

Ohio Public Employees Retirement System
Request for Proposal



Ohio Public Employees Retirement System

Request for Proposal

For: Investment Consulting Services

Date:

September 29, 2023

Project Name: OPERS Board Investment Consultant

277 East Town Street
Columbus, Ohio 43215
1-800-222-PERS (7377)
www.opers.org

PLEASE NOTE: NO RESPONDENT SHALL ATTEMPT TO COMMUNICATE WITH OPERS CONCERNING THIS RFP IN ANY MANNER OTHER THAN AS SPECIFICALLY PROVIDED IN THE “RFP COMMUNICATION PROTOCOLS” SET FORTH IN ATTACHMENT 1 HERETO.

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A. BACKGROUND

1. Retirement Board

In 1935, the Ohio Public Employees Retirement System (OPERS) began a tradition of providing excellent retirement benefits for state employees. With approximately \$106.8 billion in net assets, the System provides retirement, disability, and survivor benefit programs for public employees throughout the state who are not covered by another state or local retirement system. OPERS serves over 1,248,000 members of approximately 3,700 public employers including 220,000 retirees, disability recipients and surviving beneficiaries who receive monthly benefits.

2. Financial Information

The most recent OPERS Annual Financial Comprehensive Report is available on the OPERS website at: <https://www.opers.org/financial/reports.shtml>

B. OVERVIEW

OPERS approximately \$106.8 billion in assets are diversified across various asset classes. Details of the investment programs, strategies, plans and policies can be found on the OPERS website at: <https://www.opers.org/investments/inv-plans.shtml>

OPERS is governed by an eleven (11) member Retirement Board. Seven (7) Board members are elected to four-year terms by the groups they represent: Non-Teaching College/University Employees; Retirees (2 members); State Employees; County Employees; Municipal Employees and Miscellaneous Employees. The Director of the Department of Administrative Services for the State of Ohio is a statutory member. The remaining three members are investment experts appointed by (one each): the Governor of Ohio; the Treasurer of the State of Ohio, and; jointly by the Speaker of the Ohio House of Representatives and the President of the Ohio Senate. Under state law, the Board is solely responsible for establishing OPERS Policies.

The OPERS Retirement Board seeks general investment consulting services for all of its existing Funds--Defined Benefit, Health Care, Defined Contribution and any others created during the term of the contract—covering the following areas: asset allocation and asset liability studies; education on a broad array of topics; performance analysis and reporting to the Board. As well as general investment counsel on topics such as investment policies, defined contribution plan assistance and approval of public market strategy investment guidelines.

Additionally, the Board seeks Strategic Investment Consulting Services for Alternatives. Alternatives is currently defined to include private equity, real estate, private credit, hedge funds and other non-publicly traded exposures added during the term of the contract. Such Consultant will provide advice and counsel to the Board on the scope, scale and performance of its allocation to Alternatives; and recommend appropriate asset class level benchmarks. The Consultant will also offer perspective on factors associated with Alternatives such as implementation challenges, risks specific to these exposures as well as risk mitigation, diversification, fees, illiquidity, valuation and the degree of institutionalization. Moreover, the Consultant will offer advice on seeking to balance the benefits of Alternatives (e.g. higher historical risk-adjusted returns) with the negatives (e.g. lack of transparency). Additionally, the Consultant will provide advice on opportunities in Alternatives and share research and offer education to OPERS Board and Staff.

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OPERS Staff, not the OPERS Board, has also traditionally employed due diligence level consultants for private equity, private real estate and hedge funds that may provide external manager overviews and investment due diligence reports.

About 50% of the OPERS assets are managed by Investments team. Internally managed public market portfolio purchase and sale decisions are made by OPERS Staff (“Staff”) and must be consistent with portfolio guidelines which are approved by the Board’s Consultant. Active portfolios are managed in the context of tracking error expectations (risk) and alpha expectations (excess return).

Investment decisions to add or delete portfolios, hire or terminate external managers (including decisions to invest in private partnerships or fund internally managed portfolios), are subject to the approval of the Chief Investment Officer. External manager recommendations are made at Investment Division Staff committee meetings and must be consistent with Board approved Policies and the Annual Investment Plan. Staff’s recommendations may be accompanied by a non-binding Consultant report, which also carries a recommendation.

C. SCOPE OF ENGAGEMENT

The selected Investment Consultant will be a fiduciary to OPERS, work closely with the Staff to provide the services described herein, **and will report, independently of Staff, directly to the Board.** The selected Investment Consultant will attend all OPERS Board meetings and other meetings as requested.

Asset Allocation and Liability Studies

Approximately every three years, OPERS conducts a comprehensive asset allocation and asset-liability review for the Defined Benefit Fund and the Health Care Fund. Specific responsibilities for each study include:

- Recommending appropriate long-term asset allocation targets and ranges.
- Establishing asset classes and benchmarks.
- Establishing long-term capital market return expectations and correlations across the asset classes.
- Recommending appropriate risk tolerances.
- Performing comprehensive liability analysis.
- Coordinating liability analysis findings with OPERS and its actuary.
- Calculating and projecting Fund solvency.
- Providing OPERS with access to analytical software and models.
- Establishing, in advance, short-term target benchmark allocations vis-à-vis long-term strategic allocation as part of the OPERS Annual Investment Plan.

Investment Policies, Strategies and Guidelines

The selected Investment Consultant will provide expert investment advice and recommendations for: OPERS Defined Benefit, Health Care and Defined Contribution Funds; asset classes; and portfolios. The selected Investment Consultant will also review and approve individual portfolio guidelines derived from Staff proposals and recommendations. Details of the investment programs, strategies, plans and policies can be found on the OPERS website at: <https://www.opers.org/investments/inv-plans.shtml>

Performance Monitoring and Reporting

The selected Investment Consultant will provide expert performance monitoring and reporting for OPERS Defined Benefit Fund, Health Care Fund, Defined Contribution Fund, asset class composites; and specific portfolios, and all internal and external public market managers. Specific performance

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monitoring and reporting duties performed by the selected Investment Consultant will include the following:

- Reconciling performance figures with OPERS custodian(s) and master recordkeeper.
- Providing and presenting quarterly performance reports with respective benchmarks, performance objectives, guidelines, and risk levels.
- Providing expert market commentary and trends.
- Analyzing performance versus benchmarks and objectives including attribution analysis for:
 - Fund composites
 - Asset and Sub-Asset Class composites
 - Public Market Managers
 - Portfolios
- Analyzing performance versus peer composites for all public market mandates.
- Providing independent reports on external public market managers as required.

Due Diligence for Public Market Managers

The selected Investment Consultant will provide expert due diligence for external public market managers for the Defined Benefit Fund, Health Care Fund and Defined Contribution Fund. Specific due diligence duties performed by the selected Investment Consultant will include the following:

- Identifying new investment opportunities in conjunction with OPERS Staff.
- Providing Staff access to a comprehensive investment manager database of global public market asset managers as well as your firm's recommended manager list and manager evaluation protocols.
- Assisting Staff, if requested, with the preparation of Requests for Proposals, development of evaluation factors and methods, evaluating proposals, interviewing managers and making recommendations concerning the selection and termination of managers.
- Reviewing the benchmarks, performance objectives, risk tolerances and investment guidelines for the selected external public market managers.
- Reviewing the investment philosophy, decision-making process, strategies, and competitive advantages of internal public market managers.

Services for Alternatives

The consultant will provide advice and counsel to the Board on the scope, scale and performance of its allocation to Alternatives, and recommend appropriate asset-class level benchmarks. The consultant will offer perspective on factors associated with Alternatives such as implementation challenges, investment risks specific to alternatives as well as risk mitigation, high fees, illiquidity, manager activism, degree of institutionalization among asset classes, and on balancing the benefits of Alternatives, (e.g., higher risk-adjusted returns), with the negatives, (e.g., lack of transparency. In addition, the consultant will provide strategic advice on opportunities in Alternatives, and share research and education with OPERS Board and Staff.

Specific duties performed will include:

- Provide advice and recommendations relating to OPERS Alternatives Policies, benchmarks and Alternatives components of the Annual Investment Plan.
- Assist Staff in structuring an Alternatives portfolio that conforms to the overall objectives outlined in OPERS Investment Policies and Annual Investment Plan and that is designed to produce top tier investment results.
- Provide strategic advice relating to opportunities within the Alternatives universe, considering OPERS size, scale, decision-making governance, and focus on generating top tier investment results.
- Provide education to the OPERS Board, as requested.

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- Share firm research and provide access to the research staff.
- Provide assistance on building pricing models for private equity, real estate and private credit
- Aid on special projects as needed.

Market Research and Education

The selected Investment Consultant will provide expert market research and education including:

- Proactively advise the Board and Staff of new investment vehicles and techniques or major changes in existing practices within the industry and, upon request, prepare a comprehensive analysis and make recommendations concerning those developments.
- Provide recommendations for the Defined Contribution Fund plan design as warranted.
- Participate in ad hoc workshops on specific issues designated by the Board and Staff.
- Respond in an agreed-upon and timely manner to Board member and/or Staff inquiries between meetings.
- Share all firm research, including research papers, and provide Staff access to the Consultant's research staff.
- Provide written recommendations on Board Committee action and discussion items, independent of Staff, on a scheduled timeline.
- Provide OPERS Board with a well-reasoned opinion independent of Staff on any matter related to the investment program at OPERS, if asked.
- Aid on special projects as needed.

DC Funds

- Educate both Staff and Board about DC trends and best practices.
- Advising the Board on DC Fund investment matters on at least an annual basis.
- Monitoring DC Fund investments and Managers.
- Discuss/review DC Fund performance with Staff on a quarterly basis.
- Conducting periodic and special studies on behalf of the Board, if requested.

Other Duties

- Participate in periodic OPERS investment forums and assist in sourcing potential speakers.
- Review/approve the Fund level excess returns (alpha) and Staff portfolio and composite alpha targets each year and establish multi-year targets.
- Provide inputs into the incentive compensation plan proposals.
- Provide market commentary/views for the Annual Investment Plan.
- Perform special projects as needed and participate in workshops or other events on specific issues designated by the Board.

Minimum Qualifications

Prospective general strategic investment consultants responding to this RFP (each a "Respondent" or a "Vendor") must meet the minimum qualifications for further consideration. Minimum qualifications are listed in **Attachment 5 - Consultant Certification**. An individual who is authorized to contractually bind the Respondent must sign and return Attachment along with the response.

D. PROPOSAL CONTENT

At a minimum, the proposal must include the following information. For ease of review by OPERS, each requirement should be addressed in a separate section of the proposal, preceded by an index tab

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to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents.

1. Certification of Proposal Requirements

The Vendor must include a certification statement in the form attached hereto as **Attachment 2 – Certification of Proposal Requirements**, which must be signed by an individual who is authorized to bind the Vendor contractually.

2. Questionnaire

Please provide the following information:

- 2.1 Vendor's United States office locations, identifying which location(s) will be assigned this project.
- 2.2 Vendor's legal structure (e.g., an Ohio corporation), Federal tax identification number, and address of the principal place of business.
- 2.3 Vendor's organizational structure, including subsidiary and affiliated companies, and joint venture relationships.
- 2.4 How many years has Vendor been in business?
- 2.5 Yes/No: Has Vendor undergone any material change in its structure or ownership within the last 18 months? If yes, please describe.
- 2.6 Yes/No: Is any material change in ownership or structure currently under review or being contemplated? If yes, please describe.
- 2.7 If available, please provide a report, study, or assessment of your company, prepared by an unbiased independent third-party source, concerning client satisfaction and measures of your firm's strengths and weaknesses vis-à-vis your key competitors.
- 2.8 Please provide your most recent financial statements, including a statement of financial position, an annual income statement, and a balance sheet.
- 2.9 Please describe any material litigation to which your company is currently a party. In addition, please describe any material litigation that your company has been involved in over the last 3 years.
- 2.10 Please provide a list and describe litigation brought or threatened against your company by existing or former clients over the past 5 years.
- 2.11 Please describe any relationships that your company has with any potential or existing vendors of OPERS, including any potential fees or other remuneration your company may receive for recommending their products or services.

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2.12 Please provide a description of your IT security program and certifications, especially any of the following, along with a copy of your most recent report for each applicable certification:

- 2.12.1 SSAE 16 / 18 SOC2 (including a Type 2 report utilizing the following trust principals: Security, Availability, Confidentiality, Processing Integrity, and Privacy (preferred))
- 2.12.2 CSA STAR
- 2.12.3 ISO 27001
- 2.12.4 ISAE 3402 (including a Type 2 report)
- 2.12.5 Health Information Technology for Economic and Clinical Health Act (HITECH)
- 2.12.6 FedRamp
- 2.12.7 Payment Card Industry Data Security Standards (PCI DSS)
- 2.12.8 BS 10012

3. Understanding of Engagement

- 3.1 Please describe in detail your organization's understanding of the goods and/or services requested in this RFP by OPERS and describe the procedures and methods that will achieve the required outcomes.
- 3.2 Please describe areas or processes not included in this RFP that your company may examine in order to provide more complete goods or services.
- 3.3 Please provide a narrative that supports why your company believes that it is qualified to undertake the proposed engagement.

4. Project/Work Plan (including timeline with details of hours)

The proposal should set forth a project plan for delivering the services and deliverables described in this RFP, including:

- 4.1 A description of how the Vendor will consult with and/or make presentations to the OPERS Board and to OPERS staff during the engagement.
- 4.2 A description of the service management and quality control procedures to be utilized. These should identify and describe any anticipated potential problems, the Vendor's approach to resolving these problems, and any special assistance that will be requested from OPERS.
- 4.3 Vendor should structure the work plan in a way that allows OPERS ample time to review the deliverables in the work plan.

5. Vendor Personnel

- 5.1 For each individual that you propose to assign to this engagement, please provide a narrative with the following information:
 - 5.1.1 Employee name and title.
 - 5.1.2 Proposed position on this engagement (manager, supervisor, officer, etc.)
 - 5.1.3 The month and year that the employee began working for your organization.
 - 5.1.4 Employee work history.

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5.2 Vendor is required to provide all goods and perform all services requested by the RFP, and may not subcontract to provide such goods or services without the written consent of OPERS. For each of the Vendor's potential subcontractors, please provide a narrative with the following information:

- 5.2.1 The proposed subcontractor's (firm) name and address.
- 5.2.2 A brief description of the goods or services the subcontractor might provide.
- 5.2.3 A statement that Vendor acknowledges and agrees that it will remain liable for the provision of any Goods supplied by and/or Services performed by such subcontractor.

5.3 Please describe your firm's procedures in the event that a contact person assigned to this engagement leaves your firm during the term of the engagement.

6. References

- 6.1 Please provide the names, addresses and telephone numbers of five (5) current clients similar in size to OPERS.
- 6.2 Please provide the name and telephone number of a responsible official who may be contacted as a reference.
- 6.3 For each reference listed above, please provide a summary description of the goods and/or services provided by the Vendor to the reference that would be relevant to the goods and/or services to be provided in response to this RFP.

7. Cost

- 7.1 **Fees should be submitted separately from the proposal so that the proposal is evaluated independently of fees. Submit the fee schedule by itself in a separate sealed envelope. It should be clearly marked "Investment Consulting Services Fee Schedule for (name of your firm)." Please provide a not-to-exceed, fixed-cost price quote for this project, stating the total cost for the project, including any and all reimbursable expenses. The proposed fees shall include all costs payable by OPERS for services as outlined in the Scope of Engagement. Once the Consultant is selected, the fee may be refined depending on factors which may affect the fee. But in no case will the refined fee be higher than the proposed fee. The fee proposal should assume a three-year agreement, with two one-year extension options.**

| | Annual Fee (in US\$) |
|-----------------------|----------------------|
| Year 1 | |
| Year 2 | |
| Year 3 | |
| First Year Extension | |
| Second Year Extension | |

- 7.2 Provide a cost per hour for additional service work, or if hourly costs are not applicable, the deliverables that Vendor intends to provide, and the cost associated with each deliverable.

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7.3 State whether Vendor will negotiate its proposed cost if OPERS decides negotiation is appropriate as to any aspect of the proposals, including the cost, with the finalist(s). In no case, however, will the negotiated cost be higher than the cost submitted by the Vendor in its proposal.

8. Sample contract

Please provide a sample contract with your proposal for consideration if you are selected for this engagement, along with a copy of your certificate of insurance. The contract should reflect the specific scope and deliverables of this engagement as well as hourly fees for any potential work outside the scope of this engagement and response times.

Notwithstanding the foregoing, any contract that may result from this RFP must include the contract provisions included in **Attachment 3 – Required Contract Provisions**, which provisions shall control in the event of any conflict.

9. Additional Information

The Vendor should provide any other information it believes relevant to the engagement.

E. SELECTION CRITERIA

Proposals will be evaluated, and OPERS will make any final decision to award the contract.

During the evaluation process, OPERS management may, in its sole discretion, request any or all vendors to make oral presentations. Such presentations will provide Vendors with an opportunity to answer questions regarding the Vendor's proposal. Not all Vendors may be asked to make such oral presentations.

Proposals will be evaluated based on the following criteria, (each criterion may be weighted):

1. Understanding of services requested
2. General service and product offerings
3. Knowledge and experience of staff
4. Resources and capabilities of firm
5. Investment consulting fees
6. Other Considerations

After evaluation of the proposals, OPERS may determine a list of up to three (3) finalists, and may commence sequential negotiations on any aspects of the proposals OPERS deems appropriate, beginning with the highest-scoring finalist. If OPERS does not reach agreement with the highest-scoring finalist within seven (7) calendar days, or if in the opinion of OPERS negotiations with that finalist reach an impasse, OPERS may decide not to award the contract or may begin negotiations with the second-highest scoring finalist. OPERS may choose to continue such negotiations with subsequent finalists on the same basis until a contract is negotiated, no other finalists remain, or OPERS decides not to award the contract pursuant to this RFP. After finalist scoring, additional due diligence of Vendor may be required prior to entering into a contract.

F. GENERAL TERMS AND CONDITIONS FOR SUBMITTING PROPOSALS

1. Vendor acknowledges that OPERS is subject to the Ohio Public Records Act, and the documents submitted pursuant to this RFP may be subject to a public records request. Accordingly, Vendor should submit, along with its response to this RFP, a copy of its response in which any information

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that is trade secret or is otherwise exempt from disclosure under the Ohio Public Records Act is redacted, along with a reference to the statutory basis upon which Vendor is relying for the redaction. For example, the Ohio Public Records Act is ORC Section 149.43 and allows protection of trade secret information as set for in ORC 1333.61(D) or any federal statutes that might apply. If at any time after submitting the redacted copy of its response pursuant to the previous sentence Vendor should identify information in its redacted copy that (a) was not redacted in its submission but it later determines has become trade secret information or otherwise exempt from disclosure under the Ohio Public Records Act, or (b) was redacted in its original submission but it later determines is no longer trade secret or otherwise exempt from disclosure under the Ohio Public Records Act, Vendor shall send OPERS an updated redacted copy reflecting such change, along with a reference to the statutory basis upon which Vendor is relying for any additional redaction. If a request for records is made that includes information Vendor has submitted pursuant to this RFP, OPERS will provide the requestor with the redacted version of Vendor's response provided pursuant to this section, or updated pursuant to the preceding sentence, if applicable. If the position taken by Vendor in its redactions hereunder results in OPERS suffering any damages, fees or other losses of any kind, Vendor shall indemnify OPERS for such losses. If no documents or materials are identified and marked by Vendor as confidential, Vendor will be deemed to have consented to the release of the document or material, and to have waived any cause of action against OPERS resulting from the release of the documents or materials.

2. Regardless of cause, late proposals, in whole or in part, will not be accepted by OPERS and will automatically be disqualified from further consideration. It shall be the Vendor's sole risk to ensure delivery of its proposal at the designated office by the designated time. Late proposals will not be opened and may be returned to the Vendor at the expense of the Vendor or destroyed by OPERS.
3. OPERS reserves the right, in its sole discretion, to reject any or all proposals submitted, and to waive as to any Vendor or as to all Vendors, any informality or irregularity in a proposal or proposals or any failure to conform to the instructions in this RFP.
4. OPERS reserves the right to modify any dates stated in this RFP at its sole discretion and accepts no liability to the extent the actual schedule differs from the dates set forth herein. In the event a change is made to the RFP Schedule, a revised schedule will be posted on the OPERS website.
5. This Request for Proposal is not a contract, is not intended to serve as a contract, and does not constitute a promise to enter into a contract.
6. OPERS shall not have any responsibility or liability whatsoever with respect to any costs incurred by any Vendor in preparing a proposal or responding to this RFP.
7. OPERS does not make any representation or warranty regarding the accuracy or completeness of any information contained in this RFP, its Attachments, or any statements made by representatives of OPERS during the RFP process. Each Vendor is responsible for making its own evaluation of the information and data contained in this RFP and in preparing and submitting responses to this RFP. OPERS' issuance of this RFP and receipt of information in response to this RFP will not, in any way, cause OPERS to incur any liability (whether contractual, financial, or otherwise) to any Vendor participating in the RFP process.
8. All documents, proposals and other materials submitted in response to this RFP will become the property of OPERS and will not be returned to Vendor.

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9. Vendor agrees to comply with all terms, conditions and requirements described in this RFP. Any failure by any responding Vendor to so comply shall be grounds for rejection of that Vendor's proposal, as determined by OPERS in its sole discretion.
10. If a contract between OPERS and Vendor results from this RFP, neither the successful responding Vendor, nor anyone on its behalf (including its agents, affiliates, subcontractors, and/or vendors), shall publish, distribute or otherwise disseminate any press release, advertising, and/or publicity matter of any type or kind (collectively "Advertising Material") having any reference to OPERS, this RFP, or the resulting contract, unless and until such Advertising Material first shall have been submitted to and approved in writing by OPERS.

G. INSTRUCTIONS FOR SUBMITTING PROPOSALS

1. Please provide two (2) electronic copies (including one (1) redacted copy for public records requests as described in Section F.1 of this RFP) of your proposal by 5:00pm Eastern Time, on November 30, 2023, to:

Nicole Novak
Procurement Agent
Ohio Public Employees Retirement System
277 East Town Street
Columbus, OH 43215-4642
boardconsultant2023@opers.org

2. Please note that certain submissions made via email may be blocked due to file size limitations on either Vendor's or OPERS' email servers. Please submit your proposals with enough time in advance of the deadline to ensure the transmission goes through in its entirety, and to re-submit by the deadline if necessary. If submissions are not received by OPERS by the deadline for whatever reason, including due to non-transmittal due to size limitations, they will be rejected.
3. Questions concerning this Request for Proposal must be submitted via e-mail to Nicole Novak at boardconsultant2023@opers.org. The question and answer period will be from September 29th to October 13th, 2023. Questions must be submitted no later than 4:00 PM ET on October 13, 2023. Questions and answers will be posted on the OPERS website on October 27, 2023.
4. **All communications with OPERS concerning this Request for Proposal must be conducted in compliance with Attachment 1 - RFP Communication Protocols attached hereto.**
5. This Request for Proposal is issued on September 29, 2023. OPERS reserves the right, in its sole discretion, to amend or cancel this RFP.

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ATTACHMENT 1 – RFP COMMUNICATION PROTOCOLS

This RFP includes and imposes certain restrictions on communications between OPERS and vendors responding to the RFP (“Vendors”).

Vendors are restricted from communicating with OPERS in any manner, whether oral, written, electronic or otherwise, that a reasonable person would infer constitutes an attempt to unduly influence the award, denial, or amendment of a contract, from the time this RFP is issued through the final award and approval of the contract or termination of this RFP. **Any communications with OPERS in violation of this Attachment 1 may result in immediate disqualification of such Vendor.**

The following communications channels are permissible for Vendors to communicate with OPERS to ensure that no violations of these Communication Protocols occur:

- **RFP Vendor Conferences:** See Section G.2 of the RFP.
- **Question and Answer Period:** See Section G.3 of the RFP.
- **Supplemental Questions:** OPERS may, after an RFP has been posted, post to the OPERS website supplemental RFP questions for Vendors to answer. If such supplemental questions are posted by OPERS, Vendors shall respond to such questions according to the instructions included with the supplemental questions.
- **Finalist Presentations:** See Section E of the RFP.
- **Additional Information:** OPERS may, but is not obligated to, request additional information and materials from any Vendor for evaluation of its proposal. Information submitted by a Vendor absent a request by OPERS that is not in the nature of a correction or clarification to the proposal will not be considered. A Vendor must immediately notify OPERS if any information in a proposal becomes invalid or untrue prior to the completion of the RFP process. OPERS may disqualify a Vendor from further consideration if the Vendor fails to immediately notify OPERS of invalid or untrue information or fails to respond to OPERS’ request for additional information and materials. OPERS shall have no obligation to inform any Vendor of any deficiency in its proposal.

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ATTACHMENT 2 – CERTIFICATION OF PROPOSAL REQUIREMENTS

The undersigned Vendor hereby certifies the following:

1. This proposal meets all of the requirements as set forth in this RFP.
2. The Vendor acknowledges and agrees that any communication with OPERS concerning this RFP shall be in compliance with **Attachment 1– RFP Communication Protocols**.
3. The Vendor has not submitted this proposal with the assumption that there will be an opportunity to negotiate any aspect of its proposal.
4. The Vendor acknowledges that all documents submitted to OPERS pursuant to this RFP may be subject to disclosure by OPERS under the Ohio Public Records Act, and it has submitted a copy of its response in which any information that is trade secret or is otherwise exempt from disclosure under the Ohio Public Records Act is redacted (see Section F(1) of this RFP). The Vendor acknowledges and agrees that if at any time after submitting the redacted copy of its response it should identify information in its redacted copy that (a) was not redacted in its submission but it later determines has become trade secret information or otherwise exempt from disclosure under the Ohio Public Records Act, or (b) was redacted in its original submission but it later determines is no longer trade secret or otherwise exempt from disclosure under the Ohio Public Records Act, Vendor shall send OPERS an updated redacted copy reflecting such change, along with a reference to the statutory basis upon which Vendor is relying for any additional redaction.
5. The Vendor acknowledges and agrees that the contract provisions contained in **Attachment 3 - Required Contract Provisions** shall be included in any contract with OPERS that may result from this RFP, and that such contract provisions shall control in the event of any conflict.
6. The Vendor acknowledges that OPERS shall possess full ownership and all rights and interests, including copyright interests, in all deliverables (the “Project Deliverables”) under its contract with the Vendor, including in all software, documentation, and other project-related work, as applicable.
7. The Vendor acknowledges that the Vendor will ensure that the Vendor’s subcontractors shall assign to OPERS all ownership, rights, and interests in any Project Deliverables, as applicable.
8. The Vendor agrees to comply with all terms, conditions and requirements described in this RFP, and that any failure by Vendor to so comply may be grounds for rejection of Vendor’s proposal, as determined by OPERS in its sole discretion.
9. Vendor’s primary contact on this RFP, who has the authority to answer any questions regarding the proposal is as follows:
 - Firm Name:
 - Contact’s Name:
 - Additional Contacts:
 - Contact’s Address:
 - Contact’s Phone / Fax Number:
 - Contact’s E-mail Address:

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I, the undersigned, as an authorized representative of the Vendor that is legally authorized to bind the Vendor contractually, hereby certify the above statements on behalf of the Vendor:

Vendor: _____
By (Print Name): _____
Signature: _____
Title: _____
Date: _____

ATTACHMENT 3 – REQUIRED CONTRACT PROVISIONS

1. CONTRACTOR’S REPRESENTATIONS, WARRANTIES AND COVENANTS: Contractor represents, warrants and covenants that:

- it has the authority to enter into the Agreement and perform the services provided under the Agreement;
- it shall comply with all applicable federal, state and local laws in providing services under the Agreement, including, but not limited to, the reporting requirements contained in Sections 101.90 et seq. of the Ohio Revised Code (Joint Legislative Ethics Commission), and the laws contained in Chapter 102 of the Ohio Revised Code (Ohio Ethics Commission) governing ethical behavior that apply to persons doing or seeking to do business with OPERS; and,
- it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to OPERS or to any of its board members, officers, employees, or agents, or any other third party related to Contractor’s engagement under the Agreement, including a finder’s fee, cash solicitation fee, or a fee for consulting, lobbying or similar services that could influence OPERS’ decision to enter into the Agreement.

2. DISCLOSURE AND USE OF RECORDS: Contractor shall not disclose or use any information concerning OPERS’ members or retirees, or any other confidential information obtained in providing services under the Agreement, without OPERS’ prior written consent. Contractor understands that OPERS is subject to the Ohio Public Records Act. If OPERS receives a public records request for records related to the Agreement, OPERS will reasonably attempt to contact Contractor in sufficient time to allow Contractor to take the legal steps it deems necessary to protect the confidential information from disclosure. Contractor shall indemnify OPERS if OPERS is assessed any damages or fees as a result of the position Contractor asserts regarding the confidentiality or public disclosure of the records.

3. ADVERTISING AND PUBLICITY: Neither Contractor, nor anyone on Contractor’s behalf (including any or all of its agents, affiliates, subcontractors or vendors), shall publish, distribute or otherwise disseminate any press release, advertising or publicity matter of any type or kind (collectively “Advertising Material”) having any reference to OPERS or this Agreement, unless and until the Advertising Material is first submitted to and approved in writing by OPERS.

4. INDEMNIFICATION AND LEGAL ACTION:

- Contractor shall indemnify OPERS, its board members, officers, and employees against any claims, damages, costs or losses resulting from Contractor’s negligent or intentional acts, or those of its officers, employees or agents, under the Agreement (“Indemnity Claims”). Contractor shall defend OPERS, its board members, officers and employees against Indemnity Claims, if OPERS requests that Contractor do so. OPERS will not be required to file a lawsuit to obtain reimbursement for the Indemnity Claims.
- OPERS shall not indemnify Contractor for claims, damages, costs or losses of any nature that arise under the Agreement (“Contractor’s Claims”). Contractor may seek recovery of Contractor’s Claims through legal action against OPERS, if appropriate.

5. GOVERNING LAW AND FORUM: Despite anything to the contrary in the Agreement, issues concerning the Agreement will be governed by, construed and enforced according to Ohio law, exclusive of Ohio’s conflict of laws principles. Any litigation concerning the Agreement must be brought only in courts of competent jurisdiction located in Franklin County, Ohio, and Contractor irrevocably consents to this venue and jurisdiction. OPERS shall not waive its right to trial by jury in any action, proceeding or counterclaim concerning the Agreement or the actions of either party regarding any aspect of the Agreement, regardless of the legal theory, unless the Ohio Attorney General consents to this waiver.

ATTACHMENT 4 – Additional Questionnaire

Investment Consulting Services Request for Proposal

INSTRUCTIONS

OPERS is considering Investment Consulting Services as outlined in this Request for Proposal. All Respondents shall complete each section of this attachment and not simply refer to answers given in response to questions in the main questionnaire above. Responses should be clear, concise and complete.

Firm Name: _____

Contact Person: _____

Title: _____

Address: _____

Phone: _____

Email: _____

This questionnaire is intended to provide OPERS with specific information concerning your ability to provide the services as described in this Request for Proposal.

Please try to limit your responses to no more than one (1) page per question and type each response in the same order as listed in this questionnaire.

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A. Firm/ Organizational Information

- 1) Please complete the following table, and provide a brief history of the firm:

| Firm Information | |
|---|--|
| Country and state of incorporation | |
| Date firm founded | |
| Principal place of business | |
| Date and current registration with any regulatory agency (SEC, FCA, etc.) | |

- 2) Please detail the ownership structure of the firm:

| Ownership | |
|--|--|
| Form of organization (corporation, partnership, LLC, etc.) | |
| Ownership % of each principal (list names) | |

- 3) Please describe the insurance coverage for your firm including coverage amount, deductibles, and A.M. Best rating of insurance carrier. Include the amounts of general errors and omissions liability insurance coverage and fiduciary liability insurance coverage against acts of fraud and dishonesty.
- 4) Please describe:
- Any material developments in your organization (changes in ownership, personnel, business, etc.) over the past five years in detail.
 - Please describe any joint ventures, affiliations, or ownership interests involving other investment advisory, services, or management firms.
 - Any planned changes in terms of ownership structure, resources or staffing, including any succession planning for potential retirements of key individuals.
- 5) Please disclose and describe:
- Any significant findings by any regulatory agency that conducted an audit or review of the firm within the last seven years.
 - Any deficiency letter or similar report by any regulatory agency regarding an audit or review of the firm within the last ten years.
 - Any investigation or litigation involving the firm or any of its principals during the last ten years, including the nature of the litigation, the parties and the status of the litigation.
 - Please provide a copy of your full Form ADV (Parts I and II).
- 6) List the services your firm provides and the percentage of revenue to the firm. Provide asset class level detail if your firm separately provides consulting for alternatives asset classes.

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| Type | Assets Under Management | Revenues (\$ millions) | Revenues (%) |
|------------------|-------------------------|------------------------|--------------|
| Consulting | | | |
| Asset Management | | | |
| Other | | | |
| Total | | | |

- 7) Describe how the firm manages growth, including limits to client/Consultant ratio.
- 8) Who are the major outside suppliers you rely on to create your product? Please list your service providers for the following:
- Auditing
 - Legal
 - Accounting
 - Consulting
 - Actuarial
 - Risk
 - Research/Analysis
 - Any others
- 9) Complete the following table with clients for which your firm currently provides services similar to those described in the Section C - Scope of Engagement. Use more space as required.

Use the following classification for Client Type - Public Pension Plan, Corporate Pension Plan, Taft-Hartley Plan, Endowment, Foundation, Family Office, Retail or Other.

| Client | Client Type | Assets (\$millions) | Client Mandate | First Year of Service |
|--------|-------------|---------------------|----------------|-----------------------|
| | | | | |
| | | | | |
| | | | | |
| | | | | |

- 10) Complete the following table with clients for which within the last five years your firm formerly provided services similar to those you propose to offer. Use more space as required. Provide contact name, e-mail address and phone number.

Use the following classification for Client Type - Public Pension Plan, Corporate Pension Plan, Taft-Hartley Plan, Endowment, Foundation, Family Office, Retail or Other.

| Client | Client Type | Assets (\$millions) | Client Mandate | First Year of Service | Last Year of Service |
|--------|-------------|---------------------|----------------|-----------------------|----------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

- 11) List the clients for which your firm has guided effective implementation of investment strategies.

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- 12) List the clients for which your firm has assisted with the effective implementation of portfolio guidelines.
- 13) Please describe in detail how your firm “on-boards” a new client from their former Consultant.
- 14) Provide an organizational chart for your firm. Show a separate organization chart of individuals involved in providing services to OPERS and include their biographies and a description of their role on the account.
- 15) List your firm’s key professionals in the format provided below. Identify with an asterisk (*) those who will be assigned to OPERS’ account. Please further identify with an (x) which professional will be designated as primary consultant (the professional directly interfacing with OPERS for the most time) and with a (y) the senior most investment professional assigned to OPERS’ account. In an Appendix to this questionnaire, provide a detailed biography and description of current responsibilities for each person identified. Clearly identify and explain any instances where the firm’s professionals have other business responsibilities outside of their employment with the firm. Use more space as required.

| Name | Title | Location | Clients | Years with Firm | Total Years of Investment Experience |
|------|-------|----------|---------|-----------------|--------------------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

- 16) Describe all additions and departures of professionals over the past five (5) years.
- 17) Please estimate the proportion of available time that the primary consultant assigned to OPERS will spend on this account and the number of other clients for whom they are/will be primary. Show the approximate assets under management for clients of the primary consultant.
- 18) List five client references comparable in size and complexity to OPERS for which the firm has provided Investment Consulting, within the past three (3) years. OPERS reserves the right to contact any of the client references and to conduct reference checks beyond that supplied by the Prospective Consultants. Please provide the name and telephone number of a responsible official who may be contacted as a reference. Please provide a summary description of the scope of work demonstrating your relevant experience with similar projects.
- 19) Discuss your organization’s employee compensation program and how this aligns interests with clients.
- 20) Does your firm offer fund-of-funds, and/or other discretionary products? If so, describe your process in detail including personnel, differences in their compensation, etc.
- 21) Discuss the areas in which your firm is most likely to add value.

B. Consulting Services

- 1) Provide your firm’s most recent expected return, standard deviation and correlation matrix for major asset classes. How many asset classes (and subclasses) do you model?

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- 2) How often do you update your capital market assumptions? Also, describe how this work is accomplished at your firm and the support for your results.
- 3) What is your process for identifying and recommending asset class, sub-asset class, and portfolio benchmarks?
- 4) Provide a list of clients for which your firm has completed an asset allocation and liability study and give the year completed.
- 5) What are the pros and cons of mean-variance optimization as a method for allocating to assets? What other methods do you use and how? Describe and explain any constraints placed during your modeling process.
- 6) Describe any method by which you model Alternatives expected returns, volatility or other risk characteristics.
- 7) Describe your process for performing a comprehensive asset allocation and liability study.
- 8) Explain any innovative recommendations your firm has made relating to asset allocation and liability studies.
- 9) Describe your philosophy for achieving a top-performing investment program at a large public pension plan.
- 10) Please provide at least one specific example of your firm proactively advising a client of a new investment vehicle or technique and how the client implemented it.
- 11) Do you provide any customized information technology services for clients (databases, models, research websites, training, etc.)?
- 12) OPERS defined benefit fund currently has 42% allocated to public equities, 25% to fixed income and 33% to alternative assets. In general terms, please comment for the Board on this positioning.
- 13) What is your view of active management versus index management?
- 14) Explain your philosophy on the role of policies within a large public pension plan investment program.
- 15) Explain your philosophy for establishing investment strategies within a large public pension plan.
- 16) Explain the essential elements for internally managed public market portfolio guidelines.
- 17) Explain your firm's views on manager fee schedules (flat versus performance-based, what are appropriate fee structures for AUM-constrained strategies, the usefulness of breakpoints, the usefulness of MFN clauses, comments on how plans with OPERS scale can control fees and expenses, etc.).
- 18) Discuss your philosophy and approach to using dynamic asset allocation within the investment process of a large pension plan.
- 19) In its strategic allocation for publicly traded asset classes, should OPERS ever deviate from a global market capitalization-weighted benchmark? If so, under what circumstances?

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- 20) Describe your firm's approach to creating a cost-effective investment program at a large public pension plan.
- 21) What strategies do you recommend beyond traditional long only investing?
- 22) Describe the relevant factors for an effective asset class level policy for Alternatives in a large public pension plan.
- 23) Describe the necessary resources and controls to execute an Alternatives program consistent with that policy.
- 24) Explain your firm's methodology for determining the appropriate commitment pacing for private equity, private real estate or other specific portfolio structure issues for Alternatives.
- 25) Explain your firm's approach to benchmarking Alternatives performance and the challenges surrounding it.
- 26) What are the major elements to consider when thinking about diversification within an Alternatives portfolio while keeping the total fund perspective?
- 27) The confidentiality of information approach which pervades alternative asset classes is often at odds with the public disclosure traditions of large public pension plans. Please tell us if you think this presents insurmountable challenges to any aspect of our program and give us your perspective on this conflict.
- 28) Discuss how you are advising your clients about the increased regulatory scrutiny facing Alternatives (e.g., no ESG mandates or national security centric industries).
- 29) Explain any innovative recommendations your firm has made relating to Alternatives.
- 30) What is your single best idea for taking advantage of the current environment in Alternatives and under what conditions or circumstances does it lose its appeal?
- 31) Describe your view on portfolio management strategies in Alternatives which utilize the secondary market, or other portfolio management strategies.
- 32) What is your view on the use of leverage at the total fund level?
- 33) What is your view on tail risk hedging (downside protection) program as part of the strategic asset allocation?

C. Due Diligence

- 1) Explain your philosophy and methods for evaluating external public market managers including systems for collecting and analyzing data, process for filtering, due diligence procedure, process for scoring or recommendation, and criteria and procedure for recommending watch-listing or termination.
- 2) Describe how you cover Alternatives on a global basis. Explain your staff specialization with regard to type of alternatives, geography, sub-strategy type, etc.
- 3) Describe the process that is or will be used to conduct investment manager searches.

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- 4) Upon request, how quickly can you perform a full due-diligence (both investment and operational) and prepare a recommendation on a manager not currently covered by your firm?
- 5) For external manager searches, what manager database systems are you currently using, are these systems available for client use, and are manager evaluation reports accessible online?
- 6) Discuss the key factors on which you rely in assessing manager skill? What criteria do you use in evaluating managers?
- 7) Provide a copy of your most comprehensive type of external manager due diligence report (both investment and operational) resulting in an investment recommendation.
- 8) How many managers do you maintain on your manager search database? Is this database online and available to clients? Describe any advantage that you perceive your database has over your competitors. If you meet with managers, how often do you do so? What is the nature of those visits?
- 9) Provide a sample copy of private equity, real estate and private credit market commentary and strategy review.
- 10) How has your manager investment and operational due diligence process evolved /modified after the coronavirus pandemic experience?
- 11) Please provide a copy of your approved manager list for both public and alternative assets.
- 12) If you have an in-house database, do you sell it to third parties? How do you receive compensation for selling it? What fees or other consideration, if any, do you receive from managers who wish to be maintained in your database?

D. Risk Management

- 1) Please describe your firm's risk management capabilities as they apply to a client's investment portfolios.
- 2) What risk management systems and methods do you use and what are their benefits and limitations?
- 3) How do you measure risk for Alternatives? What risk management systems and methods do you use and what are their benefits and limitations?
- 4) Please describe your organization's methods for safeguarding OPERS data and for disaster recovery of your operations.

E. Defined Contribution

- 1) Describe the scope of the consulting work you provide to defined contribution plans.
- 2) Please provide a brief description of your experience consulting to defined contribution funds on the design of their investment options.
- 3) Do you have a dedicated defined contribution plan support unit? If not, what resources does your firm dedicate to supporting defined contribution plans?

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- 4) OPERS may search for a new record keeper in the future. Provide a description of relevant experience you have assisting a DC plan client with such searches including the resulting transition process and outcomes.
- 5) Describe how you would help OPERS evaluate our current DC plan design and structure an improved model.
- 6) Describe any major trends within DC plans you are currently discussing with clients.

F. Conflicts of Interest

- 1) How does the firm identify and manage potential conflicts of interest? Describe any actual or potential conflicts of interest that exist between the firm, clients, Alternatives partnerships, and other entities and how they are mitigated.
- 2) Describe any potential conflicts of interest your firm might encounter if selected to provide the services described in this RFP and how these will be mitigated.
- 3) Disclose any known personal or pecuniary interest, direct or indirect, in the services contemplated by this Request for Proposals held by any officer, member, employee or agent of OPERS.
- 4) Provide a list of and describe your firm's professional relationships involving OPERS, the State of Ohio or its political subdivisions in the past five (5) years, together with a statement explaining why such relationships do not constitute a conflict of interest.
- 5) Provide the names of any individuals who will be providing a service to OPERS who were employed by OPERS in the last three (3) years.
- 6) Provide a copy of your Ethics Policy.
- 7) Provide a copy of your policy that controls employees' personal investment transactions.

G. Other

- 1) Provide a list of published research originating with your firm including date, and show frequency and inception period of any routinely prepared commentaries and provide sample research papers that demonstrate investment strategies.
- 2) Explain your methods for reconciling performance with the client custodian/master record keeper.
- 3) Provide a sample performance report for a client assessing performance and allocations at the fund, asset class and manager levels.
- 4) Elaborate on the types of pricing models you use for private equity, real estate and private credit.
- 5) Describe any education programs your firm has conducted or makes available to clients.
- 6) How can transparency in Alternatives be improved?

ATTACHMENT 5 – Consultant Certification

Investment Consulting Services Request for Proposal

Respondent Firm Name

By signing below, Respondent hereby certifies that the following information and representations are true, complete, and accurate to the best of Respondent's knowledge and belief, and that it will comply with the obligations contained herein:

- 1) Respondent is, and will be throughout the course of its engagement with OPERS, a registered investment advisor under the Investment Advisors Act of 1940.
- 2) Respondent has been in existence for at least three years and has senior members of the firm with at least five (5) years consulting experience servicing institutional clients.
- 3) Respondent agrees to act as a fiduciary within the meaning of applicable Ohio law (including Chapter 145 of Ohio Revised Code).
- 4) Neither Respondent, nor any of its personnel or representatives, conferred with any other persons or organizations submitting information regarding the search in progress.
- 5) Respondent has read the complete materials and agrees to the terms and requirements upon which this Request for Proposal is conditioned, and its proposal meets all the requirements in this Request for Proposal.
- 6) Respondent maintains errors and omissions insurance as well as fiduciary liability insurance providing a prudent amount of coverage for negligent acts or omissions and that such coverage will be applicable to Respondent's actions under any agreement resulting from this Request for Proposal. Respondent further agrees to show proof of insurance prior to execution of a contract and will demonstrate at least one million dollars (\$1,000,000.00) of insurance covering acts of fraud or dishonesty as required under Ohio Revised Code 145.113(E) sufficient to assure OPERS of its accuracy.
- 7) Respondent will not delegate its fiduciary responsibilities assumed under the agreement.

Respondent Information (to be completed by Respondent):

| | | |
|---|--|-------------------|
| 1. Firm Name | 2. Telephone Number () Fax: () | 3. E-mail address |
| 2. Address | | |
| Indicate primary contact person, if different from individual signing this certification sheet: | | |
| 6. Name and Title | 7. Telephone Number | 8. E-mail Address |
| 9. Prospective Consultant Name (Print) | | 10. Title |

In Witness Whereof, Respondent hereby certifies that the foregoing information and representations are true, complete, and accurate to the best of Respondent's knowledge and belief, and agrees to comply with the obligations contained herein:

Respondent:

By: _____
Name: _____

Title: _____
Date: _____