

**BOSTON
RETIREMENT SYSTEM
("BRS")**

**INVESTMENT CONSULTING SERVICES
REQUEST FOR PROPOSALS
("RFP")**

TIMELINE

BRS Issues RFP	February 7, 2022
Deadline for Written Questions to BRS	February 18, 2022
Responses to Written Questions by BRS	February 25, 2022
Final Filing Date to BRS	March 1, 2022
Presentations, Visits, and Finalists Selection	April 1 – May 2, 2022
Selection of Consultant	May 18, 2022

BRS will use its best efforts to adhere to the specified timeline; however, BRS reserves the right to amend it. Prospective Consultants must submit seven (7) complete printed copies of their Proposal, and one electronic version. Responses must be received no later than 4:00 p.m. EST, March 1, 2022. Deliver Proposals as follows:

Seven (7) Printed Copies and One (1) Electronic Version

Boston Retirement Board
Boston City Hall, Room 816
Boston, Massachusetts 02201

Attn: John F. Kelly, Investment Analyst

**MAIL ROOM - DO NOT
OPEN RFP RESPONSE**

(1) Electronic version to:
john.kelly@boston.gov

BOSTON RETIREMENT SYSTEM

INVESTMENT CONSULTING SERVICES

REQUEST FOR PROPOSALS

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ATTACHMENTS

ATTACHMENT 1	<u>REQUIRED ATTACHMENT CHECKLIST</u>
ATTACHMENT 2	<u>MINIMUM QUALIFICATION CERTIFICATION</u>
ATTACHMENT 3	<u>INVESTMENT CONSULTANT PROPOSAL QUESTIONNAIRE</u>
ATTACHMENT 4	<u>PROSPECTIVE CONSULTANT CERTIFICATION SHEET</u>

I INTRODUCTION

The Boston Retirement System (“BRS”) is a cost-sharing, multi-employer public employee retirement system established under Chapter 32 of the Massachusetts General Laws and is a member of the Massachusetts Contributory Retirement System.

BRS is administered by a five-person Board consisting of the City Auditor (member *ex officio*), a second and third member elected by the members in, or retired from, the service of the BRS, a fourth member appointed by the Mayor of Boston, and a fifth member chosen by the other four members. The current Board consists of:

<i>Ex Officio</i> Member:	Maureen Joyce	Term Expires:	Indefinite
Appointed Member:	Daniel J. Greene (Chairman)	Term Expires:	3/13/23
Elected Member:	Michael W. McLaughlin	Term Expires:	9/30/23
Fifth Member:	Thomas V.J. Jackson	Term Expires:	1/15/24
Elected Member:	Michael D. O’Reilly	Term Expires:	9/30/23

The Board is required to meet at least once a month and to keep a record of all of its proceedings. The Board must annually submit to the Massachusetts Public Employee Retirement Administration (“PERAC”) an estimate of the administration expenses and operating costs of BRS. The Board must also file a financial statement annually with PERAC. All retirement allowances must be approved by the Board and submitted to PERAC for verification prior to payment.

The BRS Executive Officer oversees the day-to-day operation of BRS and supervises a staff of approximately 52 full-time employees located at Boston City Hall. All contact with members and retirees is conducted by BRS Staff.

The BRS financial statements are prepared on the basis of accounting and reporting practices prescribed by PERAC which substantially conform to Generally Accepted Accounting Principles (“GAAP”). Financial reporting standards required by GAAP differ in certain respects from the PERAC reporting requirements.

The BRS accounting records are maintained on a calendar year basis in accordance with the standards and procedures established by the PERAC. The Investment Income Account is credited for all income derived (received and accrued) from interest and dividends of invested funds.

The Board is responsible for investing BRS funds and none of the funds are invested internally. Investment decisions to add or delete portfolios, or hire or dismiss investment managers (including decisions to invest in private partnerships), are subject to the approval of the Board. Investment manager recommendations are made at monthly meetings.

The BRS investment portfolio value is approximately \$6.7 billion (with another approximately \$2.2 billion invested with the Pension Reserves Investment Trust Fund). The BRS assets under management as of December 31, 2021 are as follows:

**BRS INVESTMENT PORTFOLIO ASSETS UNDER MANAGEMENT
(Unaudited)**

Asset Class	Market Value on December 31, 2021
U.S. Equity	\$1,738,929,474
Non-U.S. Equity (International and Emerging)	\$1,663,096,490
Public Fixed Income (Core, High Yield, Global)	\$1,726,859,697
Hedge Funds	\$311,126,638
Real Estate	\$584,685,755
Private Equity	\$668,147,714
Cash	\$76,605,530
Total Fund	\$6,769,451,298

II SUMMARY OF SERVICES

BRS requests proposals from qualified firms interested in providing overall general investment consulting services including asset allocation, risk management, public markets, private real estate, private equity / debt consulting and hedge fund or other alternative investments consulting. More specific descriptions of these services are set forth in Section III under the heading "Scope of Services."

The term of the agreement with the selected investment consultant will be five years with options for two additional one year extensions.

III SCOPE OF SERVICES

Under the direction and the general supervision of the Board and BRS Staff, the consultant(s) will provide all of the following services:

A General and Public Markets Consulting

1. General Investment Policy and Procedures. Upon selection, and on an annual basis thereafter, review BRS Investment Policies and Procedures and if necessary, make reasoned recommendations for amendments.
2. Asset Allocation Plan. Once during the term of the agreement, prepare and present to the BRS a written plan establishing investment objectives and target asset mix for BRS (the “Asset Allocation Plan”). The Asset Allocation Plan shall consider the BRS assets and shall utilize the actuarial analysis performed by PERAC (the most recent of which can be found at: <https://www.mass.gov/doc/boston-retirement-board-valuation-report-2020/download>). The Asset Allocation Plan shall, at a minimum, include (a) a report on asset allocation modeling (including methodology and specifics) linked to funding and liability management; (b) an analysis of the investment characteristics of available asset alternatives; (c) recommendations for the development of a comprehensive statement of investment philosophy; and (d) recommendations for an optimum asset allocation for BRS based upon all of the foregoing, including a methodology (and time table) for achieving such asset allocation.
3. Annual Asset Allocation Optimization. During the fall of each year (other than a year in which the Asset Allocation Plan is formulated) prepare and present to BRS a report containing an evaluation and optimization analysis of the Asset Allocation Plan and proposals to achieve the goals of that analysis during the next calendar year.
4. General Research and Analysis. Upon request of BRS, provide ongoing research, analysis, and advice on specific matters including administrative and operational issues affecting BRS.
5. Public Markets Analysis. BRS defines Public Markets as: domestic and international equity; domestic, international and global fixed income and the existing hedge fund of fund managers. During the fall of each year, prepare and present to the Board a report containing (a) an evaluation of the effectiveness of the current public market portfolios and investment manager structure (including evaluations of existing public market managers); and (b) review of BRS needs for particular investment styles, capitalization ranges or strategies within the public market portfolios (e.g. passive/risk controlled/active; growth/core/value; small/mid/large capitalization; government/corporate/mortgage and single/multi strategy hedge fund of funds).

6. Performance Analysis. For BRS public market portfolios, provide quarterly performance analysis, including analysis of the performance of individual public market portfolios as well as the aggregate of all of the public market portfolios. The quarterly performance analysis should include return attribution characteristics, style analysis, risk analysis and the tracking of management fees.
7. Manager Oversight.
 - (a) For each of BRS public market managers, provide semi-annual performance analysis, including performance evaluation against the appropriate benchmarks and investment objectives, as well as return attribution characteristics, style analysis and risk analysis.
 - (b) Provide analysis and advice on questions or issues that arise in the course of overseeing the BRS public market managers. For example, advise BRS on appropriate benchmarks; calculate custom benchmarks, if necessary; and advise BRS on investment guidelines or fee structures, including performance-based fees.
 - (c) Provide advice and recommendations concerning public market manager probation and termination.
 - (d) Provide annual analysis of the BRS Commission Recapture Program and public market managers' trading costs, including comparison of each equity manager's commission costs to its peers and the marketplace; the relationship of each equity manager's commission costs to the quality of "execution" obtained; and the utilization of BRS trading dollars for purposes other than "execution," such as the direct or indirect purchase of services or research. A quarterly report containing trading costs paid by public market managers will be made available to the consultant by the BRS custodian.
8. Public Market Manager Search and Selection. For BRS public market portfolios, assist BRS in its hiring of outside investment managers. This assistance shall include the following services:
 - (a) Maintain or otherwise provide access to a database of investment managers, including their philosophies, organizations, performance and clients. Manager information should be available for a wide range of investment managers including but not limited to domestic and international equity managers; domestic, international and global fixed income managers; hedge fund of fund managers; managers with related strategies, including currency overlay, option and futures managers; as well as small and emerging and minority/woman/disabled veteran owned managers.
 - (b) For each BRS public market portfolio, assist BRS in conducting annual searches for public market managers (for purposes of the Fee Proposal, assume a total of four searches per year), as requested, including (i) development of requests for proposals, including evaluation factors and

methods; (ii) screening of prospective managers and recommendations of finalists; (iii) preparation of background material for BRS; (iv) participate in the interviewing of managers; (v) provide numeric rankings of managers on the 1-4 PERAC required scale and (vi) provide reasoned analysis concerning manager selection to the BRS.

9. Attendance at BRS Board Meetings. Attend BRS Board meetings as requested in Boston, Massachusetts.
10. Board and Staff Education. Upon request of the Board or BRS Staff, conduct educational meetings on requested investment topics.

In addition, the consultant will be asked to perform such other duties or activities as may be required provided they are consistent with and contemplated by the foregoing.

B Private Markets Investment Consulting Services

BRS seeks the following services with respect to its Private Markets investment portfolio that currently consists of private equity funds; private debt and private real estate funds:

1. Written Analysis and Strategy for Private Markets Investments. Upon being retained by BRS, conduct a thorough analysis of BRS Private Markets investment portfolio, including, but not limited to: a valuation and analysis of BRS current Private Markets investments and investment managers; an analysis of the fee structures of each of the Private Markets investments; and reasoned and specific recommendations with respect to the same, including recommendations on the specific assets in the BRS Private Markets investment portfolio, an investment strategy for new Private Markets investments and a policy on management fees for Private Markets investments.
2. Performance Analysis and Reporting. Provide quarterly valuation and performance analysis for BRS Private Markets investment portfolios and track management fees.
3. Private Markets Investment Manager Search and Selection. For the BRS Private Markets investment portfolios, assist BRS in conducting annual searches for Private Markets asset managers (for purposes of the Fee Proposal, assume a total of four searches per year), as requested, in its hiring of investment managers. This assistance shall include the following services:
 - (a) Maintain or otherwise have access to a database of Private Markets investments and managers, including their philosophies, organizations, performance, fees and clients. Information should be available on a wide range of Private Markets investments.
 - (b) Assist BRS in (i) developing requests for proposals, including evaluation factors and methods; (ii) screening of prospective managers and

recommendations of finalists; (iii) preparation of background material for BRS; (iv) participate in the interviewing of managers; (v) collaborate with BRS current Private Equity Discretionary Manager; (vi) provide numeric rankings of managers on the 1-4 PERAC required scale and, (vii) provide reasoned analysis concerning manager selection to the BRS.

IV MINIMUM QUALIFICATIONS

Prospective Consultants must meet the minimum qualifications as listed in Attachment 2 (Minimum Qualification Certification).

Does the Prospective Consultant firm have at least three (3) years of experience performing substantially similar services for institutional clients? Does the prospective “lead Consultant” on the BRS account have at least five (5) years of experience advising systems of similar size and scope to BRS

V TERMS AND CONDITIONS FOR SUBMITTING PROPOSALS

1. Questions that Prospective Consultants may have regarding the information presented in this RFP must be received by BRS by e-mail only at john.kelly@boston.gov no later than February 18, 2022 by 4:00 p.m. EST. Without divulging the source of the query, all questions and BRS responses shall be sent by email on February 25, 2022 to each person on record as having received an RFP.

2. Regardless of cause, late proposals, in whole or in part, will not be accepted and will automatically be disqualified from further consideration. It shall be the Prospective Consultant’s sole risk and expense to ensure delivery at the designated office by the designated time.

3. BRS reserves the right, in its sole discretion, to reject any and all proposals submitted, and to waive as to any Prospective Consultant or as to all Prospective Consultants, any informality or irregularity in a proposal or proposals or any failure to conform to the instructions in the RFP.

4. This RFP is not a contract, or meant to serve as a contract, and does not constitute a promise to enter into a contract.

5. In accordance with Chapter 66, Section 10 of the Massachusetts General Laws, upon the expiration of the proposal deadline, all proposals shall be deemed a public record and shall be subject to requests for public disclosure.

1. Prospective Consultants must submit their fees in the format and in the manner prescribed in the respective questionnaire (Attachment 3). Upon consultant selection, the fees may be further negotiated, but in no case will the fees be higher than contained in the Proposal.

2. Submit seven (7) printed copies of your Proposal in a sealed package and one (1) version electronically. One printed copy must: contain a cover letter with original signatures of a

person(s) authorized to contractually bind the Prospective Consultant; must be labeled “Master Copy”, and; must be placed in a loose-leaf, three-ringed binder, which displays the Prospective Consultant’s name on the outside front cover and the spine. (Do not submit the Master Copy with spiral binding). All Proposals must be delivered in accordance with the timeline on page 1. The sealed Proposals must be plainly marked as shown below:

Seven (7) Printed Copies and One (1) Electronic Version

Boston Retirement Board
Boston City Hall, Room 816
Boston, Massachusetts 02201
Attn: John F. Kelly, Investment Analyst

MAIL ROOM - DO NOT OPEN RFP RESPONSE

Electronic version to: john.kelly@boston.gov

3. All documents, proposals and other materials submitted in response to this RFP will become the property of BRS and will not be returned to the Prospective Consultant. The Prospective Consultant agrees to comply with all terms, conditions and requirements described in the RFP. Any failure by any responding Prospective Consultant to so comply shall be grounds for rejection of that Prospective Consultant’s proposal, as determined by BRS in its sole discretion.

4. BRS may modify any part of this RFP in writing by issuance of an addendum. Addenda issued prior to the final filing date for submission of Proposals will be sent by email to all parties on record as having received an RFP. Addenda issued after the final filing date will be sent by email to all responding Prospective Consultants who are still under consideration at the time of the issuance of the addenda.

5. If a Prospective Consultant discovers any ambiguity, conflict, discrepancy, omission or other error in this RFP, the Prospective Consultant shall immediately notify BRS of such error by email and request clarification or modification of the document.

11. If a contract results from this RFP, neither the successful responding Consultant, nor anyone on its behalf (including its agents, affiliates, subcontractors and/or employees), shall publish, distribute or otherwise disseminate any press release, advertising and/or publicity matter of any type or kind (collectively “Advertising Material”) having any reference to BRS, this RFP or their resulting contract, unless and until such Advertising Material first shall have been submitted to and approved in writing by BRS.

12. An individual who is authorized to contractually bind the Prospective Consultant must sign Attachment 4 (Prospective Consultant Certification Sheet). The signature must indicate the title or position the individual holds at the firm.

13. As of February 7, 2022, any Prospective Consultant should not contact any BRS Staff

or Board Member other than to submit written questions in accordance with this Section V of the RFP. An exception to this rule applies to Prospective Consultants that currently do business with BRS, such as BRS's current investment consultant, but any contact made by such firms should be limited to that ongoing business, and should not relate to this RFP.

14. The BRS Staff so designated shall open sealed proposals in closed session, in the presence of one or more witnesses on March 2, 2022, at 1:00 pm EDT.

VI. EVALUATION PROCESS

1. All responses submitted will be evaluated in a manner designed to produce the most beneficial results for BRS and will consider such factors as: form of consultant organization; alignment of interests with BRS; value proposition; resources and capabilities of the firm(s); knowledge and experience of the firm(s); knowledge and experience of the individuals to be assigned to BRS account; clarity of proposals; insights evident from materials, research, and presentations; and other factors deemed relevant. BRS may request clarifications from the Prospective Consultant at any phase of the evaluation process for the purpose of clarifying ambiguities in the information provided.

2. The purpose of the evaluation process is: (1) to assess the responses for compliance with the minimum qualifications; and (2) to identify Prospective Consultant(s) that have the highest probability of successfully performing the services as described herein and that best meets our criteria. The evaluation process will be conducted in a comprehensive and impartial manner.

3. BRS will examine each proposal to determine whether it meets all of the proposal submission requirements and minimum criteria specified in the RFP. Any Prospective Consultant who fails to meet any of the standards set forth as minimum criteria is non-responsive and will be eliminated from further consideration.

4. In determining the responsiveness of a proposal, the BRS may waive minor informalities or allow the Prospective Consultant to correct them. Minor informalities are minor deviations, insignificant mistakes, and matters of form rather than substance of the proposal that can be waived or corrected without prejudice to other Prospective Consultants, potential Prospective Consultants, or BRS.

5. BRS will correct a proposal if a mistake and the intended offer are clearly evident on the face of the proposal document. In such a case, BRS will make the correction, and notify the Prospective Consultant in writing; the Prospective Consultant will not be permitted to withdraw its proposal. Other than to make such a correction, BRS will not correct or change a proposal.

6. All proposals that meet the minimum criteria will be evaluated further. The evaluators will prepare written evaluations for each such proposal in accordance with the Proposal Evaluation Form beginning on page 12 of this RFP.

7. After proposals have been assigned ratings on the basis of each evaluation criterion, evaluators will assign composite ratings to the proposals. The written explanation accompanying each composite rating will state the reasons for each composite rating.

8. The most advantageous proposal shall be determined from responsible and responsive proposals by taking into consideration the price and the evaluation criteria contained herein. Evaluating the proposals and determining the most advantageous proposal is a four-step process that includes the following:

- a. Application of minimum criteria;
- b. Application of comparative criteria;
- c. Assigning a composite rating; and,
- d. Selecting the most advantageous proposal.

9. Members of BRS Staff and/or Board may conduct due diligence at the main offices of the finalist candidates. BRS Staff and Board will interview the finalist candidates.

10. Any on-site due diligence visits with the best candidates are planned sometime in April 2022.

11. The Board will make the final Consultant(s) selection.

**Investment Consulting Services BRS
Investment Consultant Search**

PROPOSAL EVALUATION FORM for USE BY BOARD AND STAFF

Proposing Firm Name

Name of Evaluator

Date of Review

EVALUATION CRITERIA AND SCORING

1. Stability and experience of the firm.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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2. Stability and experience of the consultant team.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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3. Corporate structure of firm, scale, scope, conflicts of interest, ethics.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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4. Investment outcomes for consulting clients of firm.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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5. Strategy development and pacing model, as well as philosophy, research, processes, insights.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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6. Philosophy about risk, and approaches to risk management and mitigation.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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7. Manager database scale and scope, ratings, due diligence, hire/fire philosophy.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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8. Research by the firm, Board education, and relevant factors not covered elsewhere.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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9. Perspectives and impression of consultant team; ability to relate to Board.

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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10. Value proposition (does the firm & team have what Board needs at reasonable price).

Highly Advantageous 10 Points	Advantageous 7 Points	Acceptable 5 Points	Not Advantageous 2 Points	Unacceptable 0 Point
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