



**SFERS**

San Francisco Employees' Retirement System

**Request for Proposals for  
Consulting Services for the  
Real Asset Portfolio of the City and  
County of San Francisco  
Employees' Retirement System**

**Date Issued: March 2**

**Deadline for Submission: April 3**

# **San Francisco Employees' Retirement System (SFERS)**

## **Request for Proposals for Consulting Services for the Real Asset Portfolio**

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## **I. Introduction**

The San Francisco City and County Employees' Retirement System ("SFERS" or the "Retirement System") administers a defined benefit pension fund (the "Fund") for City and County of San Francisco employees. The Fund had a total market value of approximately \$27 billion and the Real Asset portfolio had a total market value of approximately \$4 billion as of December 31, 2019.

The seven-member San Francisco Retirement Board ("Board") has plenary authority and fiduciary responsibility for the investments and administration of the Retirement System. Generally, the Board meets once a month in a noticed public meeting to, among other things, set policy, review investment performance and consider new investment opportunities. The Board and Retirement System conduct all investment activities in accordance with applicable laws and investment policies and procedures adopted by the Board, and in the sole interest of members and their beneficiaries.

As described further in this Request for Proposals ("RFP"), SFERS is seeking a consultant to support the Real Asset team with strategic and tactical investment planning, market research, investment due diligence, portfolio monitoring, and performance measurement for its Real Asset portfolio.

By this RFP, SFERS is soliciting proposals from qualified professional investment consulting firms to provide comprehensive real asset investment consulting advice and services to SFERS. The selected firm will work closely with the SFERS' Chief Investment Officer, Managing Director of Private Markets, Real Asset team, and other Investment Team members as needed ("Staff"). The selected firm must demonstrate extensive experience and superior capability for providing real asset investment consulting services to institutional investor clients of comparable complexity to SFERS. In addition to the specific matters noted above, selected firm will be expected to provide SFERS with market research. The selected firm will serve in a fiduciary capacity and must acknowledge in writing the firm's fiduciary status, without qualification. In all cases, the firm and its employees must offer advice to SFERS solely in the interest of Retirement System members and their beneficiaries.

The contracts anticipated under this RFP will have an initial term of three (3) years. In addition, SFERS shall have four (4) options to extend the term of the agreements for a period of one (1) year which SFERS may exercise in its sole and absolute discretion.

## **II. Scope of Work**

The general scope of work for this RFP is to provide non-discretionary professional investment consulting services. Specifically, the successful firm must demonstrate superior experience and capability in the areas described below. The following are examples of the duties that SFERS is seeking:

### **A. Real Asset Portfolio Oversight Duties**

1. Assist Staff with the review and implementation of asset class goals and objectives, asset allocation, cash flow forecasting, and investment pacing;
2. Assist Staff with preparing an annual strategic plan for the SFERS' Real Asset portfolio, including a discussion of target sub-strategies and markets and long-term objectives for SFERS' Real Asset portfolio, risk management policies and procedures, and investment and asset management procedures;
3. Provide on-going monitoring, reporting, and analysis of existing managers' portfolio attributes and characteristics;
4. Assist Staff with the review and periodic updates to SFERS' Real Asset investments policies and procedures, as well as investment selection guidelines and criteria;

5. Provide Staff access to a database of real asset managers that includes data on investment strategies, firm organization, investors and performance; manager information should be available for a wide range of real asset managers and for both domestic and international firms;
6. Prepare updates regarding market conditions as well as industry trends and developments that could affect the prospects, terms and structure of real assets;
7. Review and recommend approval or other appropriate action of each of the budget and management plans prepared and submitted on an annual basis by each investment manager of a separate account for SFERS to ensure that such investment managers' investment criteria are consistent with the strategic plan and investment plan;
8. Prepare and conduct overview presentations or educational workshops on the real asset sub-asset-classes that include a macro view of key managers, types of investments, trends, strategies, and key success factors (SFERS' current real asset portfolio consists of real estate, natural resources, infrastructure, and other investment strategies); and
9. Provide access to analytical software (or cloud-based equivalents).

## **B. Real Asset Investment Duties**

1. Conduct full and independent operational due diligence for potential investments Staff designates as high priority opportunities likely to be presented to the Retirement Board. Due diligence should be performed in a timely manner and complete, written records of all due diligence items and procedures should be maintained and provided to SFERS immediately upon request;
2. Evaluate investment opportunities, including meeting with investment managers and reviewing their qualifications and track records, key investment terms, and identifying any significant issues (including investment risks and concerns) and present to Staff with a recommendation that Staff commence due diligence;
3. Assist Staff in identifying investment managers consistent with the strategic plan;
4. When requested by Staff, conduct a full due diligence review of potential investments (including, but not limited to commingled funds, co-investments, direct investments, and separately managed accounts).
5. Customize each review to address the pertinent issues concerning the particular investment opportunity and how it would fit within SFERS' existing portfolio;
6. Conduct due diligence procedures to include but not be limited to: reviewing the investment manager's investment strategy and organizational resources for the successful execution of the strategy; evaluating the quality, depth, and stability of the investment manager's team, including conducting interviews with the key principals; assessing the investment manager's investment sourcing, due diligence, structuring, value-add, monitoring, and reporting capabilities; reviewing and evaluating the investment manager's compensation and incentive structure as well as economic commitment to the investment fund; visiting and touring the investment manager's key offices; reviewing relevant documents, including offering materials, the fund agreement, and financial statements; requesting and reviewing other information, supplied in writing, relevant to the investment review that might otherwise not be provided by the investment manager, such as data supporting portfolio valuations, investment performance, and relevant investment experience; analyzing and independently verifying investment performance and track record; conducting extensive third party due diligence, including reference checks on key principals and interviews with prior and present investors and former employees; interviewing senior executives of past portfolio companies to gauge their assessment of the investment manager's strengths and weaknesses; comparing the investment merits and concerns of the investment opportunity with relevant alternatives to determine whether SFERS is investing in the best available opportunity;

reviewing and evaluating the proposed terms, conditions and structure of the investment opportunity, and identifying, if appropriate, any terms or provisions that can or should be improved; and maintaining complete, written records of all due diligence items and procedures; and

7. When requested by Staff, prepare and furnish to Staff a written investment report that includes an investable/ not investable designation and documents the results of the due diligence review, which shall contain a summary of the proposed investment and describe: the general partner's background, track record, and organization; the proposed investment strategy; the terms of the investment; the expected rate of return; the merits of the investment; any issues and concerns surrounding the investment and how they might be resolved; issues and provisions that should be subject to negotiation; and appropriateness of the investment for SFERS, potentially in a short time window.

**C. Performance Measurement Duties:**

1. Present investment performance results to Staff quarterly and when requested, to include:
  - a. Total real asset portfolio relative to policy benchmark and peers,
  - b. Each sub-asset class relative to policy benchmarks and peers, and
  - c. Each investment relative to appropriate benchmarks and peers;
2. Respond to questions from the external auditor and actuary as necessary;
3. Provide benchmark evaluation, implementation, and analysis;
4. Conduct asset value, performance, and cash flow reconciliations with SFERS' reporting consultant, custodian, and Staff as necessary; and
5. Provide access to analytical software (or cloud-based equivalents).

#### **D. Ad Hoc Duties:**

1. Attend regular monthly Board meetings and other special meetings as requested by Staff and, when requested, present portfolio reports and investment due diligence to the Board;
2. Provide strategic direction and evaluation of SFERS' investment decisions and their implementation;
3. Undertake a strategic portfolio review at least annually;
4. Provide assistance on special projects, as needed;
5. Participate in ad hoc workshops on specific issues designated by Staff;
6. Respond to inquiries from Staff in an appropriate and timely manner;
7. Report any significant changes in the firm's organizational structure and staffing in a timely manner;
8. Make no changes in the assigned consultant team without SFERS' express approval; and
9. Perform any and all other services which may be required by SFERS to ensure a successful real asset program.

### **III. Submission Requirements**

#### **A. Blackout Period**

For the duration of the RFP process, the SFERS Investment Board and certain Staff (William Coaker, Tanya Kemp, Christopher Chow, Edward Comerford, and Christopher Terrazzano, all "Assigned Staff") will enter into a "blackout" period during which communications and meetings between parties interested in or actually responding to the RFP ("Proposers") and Assigned Staff and Board members is prohibited. This blackout period is effective upon approval of this RFP by the Board, which occurred on February 12, 2020, and continues until either the review and evaluation process is completed and a contract executed with the selected Proposer or the search process is otherwise ended by the Board.

This blackout period will enable the Board and Assigned Staff to treat all Proposers fairly during the RFP selection process and permit the review and evaluation of the responses to be fair and unbiased.

Blackout conditions are outlined below:

1. Proposers are to refrain from communications with the Board and Assigned Staff. Communications include meetings, telephone conversations, letters, and email.
2. The following communications are permitted during the blackout period: written inquiries submitted as provided in Section V(B)(3) of this RFP; interviews scheduled by SFERS as part of the RFP evaluation process; and presentations scheduled before the Board for interviewing one or more Proposers as part of the RFP evaluation and selection process.
3. Proposers may meet with Assigned Staff only if (a) the meeting is limited to (i) discussions that are unrelated to this RFP, (ii) the Proposer's services that are covered by this RFP, or (iii) the Proposer's response to the RFP, and (b) both the employee member and the Proposer provide advance written notice of the meeting and the subject of the meeting to the SFERS Executive Director. The Executive Director will retain the written notices regarding any such meetings and may request written confirmation after the meeting regarding the subjects discussed.
4. Nothing in this blackout period shall limit a Proposer who is currently engaged by SFERS as a service provider from participating in meetings and communications with Staff, including

Assigned Staff, and Board members required to effectively conduct the business and services under the existing engagement.

If you have any questions regarding the blackout period, please submit your question in writing as provided by Section V(B)(3) of this RFP.

## **B. Time and Place for Submission of Proposals**

The deadline for submission of responses is **April 3, 2020 at 5:00 p.m. Pacific Time. Submissions must include four (4) completed paper copies of the response and one full and complete electronic copy** of the response by the deadline date and time to:

Tanya Kemp  
Managing Director, Private Markets  
San Francisco Employees' Retirement System  
1145 Market Street, 7th Floor  
San Francisco, CA 94103-1561  
[realassets.sfers@sfgov.org](mailto:realassets.sfers@sfgov.org)

Late submissions will not be considered. Postmarks will not be considered in judging the timeliness of submissions. Proposals that are submitted by fax will not be considered. Timely submission of only an electronic version of the proposal is insufficient to timely submit the proposal.

## **C. Transmittal Letter**

An individual who is authorized to bind the Proposer contractually must sign a transmittal letter, which is an integral part of the response. This transmittal letter must indicate the signer is so authorized. **A submission with an unsigned cover letter will be rejected.** This letter must include the following:

1. The Proposer's name, address, telephone, and website address;
2. The Proposer's Federal Employer Identification Number and Corporate Identification Number, if applicable;
3. The name, title or position, and telephone number of the individual signing the transmittal letter;
4. The name, title or position, and telephone number of Proposer's primary contact for the RFP, if different from the individual signing the transmittal letter;
5. A statement expressing the Proposer's willingness to perform the services as described in this RFP, and an acknowledgement that Proposer agrees to be a fiduciary to the Board, SFERS, and the SFERS' members and their survivors and beneficiaries;
6. A statement expressing the Proposer's availability of staff and other required resources for performing all services and providing all deliverables;
7. A certification that all fees and conditions stated in the proposal are firm for a period of 180 days from the deadline for submission of proposals and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity;
8. A statement that Proposer has reviewed the RFP schedule in Section V(A) of this RFP and will ensure that all of Proposer's key personnel are available for interviews, site visits, and Board meetings;

9. A certification that no officer, employee, or agent of SFERS and no SFERS Retirement Board member has any known personal or pecuniary interest, direct or indirect, in this contract or the proceeds thereof;
10. A statement that identifies any personal, professional, or financial relationships between Proposer and its officers and employees and any SFERS Retirement Board member or Staff;
11. A statement that Proposer acknowledges that materials submitted pursuant to this RFP are public records. See Section VI(J) of this RFP; and
12. A description of Proposer's professional relationships involving SFERS, **the State of California and any of its political subdivisions** for the past five (5) years from the date of the RFP response, together with a statement explaining why such relationships do not constitute a conflict of interest.

#### **D. Format and Content of Proposals**

Proposer's response to this RFP must be organized in the format listed below:

1. Transmittal Letter;
2. Statement demonstrating that the Proposer satisfies the minimum qualifications under Section IV(A) of this RFP and a brief description regarding whether Proposer possesses the desired qualifications under Section IV(B);
3. Response to RFP questions detailed in Appendix A; and
4. Additional information or attachments.

Completeness, brevity, and clarity are important. Proposers should submit all information requested in this RFP and do so in the specified format. Responses not meeting format requirements or that are incomplete may be rejected. Providing incomplete or misleading data may lead to disqualification of the response.

### **IV. Evaluation and Selection Criteria**

#### **A. Minimum Qualifications**

A Proposer must meet all the following minimum qualifications, to SFERS' satisfaction:

1. As of December 31, 2019, the firm must have been in business at least five (5) years providing services similar to those described in the Scope of Services section and have at least two (2) pension fund or other major institutional fund clients with a minimum of \$1 billion in total assets, including a minimum of \$300 million in global real assets.
2. At least one key professional member of the firm proposed for the SFERS account must have a minimum of ten (10) years of experience recommending investments, or investing in, real asset investment programs with institutional clients.
3. The firm must maintain, or have unrestricted access to, a database of sufficient size and scope to complete the analysis of the returns of a significant number of real asset investment funds by strategy, structure, size, geography, and type.
4. The firm must carry errors and omissions insurance coverage or must have applied for such coverage by the submission date of the Request for Proposals. Errors and omissions insurance will be required throughout the duration of the contract.

The determinations of whether a Proposer satisfies the minimum qualifications is solely and exclusively within the judgment of Assigned Staff. Any proposal that does not demonstrate that



the Proposer meets these minimum requirements by the deadline for submittal of proposals will be considered non-responsive and will not be eligible for award of the contract.

## **B. Desired Qualifications**

1. Operational Due Diligence:
  - a. Deep expertise in conducting operational due diligence;
  - b. Ability to conduct timely background checks on all key persons and other senior personnel for potential investments; and
  - c. Demonstrated track record of conducting high quality operational due diligence in an abbreviated time frame when necessary.
2. Real Asset Investing:
  - a. Deep global research capabilities, with existing offices in the United States, Europe, and Asia;
  - b. Demonstrated track record of providing investment consulting services across multiple Real Asset sub-asset-classes, including real estate, energy, mining, infrastructure, agriculture, timber, shipping, aviation, royalties, and other niche strategies;
  - c. Demonstrated track record of providing real asset investment underwriting for commingled funds, co-investments, direct investments, and separately managed accounts; and
  - d. Demonstrated track record of proactive and creative investment recommendations.
3. Performance Measurement and Client Service:
  - a. Demonstrated ability to deliver timely and accurate reports.

## **C. Selection Criteria**

A selection committee will evaluate the proposals generally in accordance with the criteria itemized below.

1. Personnel and Organization (25%):
  - Experience of the investment team
  - Depth of the investment team
  - Depth of the organization
  - Business structure
  - Ownership structure
  - Conflict of interest issues
  - Client service
2. External manager research, selection, and subsequent due diligence and monitoring and portfolio construction (45%):
  - Operational/ back office due diligence capabilities
  - Global research capabilities
  - Real Asset manager research capabilities
  - Rigorous approach to manager selection and subsequent due diligence
  - Thoughtful insights into portfolio construction of multi-manager solutions
  - Commingled fund, co-investment, direct investment, and separately managed account due diligence experience

- Demonstrated ability to proactively introduce differentiated strategies and managers
  - Education materials of value to Staff
3. Performance Reporting (10%):
    - Experience monitoring and reporting on portfolio and underlying investment returns
  4. Fee Proposal (15%):
    - Cost on absolute basis
    - Alignment
  5. Other (5%):
    - Warranties
    - Insurance, legal, and contracting issues
    - ESG practices

Following the evaluation of the written proposals, SFERS may invite the most highly qualified Proposer(s) to an oral interview with Assigned Staff. The interview will consist of standard questions asked of each Proposer as well as specific questions regarding each individual proposal. Assigned Staff may conduct site visits to the semi-finalist Proposers' offices. **Proposers should review the schedule in Section V(A) below and ensure that all of Proposer's key personnel will be available for interviews, site visits, and Board meetings.** The recommended Proposer is expected to attend the public SFERS meeting when Assigned Staff present that Proposer as the recommended finalist for the RFP.

Fees and any other charges or costs are an important factor in the evaluation of the proposals. However, the Board is not required to choose the lowest cost bidder. The Board will select the Proposer that, in the Board's sole discretion, best serves the total needs of SFERS, its members, and their beneficiaries.

## V. Schedule (All Respondents)

### A. Schedule of Events (all dates subject to change)

Action	Responsibility	Date (subject to change)
RFP is issued and advertised	Staff	March 2, 2020
Deadlines for Proposers to submit written questions	Proposers	March 13, 2020
Post responses to any written questions on SFERS website	Staff	March 20, 2020
Deadline to submit RFP responses	Proposers	April 3, 2020
Review of RFP responses	Staff	April-May, 2019

In-house interviews of selected Proposers	Staff and semi-finalists	June-July, 2020
On site due diligence	Staff and semi-finalists	July-August, 2020
Assigned SFERS Staff recommendation to the Board	Staff	September 9, 2020
Board approval of a successful Proposer	Board	September 9, 2020
Contract negotiations completed	Staff	December, 2020
Consultant begins services to SFERS		January, 2021

**B. Explanation of Schedule of Events**

1. The RFP will be posted on SFERS website at <https://mysfers.org/about-sfers/request-for-proposal/>
2. In addition, the RFP will be released to a list of potentially qualified firms as determined by SFERS. All firms meeting the minimum qualifications, as stated in Section IV(A) of this RFP, are welcome to participate.
3. Any requests for information, modification or clarification of the RFP must be in writing or emailed to Tanya Kemp ([realassets.sfers@sfgov.org](mailto:realassets.sfers@sfgov.org)) by not later than 5:00 p.m. Pacific Time on March 13, 2020. SFERS’ responses to any inquiries will be available to all Proposers on SFERS’ website by March 20, 2020.
4. SFERS may modify the RFP, prior to the submission deadline, by issuing addenda, which will be posted on SFERS’ website. Each Proposer is responsible for ensuring that its proposal reflects all addenda issued by SFERS prior to the submission deadline regardless of when the proposal is submitted. Therefore, SFERS recommends that each Proposer consult the website frequently, including shortly before the submission deadline, to determine if the Proposer has downloaded all addenda.
5. In preparing their responses, Proposers should rely only on written material concerning this RFP issued by SFERS.
6. Deadline for submission of RFP responses is 5:00 PM, Pacific Time, April 3, 2020.

**No exceptions to this deadline will be granted.**

7. Oral interviews, if necessary, of the semi-finalist Proposers as determined by SFERS will be scheduled at the SFERS office at 1145 Market Street, San Francisco, California. SFERS expects that Proposer’s personnel who would be assigned to SFERS account will attend. SFERS reserves the right to change the date for these interviews at any time for any reason.
8. Submissions will be public documents, as described in Section VI(J) of this RFP. Any material that the Proposer considers “Business-Confidential” should be so marked.

### **C. Contract Award**

After Board approval, Assigned Staff will commence contract negotiations with the selected Proposer. The selection of any proposal shall not imply acceptance by SFERS of all terms of the proposal, which may be subject to further negotiations and approvals before SFERS may be legally bound thereby. If a satisfactory contract cannot be negotiated in a reasonable time, SFERS, in its sole discretion, may terminate negotiations with the initially selected Proposer and begin contract negotiations with the next highest ranked Proposer.

## **VI. Terms and Conditions for Receipt of Proposals (All Respondents)**

### **A. Errors and Omissions in RFP**

Proposers are responsible for reviewing all portions of this RFP. Proposers are to notify SFERS promptly, by email to [realassets.sfers@sfgov.org](mailto:realassets.sfers@sfgov.org) if the Proposer discovers any ambiguity, discrepancy, omission, or other error in the RFP. Any such notification should be directed to SFERS promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided below.

### **B. Inquiries Regarding RFP**

Inquiries regarding the RFP and all requests for written modification or clarification of the RFP must be submitted via email or directed in writing to:

Tanya Kemp  
Managing Director, Private Markets  
San Francisco Employees' Retirement System  
1145 Market Street, 7th Floor  
San Francisco, CA 94103-1561  
[realassets.sfers@sfgov.org](mailto:realassets.sfers@sfgov.org)

### **C. Objections to RFP Terms**

Should a Proposer object on any ground to any provision or legal requirement set forth in this RFP, the Proposer must, not more than ten calendar days after the RFP is issued, provide written notice to SFERS setting forth with specificity the grounds for the objection. The failure of a Proposer to object in the manner set forth in this paragraph shall constitute a complete and irrevocable waiver of any such objection.

### **D. Addenda to RFP**

SFERS may modify the RFP, prior to the submission deadline, by issuing written addenda. Addenda will be posted on SFERS' website. Each Proposer is responsible for ensuring that its proposal reflects all addenda issued by SFERS prior to the submission deadline regardless of when the proposal is submitted. Therefore, SFERS recommends that a Proposer consult the website frequently, including shortly before the submission deadline, to determine if the Proposer has received all addenda.

### **E. Term of Proposal**

Submission of a proposal signifies that the proposed services and prices are valid for 180 calendar days from the submission deadline and that the quoted prices are genuine and not the result of collusion or any other anti-competitive activity.

#### **F. Revision of Proposal**

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The Proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the submission deadline.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the submission deadline for any Proposer.

At any time during the proposal evaluation process, SFERS may require a Proposer to provide oral or written clarification of its proposal. SFERS reserves the right to make an award without further clarifications of proposals received.

#### **G. Errors and Omissions in Proposal**

Failure by SFERS to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the vendor from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP.

#### **H. Financial Responsibility**

SFERS accepts no financial responsibility for any costs incurred by a Proposer in responding to this RFP. Submissions of the RFP and associated materials will become the property of SFERS and may be used by SFERS in any way deemed appropriate.

#### **I. Proposer's Obligations Under the Campaign Reform Ordinance**

Proposers are expected to review and comply with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code. For information on this Section, Proposers should contact the San Francisco Ethics Commission at (415) 252-3100.

#### **J. Sunshine Ordinance**

In accordance with San Francisco Administrative Code Section 67.24(e), contracts, contractors' bids, responses to requests for proposals, and all other records of communications between the City, including SFERS, and persons or firms seeking contracts shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefits until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

#### **K. Public Access to Meetings and Records**

If a Proposer is a non-profit entity that receives a cumulative total per year of at least \$250,000 in City funds or City-administered funds and is a non-profit organization as defined in Chapter 12L of the San Francisco Administrative Code, the Proposer must comply with the reporting requirements of that Chapter. The Proposer must include in its proposal (1) a statement

describing its efforts to comply with the Chapter 12L provisions regarding public access to Proposer’s meetings and records, and (2) a summary of all complaints concerning the Proposer’s compliance with Chapter 12L that were filed with the City in the last two years and deemed by the City to be substantiated. The summary shall also describe the disposition of each complaint. If no such complaints were filed, the Proposer shall include a statement to that effect. Failure to comply with the reporting requirements of Chapter 12L or material misrepresentation in Proposer’s Chapter 12L submissions shall be grounds for rejection of the proposal and/or termination of any subsequent Agreement reached on the basis of the proposal.

**L. Reservations of Rights by SFERS**

The issuance of this RFP does not constitute an agreement by SFERS or the Board that any contract will actually be entered into by SFERS. SFERS expressly reserves the right at any time to:

1. Waive or correct any defect or informality in any response, proposal, or proposal procedure;
2. Reject any or all proposals;
3. Cancel the pending RFP at any point in the process;
4. Reissue a Request for Proposals;
5. Prior to submission deadline for proposals, modify all or any portion of the selection procedures, including deadlines for accepting responses, the specifications or requirements for any materials, equipment or services to be provided under this RFP, or the requirements for contents or format of the proposals;
6. Procure any materials, equipment or services specified in this RFP by any other means; or
7. Determine that no project or consultant retention will be pursued.

**M. No Waiver**

No waiver by SFERS of any provision of this RFP shall be implied from any failure by SFERS to recognize or take action on account of any failure by a Proposer to observe any provision of this RFP.

**N. Local Business Enterprise Participation**

SFERS strongly encourages proposals from qualified Local Business Enterprises (each an “LBE”) as defined in Chapter 14B of the San Francisco Administrative Code. If a Proposer desires to participate in the City’s LBE Program, which helps certain financially disadvantaged businesses increase their ability to compete effectively for City contracts, go to the “How to Qualify to Do Business with the City” tab on the Office of Contract Administration website at [www.sfgsa.org](http://www.sfgsa.org) for details and required forms.

**O. Chapters 12B and 12C: Nondiscrimination in Employment and Benefits**

The provisions of Chapters 12B and 12C of the San Francisco Administrative Code are incorporated by reference as though fully set forth herein. Those provisions prohibit discrimination by City contractors in employment, the use of property, the provision of public

accommodations and in the provision of benefits to employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees.

Please refer to Appendix B regarding the requirements of San Francisco Administrative Code Chapters 12B and 12C.

## **VII. Contract Requirements (All Respondents)**

### **A. Standard Contract Provisions**

The successful Proposer will be required to enter into a contract substantially in the form of the Consulting Agreement, attached hereto as Appendix C. Failure to timely execute the contract, or to furnish all certificates, bonds or other materials required in the contract, shall be deemed an abandonment of a contract offer. SFERS, in its sole discretion, may select another Proposer or take other action regarding the RFP and contract, and may proceed against the original selectee for damages. Full text of all referenced San Francisco municipal codes can be viewed on-line at [www.sfgov.org](http://www.sfgov.org) at the *San Francisco Municipal Codes* link under the “Government” section of the San Francisco homepage.

### **B. Required Standard City Forms**

Before the City can award any contract to Proposer, the Proposer must file three standard City forms with SFERS. The required forms are:

1. Form P-25 (Business Registration Certificate and Tax Declaration);
2. HRC Form 12B-101 (San Francisco Administrative Code Chapter 12B and 12C Declaration: Nondiscrimination in Contracts and Benefits); and
3. IRS Form W-9 (Request for Taxpayer Identification Number and Certification).

A description of these required forms is available at the “How to Qualify to Do Business with the City” tab on the Office of Contract Administration website at [www.sfgsa.org](http://www.sfgsa.org).

The Proposer must submit these required forms at the time the Proposer submits its proposal. If these forms are not submitted when the Proposer submits its proposal, the proposal may be determined to be non-responsive and rejected. The forms should be submitted under separate cover in a separate, sealed envelope addressed to:

Jim Burruel, Finance Manager  
San Francisco Employees’ Retirement System  
Attention: Investment Consultant RFP  
1145 Market Street, 7<sup>th</sup> Floor  
San Francisco, CA 94103

If a Proposer has previously completed and submitted the required forms to SFERS, the Proposer should not do so again unless the Proposer’s answers have changed. Please indicate this in your RFP response.

## **APPENDIX A**

### **RFP QUESTIONS**

#### **Personnel and Organization**

##### **1. Personnel and Organization**

- a. Please provide an overview of the firm, including its history and any special expertise or experience that would be relevant to SFERS. Please include any current or prior working relationship your firm, parent company, or affiliate has/ had with SFERS or any other department with the City and County of San Francisco.
- b. Please summarize the firm's qualifications and years of investment experience in real assets.
- c. Please provide a description of the ownership structure of the firm, including the parent company and any affiliated companies, joint ventures, and strategic alliances. Please also provide a list of firm owners with their ownership percentages. If any near-term changes to the firm's corporate or ownership structure are anticipated, please note them.
- d. Please provide a description of the firm's organization structure, including all operating divisions and functional areas, and the number of employees within each area. If any near-term changes to the firm's organizational structure are anticipated, please note them.
- e. Please list all office locations and the number of investment professionals and support staff working in each office. For key investment professionals, please indicate how long they have worked with your firm and how long they have worked in the investment industry. Who are the key people in your organization? Why are they key? How long have they worked together?
- f. Have there been any material organizational developments at your firm – such as changes in ownership, personnel, business – over the past five years? Describe such developments and emphasize the impact the changes on the services requested. Please specify any turnover of real asset professional staff from January 1, 2015 to the date of submission of the RFP. State the professional's name, position at termination/ departure, years with the firm, date of departure, and the reasons for leaving.
- g. Discuss any prospective changes in ownership, personnel, or the business scheduled or anticipated over the next 12 months.
- h. Please describe the approach to talent recruitment and retention at your firm, including the core attributes the firm seeks in its workforce. When hiring staff, what



are the qualifications, skills, and experiences that the firm generally requires? Please also describe your recruitment practices.

- i. Please provide a brief description of the firm’s compensation arrangements for professional staff, including any incentive bonuses, sharing of profits and/or equity ownership. Specific compensation amounts need not be presented. Please discuss the firm’s rationale and objectives for the current compensation structure.
- j. Does your firm warrant that it has sent Equal Employment Opportunity Employer Information Report Form EEO-1 on Workforce Composition (Section D) to SFERS at ([realassets.sfers@sfgov.org](mailto:realassets.sfers@sfgov.org)) by the submission deadline of the RFP? (<https://www.eeoc.gov/employers/eo1survey/upload/eo1-2-2.pdf>).

**2. Products and Business Plans**

- a. Describe the business objectives of your firm with respect to future growth, including the services requested. Comment on any present or planned area of emphasis expected in the future.
- b. Please provide the following client information, by plan size and plan type, of those clients for which the firm currently serves in a retainer relationship. Please list the client by total plan size (not by allocation to real assets).

	Less than \$100 Million	\$100 Million to \$1 Billion	\$1 Billion to \$5 Billion	\$5 Billion to \$15 Billion	\$15 Billion to \$50 Billion	Over \$50 Billion	Total
Public Employees Retirement							
Union/Taft-Hartley							
Corporate (defined benefit only)							
Corporate (hybrid or defined contribution only)							
Endowment							
Foundation							
Hospital							
Insurance							
High Net Worth							
Other							
Total:							

- c. Please provide the following information about the firm's real asset clients over the past five years (as of December 31, 2019).

	2015	2016	2017	2018	2019
Total Non-Discretionary Retainer Clients					
Total Non-Discretionary Assets under Advisement					
Total Non-Discretionary Assets Invested					
Total Discretionary Separate Account Retainer Clients					
Total Discretionary Separate Account Assets under Advisement					
Total Discretionary Separate Account Assets Invested					
Total Single-Investor Fund-of-Funds Clients					
Total Multi-Investor Fund-of-Funds Clients					
Total Fund-of-Fund Assets under Advisement					

- d. Provide the following information about real asset clients for which the firm currently consults on an advisory basis or has discretionary management authority (excluding fund-of- funds).

Name of Client	Client Type	Date Retained (Mo/Year)	Non-Discretionary/Discretionary	Assets Under Management (\$Million)	Investment Focus	Partnerships/Direct

- e. Please list all services provided by the firm not related to real assets and the nature thereof.

- f. As of December 31, 2019, please list the dollar revenues received by the firm for each of the past five (5) years, grouped by a) consulting services, b) asset management, and c) other sources of revenue. If the firm has an ultimate parent company, please list the percentage of total income that the firm's consulting services represent to the ultimate parent company for each of those years.
- g. Does your firm have a formalized process of collecting feedback on customer satisfaction? If so, what metrics are captured? What have been the results for the past three years? What changes have been implemented as a result of feedback?
- h. List any client accounts that have been lost from January 1, 2015 to the date of submission of the RFP. State the name or type of account, the size of the account at termination, and the reasons for the loss. If any clients were lost due to a conflict of interest, please explain.
- i. Please suggest a methodology for measuring your firm's performance as an investment consultant.

### **External Manager Research**

#### **3. Investment Philosophy and Due Diligence**

- a. What do you consider to be your firm's real asset consulting specialties, strengths, and limitations? Describe your firm's competitive advantage over other real asset advisors.
- b. What real asset sectors are followed in your investment tracking system?
- c. Describe your coverage of U.S. and non-U.S. real assets. What resources does the firm utilize in sourcing and monitoring investments outside of the U.S.?
- d. Describe the research capabilities of your firm. Provide at least two examples of a research report prepared by your firm (white paper, etc.). (Identify as Exhibit #1.)
- e. What criteria do you use in evaluating each manager for inclusion? List screening steps and fundamental requirements.
- f. What quantitative and qualitative criteria are maintained on both managers and investment opportunities?
- g. Describe how your organization sources new investment opportunities. Explain how investment recommendations are identified and monitored within your organization. Specify how your data are generated.
- h. Provide a copy of your firm's tracking report. (Identify as Exhibit #2.)

- i. During the years 2017, 2018, and 2019, how many real asset investment opportunities (firms) did your organization:
  - i. Review,
  - ii. Meet with,
  - iii. Conduct due diligence on, and
  - iv. Ultimately recommend or invest in for the benefit of either clients or your organization?
  
- j. How would your organization measure and compare relative differences of risk and return among funds/investment vehicles? Discuss how your firm compares investment opportunities with inherently different risk factors (e.g. infrastructure and mining; core real estate and opportunistic real estate).
  
- k. Regarding manager performance:
  - i. How important is past performance when deciding to recommend a manager?
  - ii. How often have you recommended managers that have underperformed in the years before you recommended them?
  - iii. Have you recommended re-investing with a manager who has underperformed recently? Please identify the occasions when you did so, and why.
  - iv. Have you recommended terminating/ not reupping with a manager that has outperformed recently? Please identify the occasions when you did so and why.
  
- l. What qualifies an investment firm as “top tier,” and how does your organization identify these firms? Provide a list of top tier managers that you monitor and describe your relationship with these firms. How often is this list updated, and on average, how long is a manager considered top tier?
  
- m. Describe your clients’ success in gaining access to these funds.
  
- n. Discuss how portfolio fit is considered when making investment recommendations.
  
- o. Explain your organization’s ability to identify first time/nascent/emerging funds.
  
- p. Describe your external real asset research resources, if any, and how the information obtained is utilized by your organization.
  
- q. Describe your internal real asset research capability, if any, and how the information generated is used in advising your clients.
  
- r. Provide the number of investment recommendations and aggregate client dollars invested since January 2017 through the RFP response date across the following real asset sub-strategies:
  - i. Core real estate
  - ii. Value-added/ opportunistic real estate

- iii. Distressed debt and other credit strategies
  - iv. Non-US strategies
  - v. Mining/ commodities
  - vi. Energy, including upstream, midstream, and renewable strategies
  - vii. Timber
  - viii. Agriculture/ agribusiness
  - ix. Infrastructure
  - x. Shipping
  - xi. Aviation
  - xii. Royalties
  - xiii. Secondary investments
  - xiv. Co-investments
  - xv. Direct investments
  - xvi. Other (please describe the investments classified as “other”)
- s. Provide an example of your firm’s due diligence questionnaire.
  - t. How do you verify manager provided information?
  - u. Describe, in detail, the methodologies your firm uses when conducting operational/ back office due diligence. Do you contract for criminal or other background checks? Please provide three recent examples of operational due diligence reports created by your firm. (Identify as Exhibit #3.)
  - v. Attach copies of the two most recent investment recommendation memos your organization has provided to clients. If you provide clients with investment rejection memos, please attach a recent example. (Identify as Exhibit #4.)
  - w. During the years 2017, 2018, and 2019, how many real asset co-investment opportunities did your organization 1) review and 2) recommend for your clients/ invested in on behalf of your firm? Please specify the sub asset class (real estate, midstream energy, etc.), geographic location, and aggregate allocation received for each opportunity. Please detail how much of the allocation for each co-investment was utilized by discretionary vehicles versus advisory clients.
  - x. Please detail the due diligence process utilized for co-investment opportunities. Describe the major criteria your firm looks for in potential co-investments.
  - y. Does your firm have a dedicated co-investment team? If so, please detail the size and structure of the team.
  - z. Does the team underwrite non-real asset co-investments? If so, please detail how many non-real assets co-investment opportunities during the years 2017, 2018, and 2019, your organization 1) reviewed and 2) recommended for your clients/ invested in on behalf of your firm? Please specify asset class (private equity, private credit, hedge funds, etc.), geographic location, and aggregate allocation received for each opportunity.

- aa. If your organization manages real asset funds, how do you handle due diligence and formulate investment recommendations for external investments that may compete with your organization?
- bb. How does your firm handle the situation wherein a client is interested in making an investment and, after conducting due diligence, your firm is unwilling to recommend such investment? Identify the number of times this has occurred from January 1, 2015 to the submission of the RFP date and the outcome of those situations.
- cc. List your ten largest general partner relationships on behalf of the firm's clients.
- dd. Describe your firm's process for monitoring managers after they have been hired. On average, how often are subsequent meetings conducted?
- ee. Please provide performance data, net of all fees, for the investments you were involved in selecting for your clients. Please provide inception-to-date IRRs, TVPI, and DPI for the last fifteen (15) years or since the inception of the firm broken down by vintage year and real asset sub-sector through December 31, 2019. Include a total by vintage year for all asset sectors. Returns are to be measured by vintage year since inception versus the industry top quartile and median returns as defined by Cambridge Associates, Burgiss or comparable sources. This data should be CFA Institute compliant, pursuant to the provisions for alternative investments and real assets. If not, please disclose differences in methodology. Provide separate tables for each of the following:
  - i. Discretionary,
  - ii. Non-discretionary,
  - iii. Single investor fund-of-funds,
  - iv. Multi investor fund-of-funds,
  - v. Primaries,
  - vi. Secondaries, and
  - vii. Co-investments.
- ff. Are your return calculations audited? If so, please provide documentation.

#### **4. Strategic and Tactical Investment Planning**

- a. Briefly describe your firm's market outlook for the real asset markets. Please describe the firm's process and capabilities for monitoring and communicating market trends to clients.
- b. Do you promote gaining exposure to real assets through public securities? Why or why not?
- c. What are the different real asset segments (real estate, infrastructure, natural resources, etc.) that the firm will typically consider when planning an investment

program? Would the firm describe itself as more “bottom-up” or “top-down” in portfolio construction?

- d. In your view, what is the appropriate number of investments that should be held across a \$4 billion real asset portfolio? Why? Please provide details to support the rationale for your response.
- e. Are there common beliefs about the investment markets that underpin the firm’s investment advice to clients? If yes, please describe them.
- f. Please outline your views on diversification within real asset portfolios and describe the key factors by which the firm would recommend diversifying a real asset investment program (i.e., industry, geography, investment vehicle, vintage year, etc.).
- g. What are your expected returns and risks for real asset sub asset classes? Please discuss the assumptions and analysis that support your assessment. Describe your organization’s philosophy as it applies to a client’s total portfolio, real asset, risk, and expected returns. Also, please describe your experience and abilities with long-range forecasting for expected performance of real assets.
- h. Describe your firm’s experience in creating pricing models for private markets portfolios. What are the key inputs to your models?
- i. Describe how your organization provides customized consulting services while avoiding a more generic approach to its advisory services.
- j. Do you prefer managers who offer many strategies or just one strategy? Why? Please provide details to support the rationale for your response.
- k. Do you prefer generalist managers or specialized strategies? Why? Please provide details to support the rationale for your response.
- l. Do you prefer concentrated managers, or managers who hold many underlying investments? Why? Please provide details to support the rationale for your response.
- m. Discuss the firm’s opinion of the real asset secondary markets. Discuss the advantages and disadvantages of the secondary market in an overall real asset strategy.
- n. Discuss your firm’s experience and philosophy regarding direct investments and co-investments in real assets. Please provide examples of direct investments or co-investments you have recommended to your clients.
- o. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Describe your thoughts on the relevance of benchmarks in measuring a manager’s performance and its relevance in achieving a plan’s risk and return objectives. Please indicate whether the firm has ever developed benchmarks, and if so, please provide a description of the benchmarks developed and the process used.

## **Performance Reporting**

**5. Performance Analytics**

- a. Describe your benchmark capabilities. Are clients able to create custom benchmarks?
- b. Do clients have access to online reports? Please list the types of reports available to clients and provide samples. (Identify as Exhibit # 5.)
- c. What fund-level information is available for your clients? How often is this information updated?
- d. Please indicate how soon after quarter end preliminary and final performance reports are available.
- e. Can published reports be tailored to meet individualized client needs?
- f. Provide a list of real asset investment funds in which the firm or any employee of the firm currently holds an advisory board seat, and whether such relationships are on behalf of clients or your firm’s fund of funds. (Identify as Exhibit # 6.)
- g. What is your firm’s typical process for addressing situations where a manager’s reported returns vary materially from the returns calculated by you or your clients? What thresholds does your team use to determine acceptable variances?
- h. List and describe by asset type the real asset investment benchmarks (both market index and peer group), and peer universes typically employed for your clients.
- i. Discuss the real asset portfolio analytics your firm is capable of providing. Provide an example. (Identify as Exhibit # 7.)

**Fee Proposal**

**6. Fee Proposal**

- a. Please provide a fee quote, in hard dollars, for the services requested in the Scope of Services. Please indicate whether this fee includes travel and other out-of-pocket expenses. The actual fee paid by SFERS will not exceed the amount proposed in your response. Use the following format:

<u>Period</u>	<u>Proposed Fee</u>
1/1/2021 – 12/31/2021	\$ _____
1/1/2022 – 12/31/2022	\$ _____
1/1/2023 – 12/31/2023	\$ _____
1/1/2024 – 12/31/2024	\$ _____
1/1/2025 – 12/31/2025	\$ _____
1/1/2026 – 12/31/2026	\$ _____
1/1/2027 – 12/31/2027	\$ _____

Total for seven years	\$ _____
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The proposed fee should be a total firm fixed fee per year.



- b. Provide quotes for any additional services (e.g., hourly billing rates, by position classification, for special projects or services).
- c. Will the firm confirm that it will not propose increases in the proposed fee structure for the next seven years?

## **7. Alignment**

- a. Does your firm, parent company, or affiliated entities offer any investment products (such as fund of funds) or have discretion over some client investments? If so, respond to the following questions:
  - i. Describe such strategies that are offered by your firm, the number of discretionary client accounts, and tenure of each account.
  - ii. If your firm sponsors fund of funds, describe your fund of funds by year raised, size of fund, and focus of fund.
  - iii. Which investment professionals are involved in the management of such products?
  - iv. Describe any and all current and potential revenue streams generated from investment products and discretionary client relationships. Comment on your fee structure for managing fund of funds or other investment funds for clients.
  - v. What procedures and policies are in place to ensure the inherent conflicts of interest between the products and needs of non-discretionary consulting clients are avoided? What conflicts cannot be avoided and how are these managed?
- b. Please provide the dollar amounts and nature of all material beneficial relationships that the firm, or any affiliate of the firm, engages in with investment manager clients or general partner relationships.
- c. Describe all relationships with investment managers where your firm, parent company, or an affiliate receives revenues, non-cash, or in-kind benefits.
- d. Describe all financial relationships with placement agents.
- e. Describe how investment opportunities are allocated among clients and/or fund of funds sponsored by your firm. Please indicate specifically how investment opportunities are (will be) allocated among non-discretionary advisory clients, discretionary advisory clients and fund-of-funds. Please state whether any clients or funds have preference or priority. Do prior relationships factor into the firm's allocation policy? If so, how do they impact allocation policy and investment prioritization? If the firm maintains an investment queue, provide details on how the queue functions.
- f. Describe any real or potential conflict arising from any business arrangement by your firm or an affiliate that competes with the interests of SFERS in a specific transaction it is considering and how your firm will manage them. Please specifically indicate any circumstance where you, an affiliate, or a parent organization will receive revenues, non-cash, or in-kind benefits in connection with an investment by SFERS.

- g. Does the firm or any employee of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, please explain how potential conflicts that arise from these activities are mitigated. If no, please explain how you align interests between your employees and their clients.
- h. Please explain in detail any potential conflicts of interest that would be created by the firm's representation of SFERS. Please include any activities of affiliated or parent organizations as well as other client relationships that may affect services to SFERS.
- i. Please describe the firm's conflict of interest policy. Please include an explanation of how this policy, and any other measures taken by the firm, limits the likelihood that the client could receive investment advice that is not completely objective. Please provide the firm's code of ethics.

## Other

### **8. Warranties**

- a. Does your firm warrant that it maintains, or has applied for by the deadline for RFP responses, an Errors and Omissions ("E&O") insurance policy providing prudent coverage for negligent acts or omissions and will that coverage remain in place for the duration of your firm's services under the anticipated contract? E&O insurance is required throughout the duration of the assignment. Please specify the types and amounts of insurance coverage your firm maintains.
- b. Does your firm warrant that all the information and statements provided in response to this RFP are complete and true? Any statement or claim found to be incomplete, misleading or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.
- c. Does your firm warrant that it is compliant with the Global Investment Performance Standards (GIPS)? If not, please explain.
- d. Does your firm warrant that it is an SEC registered investment advisor or exempt from registration? If so, please provide copies of the firm's Form ADV. If exempt, please explain the nature of the exemption.
- e. Does your firm warrant that it will be directly responsible for the management of the account and services provided under the anticipated contract and that all personnel responsible for the account will be employees of the firm?
- f. Is your firm a fiduciary as described by ERISA? Is your firm willing to commit to serving in a fiduciary capacity?
- g. Does your firm warrant that it has reviewed the sample Consulting Agreement, attached as Appendix C, and that the firm's counsel has reviewed that agreement? Please identify any changes you would request to the sample Consulting Agreement, either by providing a marked revised copy of the Consulting Agreement with your requested changes or by identifying each sections of the Agreement where you would request changes and specifying the changes requested. Please warrant that the

marked-up copy of the sample Consulting Agreement or list with Agreement sections and the specific changes requested to those sections represents your full list of requested changes.

## 9. Legal and Regulatory

- a. Has your firm or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) ever been involved in litigation or an administrative proceeding including but not limited to an arbitration where an allegation of a breach of fiduciary responsibility was made. If yes, for each litigation matter, please provide the following information:
  - i. Full name of the case;
  - ii. Court where the case was filed;
  - iii. Case number;
  - iv. Date the case was filed;
  - v. Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
  - vi. Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).
- b. Identify any demands or claims asserted against your firm, parent company, or affiliate or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) alleging a breach of fiduciary duty that did not proceed to litigation or an administrative proceeding. For each such demand or claim, please provide the following information:
  - i. The name of the person asserting the demand or claim;
  - ii. The date the person asserted the demand or claim;
  - iii. The person's relationship to the firm, officer or employee;
  - iv. A summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
  - v. How the demand or claim was resolved.
- c. Identify all lawsuits and administrative proceedings filed against your firm, parent company, or affiliate or any officer or employee at your firm, parent company, or affiliate (or ex-officer or employee while employed at your firm, parent company, or affiliate) in the past five (5) years, and please provide the following information for each lawsuit:
  - i. Full name of the case;
  - ii. Court where the case was filed;
  - iii. Case number;
  - iv. Date the case was filed;
  - v. Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and
  - vi. Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).

- d. Has your firm, parent company, or affiliate been involved in an investigation or enforcement action by a regulatory agency? If yes, please explain and provide the following information:
  - i. The regulatory agency or agencies involved;
  - ii. The dates of the investigation or enforcement action;
  - iii. The nature of the investigation or enforcement; and
  - iv. Procedural posture (if the investigation or enforcement is pending) or outcome of the proceeding (if the investigation or enforcement is resolved).
- e. Have any officers or employees of your firm, parent company, or affiliate; or ex-officers or employees while employed at your firm, parent company, or affiliate; been involved in litigation, investigation, or enforcement action by a regulatory agency or other legal proceedings related to investment activities. If yes, please explain.
- f. Does your firm provide health and other employment benefits to domestic partners of employees? If yes, describe. If no, indicate whether your firm would adopt such benefits if it were selected for this assignment.

#### **10. ESG Practices**

- a. Describe if and how ESG factors are considered during due diligence. Please provide specific examples.
- b. Do you provide ESG or impact ratings as part of manager research, due diligence, selection, and monitoring? If so, please describe in detail the nature of this research and services, the scope of coverage (percentage of managers covered), the length of time it has been in place, and any other relevant information. Please attach a sample report or reports that illustrate this service. If you do not offer such services, please explain why not.
- c. Describe the size and team structure of the firm's professionals dedicated to ESG or impact investing. For each professional, please provide their title, length of experience with the firm, length of experience with ESG or impact investing, relevant education and qualifications, ESG-related responsibilities, location, and percentage of time dedicated to ESG (if not 100%).
- d. Indicate the amount of client capital (absolute dollars and as a percentage) currently invested in ESG/ impact strategies.
- e. Describe if and how any ESG-related factors are integrated into the Firm's performance reporting for individual managers, by asset classes, and at the total Fund level.

#### **11. Resources Dedicated to SFERS**

- a. Please identify the individual(s) who would perform the requested services for SFERS. Please be sure to identify the back-up consultant (in instances when the proposed lead is unavailable) and all individuals who would be involved in due diligence and research assignments for the SFERS account. Please describe your vision as to how

the team dedicated to SFERS account would function. For each person on the dedicated SFERS team, please provide a full résumé as well as the following information (in the specified format):

- i. Name:
  - ii. Title:
  - iii. Expected role:
  - iv. Percent of time spent on real assets:
  - v. Office location:
  - vi. Years of consulting experience:
  - vii. Years of real assets experience:
  - viii. Years of overall investment experience:
  - ix. Tenure with the firm:
  - x. Total current number of assigned accounts:
  - xi. Name, plan type, length of relationship, and size of each assigned client account:
  - xii. Other firm duties (e.g., research/due diligence) and percent of time spent on such duties: and
  - xiii. Percentage of time expected to be dedicated to SFERS:
- b. Please describe the firm's procedures in the event that key personnel assigned to this account leave the firm, are unable to serve, or are able to serve in only a reduced capacity. Is your firm willing to tie the key individuals in a Key Person clause in the contract? If not, why?
- c. Please describe the team's experience orally presenting investment recommendations to governmental boards of trustees or similar bodies. What other types of public speaking engagements and experiences do individuals possess?

## **12. Technology and Communication Resources**

- a. Please describe the firm's technology capabilities and relate them to the firm's consulting services or products. Do you provide any custom computer-based analytical tools to the firm's clients? If so, please elaborate.
- b. Include a description of the research and other technical resources, including on-line databases and computer based analytical tools, that you make available for your clients.
- c. Discuss your firm's tracking system for prospective investments. How many funds/managers do you maintain in your manager search database? How many years of performance data are in the system for prospective investments?

### **Requested Materials and Additional Information**

**In addition to any materials requested in the questions listed above, please send the following documents electronically (if possible), and in hard copy format, with each copy of your response.**

1. A corporate organization chart (showing the consulting firm, parent and all affiliates and subsidiaries),
2. The biographies of the firm's professional staff, including education, investment and consulting experience, and the year they joined the firm,
3. A current company Annual Report,
4. A copy of the firm's mission statement, statement of values, and code of ethics,
5. Current firm policies related to conflicts-of-interest,
6. Most recently filed SEC Form ADV, Parts I and II;
7. A copy of the firm's standard marketing brochure that describes the firm's processes and services; and
8. Any other information you feel would be necessary to gain a complete understanding of the firm or the services it provides.

#### **A. References**

1. Provide the organization name, address, contact name and title, contact telephone number and email address for at least five existing clients for whom your firm has provided non-discretionary real asset investment consulting services. Indicate the length of your relationship, nature of the services provided, and asset size for each reference. An omission of references will be considered non-responsive.
2. If relevant, provide the organization name, address, contact name and title, contact telephone number and email address for at least five existing clients for whom your firm has provided discretionary real asset investment services. Indicate the length of your relationship, nature of the services provided, and asset size for each reference. If such clients exist, an omission of references will be considered non-responsive.
3. Provide the organization name, address, contact name and title, contact telephone number and email address at least five real asset investment managers who can discuss your manager research. Indicate the length of your relationship and asset size for each reference. An omission of references will be considered non-responsive.
4. Provide the organization name, address, contact name and title, contact telephone number and email address for three former clients. Indicate the length of your relationship, nature of the services provided, and asset size for each former client listed. An omission of references will be considered non-responsive. If three accounts are not available, please explain why.

## **APPENDIX B**

### **REQUIRED VENDOR FORMS**

All required forms are available at [www.sfgsa.org](http://www.sfgsa.org) under the “How to Qualify to Do Business with The City” tab of the Office of Contract Administration Web site located at:

<http://sfgsa.org/index.aspx?page=4762>

All vendors must fill out the first three forms before the City can do business with them:

1. IRS Form W-9 (Request for Taxpayer Identification Number and Certification);
2. Form P-25 (Business Registration Certificate and Tax Declaration); and
3. HRC Form 12B-101 (San Francisco Administrative Code Chapters 12B and 12C Declaration: Nondiscrimination in Contracts and Benefits)

#### **1. IRS Form W-9 (Request for Taxpayer Identification Number and Certification)**

This form provides the City with the vendor’s taxpayer identification number, which is then used to assign the vendor a City 5-digit vendor number:

<http://www.irs.gov/pub/irs-pdf/fw9.pdf>

#### **2. Form P-25 (Business Registration Certificate and Tax Declaration)**

This form is used to determine if the vendor is physically “doing business in San Francisco” and therefore is required to pay business taxes:

<http://sfgsa.org/Modules/ShowDocument.aspx?documentid=7624>

#### **3. HRC Form 12B-101 (San Francisco Administrative Code Chapters 12B and 12C Declaration: Nondiscrimination in Contracts and Benefits)**

This form is used by the City’s Human Rights Commission to determine if the vendor has employees and offers benefits to these employees. Depending on the vendor’s particular situation, the vendor may have to complete other forms:

<http://www.sf-hrc.org/Modules/ShowDocument.aspx?documentid=872>

**APPENDIX C**

**FORM OF CONSULTING AGREEMENT**

**GENERAL INVESTMENT CONSULTING AGREEMENT  
BETWEEN  
SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM  
AND**

**[ \_\_\_\_\_ ]**

THIS General Investment Consulting Agreement (this "Agreement") is made this \_\_\_\_ day of \_\_\_\_\_, 2019 in the City and County of San Francisco (the "City"), State of California, by and between: [ \_\_\_\_\_ ] ("Consultant") and the San Francisco City and County Employees' Retirement System (the "Retirement System").

**RECITALS**

WHEREAS, the Retirement System is a duly established and existing public retirement system created under the Charter of the City;

WHEREAS, the board of the Retirement System (the "Retirement Board") has plenary authority and fiduciary responsibility for investment of monies and administration of the Retirement System;

WHEREAS, the Retirement Board, through the Retirement System, seeks to retain non-discretionary general investment consulting services for the Retirement System's investment portfolio (the "Proposed Services");

WHEREAS, the Retirement System issued a request for proposal with respect to the Proposed Services ("RFP"), and as a result of the competitive selection process in connection with that RFP (the "RFP Process"), the Retirement System recommended, and the Retirement Board approved, selection of Consultant to provide the Proposed Services based on Consultant's representations during the RFP Process; and

WHEREAS, Consultant represents and warrants that it is qualified to perform the services required by the Retirement System under this Agreement;

Now, THEREFORE, in consideration of the promises and mutual covenants herein contained, Consultant and the Retirement System do hereby agree as follows:



1. **Term of the Agreement.** Subject to Section 8 of this Agreement, the term of this Agreement shall be from [\_\_\_\_\_, 2020 to \_\_\_\_\_, 20\_\_]; *provided, however*, that the Retirement System shall have four (4) options to extend the term of the Agreement for a period of one (1) year each option, which the Retirement System may exercise in its sole, absolute discretion.
2. **Engagement.** The Retirement System hereby engages Consultant, and Consultant hereby accepts such engagement, to provide non-discretionary investment consulting services to the Retirement System for its investment portfolio in accordance with the terms and conditions of this Agreement, the Investment Policy, Objectives and Guidelines for the Retirement System attached hereto as Exhibit A (the "Investment Policy Statement"), and applicable federal, state and local laws.
3. **Services.** Consultant agrees to perform the non-discretionary investment consulting services for the Retirement System's investment portfolio as described in the Schedule of Services attached hereto as Exhibit B and incorporated by reference as though fully set forth herein (the "Described Services"). Additional services will be provided only upon and in accordance with a written request by the Executive Director of the Retirement System (the "Executive Director") or designee acting on behalf of the Retirement System (the "Additional Services," together with the Described Services, the "Services").
4. **Compensation.**
  - (a) **Fees.** For the full performance and the completion of the Services, Consultant shall be compensated as set forth in the Fee Schedule attached hereto as Exhibit C and incorporated by reference as though fully set forth herein (the "Fees"). The Fees include the compensation for professional services as well as travel and other out-of-pocket expenses, printing, delivery, secretarial and clerical support services and any other costs incurred as may be necessary to perform the Services in a professional manner. No charges shall be incurred under this Agreement nor shall any payments become due to Consultant until reports, services, or both, required under this Agreement are received from Consultant and approved by the Retirement System as being in accordance with this Agreement. The Retirement System may withhold payment to Consultant in any instance in which Consultant has failed or refused to satisfy any material obligation provided for under this Agreement. In no event shall the Retirement System be liable for interest or late charges for any late payments.
  - (b) **Fee Ceiling.** In no event shall the annual compensation amount under this Agreement exceed \_\_\_\_\_ Dollars [\$\_\_\_\_\_\_].
  - (c) **Payment Does Not Imply Acceptance of Services.** The granting of any payment by the Retirement System, or the receipt thereof by Consultant, shall in no way lessen

the liability of Consultant to replace unsatisfactory Services, although the unsatisfactory character of such Services may not have been apparent or detected at the time such payment was made. Services that do not conform to the requirements of this Agreement may be rejected by the Retirement System and in such case must be replaced by Consultant without delay.

- 5. Fiduciary Responsibility.** Consultant represents and warrants that it is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), and will be registered as an investment adviser under the Advisers Act at all times while the Retirement System receives the Services. Consultant represents and warrants that it has delivered to the Retirement System, at least five (5) business days prior to the date of this Agreement, Parts 1A and 2 of Consultant’s Form ADV (the “Disclosure Statement”). Consultant further represents and warrants that it will deliver to the Retirement System: (a) a copy of the Disclosure Statement it files with the Securities and Exchange Commission annually, within thirty (30) days of filing and (b) copies of any amendments to the Disclosure Statement it files with the Securities and Exchange Commission, within thirty (30) days of filing. Consultant acknowledges that this Agreement places it in a fiduciary relationship with the Retirement System. As a fiduciary, Consultant shall discharge each of its duties and exercise each of its powers (as those duties and powers are defined herein) with the competence, care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the course of any enterprise of like character and with like aims, in conformance with the California Constitution, Article XVI, Section 17, California Government Code Sections 31594 and 31595, San Francisco Charter Section 12.100 and with the customary standard of care of a professional investment consultant providing services to a United States employee pension trust (the “Standard of Care”). Consultant shall cause any and all of its employees, agents and representatives providing services in connection with this Agreement to exercise the same Standard of Care.

Consultant acknowledges that, to comply with the above-described fiduciary duties, it must maintain independence from all interests other than the interests of the Retirement System members and beneficiaries, as those interests are expressed by the Retirement Board. Consultant further acknowledges that the Retirement System staff acts as the agent for the Retirement Board in its relationship with the Consultant but is subordinate to the Retirement Board and cannot direct Consultant to consider interests contrary to those expressed by the Retirement Board. Consultant warrants that it will not delegate its fiduciary responsibilities under this Agreement.

Within the context of providing the Services, Consultant’s analysis may address tax, legal or other considerations related to various investment strategies or investments; *provided, however,* that Consultant shall not provide or otherwise be responsible for the provision of tax advice or legal counsel. Consultant shall act in an investment advisor capacity only.

## 6. Disclosures.

- (a) **RFP.** Consultant represents and warrants that its statements, dated [\_\_\_\_\_], in its response to the RFP, are true and correct.
- (b) **Disclosure of Interest.** Consultant shall fully and promptly disclose to the Retirement System: (i) its direct or indirect financial interests in any investment opportunity that it may recommend to the Retirement System in providing the Services; (ii) with respect to investment opportunity that Consultant recommends to the Retirement System, including any potentially oversubscribed opportunity, whether Consultant is also recommending such investment opportunity to other clients of Consultant (and the amounts thereof) or otherwise assisting other clients of Consultant in such investment opportunity, regardless of whether such other clients proceed with the investment opportunity; and (iii) any other fact or relationship which would compromise or materially affect its ability to faithfully perform its duties under this Agreement.
- (c) **Intellectual Property.** The Services and deliverables that Consultant provides under this Agreement shall not infringe upon any patent rights, copyright, trade secret or any other proprietary right or trademark, or any other intellectual property rights of any other third party.

## 7. Personnel.

- (a) **Qualified Personnel.** Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Consultant. Consultant will comply with the Retirement System's reasonable requests regarding assignment of personnel, but all personnel, including those Assigned at the Retirement System's request, must be supervised by Consultant. Consultant shall commit adequate resources to complete the services within the schedule specified in this Agreement.
- (b) **Key Personnel.** The Retirement System may designate in writing, from time to time, that certain personnel of Consultant are "key personnel." Consultant shall immediately notify the Retirement System in writing of any changes in key personnel within its organization.
- (c) **Disclosures.** Consultant acknowledges and agrees that certain key personnel of Consultant, as designated solely by the Retirement System, shall file certain disclosures concerning economic interests at the determination of the Retirement System under Section 3.1-108 of the San Francisco Campaign and Governmental Conduct Code.

- 8. Budget Authorization.** This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the City Controller, and any amount of the Retirement System's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to the Retirement System at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. The Retirement System has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the City Mayor and the City Board of Supervisors. Consultant's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

This Section 8 controls against any and all other provisions of this Agreement.

- 9. Invoices.** Consultant shall submit invoices for the Services in a form acceptable to the Retirement System, along with an itemized statement of Services, at the end of each quarter. Consultant shall send invoices to:

Tanya Kemp  
Managing Director, Private Markets  
San Francisco Employees' Retirement System  
1145 Market Street, 7th Floor  
San Francisco, CA 94103-1561  
tanya.kemp@sfgov.org

Consultant shall also send electronic copies of such invoices to: tanya.kemp@sfgov.org

From time to time, the Retirement System may specify another recipient or address for invoices by written notice to Consultant in accordance with Section 21 of this Agreement

- 10. False Claims.** The full text of San Francisco Administrative Code Chapter 21, Section 21.35 (the "False Claims Ordinance"), including the enforcement and penalty provisions, is incorporated into this Agreement. Consultant acknowledges that Consultant is subject to the False Claims Ordinance, which provides that any contractor, subcontractor or consultant who submits a false claim shall be liable to the City for the statutory penalties set forth in the False Claims Ordinance. Under the False Claims Ordinance, a contractor, subcontractor or consultant will be deemed to have submitted a false claim to the City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Retirement System a false claim or request for payment or approval; (b) knowingly makes or uses or causes to be made or used a false record or statement to get a false claim paid or approved by the Retirement System; (c) conspires to defraud the

Retirement System by getting a false claim allowed or paid by the Retirement System; (d) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the Retirement System; or (e) is a beneficiary of an inadvertent submission of a false claim to the Retirement System, subsequently discovers the falsity of the claim and fails to disclose the false claim to the Retirement System within a reasonable time after discovery of the false claim.

11. **Taxes.** Consultant shall have the sole obligation to pay any taxes, including without limitation payroll taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant under this Agreement.
12. **Independent Contractor.**
  - (a) **Independent Contractor Status.** In performing the Services, Consultant or any agent or employee of Consultant shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work under this Agreement. Consultant, its agents and its employees shall not represent or hold themselves out to be employees of the Retirement System at any time. Consultant or any agent or employee of Consultant shall not have employee status with the Retirement System, nor be entitled to participate in any plans, arrangements, or distributions by the Retirement System pertaining to or in connection with any retirement, health or other benefits that the Retirement System may offer its employees. Consultant or any agent or employee of Consultant is liable for the acts and omissions of itself, its employees and its agents. Consultant shall be responsible for all obligations and payments, whether imposed by federal, state or local law, including, but not limited to, FICA, income tax withholdings, unemployment compensation, insurance, and other similar responsibilities related to Consultant's performing services and work, or any agent or employee of Consultant providing same. Nothing in this Agreement shall be construed as creating an employment or agency relationship between the Retirement System and Consultant or any agent or employee of Consultant.
  - (b) **Payment of Taxes.** If any governmental authority should, nevertheless, determine that Consultant is an employee for purposes of collection of any employment taxes, then the Retirement System's payment obligations hereunder shall be reduced so that the aggregate amount of payments directly to the Consultant and to the applicable governmental authority does not exceed the maximum amount specified in Section 4 of this Agreement. Consultant shall refund any amounts necessary to affect that reduction.
  - (c) **Assignment.** The Services to be performed by Consultant are personal in character. Neither this Agreement, nor any duties or obligations hereunder, may be directly or

indirectly assigned, novated, hypothecated, transferred, or delegated by Consultant (collectively, an "Assignment") without prior written consent of the Retirement System. A change of ownership or control of Consultant or a sale or transfer of substantially all of the assets of Consultant shall be deemed an Assignment for purposes of this Agreement. Consultant shall immediately notify the Retirement System about any Assignment. Any purported Assignment made in violation of this Section 12 shall be null and void

### **13. Insurance.**

- (a) Without in any way limiting Consultant's liability pursuant to Section 14 of this Agreement, Consultant must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:
  - (1) worker's compensation, in statutory amounts, with employers' liability limits not less than \$[\_\_\_\_\_] each accident;
  - (2) commercial general liability insurance with limits not less than \$[\_\_\_\_\_] each occurrence, including without limitation combined single limit for bodily injury and property damage, including contractual liability, personal injury, products, completed operations and hired and non-owned automobiles;
  - (3) professional or fiduciary indemnity (errors and omissions) insurance in the aggregate minimum of \$[\_\_\_\_\_]; and
  - (4) technology errors and omissions liability with limits of not less than \$[\_\_\_\_\_] each claim with respect to failure against programming errors, software performance, failure to perform work as agreed, and errors and omissions in connection with the products and services provided.
- (b) Commercial general liability insurance policy must be endorsed to: (i) name as additional insured the Retirement System and its officers, agents, and employees; and (ii) provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.
- (c) All policies shall be endorsed to provide thirty (30) days' advance written notice to the Retirement System of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the Retirement System in accordance with Section 21 hereof.

- (d) Should any of the required insurance be provided under a claims-made form, Consultant shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of five (5) years beyond the expiration or earlier termination of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration or earlier termination of the Agreement, such claims shall be covered by such claims-made policies.
- (e) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified in this section.
- (f) Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Retirement System receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Retirement System may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.
- (g) Before commencing any services under this Agreement, Consultant shall furnish to the Retirement System certificates of insurance and additional insured policy endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to the Retirement System, in form evidencing all coverages set forth herein. Consultant shall also furnish to the Retirement System such certificates and endorsements on an annual basis.
- (h) If Consultant will use any subcontractor(s) to provide services under this Agreement, Consultant shall require the subcontractor(s) to provide all necessary insurance and to name the Retirement System, its officers, agents and employees and the Consultant as additional insureds.
- (i) Approval of the insurance by the Retirement System shall not relieve or decrease the liability of Consultant hereunder.

**14. Indemnification.** Consultant shall indemnify and save harmless the Retirement System and its officers, agents and employees from, and, if requested, shall defend them against any and all demands, loss, cost, damage, injury, liability, and claims thereof (a) arising directly or indirectly from any breach of any representation or warranty made by Consultant in this Agreement, (b) arising directly or indirectly from any breach of any

covenant, agreement or obligation of Consultant contained in this Agreement, including without limitation breach of fiduciary duty, breach of the Standard of Care, breach of trust or breach of confidentiality, (c) arising directly or indirectly from any (i) bad faith, (ii) negligence, (iii) willful misconduct or (iv) improper or unethical practice in violation of law by Consultant or its agents or (d) for injury to or death of a person, including employees of Consultant or loss of or damage to property, arising directly or indirectly from Consultant's performance of this Agreement, including, but not limited to, Consultant's use of facilities or equipment provided by the Retirement System or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on the Retirement System, except, in the case of each of subsection (c) and subsection (d) of this Section 14, to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except, in the case of subsection (d) of this Section 14, where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of the Retirement System and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Consultant, its subcontractors or either's agent or employee. The foregoing indemnities shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and the Retirement System's costs of investigating any claims against the Retirement System. In addition to Consultant's obligation to indemnify the Retirement System, Consultant specifically acknowledges and agrees that it has an immediate and independent obligation to defend the Retirement System from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Consultant by the Retirement System and continues at all times thereafter. Consultant shall indemnify and hold the Retirement System harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by the Retirement System, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

- 15. Limitation on Liability of the Retirement System.** The Retirement System's payment obligations under this Agreement shall be limited to the payment of the compensation provided for in Section 4 of this Agreement. Notwithstanding any other provision of this Agreement, in no event shall the Retirement System be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including but not limited to, lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.



**16. Default; Remedies.**

- (a) Each of the following shall constitute an event of default ("Event of Default") under this Agreement:
- (1) Consultant fails or refuses to perform or observe any term, covenant or condition contained in any of the following sections of this Agreement:
    - (A) Section 10 (False Claims);
    - (B) Section 11 (Taxes);
    - (C) Section 13 (Insurance);
    - (D) Section 20 (Proprietary or Confidential Information);
    - (E) Section 25 (No Assignment or Subcontracting);
    - (F) Section 31 (Alcohol and Drug-Free Workplace); and
    - (G) Section 44 (Compliance with Laws).
  - (2) Consultant fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten (10) days after written notice thereof from the Retirement System to the Consultant;
  - (3) Consultant (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Consultant or of any substantial part of Consultant's property or (E) takes action for the purpose of any of the foregoing; or
  - (4) a court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Consultant or with respect to any substantial part of Consultant's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Consultant.
- (b) On and after any Event of Default, the Retirement System shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this

Agreement. In addition, the Retirement System shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Consultant any Event of Default; Consultant shall pay to the Retirement System on demand all costs and expenses incurred by the Retirement System in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. The Retirement System shall have the right to offset from any amounts due to Consultant under this Agreement or any other agreement between the Retirement System and Consultant all damages, losses, costs or expenses incurred by the Retirement System as a result of such Event of Default and any liquidated damages due from Consultant pursuant to the terms of this Agreement or any other agreement.

- (c) All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

- 17. Termination for Convenience.** The Retirement System shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. The Retirement System shall exercise this option by giving Consultant written notice of termination (the "Termination Notice"). The Termination Notice shall specify the date on which termination shall become effective.

Upon receipt of the Termination Notice, Consultant shall commence and perform, with diligence, all actions necessary on the part of Consultant to affect the termination of this Agreement on the date specified by the Retirement System and to minimize the liability of Consultant and the Retirement System to third parties as a result of termination. All such actions shall be subject to the prior approval of the Retirement System. Such actions shall include, without limitation, the cessation of performance of all services under this Agreement on the date(s) and in the manner specified by the Retirement System, the completion of performance of any service that the Retirement System designates to be completed prior to the date of termination specified by the Retirement System or such other actions as directed by the Retirement System. Consultant agrees to cooperate with the Retirement System to ensure an orderly termination process.

Within thirty (30) days following the termination date specified by the Retirement System, Consultant shall submit to the Retirement System an invoice, which shall provide details of all activities and services rendered through the date of termination.

- 18. Rights and Duties upon Termination.** This Section 18 and the following sections of this Agreement shall survive termination of this Agreement:

- (a) Section 4(c) (Payment Does Not Imply Acceptance of Services);

- (b) Section 10 (False Claims);
- (c) Section 11 (Taxes);
- (d) Section 12 (Independent Contractor);
- (e) Section 13 (Insurance);
- (f) Section 14 (Indemnification);
- (g) Section 15 (Limitation on Liability of the Retirement System);
- (h) Section 20 (Proprietary or Confidential Information);
- (i) Section 22 (Ownership of Results);
- (j) Section 23 (Works for Hire);
- (k) Section 24 (Audit and Inspection of Records);
- (l) Section 39 (Modifications);
- (m) Section 40 (Administrative Remedy);
- (n) Section 41 (California Law; Venue);
- (o) Section 42 (Construction);
- (p) Section 43 (Entire Agreement); and
- (q) Section 46 (Severability).

Subject to the immediately preceding sentence, upon termination of this Agreement, this Agreement shall terminate and be of no further force or effect. Consultant shall transfer title to the Retirement System, and deliver in the manner, at the times, and to the extent, if any, directed by the Retirement System, any work in progress, completed work and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to the Retirement System.

**19. Prohibited Activities.**

- (a) Consultant represents and warrants that it does not and shall not knowingly employ, retain or compensate in any capacity: any employee, fiduciary, agent, consultant or other service provider of the Retirement System, or any member of the Retirement Board, who either could influence the award of this Agreement or any competing agreement, or who does or will have any direct or indirect financial interest in this Agreement (“Interested Person”), and any spouse or economic dependent of any Interested Person.
- (b) By executing this Agreement, Consultant certifies that it does not know of any fact which constitutes a violation of: (i) Section 15.103 of the Charter, (ii) Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, as amended, (iii) Section 87100 et seq. of the Government Code or (iv) Section 1090 et seq. of the Government Code, and further agrees promptly to notify the Retirement System if it becomes aware of any such fact during the term of this Agreement. Consultant further acknowledges that individuals who will provide services under this Agreement may be deemed consultants under state and local conflict of interest laws. Consultant agrees to use its best efforts to require that such individuals

submit a Statement of Economic Interests, California Fair Political Practices Commission Form 700, to the Retirement System within ten (10) calendar days of the Retirement System's written request.

- (c) Consultant further acknowledges that it is familiar with Section 3.216 of the San Francisco Campaign and Governmental Conduct Code, as amended (the "Gifts Ordinance"), which prohibits an officer or employee of the Retirement System from soliciting or accepting any gift from a person who the officer or employee knows or has reason to know is a restricted source. The Gifts Ordinance defines "restricted source" to mean: (i) a person doing business with or seeking to do business with the department of the officer or employee; or (ii) any person who during the prior twelve (12) months knowingly attempted to influence the officer or employee in any legislative or administrative action. Consultant certifies that it does not know of any facts that constitute a violation of those provisions and agrees that it will immediately notify the Retirement System if it becomes aware of any such fact during the term of this Agreement.
- (d) Consultant shall comply with San Francisco Administrative Code Chapter 12K. Consultant is prohibited from considering current or past salary of an applicant in determining whether to hire the applicant or what salary to offer the applicant to the extent that such applicant is applying for employment to be performed on this Agreement or in furtherance of this Agreement, and whose application, in whole or part, will be solicited, received, processed or considered, whether or not through an interview, in the City or on City property. The ordinance also prohibits employers from (a) asking such applicants about their current or past salary or (b) disclosing a current or former employee's salary history without that employee's authorization unless the salary history is publicly available. Consultant is subject to the enforcement and penalty provisions in Chapter 12K. Consultant is required to comply with all of the applicable provisions of Chapter 12K, irrespective of the listing of obligations in this Section 25.

**20. Proprietary or Confidential Information.** Consultant understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Consultant may have access to private or confidential information which may be owned or controlled by the Retirement System and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the Retirement System. Consultant agrees that all information disclosed by the Retirement System to Consultant shall be held in confidence and used only in performance of the Agreement. Consultant shall exercise the same standard of care to protect such information as a reasonably prudent consultant would use to protect its own proprietary data.

- 21. Notices.** Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail (with confirmation of receipt) or by fax (with confirmation of receipt), and shall be addressed as follows (or to such other recipient or address as either party from time to time may specify in writing to the other party in accordance with this notice provision):

To the Retirement System:

Tanya Kemp  
Managing Director, Private Markets  
San Francisco Employees' Retirement System  
1145 Market Street, 7th Floor  
San Francisco, CA 94103-1561  
[tanya.kemp@sfgov.org](mailto:tanya.kemp@sfgov.org)

To Consultant: [ \_\_\_\_\_ ]

- 22. Ownership of Results.** Any interest of Consultant or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Consultant or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to the Retirement System in a useable format (including electronic format) upon demand by the Retirement System; *provided, however*, Consultant may retain and use copies for reference and as documentation of its experience and capabilities. The Retirement System shall have the unrestricted authority to publish, disclose, distribute or otherwise use in whole or in part any reports, data or other materials prepared under this Agreement, crediting Consultant as the source.
- 23. Works for Hire.** If, in connection with services performed under this Agreement, Consultant or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Retirement System. If it is ever determined that any works created by Consultant or its subcontractors under this Agreement are not works for hire under U.S. law, Consultant hereby assigns all copyrights to such works to the Retirement System, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the prior written approval of the Retirement System, Consultant may retain and use copies of such works for reference and as documentation of its experience and capabilities.
- 24. Audit and Inspection of Records.** Consultant agrees to maintain and make available to the Retirement System, during regular business hours, accurate books and accounting records

relating to its work under this Agreement, including copies of all invoices. Consultant will permit the Retirement System to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Consultant shall maintain such data and records in an accessible location and condition for a period of not less than five (5) years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon the Retirement System by this Section 24.

25. **No Assignment or Subcontracting.** The services to be performed by Consultant under this Agreement are personal in character and Consultant shall perform the work contemplated with resources available within its own organization. Neither this Agreement nor any duties or obligations hereunder may be Assigned, subcontracted or delegated by Consultant without prior written consent of the Retirement System.
26. **Non-Waiver of Rights.** The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.
27. **Local Business Enterprise Utilization.** Consultant shall comply with all applicable provisions of San Francisco Administrative Code Chapter 14B. Consultant is subject to the enforcement and penalty provisions in San Francisco Administrative Code Chapter 14B.
28. **Nondiscrimination; Penalties.**
  - (a) **Non Discrimination in Contracts.** Consultant shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code, as amended, which are incorporated herein by reference. Consultant shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Consultant is subject to the enforcement and penalty provisions in such chapters.
  - (b) **Nondiscrimination in the Provision of Employee Benefits.** Consultant shall comply with the provisions of San Francisco Administrative Code Section 12B.2. Consultant does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by the City, or where work is being performed for the Retirement System elsewhere in the United States, discriminate in the provision of employee benefits between

employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

- (c) **Condition to Agreement.** As a condition to this Agreement, Consultant shall execute and submit the “S.F. Administrative Code Chapters 12B and 12C Declaration: Nondiscrimination in Contracts and Benefits” form (form CMD-12B-101) with supporting documentation to the Retirement System.
- 29. MacBride Principles – Northern Ireland.** The provisions of San Francisco Administrative Code Section 12F, as amended, are incorporated herein by this reference and made part of this Agreement. By executing this Agreement, Consultant confirms that Consultant has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.
- 30. Tropical Hardwood and Virgin Redwood Ban.** Pursuant to San Francisco Environment Code Section 804(b), as amended, the City urges Consultant not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood wood product.
- 31. Alcohol and Drug-Free Workplace.** The Retirement System reserves the right to deny access to, or require Consultant to remove from, the Retirement System’s or the City’s facilities agents of Consultant who the Retirement System has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the Retirement System’s ability to maintain safe work facilities or to protect the health and well-being of the Retirement System’s employees and the general public. The Retirement System shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, the Retirement System’s or the City’s facilities. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription.
- 32. Compliance with Americans with Disabilities Act.** Consultant shall provide the services under this Agreement in a manner that complies with the Americans with Disabilities Act of 1990, as amended, including but not limited to Title II’s program access requirements, and all other applicable federal, state and local disability rights legislation.
- 33. Sunshine Ordinance.** Consultant acknowledges that under Section 67.24(e) of San Francisco Administrative Code, contracts, contractors’ bids, responses to requests for proposals and all other records of communications between the Retirement System and persons or firms seeking contracts, shall be open to public inspection immediately after a

contract has been awarded. All information provided by Consultant that is covered by that ordinance (as it may be amended) will be made available to the public upon request.

- 34. Limitations on Contributions.** By executing this Agreement, Consultant acknowledges its obligations under Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, which prohibits any person who contracts with, or is seeking a contract with, any department of the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, for a grant, loan or loan guarantee, or for a development agreement, from making any campaign contribution to (i) a City elected official if the contract must be approved by that official, a board on which that official serves, or the board of a state agency on which an appointee of that official serves, (ii) a candidate for that City elective office, or (iii) a committee controlled by such elected official or a candidate for that office, at any time from the submission of a proposal for the contract until the later of either the termination of negotiations for such contract or twelve months after the date the City approves the contract. The prohibition on contributions applies to each prospective party to the contract; each member of Consultant's board of directors; Consultant's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 10% in Consultant; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Consultant. Consultant certifies that it has informed each such person of the limitation on contributions imposed by Section 1.126 of the San Francisco Campaign and Governmental Conduct Code by the time it submitted a proposal for the contract, and has provided the names of the persons required to be informed to the Retirement System.
- 35. Minimum Compensation Ordinance.** If applicable, Consultant shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Consultant is subject to the enforcement and penalty provisions in San Francisco Administrative Code Chapter 12P. By signing and executing this Agreement, Consultant certifies that it is in compliance with San Francisco Administrative Code Chapter 12P.
- 36. Health Care Accountability Ordinance.** If applicable, Consultant shall comply with San Francisco Administrative Code Chapter 12Q. Consultant shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Consultant is subject to the enforcement and penalty provisions in Chapter 12Q.
- 37. Prohibition on Use of Public Funds for Political Activity.** In performing the services under this Agreement, Consultant shall comply with San Francisco Administrative Code Chapter 12G, as amended, which prohibits funds appropriated for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a



candidate or for a ballot measure. Consultant is subject to the enforcement and penalty provisions in such chapter.

- 38. First Source Hiring Program.** Consultant must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Consultant is subject to the enforcement and penalty provisions in Chapter 83 of the San Francisco Administrative Code.
- 39. Modifications.** This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement.
- 40. Administrative Remedy.** All disputes, controversies or claims arising under or relating to this Agreement shall be settled by the Executive Director. The Executive Director's decision shall be deemed an exhaustion of all administrative remedies. However, the Executive Director's decision shall not preclude resorting to judicial remedy.
- 41. California Law; Venue.** The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.
- 42. Construction.** All section headings in this Agreement are for reference only and shall not be considered in construing this Agreement. Terms such as "hereunder" or "herein" refer to this Agreement as a whole. Terms such as "include" or "including" shall be deemed followed by the words "without limitation." References to consents, approvals, determinations or other decisions of the Retirement System shall refer to the sole judgment of the Retirement System.
- 43. Entire Agreement.** This Agreement contains the entire agreement between the parties, and supersedes all other oral or written provisions. The attached Exhibits A, B and C are a part of this Agreement.
- 44. Compliance with Laws.** Consultant shall keep itself fully informed of the City's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.
- 45. Services Provided by Attorneys.** Any services to be provided by a law firm or attorney on behalf of the Retirement System must be reviewed and approved in writing in advance by the Office of the City Attorney of the City (the "City Attorney"). No invoices for services provided by law firms or attorneys, including without limitation, as subcontractors of

Consultant, will be paid unless the provider received advance written approval from the City Attorney.

- 46. Severability.** Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.
- 47. Cooperative Drafting.** This Agreement has been drafted through a cooperative effort of both parties, and both parties have had an opportunity to have the Agreement reviewed and revised by legal counsel. No party shall be considered the drafter of this Agreement, and no presumption or rule that an ambiguity shall be construed against the party drafting the clause shall apply to the interpretation or enforcement of this Agreement.
- 48. Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be an original, but all of which counterparts shall together constitute one and the same instrument.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first referenced above.

**SAN FRANCISCO CITY AND COUNTY  
EMPLOYEES' RETIREMENT SYSTEM**

[ \_\_\_\_\_ ]

By: \_\_\_\_\_  
JAY HUISH  
Executive Director

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

\_\_\_\_\_

Approved as to Form:

DENNIS J. HERRERA  
City Attorney

By: \_\_\_\_\_  
Robert Bryan  
Deputy City Attorney