**QUESTIONNAIRE**

*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:

1. What is the most appropriate way to categorize real assets investments to help the client best understand the levels of risk being assumed? What is the real return assumptions associated with each category type and how were those real return assumptions determined?
2. 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?
3. 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?
4. 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. .