



STATE OF RHODE ISLAND  
OFFICE OF THE GENERAL TREASURER  
RHODE ISLAND STATE HOUSE, ROOM 102 PROVIDENCE, RHODE ISLAND 02903

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**REQUEST FOR PROPOSALS INVESTMENT CONSULTANT SERVICES**  
***Defined Benefit Public Pension***

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The Office of the General Treasurer in Conjunction with the  
Rhode Island Employees' Retirement Systems Pooled Trust

Issued **December 26, 2024**

**Proposals due by February 3, 2025**

Address to: Justin Maistrow, Chief Investment Officer  
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# SECTION I: INTRODUCTION AND PURPOSE

## Introduction

Since it was established in 1936, the Employees’ Retirement System of Rhode Island (“ERSRI”) has provided retirement, disability, and survivor benefits to state employees, public school teachers, judges, state police officers, participating municipal police and fire employees, and general employees of participating municipalities. For most members, ERSRI uses a hybrid benefit plan made up of a Defined Benefit Plan and a Defined Contribution Plan. ERSRI’s Defined Benefit Plan assets are held and invested within the Rhode Island Employees Retirement Systems Pooled Trust (“Pooled Trust”).

## Purpose

The State of Rhode Island (“State”) Office of the General Treasurer (“Treasurer’s Office”), in conjunction with the State Investment Commission (“SIC”), is issuing this Request for Proposals (“RFP”) from qualified firms interested in providing Investment Consulting Services to the State. The State intends to use this RFP process to select a vendor, or combination of vendors, to provide **(1) General Investment Consulting services and (2) Alternative Investment Consulting Services** for the **ERSRI Pooled Trust defined benefit investment portfolio**.

**(1) General Investment Consultant** [*Current service provider: NEPC*]

- Asset Allocation
- Public Equities
- Public Fixed Income
- Other Liquid Strategies

**(2) Alternative Investment Consultant(s)** [*Current service providers: Cliffwater and Meketa*]

- Private Equity and Private Credit [*Cliffwater*]
- Hedge Funds [*Cliffwater*]
- Private Infra/Real Assets (ex-Real Estate) [*Cliffwater*]
- Real Estate [*Meketa*]

**Respondents may submit proposals for a packaged combination of services, and/or any of the individual services. While the State will select only a single vendor to fulfill the role of General Investment Consultant, the State may select multiple vendors to assume non-overlapping coverage of the Alternative Investment Consultant function. Thus, it is recommended that any respondent submitting an Alternative Investment Consulting proposal provide a la carte pricing to the extent that they are able to provide Investment Consulting services for any of the alternative asset classes, individually, as listed above.**

The vendor(s) selected to provide these services as part of the RFP process will be required to enter a contract with the Rhode Island Employees’ Retirement System. It is expected that the contract(s) covering the engagement relative to this RFP will be similar in scope to the services listed below and for an initial three-year term subject to subsequent 1-year extensions thereafter at the State’s option.

## **Contacts and Lobbying**

No contact with any employee of the Treasurer's Office or the State is permitted with respect to this RFP, any proposals submitted in response to the RFP, or the contract to be awarded pursuant to this RFP. This prohibition includes, but is not limited to, any lobbying efforts directed at State legislators, officers, or employees who might reasonably be considered to have influence over the process and outcome. Violations of the provision may result in immediate disqualification from this and any future business opportunities with the Treasurer 's Office and/or the State.

## **SECTION II: Background**

The ten (10) member State Investment Commission (SIC), chaired by the General Treasurer, determines the State's investment policies. The SIC oversees about \$11.5 billion in assets for the **Rhode Island Employees Retirement Systems Pooled Trust Defined Benefit Investment Portfolio**.

Separate from the scope of this RFP, the SIC is responsible for \$2.2 billion of assets held within the TIAA defined contribution plan, a 401(a) program, and it sets policies for the investments of the Other Post-Employment Benefits trust and the State's 457 plans, as well as the CollegeBound Program, a 529 program. The SIC meets monthly and receives investment performance reports from Treasury staff and consultants.

Under the directives set by the SIC, Treasury's Investment Division provides investment, cash and debt management services for the State. The Division's staff interfaces daily with custodians, consultants, and fund managers on administrative matters and the transfer of funds.

Long-term investments are outsourced to professional asset management firms, based on recommendations by staff and consultants, and approval by the SIC. Staff and consultants also monitor these managers closely, holding them accountable for performance and recommending changes as necessary.

Short-term operating cash is managed by the Division's cash management unit. The Division also oversees the Ocean State Investment Pool, a voluntary program available to State, quasi-public agencies and municipalities for the management of their short-term assets, with a goal to improve investment performance of liquid assets.

### Coverage:

The ERSRI is a public pension system made up of, and serving as the investment and pension-benefit administrative agent for, seven (7) defined benefit pension plans. While the assets of each plan are commingled for investment purposes, each plan's assets are accounted for separately and may be used only for the payment of benefits to the members of that plan in accordance with the terms of that plan.

### Administration and Investment Authority:

Administrative and Investment functions for the Retirement System are covered by two distinct

Boards, both of which are chaired by General Treasurer James Diossa.

The System is administered by the fifteen members of the State of Rhode Island Retirement Board which was authorized, created and established in the Office of the General Treasurer as an independent retirement board to hold and administer, in trust, the funds of the retirement system. The composition of the Board is listed in the notes to the financial statements and Rhode Island General Law §36-8-4.

Assets are invested under the direction and authority of the State Investment Commission (SIC), which meets on a monthly basis. It is authorized, created and established in the office of the General Treasurer per Rhode Island General Law §35-10. The SIC consists of 10 members as follows:

- The General Treasurer, ex officio, or a deputy designated by the General Treasurer, serving as chairperson.
- The director of Administration, ex officio, or an assistant director designated by the Director, serving as secretary.
- An active or retired teacher, state, or municipal employee member of the retirement system, or an official from the teacher, state, or municipal employee unions, appointed by the General Treasurer for a three-year term.
- The Executive Director of the State Retirement Board, serving as a non-voting member.
- Three members of the general public, appointed by the General Treasurer.
- Three members of the general public, appointed by the Governor.

While the Investment Consultant(s) selected via this RFP process will primarily interface with the SIC, they may be asked to present to the Retirement Board on a limited basis.

#### Membership:

As of June 30, 2023, active membership in the Employees' Retirement System totaled 24,513. The Municipal Employees' Retirement System totaled 8,161 and 7,387 active teachers were in the Teachers' Survivors Benefit Plan. There are currently 60 judges contributing to the Judicial Retirement Benefits Trust, 238 state police contributing to the State Police Retirement Benefits Trust, and 4 judges contributing to the Rhode Island Judicial Fund Trust. A total of 30,682 retirees and beneficiaries were receiving benefits from the System.

#### Assets:

According to the *Independent Auditor's Report for the Fiscal Year Ending June 30, 2023*, the ERSRI Defined Benefit Plan's Total Fiduciary Net Assets were \$10.6 billion. Total pension benefits paid to members from the defined benefit plan were \$1.02 billion. Contributions to all defined benefit plans from both employers and employees were \$755.3 million. More information can be found in ERSRI's annual reports: <https://www.ersri.org/publications/annual-reports>

#### Actuarial Funding:

According to the *Actuarial Valuation Report as of June 30, 2023*, the funded ratio for the state employees' portion of ERS was 60.4%; the funded ratio for the teachers' portion of ERS was 64.5%; the funded ratio for MERS was 87.8%. ERS and MERS represent ~90% of total plan assets. The actuarial investment return assumption utilized for ERSRI is 7.0%.

Investments:

The report to SIC, with investment data as of September 30, 2024, can be found at <https://data.treasury.ri.gov/dataset/5df8d940-feaf-4ab5-9713-4e746753beb0/resource/da89de57-aaa9-4369-8361-544626133da8/download/ersri-sic-book-9.30.24.pdf>.

Historical monthly reports presented to the SIC can be found at <https://treasury.ri.gov/investments/open-meetings-reports/state-investment-commission-monthly-reports>.

The defined benefit portfolio's Investment Policy Statement can be found at <http://data.treasury.ri.gov/dataset/sic-investment-policy-statements/resource/6c4ceea7-e8a6-4089-acee-5e7af1d741c5>.

The portfolio's asset allocation as of September 30, 2024 is pictured below:

	Asset Class	Consultant Coverage	Target (as of 9/30/2024)	Weight (as of 9/30/2024)
Growth	<b>Public Growth (Global Public Equities)</b>	<b>NEPC</b>	<b>40%</b>	<b>38.5%</b>
	Private Equity	Cliffwater	12.5%	16.7%
	Non-Core Real Estate	Meketa	2.5%	2.2%
	<b>Private Growth</b>		<b>15%</b>	<b>18.9%</b>
	<b>TOTAL GROWTH</b>		<b>55%</b>	<b>57.4%</b>
Income	Equity Options (PutWrite)	NEPC	2%	1.7%
	Liquid Credit	NEPC	5%	4.2%
	Private Credit	Cliffwater	3%	3.1%
	CLOs (Equity and Mezz)	NEPC	2%	2.3%
	<b>TOTAL INCOME</b>		<b>12%</b>	<b>11.3%</b>
Stability	Long Duration Treasuries	NEPC	5%	4.6%
	Systematic Trend Following	Cliffwater	5%	4.6%
	<b>Crisis Protection Program</b>		<b>10%</b>	<b>9.2%</b>
	Core Real Estate	Meketa	4%	3.0%
	Private Real Assets (ex-Real Estate)	Cliffwater	4%	3.9%
	<b>Inflation Protection</b>		<b>8%</b>	<b>6.9%</b>
	IG Fixed Income (ex-Treasuries)	NEPC	6.5%	5.4%
	Absolute Return (Hedge Funds)	Cliffwater	6.5%	7.2%
	Strategic Cash	NEPC	2%	1.6%
	<b>Volatility Protection</b>		<b>15%</b>	<b>14.2%</b>
	<b>TOTAL STABILITY</b>		<b>33%</b>	<b>30.3%</b>
	Other	Short-Term Cash	NEPC	0%
Rebalancing Futures Overlay		NEPC	0%	0.4%
Distribution Management		NEPC	0%	0.0%
<b>TOTAL OTHER</b>			<b>0%</b>	<b>0.9%</b>

Assets are externally managed.



## **SECTION III: PURPOSE OF REQUEST FOR PROPOSALS**

### **PURPOSE AND TERM**

The SIC is seeking proposals from qualified investment consulting firms interested in providing consulting services for assets of the ERSRI for a period of three (3) years with the possibility for one (1) year extensions to be negotiated at time of selection.

### **ISSUING OFFICER, CONTACTS AND LOBBYING**

The Issuing Officer identified below is the sole point of contact regarding this RFP. No contact with any other employee of the Treasurer, Board member, or state official is permitted with respect to this RFP, any proposals submitted in response to the RFP, or the contract to be awarded pursuant to this RFP. This prohibition applies from the date of release of this RFP until the date a contract is executed, unless otherwise requested by the Issuing Officer. This prohibition includes, but is not limited to, any lobbying efforts directed at state legislators or any state officer or employee who might reasonably be considered to have influence over the process and outcome. Violations of this one-contract provision may result in immediate disqualification from this and any future business opportunities with the Office of the General Treasurer and/or the SIC.

The Issuing Officer for this RFP is:

Justin Maistrow  
Chief Investment Officer  
Rhode Island Office of the General Treasurer  
1 Capitol Hill, 4<sup>th</sup> Floor  
Providence RI 02908  
[investments\\_rfps@treasury.ri.gov](mailto:investments_rfps@treasury.ri.gov)

## **SECTION IV: SCOPE OF SERVICES, QUALIFICATIONS AND INFORMATION REQUESTED**

### **SCOPE OF WORK**

The SIC is seeking to hire a firm to provide the following categories of investment consulting services.

### **GENERAL CONSULTANT**

#### **Category A: Strategic Investment Planning and Policy**

- Develop and refine investment policies, guidelines, and restrictions
- Conduct annual asset allocation reviews with detailed return, risk, and correlation forecasts
- Provide strategic and tactical investment guidance
- Offer risk management advisory services
- Analyze investment manager compliance
- Supply analytical software for asset allocation optimization
- Perform periodic asset/liability studies
- Conduct educational sessions for SIC and staff
- Attend monthly SIC meetings and manager search interviews

#### **Category B: Investment Manager Selection and Monitoring**

- Advise on liquid market investments (equities, fixed income, currencies, commodities, etc.)
- Conduct comprehensive investment manager searches
- Provide operational and investment due diligence reports
- Perform ongoing manager monitoring
- Deliver quarterly performance analyses with peer comparisons
- Coordinate periodic manager reviews and site visits

#### **Category C: Performance Reporting and Analysis**

- Create monthly performance reports for SIC meeting packet
- Execute comprehensive annual performance evaluations
- Analyze current and prospective investment managers' capabilities
- Assess manager personnel, investment philosophies, and risk management
- Evaluate manager guidelines and compliance procedures

## **ALTERNATIVE INVESTMENT CONSULTANT**

### **Category A: Strategic Alternative Assets Consulting**

- Develop comprehensive investment and commitment pacing strategies for alternative asset portfolios, encompassing Private Equity, Private Credit, Hedge Funds, Real Estate, and Real Assets and Infrastructure
- Conduct advanced research and analysis on portfolio risk, cash flow modeling, and investment optimization
- Support SIC through strategic communication and portfolio implementation

### **Category B: Investment Sourcing and Due Diligence**

- Implement rigorous screening process to identify and evaluate optimal investment opportunities
- Execute comprehensive due diligence, including:
  - Detailed investment strategy assessment
  - Manager performance and operational review
  - On-site evaluations
- Prepare detailed investment recommendations with strategic insights
- Support contract negotiation and agreement review

### **Category C: Investment Data Management**

- Maintain comprehensive databases for:
  - Private market investments (commitments, cash flows, performance metrics, etc)
  - Hedge fund investments (performance, market exposures, liquidity, etc)
- Ensure data accuracy, accessibility, and regular updates to support strategic decision-making

### **Category D: Performance Reporting & Monitoring**

- Deliver quarterly performance reports for:
  - Private market investments (portfolio and fund-level metrics)
  - Hedge fund investments (performance attribution, risk analysis)
- Provide detailed insights on allocation, returns, and portfolio dynamics
- Conduct due diligence and prepare recommendations on LP consent forms
- Conduct and provide updated investment and operational due diligence

### **Category E: Fee Compliance Monitoring**

- Conduct periodic reviews of management fees, carried interest, and performance fees charged by hedge fund, private equity, real estate, and infrastructure managers in Rhode Island's portfolio
- Assist in quantifying fees and identifying any non-compliance with terms outlined in limited partnership and investment management agreements

## MINIMUM QUALIFICATIONS

To be considered for the general investment consultant mandate described above, the Firm must meet the following minimum requirements:

1. Firm must be a registered investment advisor under the Investment Company Act of 1940;
2. Firm must agree to be, with respect to the System, a "fiduciary" as defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974 ("ERISA"), and to perform the fiduciary duties imposed on an ERISA fiduciary under that act, regardless of the scope of ERISA's application to the System;
3. Firm must have provided at least five (5) years as of investment consulting services comparable to the Scope of Services contained in this RFP to at least three (3) defined benefit public retirement systems or comparable entities, each of which must have had at least \$5 billion in assets;
4. Firm must agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations;
5. Firm must agree to a hard dollar fee arrangement for its services, with such arrangement to be negotiated between the SIC and the Firm;
6. The individual assigned to the System as Primary Consultant must have a minimum of ten (10) total years of experience as (a) the Primary Consultant to, and/or (b) the Chief Investment Officer of, at least one public defined benefit pension fund. This individual must have at least five (5) years of experience as the Primary Consultant to or Chief Investment Officer of at least one public pension fund with at least \$5.0 billion in assets, whether that experience was included in or in addition to the ten-year requirement above. The term "Primary Consultant" shall refer to the lead, most senior consultant assigned to regularly provide direct investment consulting services in a consulting relationship.
7. Firm must carry adequate fiduciary liability insurance, errors & omissions insurance, and fidelity bond insurance.

The Firm has a continuing obligation to disclose information throughout the RFP process should any qualifications or situations change that might render the Firm an unqualified candidate.

## INFORMATION REQUESTED

### ORGANIZATION

**All RFP respondents are required to answer questions 1 - 32**

1. Please indicate which service or services are included in your proposal; General Consultant, Alternative Consultant, or both.

*Again, the State may select multiple vendors to assume non-overlapping coverage of the Alternative Investment Consultant function. Thus, it is recommended that any respondent submitting an Alternative Investment Consulting proposal provide a la carte pricing to the extent that they are able to provide Investment Consulting services for any of the alternative asset classes, individually, as listed in Section I of this RFP. Submission of a combined proposal does not exclude you from consideration for any of the individual services sought.*

2. Provide the name, address, telephone and e-mail address of the Firm's representative to contact regarding all contractual and technical matters concerning the Firm's proposal.
3. Provide the address of the Firm's main corporate office, and location(s) by city of all other offices that provide services similar to those requested in this RFP. Indicate which office will be the primary office in servicing the SIC, and any other offices that will be involved in providing services to the SIC. Provide the number of employees located at each office location, and describe the general function(s) of each office.
4. Please indicate whether the Firm intends to utilize any subcontractors in delivering the scope of services and provide the name and qualifications of any subcontractors that the firm intends to use for this mandate.
5. Briefly describe Firm's history and current ownership structure listing the owners of the Firm from largest to smallest percentage of ownership. Include individuals and corporate owners, and indicate which individual owners are employed by your Firm. Please indicate whether the Firm is owned, in whole or in part, by a money management firm or firms.
6. Provide as Exhibit A, an organization chart of the Firm and describe the relationship between the investment consulting group and any other components of the Firm. If the Firm offers asset management services or brokerage services, please describe any overlap in personnel between those components and the investment consulting group.
7. Describe any significant developments in the Firm organization such as changes in ownership, restructuring, or material personnel reorganizations within the past three (3) years. Please describe any anticipated significant structural changes to the Firm's organization within the next twelve (12) months.
8. Provide the percentage of total Firm revenues that came from the categories listed below for each year:

- a. Consulting with the Plan Sponsors
  - b. Money Management Activities
  - c. Services to Money Managers/Payments from Money Managers
  - d. Soft Dollars
  - e. Other (Please describe)
  - f. Indicate whether the Firm accepts pay for referrals or finder's fees.
9. Please provide a comprehensive description of all services the Firm offers to investment management firms, including:
- a. Detailed types of services provided to investment management firms
  - b. Specific fee arrangements associated with these services
  - c. A clear statement regarding any fees charged to money managers for:
    - Inclusion in the Firm's manager research database
    - Attendance at conferences or meetings sponsored by the Firm
  - d. Full disclosure of any direct or indirect compensation received from money managers, including but not limited to:
    - Revenues from managers recommended or considered for recommendation
    - Any other forms of compensation from money managers
  - e. Any revenues received from custodian banks

The Firm must provide transparent and complete information about all financial relationships with investment management firms and related financial institutions.

10. Provide a comprehensive disclosure regarding the Firm, its principals, primary employees, and affiliates, specifically addressing whether any of the following have occurred:
- (i) Been the subject of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation, including similar investigations by any similar federal, state or self-regulatory body or organization.
  - (ii) Been involved in any legal proceedings or government investigations involving fraud, negligence, criminal activity or breach of fiduciary duty relating to service provided to any clients, or
  - (iii) Submitted a claim to your errors & omissions, fiduciary liability and/or fidelity bond insurance carrier(s).

For each applicable instance, provide a detailed explanation including:

- Date of occurrence
- Parties involved
- Nature of the investigation, proceeding, or claim
- Outcome or current status

- Any remedial actions taken
11. Briefly describe any currently pending or threatened litigation involving the Firm.
  12. Has the Firm ever received loans from any money management firms, their subsidiaries, or principals? If yes, please explain.
  13. Does the Firm, its principals, or any affiliate, own any part of a money management firm, broker-dealer, or other organization that sells services to institutional investors and/or SEC registered investment advisors? If so, identify the firm(s) and describe the service and the relationship to the consulting group.
  14. Does the Firm, its principals or any affiliate have any “strategic alliance” with any broker or investment management firm? If yes, please disclose with whom and describe the nature of the alliance.
  15. Does the Firm offer a broker/dealer facility to plan sponsor clients to pay for or offset your fees? Are there additional services the Firm offers plan sponsors through its broker/dealer?
  16. Does the Firm receive any soft dollar revenues from investment managers through an affiliate broker? If yes, what percentage of soft dollar revenues in each of the last three calendar years was due to client direction?
  17. Comprehensively identify and disclose potential conflicts of interest, specifically addressing:
    - a. Potential conflicts between the Strategic Investment Committee (SIC)/System and:
      - Interests of other client portfolios
      - Other investment products or services offered by the Firm
      - Services or products of affiliated organizations
    - b. Detailed description of the Firm's conflict management approach, including:
      - Specific policies designed to prevent conflicts of interest
      - Procedural safeguards implemented to mitigate potential conflicts
      - Mechanisms for ongoing conflict identification and management
      - Internal review and escalation processes for potential conflicts
    - c. Required Documentation (Exhibit B):
      - Complete Conflict of Interest Policy, including:
        - Definition of potential conflicts
        - Identification mechanisms
        - Disclosure protocols
        - Mitigation strategies
      - Comprehensive Code of Ethics, detailing:
        - Ethical standards for employees
        - Professional conduct expectations
        - Specific guidelines for managing potential conflicts
        - Reporting and accountability mechanisms

The Firm must provide a transparent, comprehensive analysis of potential conflicts and a robust framework for preventing and managing such conflicts.

18. Provide the coverage amount and name of carrier for the following:
  - Fiduciary liability insurance
  - Errors & Omissions insurance
  - Fidelity Bond insurance
  - Any other applicable insurance
19. Briefly describe the Firm's disaster recovery plan.
20. Who is responsible for diversity, equity and inclusion initiatives at your firm? What initiatives have you implemented to improve diversity throughout your firm? Please provide gender and ethnic representation statistics at it pertains to your organization at the ownership, leadership, and total staff levels.
21. Provide as Exhibit C the Firm's most recently filed Form ADV – Part II.
22. Describe the Firm's relevant experience providing consulting services to large public fund clients in each of the following areas:
  - Asset Allocation and Asset/Liability studies
  - Investment Policy development
  - Investment manager evaluation and monitoring
  - Risk budgeting and risk management
  - Hedge funds
  - Private Investments (private equity, real estate, real assets, etc.)
  - Currency overlay strategies
  - Transition management
  - Performance measurement
  - Fiduciary and investment education for clients
23. Explain how the team dedicated to the SIC would function. Identify the Primary Consultant, who will serve as the back-up consultant in situations when the Primary Consultant could not attend a meeting, and who will lead the analytical work on the relationship.
24. Provide as Exhibit D biographies of the personnel that will be assigned to the SIC relationship.
25. Provide as Exhibit E biographies of the Firm's other key investment consulting personnel (defined as any position including and above the senior associate level).
26. Provide as Exhibit F a table that lists all key personnel (defined as any position including and above the senior associate level) that have departed the Firm's consulting group in the



past five (5) year period. Provide the following information: MM/YY of departure, name of person, title, division or assigned group, length of employment with the Firm and the name of the person that replaced them. List key personnel by date of departure so that the most recent departure appears first on the list.

27. Describe the Firm’s compensation and incentive program for its consultants and other professionals including incentives that are provided to attract and retain superior individuals, how the Firm factors client performance and satisfaction to a consultant’s compensation and what percentage of a consultant’s annual compensation is based on client performance or satisfaction.
28. Provide the number of institutional clients and the total assets under advisement of the Firm’s full-service retainer investment consulting relationships for each of the last five (5) years. (Performance evaluation services or project-based work alone are not considered full-service retainer investment consulting relationships.)
29. For each calendar year beginning in 2019, provide the name and dollar amount of assets of all full-service retainer investment consulting clients that terminated their relationship with the Firm. Provide the reason for each termination. Please also identify and describe any client terminations since 2019.
30. List the number of full-service retainer investment consulting clients by category as of September 30, 2024:

General Consulting	All	Public DB Plans
Less than \$1 Billion		
\$1-5 Billion		
\$5 – 15 Billion		
Over \$15 Billion		

Alts Consulting	All	Public DB Plans
Less than \$1 Billion		
\$1-5 Billion		
\$5 – 15 Billion		
Over \$15 Billion		

31. Provide as Exhibit G a list of the Firm’s investment consulting clients (excluding defined contribution plan relationships) as of September 30, 2024. For each client, provide the type of client (public, corporate, Taft-Hartley, private, etc.), the approximate size of the relationship (market value of assets), the number of years the Firm has provided services to the client, and the type of relationship (retainer or special projects only).
32. Provide references for three (3) current defined benefit public pension fund or comparable

clients that have utilized the Firm's investment consulting services for at least five (5) years each. Include the name of the client, contact person and telephone number. Provide the same information for three (3) former defined benefit public pension plan clients that terminated the Firm in the last five (5) years.

## PHILOSOPHY & PROCESSES

### All RFP respondents are required to answer questions 33 - 48

33. What role does the Firm see itself playing for a defined benefit pension fund client such as the System? Identify the Firm's consulting specialties, strengths, and limitations?
34. Describe any common beliefs about the investment markets which underpin the Firm's investment advice across all clients.
35. Please describe how a client should measure its investment consulting firm's performance. Please explain and furnish any relevant information regarding the Firm's performance record for clients similar to the System.
36. Describe the Firm's recommended manager search process for large (\$1 billion+) public fund clients. What key criteria should be emphasized in a search?
37. Describe how the Firm monitors a client's investment managers. Besides investment returns, what key criteria does the Firm consider in the review of an investment manager? What is the appropriate time period for evaluating an investment manager's performance? At what point would the Firm recommend terminating an investment manager? What are the appropriate long-term alpha targets for active managers within asset classes?
38. Explain the Firm's views on the use of global mandates versus regional specialist mandates.
39. Explain the Firm's views on the use of hedge funds and the role that they should or should not play in a public fund's portfolio.
40. Provide as Exhibit H the Firm's current long-term asset allocation assumptions, including forecasts for the expected return and risk for each asset class, as well as a table indicating the assumed correlations between asset classes.
41. Describe the Firm's recommended process for assisting clients with policy guideline development and review. What specifically would the Firm do to develop or review the policies of the System? How frequently would this process occur? What client-specific factors would be considered? How would the System and/or the SIC be involved in the process?

42. Describe the Firm's capabilities in providing performance measurement at the manager, asset class and total fund level. Is the Firm's database(s) proprietary or purchased? How is data input and verified? How would Treasury Investment Staff access the System's performance information?
43. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can the Firm provide custom benchmarks, style benchmarks, and/or normal portfolios? Please also describe the database(s) the Firm uses for peer universe comparisons.
44. Describe the Firm's recommended process for providing investment and fiduciary education of trustees and staff.
45. Describe the Firm's capabilities and experience negotiating hard dollar fee arrangements with investment managers on behalf of clients. Does the Firm believe that such arrangements are worthwhile? If yes, what key principles should be incorporated into any fee arrangement?
46. Describe the firm's perspective on investment manager diversity (e.g., gender and ethnic diversity) and its relationship to investment performance. Please provide datapoints or research in support of this perspective.
47. Describe the firm's perspective on emerging managers. What are the merits and risks associated with making capital allocations to emerging managers? Please provide datapoints or research in support of this perspective.
48. The portfolio is ~4% overweight Private Equity. How would your organization recommend we evaluate and manage this overweight?

**If General Investment Consulting services are included in your proposal, please submit responses to questions 49 - 54**

49. Explain the Firm's views on the use of passive versus active investment strategies.
50. Explain the Firm's views on risk management for a large public fund. What specific insights does the Firm have with respect to the System's strategic asset allocation in light of its funded status, cash flow pattern and ROA targets?
51. Discuss the Firm's view on risk budgeting and describe any experience the Firm has in assisting clients in establishing risk budgets.
52. Discuss the theory and methodology of the asset allocation models the Firm employs. Are there any professionals dedicated specifically to this function? Describe the Firm's

methodology for establishing asset class risk and return assumptions. How frequently does the Firm review its capital markets expectations?

53. Describe the Firm's capability and experience in conducting asset-liability studies. How should the System's liabilities, funding level, and changes in the contribution level be incorporated into the asset allocation decision? Given the long duration of pension liabilities, what is the most appropriate means of "asset matching" for those liabilities?
54. Please provide as Exhibit I Gen sample reports that illustrate your organization's ability to fulfill, at a minimum, the following aspects of the General Consultant scope of work, as described above in Section III:
- a. Perform periodic asset/liability studies
  - b. Conduct comprehensive investment manager searches
  - c. Provide operational and investment due diligence reports
  - d. Provide ongoing manager monitoring
  - e. Deliver quarterly performance analysis with peer comparisons
  - f. Create monthly performance reports for SIC meeting packet

**If Alternative Investment Consulting services are included in your proposal, please submit responses to questions 55 - 61**

55. Describe the Firm's approach to sourcing investment opportunities and establishing the ability to access capacity constrained managers.
56. Describe the Firm's process in conducting operational due diligence on an investment manager. Please include a description of the following:
- a. Staffing
  - b. Investment analysis
  - c. Utilization of third-party resources
  - d. Legal review
  - e. Ongoing monitoring: How frequently is due diligence conducted, and how often are site visits performed?
57. Share your views on minimum track record and fund size requirements for fund managers, along with any factors that could mitigate these criteria. What qualities does the Firm like to see in a private fund's deal sourcing practice? How does the Firm verify these practices in diligence?
58. Describe the Firm's preferential approach to implementing a direct/co-investment portfolio. Please expand on the Firm's expertise in this area. Describe the firm's view of continuation vehicles. What analysis does your organization provide to clients who are reviewing a co-invest opportunity or continuation vehicle decision?
59. Describe the content and format of the Firm's quarterly performance reports for illiquid

alternative strategies. Detail the quality control procedures in place to assure accuracy and timeliness of reports. Additionally, indicate whether the Firm's performance reports and attribution analysis tools are accessible online.

60. Does the Firm have capabilities to assume the back-office execution of partnership investing on behalf of clients (capital calls, distributions, account statement reconciliation, etc.)? Give a summary of the qualitative and quantitative analysis included in your due diligence reports.
61. Please provide as Exhibit I Alt sample reports that illustrate your organization's ability to fulfill, at a minimum, the following aspects of the Alternative Investment Consultant scope of work, as described above in Section III:
  - a. Comprehensive investment and pacing strategies for alternative asset portfolios
  - b. Execute comprehensive due diligence, including investment and operations due diligence
  - c. Prepare detailed investment recommendations
  - d. Performance reports for private market and hedge fund investments
  - e. Fee compliance monitoring

## RESEARCH & TECHNOLOGY

**All RFP respondents are required to answer questions 62 - 66**

62. Indicate if the Firm develops investment research reports for its clients. If so, describe the types of investment topics and identify who performs the research and how frequently reports are issued. Describe any regular or periodic research reports the Firm produces for clients and indicate the frequency it provides them. Identify the sources of information that are used to collect data. Please include a sample research report.
63. Describe the Firm's approach to researching investment management firms and their products. How many research analysts are dedicated to this function? How often will a representative of the Firm's manager research group typically perform on-site visits to an investment management firm? How are product classifications determined? Does the Firm maintain a "buy list" of managers for specific product classifications?
64. Indicate if the firm maintains a manager research database and indicate if the database is proprietary or purchased. If the Firm's has an in-house database, please indicate if it is sold to third parties and if the Firm receives compensation for selling it. Describe any advantages that the Firm's database has over its competitors. How often are managers in the Firm's database reviewed? Under what circumstances are managers added to or deleted from the Firm's database? Describe how the Firm gathers, verifies, updates, and maintains the data collected on managers for the database. Indicate if the Firm surveys or meets with managers.
65. Describe the Firm's information technology capabilities and resources. Further describe

how the Firm uses the technology to share and leverage information resources across the organization.

66. Describe the firm's capabilities as it relates to monitoring and recording investment manager fees and expenses on behalf of its clients.

**If Alternative Investment Consulting services are included in your proposal, please submit responses to question 67**

67. Describe the Firm's capabilities as it relates to monitoring and recording investment manager fees and expenses on behalf of its clients. Describe your Firm's process for identifying any non-compliance with terms outlined in limited partnership and investment management agreements.

## **SECTION V: PROPOSED FEE**

1. Detail your fee proposal for both a complete (packaged) solution and detail the cost for the individual parts you would be capable to supplying on a stand-alone basis. The fee quoted should include all travel, preparation of memoranda and/or presentations to the SIC, and other out-of-pocket expenses.
2. Please identify other expenses (not identified above), if any, that the Firm intends to charge.
3. Please describe the approach the Firm will take to control costs, including any discounts.

While the State will select only a single vendor to fulfill the role of General Investment Consultant, the State may select multiple vendors to assume non-overlapping coverage of the Alternative Investment Consultant function. Thus, it is recommended that any respondent submitting an Alternative Investment Consulting proposal provide a la carte pricing to the extent that they are able to provide Investment Consulting services for any of the alternative asset classes, individually, as listed in Section I

Fees are a material element in awarding the contract pursuant to this RFP. The Treasurer and/or the SIC reserves the right to negotiate fees and request best and final offers. Fees, however, are only one of several factors used to evaluate proposals and the Treasurer and/or SIC may rely on factors other than the lowest level of fees in awarding the contract pursuant to this RFP.

## SECTION VI: SELECTION PROCESS

### SCHEDULE

RFP Issued	December 26, 2024
Deadline for proposers to submit questions	January 7, 2025
Estimated response to questions	January 17, 2025
<b><i>RFP Responses due</i></b>	<b>February 3, 2025</b>
Evaluations/interviews/site visits*	February – March 2025
Consultant Recommendation & Selection*	March – April 2025
Contract Negotiations and Execution*	April – May 2025

\*Indicative schedule

### Firm Questions

Any questions regarding this RFP should be submitted to [investments\\_rfps@treasury.ri.gov](mailto:investments_rfps@treasury.ri.gov) no later than 5:00 p.m. EST on January 7, 2025. All questions will be aggregated and posted publicly on the “Open Government/Requests for Proposals (RFPs)” section of [www.treasury.ri.gov](http://www.treasury.ri.gov). Neither Treasury nor SIC staff will answer questions verbally or individually during the RFP process.

### Proposal Submission

Respondents should submit two (2) electronic copies (one in PDF format and one in Word format) to [investments\\_rfps@treasury.ri.gov](mailto:investments_rfps@treasury.ri.gov) no later than 5:00 p.m. EST on **February 3, 2025**. If the Respondent designates any portion of the proposal as being a non-public record, the Respondent must submit one (1) copy of the proposal from which the non-public record is deleted or redacted. See Section VII: Other Considerations and Restrictions / Confidentiality further below. Proposals received after that deadline will not be considered. Telephone or faxed submissions will not be considered.

The Treasurer and/or SIC reserves the right to request and consider supplements to proposals or to particular proposals after the deadline for initial proposals, until such time as a contract with a particular Firm is finalized.

### EVALUATION OF RESPONSES

The Firm will be selected based upon an assessment of the Firm’s ability to provide the services as described above and the Firm’s proposal. The selection process will consider the relevant experience of the Firm, the strength of the proposal, the demonstrated ability and willingness of the Firm to structure the best possible delivery of services, and the cost of the proposed services.

During the evaluation process the Treasurer, Issuing Officer, and/or the SIC staff reserve the right to request additional information or clarification from those submitting responses. Firms may be asked to participate in a telephonic interview, an in-person interview in Rhode Island or an on-site visit at the Firm’s place of business.

The RFP does not commit the Treasurer or the SIC to make any selection or to pay any costs incurred in the preparation of the responses or attendance at interviews. The Treasurer and/or the SIC in his/their sole discretion, reserves the right to accept or reject any or all, or part thereof, responses received as a result of this RFP, to waive any nonconformity with the provisions hereof, to waive or not waive any immaterial technicality or irregularity, deviation, or defect in a proposal, to negotiate with any qualified source, to cancel or withdraw this RFP at any time, with or without cause or whenever it would be in the best interest of the Treasurer or the SIC to do so, and to accept the proposal it considers most favorable to the SIC/System. Any waiver of an immaterial deviation or defect shall in no way modify the RFP or excuse the Firm from full compliance with the requirements of the RFP. All proposals shall become the property of the Treasurer/SIC.

### **Evaluation Criteria**

The criteria for evaluation and weight assigned to each are summarized below.

- |  |                  |
|--|------------------|
| <b>A. Organizational Characteristics</b>   | <b>25 points</b> |
| <ul style="list-style-type: none"><li>1. Depth of Service Team</li><li>2. Experience with Public Plans</li><li>3. Experience with Plans of Comparable Size</li></ul>                     |                  |
| <b>B. Program Administration, Reporting, and Recordkeeping Services</b>  | <b>25 points</b> |
| <ul style="list-style-type: none"><li>1. Reporting/Performance Measurement Capabilities</li><li>2. Quality of data processing &amp; administrative support</li></ul>                     |                  |
| <b>C. Investment Capabilities</b>  | <b>35 points</b> |
| <ul style="list-style-type: none"><li>1. Breadth of Platform and Investment Offering</li><li>2. Investment Philosophy (general)</li><li>3. Investment Philosophy (RI specific)</li></ul> |                  |
| <b>E. Fees</b>   | <b>15 points</b> |
| <ul style="list-style-type: none"><li>1. Fees for Advisory Services</li><li>2. Potential Fee Savings from Manager Relationships</li></ul>  |                  |

## **SECTION VII: OTHER CONSIDERATIONS AND RESTRICTIONS**

### **CONFIDENTIALITY**

**The Treasurer’s Office shall treat all documents submitted by a Respondent in response to this RFP as public records upon the selection of legal counsel. The release of public records is governed by R.I. Gen. Laws § 38-2-1 *et seq.* (“APRA”). Respondents are encouraged to familiarize themselves with this law before submitting a proposal.**

By submitting a proposal, Respondent agrees that the Treasurer and/or the SIC may reproduce Respondent’s proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. Respondent consents to such reproduction by submitting a proposal



and further warrants that such reproduction does not violate its rights or the rights of any third parties.

Any request by Respondent that records submitted by them be exempt from being considered public records must be included in the cover letter with the Respondent's proposal. In addition, Respondent must enumerate the specific grounds upon which the APRA or other applicable law supports treatment of the documents as exempt from being considered a public record, and further, the factual basis, if any, upon which they rely in asserting that the documents should be exempt. Any request for treating records submitted as being exempt must also include: the name, address, and telephone number of the person authorized by the Respondent to respond to any inquiries by the Treasurer and/or the SIC regarding such an assertion.

Any proposals submitted which contain non-public records must be conspicuously marked on the outside as containing non-public information, and each page upon which non-public information appears must be conspicuously marked as containing non-public information. Identification of the entire proposal as being non-public records may be deemed non-responsive and may disqualify the Respondent.

**If the Respondent designates any portion of the proposal as being a non-public record, the Respondent must submit one (1) copy of the proposal from which the non-public record is deleted or redacted.** This copy shall be submitted in addition to the number of copies requested in Section V of this RFP. The non-public records must be excised in such a way as to allow the public to determine the general nature of the information redacted and retain as much of the proposal as possible.

The Treasurer and/or the SIC will treat the records marked as non-public as being confidential information to the extent such information is determined confidential under the APRA or other applicable law or by a court of competent jurisdiction. The Respondent's failure to request records submitted as being non-public records will be deemed as a waiver of any right to confidentiality, which the Respondent may have had.

## **RESTRICTIONS ON GIFTS**

State ethics laws restrict gifts which may be given or received by employees and directors and requires certain individuals to disclose information concerning their activities with State government. Respondents are responsible for determining the applicability of these laws to their activities and to comply with the requirements. In addition, it is a felony offense to bribe or attempt to bribe a public official.

## **STATE CODE OF ETHICS**

The State and the Treasurer are committed to maintaining the highest standards of ethics in the awarding of contracts. Respondents should be familiar with and abide by the State Code of Ethics, as set forth in R.I. Gen. Laws §36-14-1 et. seq., and any additional regulations as provided on the State Ethics Commission's website: [ethics.ri.gov/code-ethics](http://ethics.ri.gov/code-ethics).

## **NON-DISCRIMINATION**

All proposals shall be considered based on their merit in accordance with the criteria specified herein and shall not exclude any person, firm, or other entity, from consideration on the grounds of race, color, religion, sex, sexual orientation, gender identity or expression, age, national origin, or disability. For more information, see the Division of Equity, Diversity & Inclusion at the State of Rhode Island Department of Administration's website: [dedi.ri.gov](http://dedi.ri.gov).

## **PLACEMENT AGENT DISCLOSURE CERTIFICATE**

It is the Treasurer's policy to prohibit the use of placement agents with respect to work performed for the Treasurer and/or SIC, and to require disclosure regarding vendors use of placement agents in other aspects of their business.

## **CODE OF CONDUCT INVESTOR PLEDGE**

The Treasurer has a strict policy with regard to political contributions and the adherence to the rules and laws drafted by the Securities and Exchange Commission (SEC), including the Investment Advisers Act of 1940 CFR Part 275, Rule 206(4)-5 and the Municipal Securities Rulemaking Board (MSRB), including Rule G-37. The successful Respondent will be required to comply with said policy and to complete and sign an appropriate disclosure statement.

## **TRANSPARENCY IN GOVERNMENT AGREEMENT**

The Treasurer and the SIC adopted policies addressing transparency in government. The transparency in government agreement can be found at <https://treasury.ri.gov/investments/investment-philosophy>

The placement agent disclosure certificate and the code of conduct investor pledge can be referenced at: [data.treasury.ri.gov/dataset/investment-manager-and-consultant-policies-and-pledges](http://data.treasury.ri.gov/dataset/investment-manager-and-consultant-policies-and-pledges).

All forms will be required to be signed upon engagement, where applicable.

## **DATA SECURITY**

Failure of the vendor or any of its subcontractors to employ commercially reasonable measures in accordance with industry standards to protect against unauthorized access, use or disclosure of participant data held directly by the vendor, or such subcontractor (as the case may be), must agree to have no limitation of liability.

## **LIMITED LIABILITY AND INDEMNITY**

Neither the Treasurer nor the SIC will enter into limited liability clauses of any type.

The Firm agrees to indemnify, defend and hold harmless the Treasurer and the SIC, his/its

directors, officers, employees and agents from any and all claims made including, but not limited to, claims for salaries, liability for tax withholding, workers' compensation, disability or miscellaneous employment benefits, whether based on tort, contract or other theories of recovery arising out of injury, disability, or death of the vendor's employees or independent contractors.

The Firm shall perform a background investigation on all contract employees working for the Firm under an executed agreement.

### **GOVERNING LAW**

The executed agreement shall be interpreted and construed under the laws of the State of Rhode Island without reference to its conflicts of laws principals.

### **SUBCONTRACTORS**

No subcontractors or collateral agreements shall be permitted without the prior written consent of the Treasurer/SIC. Upon request, the Firm must submit to the Treasurer/SIC a list of all subcontractors to be employed in the performance of any services or other contract arising from this RFP.