format below:

Name of Non-retainer client	Year service provided	Type of Assignment

7. Provide a list of clients that have terminated your services within the last five (5) years, the dollar amount of assets under management at time of termination, and the reasons for termination of each.

8. Describe your plans for managing the future growth of your firm in terms of staff, maximum assets, number of clients, etc.

Personnel

1. Provide an organizational chart of your real assets consulting unit showing functions, positions names and titles. (Identify as **Appendix A**)
2. Provide biographies of your key professional personnel. (Identify as **Appendix B.**)
3. Briefly describe which personnel share an equity stake in the organization, and describe any other provided incentives to retain your most talented staff.
4. List the name and location of primary individual(s) the names and locations of personnel who directly support the primary individual(s) and backup personnel who would be responsible for our account and provide brief biographies including titles, functions, academic credentials, relevant experience and number of years in their current position on job functions and in real assets consulting, how many other accounts for which they currently have responsibility, and a profile of their current clients. Identify and explain the role of back-up personnel.
5. Explain how junior level staff are trained or developed to assume more senior level positions in your firm and cite the criteria used to promote them.
6. Has any officer or principal of your organization been involved in litigation relating to consulting activities within your firm or prior to joining your firm (if known)? If so, provide a brief explanation and indicate its current status. Has your firm been under any investigation by a regulatory agency or other government agency? Please explain the status and outcome.
7. Describe how many support staff including (but not limited to) research analysts and other technical personnel that the primary individual has access to in servicing the ERS account.
8. What policies are in effect to control the workload as it relates to the number of clients serviced by each consultant? Is there a limit on the number of accounts that a consultant may handle?
9. Describe the turnover in key professional personnel in each of the last five (5) years. Indicate the number of people gained/lost in the following categories:
 - a) client contact consultants
 - b) key technical personnel

Name/Position	Joined/Left the Firm	Years with Firm	Replacement	Reason for leaving

10. Describe your firm’s efforts to encourage and embrace diversity as it relates to staff. What initiatives, if any, does your firm have in place to encourage diversity throughout the organization?
11. Who at the firm has named accountability for assessing ESG-related risks and opportunities, if any?

Services

1. List all standard services provided in a typical real assets full service consulting and performance monitoring relationship. List the special services that you have provided to meet other needs of your clients. Which of those services are in addition (or not mentioned) in the Scope of Services described in this RFP.
2. Briefly summarize your philosophy relating to the consultant's relationship with Boards; Investment or Real Assets Committees, Staff; and real assets managers.
3. How do you effectively communicate with your clients? What should a client expect from you in terms of client service? What is your availability to meet with the Investment Committee and staff for investment policy review, manager searches, review of individually managed account-related matters, and other issues that may arise? Do you have a website portal? Describe the kinds of client information that is available on-line.
4. Do you attend annual manager or partnership meetings on behalf of your clients? If not, will you participate at a specific client's request and will there be an additional charge for this service?
5. Describe the services of your organization that distinguish your firm from other real assets investment consultants, and discuss how your firm's strengths would add value to our Fund.
6. Describe your firm's capabilities regarding coverage of real asset strategies, such as infrastructure, agricultural/farmland, commodities, timber, and other related strategies. Are you able to provide such coverage as part of a consulting contract?
7. Are there any additional services or distinguishing features or services that your firm can offer (e.g., proprietary database and analytics; risk management reporting or consulting).

Database

1. Outline the overall capabilities of your database system.
2. How many of the following are tracked on your performance database?
 - a) managers/advisors
 - b) direct investments
 - c) commingled funds
 - d) specialized, non-traditional funds
3. Discuss the number of individuals assigned to monitoring investment products and frequency of both their internal and external manager visits.
4. How frequently is the real assets investment manager information updated? What are the sources of data and how do you ensure that your data is an unbiased and fair representation of the real assets investment manager universe? How is the investment strategy (core, enhanced, high return, etc.) determined for an investment manager or product? (i.e., what is the specific criteria used.)
5. What level of detail is included in your database to be used for screening (e.g., assets under management, client information, staffing information, research capabilities, ownership fees, organizational changes, etc.)? How is this information verified?
6. How is the manager categorized into a specific style? How do you monitor consistency of style? How often? Do you monitor manager compliance with policy objectives and guidelines?
7. How many managers have you met with annually in each of the last three years in your offices? At their offices?
8. Do you receive a fee or other consideration from managers who wish to be maintained on your database? Do you sell investment manager database information? Do you receive compensation directly or indirectly from the sale of this information? What percentage of your revenue do you derive from sales to or subscriptions from money managers on your database? How do you prevent conflicts of interest with the current investment managers of your clients?
9. What types of ESG data, in particular quantitative measures, are available in your database? Any GHG metrics? Can these metrics be aggregated in a standardized way across the portfolio?

Manager Search

1. Describe your experience and capabilities in conducting searches for real assets investment manager. How many searches were conducted for clients between \$1 billion-\$15 billion in total plan assets in the past five years? How many different managers were recommended by you in calendar years 2014 and 2015 for each of the four major property types? (office, industrial, retail, multifamily, public REITS, specialty types).
2. Briefly describe the due diligence process on managers during searches. How does on-site due diligence fit into the search process?
3. How does ESG factor into your manager search process both at the business/organizational level and the strategy level?

Investment Policy/Asset Allocation

1. Describe your pension fund experience (preferably public fund) and approach in developing investment policy and objectives for a diversified pension fund especially within the context of a comprehensive strategic plan. Comment on your process for analyzing a client's portfolio structure and for recommending modifications. Describe the manner in which you assist the Board and the Investment Committee in monitoring investment policy, strategy and asset mix.
2. Please provide an example of an investment policy and an example of current long term strategy by strategy type and property type (office, residential, industrial, public REITS) goals and return objectives. Briefly address in the policy/strategy any economic/market assumptions and how the strategy achieves its objectives given current and future market volatility changes in interest rates, changes in inflation, and supply and demand constraints.
3. What does your firm consider to be crucial issues regarding the development of an investment policy?
4. For the ERS:
 - a) What is the most appropriate way to categorize real assets investments to help the client best understand the levels of risk being assumed? What are the real return assumptions associated with each category type and how were those real return assumptions determined?
 - b) What is your outlook on inflation and how are near and long term changes in those rates influencing real assets Policy and the kinds of investments you recommend to your clients? What are the specific investment strategies that you believe will help public pension plan clients achieve high levels of risk-adjusted returns. (The ERS expects its real assets program to generate a minimum total real rate of return of 5.0% using a Time-Weighted rate of return calculation.) Do you believe this is an appropriate real return expectation for the next five to ten years? If not, why not?
 - c) How would you help the client understand the level of leverage being used across the real assets portfolio? What kind of reports or presentations do you currently provide that reflect leverage?
 - d) Describe any comprehensive *program-level* risk management tools or systems you use to understand and evaluate various kinds of risks associated with a client's real assets program.
5. Describe the firm's ESG policy, if any.

Performance Measurement

1. What categories are tracked in your performance measurement system? Provide the specific characteristics unique to each category, as well as concise definitions. Is the property level information used for both direct and commingled fund analysis?
2. How many years of useable performance data are on your database?
3. Describe the sources of information (other than databases and managers) you use for providing performance measurement data. Do you certify that reporting is in compliance with CFA Institute GIPS ® reporting standards?
4. Describe your methodology in computing individual manager returns. Please include the actual formula utilized, the frequency of calculation, the treatment of cash flow, and the treatment of fees.
5. What benchmark(s) do you recommend for evaluating the performance of a public pension plan real assets program? What are your views on benchmarks that do not include leverage versus those that may include leverage?
6. How do you verify and reconcile the managers' returns?
7. How are total fund numbers calculated?
8. Describe the flexibility available to customize reports.
9. Briefly describe how a new client would transition to your services and cite any experience you have with transitions. Do you backload investment performance data?
10. Describe the methods and resources used for customizing and/or tracking benchmarks used to analyze and evaluate your clients' portfolio performance.
11. Please provide as **Appendix C** a sample of your firm's performance and other standard reports. Also provide a sample of a recent quarterly performance report for an Individually Managed Account (IMA) manager in **Appendix C**. How many days are quarterly reports available after the end of each quarter? Do your quarterly reports include an executive summary?
12. Describe how your organization identifies problems with investment advisor activities and performance. Include the process by which steps are taken to rectify the problems.
13. Describe steps you have taken on behalf of your clients who have investments in poorly performing:
a) commingled funds, b) separate accounts or direct investments.
14. Describe the quantitative measures used to assess ESG, if any.

Deal Review

1. What is your firm's experience in:
 - a) preparing property due diligence reviews for new acquisitions and property reviews for existing investments?
 - b) managing an appraisal process for a client and in preparing review appraisal reports?

Provide an example, if available, of a sample outline for a due diligence review and an example of a review of an appraisal report in **Appendix D**.

2. Describe your organization's experience in working with institutional owners, advisors, and/or lenders on workout/problem properties. Provide examples of where your firm has added value to the process of workout consulting.
3. What policies are in place to determine allocation of real assets investments among several of your clients? Please attach this policy (if available) in **Appendix E**.
4. Please address your experience as a consultant in reviewing and recommending real assets deals located in (1) Europe, (2) Far East/Asia/Australia, (3) Latin America, (4) Middle East, (5) Other regions, and what recommendation you have for investment in these regions over the next five years.
5. Please address your experience in evaluating and recommending timber, infrastructure, agriculture/farmland, etc. and other alternative forms of real assets. What percentage range of its total real assets allocation would you recommend for a public pension like the Hawaii ERS? Would such an allocation grow larger over time, by how much, and why?

Fees

1. Provide your fee schedule. Assume full-service real assets consulting (include cost of travel, if any, to ERS for attending up to eight meetings with the Board or Investment Committee). Please state the full scope of services you will provide under your stated fee structure. In addition, please specifically list any Scope of Services listed in this RFP that you will not provide under the fee schedule. The proposal will be evaluated on the basis of fees for real assets services, which include real estate and other real assets such as timber, infrastructure, agriculture/farmland, etc., all of which will be covered under the all inclusive flat fee. .

FEE PROPOSAL

As the term of the contract is expected to be for approximately three (3) years, with a three year extension issued at the discretion of the ERS, the Fee Proposal should be guaranteed for a period of not less than six (6) years from the effective date of the contract. The services detailed under Paragraph VI of the Scope of Work Section of this RFP should form the basis for the proposed fees and should be referred to for a detailed description of the services required of the successful offeror. Proposed fees must include travel, taxes and all expenses.

Offerors should submit an all inclusive annual fee for all services, as follows:

All inclusive flat fee – year 1	\$ _____
All inclusive flat fee – year 2	\$ _____
All inclusive flat fee – year 3	\$ _____
Sub Total (Years 1-3)	\$ _____
All inclusive flat fee – year 4 (if extension is issued)	\$ _____
All inclusive flat fee – year 5 (if extension is issued)	\$ _____
All inclusive flat fee --year 6 (if extension is issued)	\$ _____
Total Fees (Years 1-6)	\$ _____

The method of payment is described in Paragraph III of the Scope of Work section.

The final contract fee should represent the only compensation received by the consultant for services provided to the ERS. There should not be any other benefit, monetary or otherwise, that results from this relationship between the consultant and ERS.

Attachment A Sample Contract