**REQUEST FOR PROPOSAL**

PUBLIC MARKETS EXTERNAL MANAGER CONSULTING SERVICES

Issued: **October 15th, 2018**

**Responses Due: November 12th, 2018**

About SWIB

The State of Wisconsin Investment Board (“SWIB”) manages investments for the Wisconsin Retirement System (“WRS”), which is the ninth largest public pension plan in the United States and 25th largest public/private pension fund in the world. More than $100 billion in assets are under management with more than 60 percent managed internally. The plan provides retirement and related benefits for more than 600,000 current and former public employees. The plan is fully funded by a combination of contributions from members, state and local governments, and by investment returns. Although member and employer contributions are substantial, investment returns account for the majority of the WRS’s growth.

The asset allocation of the WRS is established by SWIB’s Board of Trustees (the “Board of Trustees”). Current asset classes include global equities, global fixed income, real estate, private equity, venture capital and alternative assets.

SWIB was created under Chapter 15 of the Wisconsin State Statutes and vested with authority to manage trust fund assets under Chapter 25 of the Wisconsin State Statutes. SWIB is governed by the prudent expert standard of fiduciary responsibility specified in Section 25.15(2) of the Wisconsin Statutes.

SWIB Mission and Vision

**Mission**

*To be a trusted and skilled global investment organization contributing to strong financial futures for the beneficiaries of the funds entrusted to us.*

**Vision**

*SWIB will be an innovative, agile, integrated organization that optimizes investment returns while managing risk and cost over the long term.*

The cornerstone in defining SWIB is based on its core values: Integrity, Commitment, Respect, Accountability, Prudence, People, Innovation and Collaboration.

Scope
The purpose of this Request for Proposal (“RFP”) is to obtain information that will allow SWIB to make a decision regarding its use of an External Manager Consultant (“Consultant”) in the development and execution of its benchmark-relative public markets external manager (“Beta One”) investment strategy. SWIB is generally seeking a Consultant that provides the following basic services:

* Assistance in formulating strategy, goals, objectives and policies as it relates to helping SWIB execute its public markets external manager program.
* Extensively work with SWIB staff in developing policies, procedures and a governance process for the above strategies.
* On a non-discretionary basis, provide services which may include: sourcing, screening, securing allocations, conducting due diligence, and providing manager selection recommendations.
* Provide research, education, training and ongoing client service to SWIB staff and/or Board of Trustees.
* Providing ongoing risk monitoring, performance, attribution and reporting of the portfolio and managers.
* Assist and/or provide guidance in reviewing terms, structuring and negotiating of manager guidelines and agreements.
* Conduct initial and ongoing operational due diligence
* Provide access to Consultant’s investment research, including return, risk and correlation assumptions of various benchmark-relative strategies and other information deemed relevant by SWIB, including Consultant’s manager database.
* Maintain a sourcing strategy that provides broad opportunity to evaluate institutional quality manager investments.
* Maintain a focus list and forward-looking calendar of manager investment opportunities for SWIB.
* Identify new opportunities. In concert with SWIB staff, identify new or limited access investments and use best efforts to make them available to SWIB.
* Foster ad-hoc discussions with other SWIB functions as it relates to industry and manager trends.
* Other services as requested by SWIB and agreed upon by the Consultant.

Minimum Criteria

A proposer must meet the following minimum criteria to be given further consideration in this process.

Failure to meet the minimum criteria may result in the proposal’s immediate rejection.

1. Must have at least three (3) public plans as clients.
2. Must have at least one client with an aggregate extremal manager program size of over $10 billion in assets under management.
3. Must agree to owe a fiduciary duty to SWIB.
4. Must have positive net income for the last three calendar years.

Question deadline for inquiries regarding this RFP

Should you need clarification regarding this document, the SWIB contact listed below will accept questions in writing via e-mail, until EOD October 22nd, 2018. Each proposer will be allowed to submit up to **five (5)** questions. Those questions received by the deadline will be answered and circulated via e-mail to all firms who have posed a question or who requested, in writing, a copy of the questions and the responses. Questions submitted after the deadline will not be considered.

Instructions for submitting a response to this RFP

**Proposal Deadline**

Completed proposals must be delivered to the SWIB contact listed below no later than **November 12th, 2018, 5:00 pm, CST,** as follows: an electronic file via email and **5 (five) physical copies ([one copy must be] unbound and ready to photocopy)**. Time is of the essence. Any proposal not delivered to SWIB on or before the proposal deadline may not be accepted or considered.
 **SWIB contact:**

Ms. Rhiannon Friedel
Procurement Specialist
State of Wisconsin Investment Board
121 East Wilson Street
Madison, WI 53703
rhiannon.friedel@swib.state.wi.us

**Responses should be compiled in the following order:**

# 1. Cover Letter

# The proposal response package must include a cover letter that is signed by at least one individual who is authorized to bind the firm contractually. This cover letter must include: (a) the firm name, address and telephone/fax numbers; (b) title or position that the signer of the cover letter holds in the firm; and (c) a statement to the effect that the proposal is a firm and irrevocable offer of the firm.

 **2. Response to the Questionnaire**

Complete answers to all questions beginning on page 7. Please keep the total of written responses to less than **25 pages**, not including appendices.

# 3. Public Records Acknowledgement Form

Under Wisconsin’s public records law (Wis. Stat. §§ 19.31-19.39, the “Public Records Law”), all proposal responses shall be deemed public records and shall be subject to requests for public disclosure. Respondent should assume that materials included in its response, and any resulting Contract and/or services, constitute and are presumed to be public records and, as such, may be subject to disclosure under the Public Records Law, unless an exception is applicable. The “Public Records Acknowledgement” (**Attachment A**) contains additional information about the Public Records Law and the steps necessary for respondent to claim that materials included in a response are exempt from disclosure and must be completed (**with a designation made to question (iii)**), signed by an authorized officer of the firm.

# 4. Representations and Warranties

The Representations and Warranties document, **Attachment B**, signed by an authorized officer of the firm.

# 5. Fee Proposal

The fee proposal must include **all** costs associated with the performance of the services. In addition to providing an electronic fee proposal, which must be a separate attachment, hard copies of the fee proposal must be placed in a **separate, sealed envelope**, **clearly identified on the outside as “Fee Proposal for BENCHMARK-RELATIVE PUBLIC MARKETS EXTERNAL MANAGER CONSULTING SERVICES”**, submitted by [FIRM NAME].

Selection Process

The selection process under this RFP will be as follows:

**Non-Qualifying Proposals**

SWIB will evaluate each proposal to determine if it was submitted in accordance with the requirements set forth in this RFP, including whether the proposing firm meets the minimum criteria. All non-qualifying proposals not subject to the waiver/cure of minor information will be rejected at this time and the proposing firm so notified.

**Selection of Finalists**

The proposals will be evaluated by an Evaluation Committee. Based on the Selection Criteria of this RFP (including the Fee Proposals), the Evaluation Committee will select finalists for further consideration. The selected firm may be invited to an on-site interview with the Evaluation Committee.

**Selection of Consultant**

The Evaluation Committee will rank the finalists and make its recommendation for selecting a Consultant.

# Tentative schedule of events

The following is the tentative schedule for SWIB’s Consultant search. All dates are subject to modification by SWIB.

Issuance of RFP: October 15th, 2018

Question Deadline (Firm): October 22nd, 2018

Q&A Document returned: October 26th, 2018

**Response Deadline (Firm): November 12th, 2018, 5:00 pm CST**

Finalist Interviews: Week of December 3rd, 2018

Projected Commencement Date of Contract: Following Contract Negotiations

Additional items

# Contract

The successful respondent will be required to enter into a Consulting Services Agreement (the “Contract”) that incorporates by reference the respondent’s response to this RFP. SWIB has included key provisions expected to be included in any contract with a successful respondent in **Attachment C**. Respondents are expected to include comments on the key provisions as part of the RFP response process, and while revisions will not disqualify candidates from consideration, responses will be taken into consideration in the evaluation process.

# Withdrawal/Irrevocability of Responses

A respondent may withdraw and resubmit a response prior to the response deadline. No re-submissions will be allowed after the response deadline.

# Waiver/Cure of Minor Informalities, Errors and Omissions

SWIB reserves the right to waive or permit cure of minor informalities, errors or omissions prior to the selection of finalists, and to conduct discussions with any qualified respondents and to take any other measures with respect to this RFP in any manner necessary to serve the best interest of SWIB and its beneficiaries.

# Communications with SWIB

SWIB’s contact for this RFP is listed on page 4. In order to ensure the integrity of the RFP process, during the selection process, **respondent may not initiate communications with any other SWIB representative regarding this RFP**. For clarity, this does not prohibit communications in connection with an existing contractual relationship between SWIB and respondent that are unrelated to this RFP. FAILURE TO OBSERVE THIS RULE MAY BE GROUNDS FOR DISQUALIFICATION.

# Incurring Costs

All costs of preparation associated with responses to this RFP will be the responsibility of the respondent. Respondents may be asked to make a presentation at SWIB’s offices if selected as a finalist. None of the costs associated with this presentation will be reimbursed by SWIB.

# Rejection of Proposals

SWIB reserves the right to request additional information from respondents and reserves the right to reject any proposal without specifying the reason for its actions.

**Award**

SWIB reserves the right to refrain from awarding all or any part of the engagement contemplated by this RFP, and reserves the right to award this contract to multiple respondents.

# Information and Representations

Respondents shall be bound by the information and representations contained in any proposal submitted. Said proposal is deemed to be a binding offer on the part of the Consultant and will be incorporated by reference in any resulting Contract.

**Questionnaire**

**OVERVIEW**

Please note:

* SWIB expects all of the following questions to be answered in their original format, by first stating the question, and then the response.
* Unanswered questions may cause respondents to be eliminated from consideration.

Part 1: Organization

* Organizational Structure/Ownership
* Organizational Stability
* Staff - experience, turnover, succession plans
* Pending investigations or litigation
* Compensation/Incentives/Equity ownership
* Assets/Clients/Account growth/Account losses

Part 2: Research, Selection, Policy Formation and Due Diligence

* Resources/Research Process/Due Diligence of Managers
* Selection/Termination Criteria/Manager Turnover
* Portfolio Construction/Rebalancing
* Guidelines

Part 3: Risk Management, Monitoring and Reporting

* Risk Management approach
* Thoroughness of monitoring
* Quality of reporting
* Ability to provide quality client service and education to SWIB staff and/or Board of Trustees

Part 4: Additional Information (Compliance and Regulation)

* Conflicts of interest
* Custody/Reporting/Data
* Ethics/Compliance Processes

Part 5: Fee Proposal

1. Fees for Proposed Service

**Part 1. ORGANIZATION**

1. Please provide the following general information and the proposed team and Lead Consultant for the assignment:

|  |  |
| --- | --- |
| ***Firm*** |  |
| ***Legal Name:*** |  |
| ***Main Address:*** |  |
| ***Telephone Number:*** |  |
| ***Fax Number:*** |  |
| ***Website:*** |  |
|  |  |
| ***Primary RFP Contact*** |  |
| ***Name:*** |  |
| ***Title:*** |  |
| ***Telephone Number:*** |  |
| ***Email Address:*** |  |

1. Describe the ownership structure of your firm, including the aggregate level of ownership by active employees. Please identify all entities or individuals with 5% or more ownership in the following table:

|  |  |  |
| --- | --- | --- |
| ***Firm*** | ***Title/Role*** | ***Percent Ownership*** |
|  |  |  |
|  |  |  |

1. Please provide a brief overview and history of your firm, including the founders of the company and their current roles.
2. Please provide an exhaustive list of the types of business activities in which your firm is engaged. If you engage in any activities other than flat fee or asset fee based consulting, please describe these activities in detail and explain the form of compensation. If benchmark-relative public markets manager consulting is not your only line of business, please make clear in answering these questions the history and circumstances of your entrance into external manager consulting.
3. Within the past three (3) years, have there been any significant developments in your organization such as ownership changes, restructuring, acquisitions or personnel reorganization? Do you anticipate future significant changes in your organization?
4. Attach an organizational chart of your firm as **Appendix A – Organizational Chart.**
5. Please provide a description of your succession and continuity plans for management of the firm.
6. List the firm’s office locations and the main functional responsibilities of each office.

**Clients**

1. How many clients currently employ your firm for external manager consulting services? Please provide a table listing your 5 largest clients (for those you are able to disclose) for whom you provide external manager consulting services along with the following information:
	* 1. Type of client (public plan, corporate plan, endowment, fund of funds, etc.)
		2. Total size of the fund
		3. Assets on which you provide consulting services
		4. Length of service to them
		5. Brief one-sentence description of the type of services you provide for each client
		6. Nature of the relationship (retainer or project-based)

Please attach this table as **Appendix B – Client List** (an Excel file is also fine).

1. Please provide four (4) references to whom your firm provides benchmark-relative external manager consulting services:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ***Client Name*** | ***Contact Person*** | ***Title*** | ***Phone Number*** | ***Email Address*** |
|  |  |  |  |  |
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|  |  |  |  |  |

1. Please provide the number of consulting clients gained and lost in each of the last five (5) calendar years:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | ***2013*** | ***2014*** | ***2015*** | ***2016*** | ***2017*** | ***2018 YTD*** |
| ***Number Gained*** |  |  |  |  |  |  |
| ***Number Lost*** |  |  |  |  |  |  |
| ***Net*** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| ***Assets Gained*** |  |  |  |  |  |  |
| ***Assets Lost*** |  |  |  |  |  |  |
| ***Net*** |  |  |  |  |  |  |

1. Identify the five (5) largest clients lost and indicate reason for termination:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Client Name*** | ***Contact Person*** | ***Title*** | ***Phone Number*** | ***Email Address*** | ***Reason for Termination*** |
|  |  |  |  |  |  |
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**Professional Staff**

1. How many employees work at your firm? How many in each category (using the categories that your firm uses to organize employees into departments, e.g. consulting, research, actuarial, technology information/systems, marketing, etc.)?
2. List the name and location of the primary individual who would be responsible for our account and provide titles, job functions, and contact information.
	* 1. Please describe the role of each consultant for this assignment.
		2. Which of these consultants would attend the SWIB Committee and Board of Trustees meetings?
		3. How many clients are assigned to each person named above?
3. Please attach short biographies for the key members of your Benchmark-Relative consulting and research teams as **Appendix C – Bios of Key Individuals.**
4. Please outline employee turnover at the senior analyst (or equivalent for operations staff) and above level for the last five years.
5. What policies are in effect to control workload as it relates to the number of clients served by the consultant? Is there a limit on the number of accounts that a consultant may handle? What is the average client-to-consultant ratio?
6. Provide a brief general description of the firm’s compensation agreements for professional staff, including bonuses, profit sharing, employment contracts and equity ownership. Is some component of compensation deferred?
7. Describe your firm’s back up procedures in the event that key personnel for this assignment should leave the firm.

# Part 2. RESEARCH, SELECTION, POLICY FORMATION AND DUE DILIGENCE

1. Describe your overall philosophy and approach as it relates to designing and implementing a benchmark-relative program for institutional clients. Please describe your experience in developing benchmark-relative external manager portfolios to compliment internal management efforts, and key considerations that must be addressed when developing such portfolios.
2. Define what you believe to be your competitive advantage relative to your peer group. Discuss any broad differences you believe may be different in your approach when compared to your peers.
3. Address the challenges associated with implementing an external manager program for a very large client with substantial capital to deploy. How does this affect your overall approach and implementation?
4. In light of the current environment please discuss the unique challenges, areas of concern and opportunities that both managers and investors currently face, including the following:
	* 1. How has the active management landscape changed over the past year, and what further changes do you expect?
		2. Are there any investment strategies or styles that are fundamentally impaired and if so, why?
		3. Conversely, are any investment strategies or styles that are particularly attractive?
5. Discuss your views on fee structures, how “value” for the client is determined, and any views on the best way to align interests between the capital provider and the investment manager?

**Portfolio Construction**

1. Describe the portfolio construction framework and process, including how recommended target allocations to asset classes, benchmarks, geographic regions and individual managers are derived.
	* 1. Please define and explain your categorization of strategy groupings.
		2. Do you develop forecasts for distinct asset classes or strategy types that form the basis of allocation decisions?
		3. Do you employ an optimization routine?
2. What individual and/or group is responsible for defining top-down allocation recommendations? Do you maintain a formal Investment or Strategy Committee? If so, please provide the names of its members, frequency of meetings and a description of the standard output.
3. Describe a typical recommended portfolio for a client such as SWIB given a mandate of hiring top-quartile managers with the highest risk adjusted return to achieve SWIB’s return target. Expected portfolio size of $10-15bln in allocated capital. Include the following:
	* 1. Ideal number of managers
		2. Long-term target strategy weights
		3. Expected turnover
		4. Average manager holding period
		5. Expected long-term tracking error and excess return estimates by benchmark and total portfolio.
4. Do you typically recommend regional or sector specialists within a broader portfolio mandate? If so, provide additional color as to the efficacy of such an approach.
5. Do you recommend alternative investment strategies within a benchmark-relative framework? For example, activist, long-biased long-short strategies, portable alpha, or active extension products.
6. Discuss your firm’s approach to analyzing and monitoring overall factor risk in a portfolio.
	1. What tools, systems, and techniques does your firm use?
	2. What is your firm’s philosophy for the use of factor risk or premiums to achieve excess returns?
7. In the current low volatility environment how do you propose constructing a portfolio that achieves long-term tracking error targets?
8. Are there any strategy types or geographic regions that you specifically target or avoid? If so, why?
9. How are expected or potential exposures to macro-level risk factors and correlations among strategy types and individual managers incorporated into the portfolio construction process?

**Manager Research**

1. Describe your overall approach to manager research and selection, including a list of any specific criteria that must be met in order for a manager to be considered and any characteristics that will automatically exclude a manager from consideration. Please include an outline of your manager evaluation framework as **Appendix D – Manager Evaluation Framework.**
2. What are the key factors you rely on in assessing benchmark-relative external manager skill?
	* 1. What systems and tools do you use to evaluate manager skill?
3. List the main channels through which new managers are sourced and the approximate percentage of current managers sourced through each?
4. Describe your experience and capabilities in sourcing, analyzing and monitoring small and/or emerging managers.
	* 1. Do you believe that investing in small and/or emerging managers offers adequate excess returns or other benefits that outweigh the increased operational and business risks?
		2. If so, what do you believe to be the appropriate use and implementation of emerging managers in a portfolio?
5. Each year, on average, how many managers do you: 1) Review, 2) Meet with, 3) Subject to full due diligence and 4) Approve for investment. What are the total number of managers approved for investment, and how many are removed from this list/downgraded each year?
6. Describe your framework for evaluating and assessing client suitability for investment strategies that have not typically fallen into one of the traditional strategy classifications.
7. Describe your pre-investment due diligence process including the groups or individuals, deliverables, decision points and timeframe associated with each component.
8. Describe the systems and procedures used to store and access manager-related information (performance, portfolio exposures, research notes, due diligence reports, etc.), including any third-party and internally-developed databases or document storage utilities.
	* 1. How is the information collected (e.g., surveys, DDQs, meetings)?
		2. Do you have dedicated support staff and/or technology professionals that focus on data management?
		3. If you maintain an internal manager database, do you sell it to third parties?
		4. What are the avenues for clients to access the aforementioned reports and data?
9. Please define your manager ranking system for Investment Due Diligence.
	1. What is the frequency of which the rankings are updated?
	2. What is the approximate amount of time it takes for your firm to complete an IDD request?
10. Is SWIB able to access and receive performance data from your database for use in its own analysis systems?

**Operational Due Diligence**

1. Do you have dedicated individuals or teams separately responsible for investment, operational, and legal/compliance due diligence? If so, does each group have authority to “veto” a prospective investment before a recommendation is made to a client or at any time thereafter? If so, what percentage of due diligence assessments result in a recommendation to move forward for each group?
2. Provide a detailed overview of the operational due diligence team and process, the number of operational due diligence assessments your firm performs annually and your firm’s capacity to add SWIB to your client base.
3. Has an approved manager ever had a material operational failure that was not initially identified by the operational due diligence team? If so, please explain.
4. Describe the process by which the Operational Due Diligence team ensures that they are employing best practices in their evaluations?
5. Do you perform background checks on the key individuals of all prospective managers? What roles/titles are typically included in this group (i.e., CFO, lead PM, analysts)? What specific red flags are you looking for? What service provider do you utilize for background checks?
6. Describe your approach to performing reference checks on prospective managers, including both named and informal references.
7. Do you examine and contact the third-party service providers of all prospective managers? If so, describe the key diligence components and areas of focus with respect to: 1) Administrators, 2) Custodians and Prime Brokers, 3) Auditors and 4) Legal Advisors.
8. Describe your approach to post-investment operational due diligence including the groups or individuals, deliverables, filings, decision points and timeframe associated with each component. How often do follow-up due diligence meetings, onsite visits, etc. occur? Which areas are reviewed? How are the results of the follow-up due diligence efforts communicated to your clients?
9. Please define your manager ranking system for Operational Due Diligence.
	1. What is the frequency of which the rankings are updated?
	2. What is the approximate amount of time it takes for your firm to complete an ODD request?
10. Please attach sample investment and operational due diligence summary reports/memos as **Appendix E** **– Sample Manager Due Diligence Reports.**
11. If you use a questionnaire as part of your manager due diligence process, please attach as **Appendix F – Sample Due Diligence Questionnaire.**

# Part 3. RISK MANAGEMENT, MONITORING, AND REPORTING

1. Describe your approach to risk management, including a list of the main risks you monitor and an explanation of how each risk is measured, monitored and managed.
2. Overview of any third-party or internally-developed risk systems or tools, how they are used and the standard output/reports they generate. Please include all standard risk, attribution, and factor reports as **Appendix G – Sample Risk Report.**
3. Can the firm provide customized benchmarks?
4. Describe your process for monitoring exposures, both for individual managers and clients’ aggregate portfolios. What specific exposures are monitored and with what frequency? Please provide a sample exposure report as **Appendix H – Sample Exposure Report.**
5. How do you identify style drift in the underlying managers? When style drift is identified how is it evaluated and what actions are taken?
6. Under what circumstances do you typically recommend full redemptions? What process would you follow to evaluate the situation, formulate a recommendation and ultimately communicate this to the client?
7. Describe your process for providing ongoing monitoring and oversight related to investment objectives, contract and guideline compliance, account restrictions, conflicts of interest and reporting requirements.

**Reporting, Education and Client Service**

1. Describe the process and sources of data for analyzing, monitoring and reporting the performance of clients’ manager portfolios.
2. Describe the standard reporting package you provide to clients, along with the frequency and timing of delivery. Please attach a sample report as **Appendix I – Sample Client Report.**
3. Can investors receive custom reports? If so, discuss the range of customization available.
4. What types of general research reports or white papers do you produce and distribute to clients? If applicable, please attach two or three recent pieces as **Appendix J – Sample Research Reports.**
5. Discuss your willingness and ability to conduct bespoke research projects for SWIB.
6. Describe the access and interaction the client would have with your members of your staff, other than the assigned consultant and backup.
	* 1. How would SWIB’s back office interact with the monitoring, reporting and accounting teams?
7. List all standard services provided in a typical pension plan consulting relationship. List the specialized services that you have provided to meet other needs of your clients.
8. Describe the services of your organization that may not be offered by other Consultants that you believe would be of interest to us.

# Part 4. ADDITIONAL INFORMATION

1. If your firm is registered as an investment adviser with the SEC or a state securities regulator, please attach your firm’s current Form ADV Part I and II as **Appendix K - ADV.** If your firm is not registered with the SEC, what is your fiduciary classification?
2. Please list all other regulatory authorities with which your firm is registered.
3. Has your firm or any officer, director, partner, principal or employee ever been involved in a civil or criminal litigation or legal proceeding concerning investment consulting or the management of assets? If so, describe each instance.
4. Has your firm or any officer, director, partner, principal or employee ever been the subject of any non-routine investigation or inquiry by a governmental agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance and summarize any directives or letters of opinion that were issued.
5. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers.
6. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier? If so, describe each instance.
7. What limitation on liability, if any, do you impose through your contract?
8. Does your firm maintain a written compliance manual? If so, please attach a copy as **Appendix L – Compliance Manual.**
9. Describe your data security infrastructure and measures, and if your firm completes a SOC report on a regular basis. Please include your latest SOC report in **Appendix M - SOC Report**

**Conflicts of Interest**

1. Are there any circumstances under which your organization or any of its employees receive compensation, finder’s fees, or any other benefit from investment managers or third parties? If yes, please describe these arrangements in detail.
2. Explain any other potential conflict your firm may have in providing benchmark-relative external manager consulting services to public pension funds. (“Conflict” may include brokerage relationships, money management activities, fee relationships with investment managers, soft dollars, etc.) What procedures are in place that would mitigate or eliminate such potential conflicts of interest?
3. Describe your disaster recovery plan, cyber security infrastructure, and facilities.

# Part 5: FEE PROPOSAL

Please provide your firm’s fee proposal based off an approximate $15 billion external manager program as BOTH (1) asset based fee AND (2) fixed fee.

**FEE PROPOSALS MUST BE SUBMITTED IN A SEPARATE, SEALED ENVELOPE AS DESCRIBED PAGE 5.**

**Attachments**

**Attachment A** –PUBLIC RECORDS ACKNOWLEDGEMENT FORM

**Attachment B** – REPRESENTATIONS AND WARRANTIES

**Attachment C** – KEY CONTRACT PROVISIONS

***ATTACHMENT A***

***public records acknowleDgement***

The undersigned hereby represents, acknowledges, and agrees as follows:

1. SWIB is a public agency subject to Wisconsin’s public record law (Wis. Stat. §§ 19.31-19.39, the “Public Records Law”), which provides generally that all records relating to a public agency’s business are open to public inspection and copying unless exempted under the Public Records Law.
2. Materials we submit to SWIB in connection with this packet are open to public inspection under the Public Records Law unless such materials fall within an exemption under the Public Records Law.
3. Our submission packet ***INCLUDES / DOES NOT INCLUDE*** (**FIRM MUST CIRCLE ONE**) materials that we believe are exempt from disclosure under the Public Records Law. ***SWIB will not accept the submission packet if a selection has not been circled.***
4. To the extent our submission packet includes materials that we believe are exempt from disclosure under the Public Records Law, we understand that we must: (1) provide a letter identifying the materials that we believe are exempt from disclosure and explaining the basis for exemption; and (2) submit, in addition to the regular version of our submission packet, one copy of a redacted version that excludes the potentially exempt materials.
5. Regardless of whether respondent circles “INCLUDES” above, SWIB will presume that any materials that are not identified and redacted pursuant to paragraph (iv), above, are open to public inspection, and we waive any right to subsequently claim exemption from disclosure for any such materials.
6. If we make an unreasonable claim for exemption under the Public Records Law, such claim may reduce the score for our proposal.
7. SWIB at all times retains the right to make the final determination regarding what, if any, portion of a submission is subject to disclosure under the Public Records Law. We understand that SWIB may make disclosures under the Public Records Law and that SWIB may disclose our redacted information that SWIB determines is subject to disclosure under the Public Records Law, in each case without notice to us. We also understand that SWIB’s disclosures under the Public Records Law could include communications and other materials prepared by SWIB regarding our submission and SWIB’s evaluation of the firm.
8. For the avoidance of doubt, SWIB will treat the terms of any agreement entered into as a result of the submission packet (including any Contract) as open to public inspection under the Public Records Law.

[Signature page follows]

*ACKNOWLEDGED AND AGREED*

**By signing below, the undersigned acknowledges and agrees that (a) he/she has read and understands this Public Records Acknowledgement, (b) he/she understands that SWIB may disclose the entire submission packet under the Public Records Law if the undersigned has not satisfied the requirements of items (iii) and (iv) above. This Public Records Acknowledgement may not be modified, and any changes shall be of no force and effect unless agreed to by SWIB in writing prior to the undersigned’s submission of materials.**

Date:

Signature:

Printed Name and Title:

***ATTACHMENT B***

***REPRESENTATIONS AND WARRANTIES***

All proposers are required to submit an executed, unmodified copy of this exhibit as an attachment to the cover letter as described in the RFP:

A. By signing below, proposer agrees to all of the terms, conditions, and obligations set forth in this packet.

B. Proposer warrants that it has, or will have, at least $1,000,000 of errors and omissions insurance coverage applicable to the proposer’s actions hereunder by the time of award of the Contract, and that it will provide a certificate of insurance coverage evidencing same.

C. Proposer warrants that all the information it provides in the response to this RFP is true and correct and does not omit any material facts or information that is responsive.

D. Proposer warrants that it has completed, obtained, and performed all filings, registrations, approvals, authorizations, consents or examinations required by a government or governmental authority for acts contemplated by the Contract.

E. Proposer warrants that it meets, or will meet before the award of the Contract, the bonding requirement provided by Section 412 of the Employment Retirement Income Security Act of 1974 (ERISA) or that it carries at least an equivalent fidelity bond that will be applicable to proposer’s actions under that Contract (unless exempt, and explanation of exemption is attached).

F. Proposer warrants that it will not delegate its fiduciary responsibilities assumed under the Contract.

G. Proposer represents and warrants that it has disclosed in writing to SWIB any significant personal or business relationships of the firm or its key personnel or any other circumstances that could conflict with proposer’s duty to provide unbiased advice and services to Client. If applicable, proposer represents and warrants that it will not be prohibited from receiving compensation from SWIB under Rule 206(4)-5 promulgated under the Investor Advisors Act of 1940.

H. Proposer warrants that it meets, or will meet before the award, all of the minimum criteria applicable to the firm under this RFP.

These Representations and Warranties may not be modified, and any changes shall be of no force and effect unless agreed to by SWIB in writing prior to proposer’s submission of materials.

Name of Firm Date

Signature Title

***ATTACHMENT C***

***Key Contract Provisions***

### Submission Packet Response. All responses and information that Consultant provided to SWIB in Consultant’s [date] response to SWIB’s Request for Proposal (the “Submission Packet”) are true and correct and do not omit any material facts or information. Consultant shall promptly notify SWIB in the event any of the responses or information becomes untrue or incorrect during the term of this Agreement. The inaccuracy of any information provided by Consultant (including any omission of a material fact necessary in order to make the information provided, taken as a whole, not misleading) will constitute a breach of this representation and a material breach of this Agreement.

## Indemnification By Consultant. Consultant shall indemnify, defend and hold harmless each of SWIB, and its members, trustees, directors, officers, agents and employees, from and against all losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorneys’ fees and disbursements, arising from, based on or resulting from a breach of any representation, warranty, covenant or agreement of Consultant contained in this Agreement, including, without limitation, violation of the standard of care set herein, and Disabling Conduct (as defined below) in connection with the performance by Consultant or any of its affiliates, or any of their respective shareholders, partners, members, managers, directors, officers, employees or agents of any of the Consultant’s obligations under this Agreement, except to the extent that such loss, cost, liability, damage or deficiency results from a breach of a representation, warranty, covenant or agreement of SWIB contained in this Agreement, or an act or omission (other than one based upon the advice of the Consultant) constituting bad faith, willful misconduct, gross negligence or reckless disregard by SWIB of its obligations under this Agreement. For purposes of this Agreement, “Disabling Conduct” means any act or omission which constitutes fraud, bad faith, willful misconduct or gross negligence (construed to have the meaning as such term is given under the laws of the State of Delaware).

## Exculpation. All obligations required to be performed by SWIB or its staff hereunder are obligations of SWIB only, and no trustee, employee, agent or beneficiary of SWIB shall have any personal liability therefor. Consultant agrees that it will make no personal liability claim against any such trustee, employee, agent or beneficiary, but will seek recourse only against assets of SWIB.

## Fiduciary. The Consultant acknowledges that it is a fiduciary of SWIB and agrees that it will perform its services under this Agreement (i) solely in the interest of SWIB and in accordance with fiduciary standards, and (ii) with the care, skill, prudence and diligence under the circumstances prevailing that a prudent advisor who is familiar with such matters would use in discharging such duties and exercising such powers. Consultant will not delegate its fiduciary responsibilities assumed under this Agreement.

## Performance of Duties. Consultant shall devote such time, effort, skill and resources as may be necessary to carry out its obligations under this Agreement in accordance with the standards set forth in this Agreement. Consultant shall carry out its duties and responsibilities hereunder in accordance with, and be limited in the exercise of its rights by, the provisions of all applicable federal, state, county and city statutes, ordinances and regulations. All Services performed by Consultant shall comply with acceptable industry standards and practices and conform to the requirements of Chapter 25 of the Wisconsin Statutes, which governs the responsibilities, operations and investment authority of SWIB and SWIB’s Board of Trustees (“Board”). Consultant holds itself out as an expert in consulting on benchmark-relative external manager investments for large public pension funds and represents itself as having greater knowledge and skill than the average person. SWIB and the Board retain all final decision making authority respecting all investments hereunder.

## Conflicts. Consultant has disclosed in writing to SWIB any and all of its compensation arrangements and vehicles for the exchange of consideration, directly or indirectly, with funds, fund managers, other consultants, service providers, actuaries, brokers, research firms, custodians, administrators or any other providers whose services are marketed to or retained by pension funds or whose services Consultant is in a position to recommend to clients. This shall include arrangements and vehicles involving affiliates or related entities and shall explicitly cover sponsorship or production of conferences and similar events, as well as identification of the parties and amounts of consideration involved. In addition, Consultant has disclosed any and all direct or indirect political or other campaign contributions to Wisconsin state-level candidates or officials since January 1, 2001. Consultant has disclosed any significant personal or business relationships of the firm or its key personnel or any other circumstances that could conflict with the Consultant’s duty to provide unbiased investment advice to SWIB. Consultant will notify SWIB in writing if, while providing its services hereunder, there are any material changes in this disclosure. Violation of this Section by Consultant shall entitle SWIB to terminate this Agreement.

## Nondiscrimination in Employment. In connection with the performance of its obligations under this Agreement, Consultant shall not discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability (as defined in Section 51.01(5), Wisconsin Statutes), sexual orientation or national origin. Consultant shall take affirmative action to ensure equal employment opportunities.

## Books and Records. Consultant shall (i) keep accurate books and records relating to its performance of the Services and the fees and expenses charged to SWIB, and (ii) permit SWIB or the State of Wisconsin Legislative Audit Bureau during the term of this Agreement and for a period of at least five (5) years thereafter to inspect Consultant’s books and records relating to the Services and the fees and expenses charged to SWIB. Consultant shall bear the costs associated with the retention of records, and the cost of duplicating and sending copies of any records requested by SWIB.

## Audit Review. SWIB shall have the absolute right to undertake a periodic audit review of Consultant’s work product, the fees payable hereunder, and Consultant’s compliance with provisions of this Agreement. Such audit review may be undertaken directly by SWIB, the State of Wisconsin Legislative Audit Bureau, or by third parties engaged by SWIB, including accountants and consultants. Consultant shall cooperate fully with SWIB, the Legislative Audit Bureau, or any such third party in connection with the audit review, including providing the necessary space for auditors to conduct the audit. All adjustments, payments, and reimbursements determined by SWIB or its representatives to be necessary by such audit review shall be effected promptly by the appropriate party.

## Open Records. SWIB is subject to the open records laws of the State of Wisconsin, as contained in Chapter 19, Wisconsin Statutes. At SWIB’s direction, Consultant shall make available for inspection and copying any designated records relating to Consultant’s analysis and recommendations. Nevertheless, SWIB recognizes that Consultant’s records and reports may contain information that constitutes trade secrets, is proprietary or is otherwise subject to confidentiality restrictions. SWIB shall keep such information confidential and shall use its reasonable efforts to prevent any of its employees, agents or representatives from disclosing, without the prior consent of Consultant, any such confidential information contained in the reports or documents received from Consultant which is identified as confidential in writing by Consultant when such report or document is delivered to SWIB. The foregoing shall not apply to (i) any disclosure to the extent where, in the opinion of SWIB’s counsel (which may be internal legal counsel), disclosure is required by applicable law, legal process or court order; or (ii) any disclosure to SWIB’s auditors and professional advisors to the extent necessary to perform their duties, provided they are bound by or subject to confidentiality obligations to SWIB. If SWIB notifies Consultant that its counsel has determined public disclosure is required of information identified as confidential, Consultant may, at its own expense, seek a restraining order to preclude SWIB from producing such information. Nothing in this Agreement is intended to waive or override any grounds for denial of public access to records under Wisconsin’s open records laws. Consultant’s sole and exclusive remedy for a breach of this section shall be the right to immediately, upon written notice, terminate this Agreement.

## Legal Actions. There are no investigations, examinations or other proceedings involving Consultant or any of its employees commenced or, to Consultant’s knowledge, threatened by any regulatory agency against Consultant or any of its employees nor any actions, suits or proceedings commenced or, to Consultant’s knowledge, threatened against Consultant or any of its employees which, if determined adversely to Consultant or any of its employees, would materially affect Consultant’s ability to fully perform its obligations under this Agreement or which contain any allegation of a breach of fiduciary duty by Consultant or any of its employees. Consultant has no knowledge of any investigation, examination or other proceeding involving any affiliate or commenced or threatened by any regulatory agency against any affiliate, or any actions, suits or proceedings commenced or threatened against any affiliate which, if determined adversely to such affiliate, would materially affect Consultant’s ability to fully perform its obligations under this Agreement or which contain any allegation of a breach of fiduciary duty by any affiliate.

## No Bad Actor. Consultant represents and warrants that neither Consultant nor any of its affiliates or partners, members, directors and officers is or has been the subject of, or a defendant in: (i) an enforcement action or prosecution (or settlement in lieu thereof) brought by a governmental authority relating to a violation of securities, tax, fiduciary or criminal laws, or (ii) a civil action (or settlement in lieu thereof) brought by investors in a common investment vehicle for violation of duties owed to the investors. Consultant covenants that it will notify SWIB within five days in the event any such action or prosecution is initiated during the term of this Agreement.