



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
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John C. Liu
COMPTROLLER

December 28, 2012

New York City Procurement Policy Board
253 Broadway, 9th Floor
New York, NY 10007
Attn: Andrea Glick, Director

Re: Innovative Procurement Final Report for Investment Management Services

Dear Ms. Glick:

Pursuant to New York City Procurement Policy Board ("PPB") Rule Section 3-12(f), attached please find the Comptroller's Office's Chief Procurement Officer's final report in connection with the above-referenced innovative procurement for distribution to the PPB Board members.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony Dell'Olio".

Anthony Dell'Olio
Senior Counsel
Agency Chief Contracting Officer

cc:

**Final
Innovative Procurement
Investment Manager Custom Search Solicitation
Final Report to the PPB**

December 27, 2012

Overview

The New York City Office of the Comptroller (“The Comptroller”), through its Bureau of Asset Management (“BAM”), surveyed the procurement processes used by twelve U.S. public pension plans (including the New York City Retirement Systems). The findings were presented to the Retirement Systems Boards of Trustees (“The Boards”) in March of 2011. The majority of the systems surveyed, including most of the largest U.S. public pension funds, use a “custom search” process to seek and hire investment managers. Additionally, supplemental research, conducted by BAM, indicates that many high performing investment managers across various sectors were not submitting proposals on BAM Request for Proposals (“RFP”). (Appendix 1 includes the procurement survey and manager response rate analysis.)

The custom search process generally entails internal investment staff collaborating with and leveraging the expertise of their investment consultants (a core competency of which is to advise clients on manager searches) to: first, survey the universe of potential managers that meet the prescribed minimum criteria of the search; and second, create a short-list of the best and most appropriate candidates. Finally, the internal investment staff will conduct due diligence on the short-listed candidates and make a recommendation to their Investment Committee or Boards.

To test the feasibility and efficacy of the custom search process for the Retirement Systems, BAM worked with the Office of the Comptroller’s legal counsel to design a pilot program. Specifically, BAM proposed that the Retirement Systems, under the Innovative Procurement Rules (Section 3-12), conduct a nine-month pilot. During the pilot program, BAM, on behalf of the Systems, conducted manager searches across multiple asset classes based on recommendations from all five of the general investment consulting firms currently retained by each of the five systems: Rocaton (Teachers); Callan (NYCERS), SIS (Police), New England Pension Consultants (Fire), and Buck Associates (BERS). Each consulting firm is a fiduciary to and has advised its respective NYC pension fund client for more than five years. The consulting firms are intimately familiar with the System’s asset allocations, managers, investment philosophies, and Boards of Trustees.

The goals of the new process were to:

- Reach the broadest universe of potential managers;
- Increase competition;
- Select the best managers; and

- Reduce the time to complete each search and thereby improve the Retirement Systems' responsiveness to changing financial markets.

The new process is outlined below. The pilot program and the current RFP process are similar in that both processes, as implemented by BAM on behalf of the Boards, commence with issuing a solicitation and conclude with obtaining Board approval of the recommended managers. In other respects however, the processes differ dramatically. First, the RFP process requires all applicants to complete a lengthy questionnaire with over 100 questions. Second, BAM reviews and scores the responsive proposals submitted in connection with the RFP. Consequently, the universe of managers is limited to the proposers. BAM is required to review the submitted proposals regardless of performance history or portfolio fit. Unlike an RFP, the pilot process allows the Systems to consider all qualified investment managers that appear in industry databases. Thus, the pilot process increases competition and reaches the broadest universe of potential managers. Additionally, at the initial stage of the evaluation process managers need only ensure that their information is current in the prescribed databases, which is a relatively easy process.

Outline of Pilot "Custom Search" Process:

- BAM, in consultation with the Systems' general investment consultants, develops a Notice of Search. The Notice of Search publicizes the Systems interest in hiring investment managers in a particular asset class. It also sets forth the minimum requirements and information on how the pilot process works, and how to be considered in the search. Rather than submitting a proposal, managers are asked to ensure that their product data is current in specified data bases by a specified date. (See Appendix II for a sample Notice of Search). Board approval was sought prior to issuing the Notice of Search (as is the case with an RFP).
- The five Consultants review managers and product information in their databases¹ to identify those that meet the minimum requirements. Once managers and products that meet the minimum requirements are identified, each Consultant then conducts further quantitative and qualitative reviews, using a range of sources. Reviews focus on quantitative factors, such as benchmark fit, consistency of benchmark-relative rolling out-performance and tracking error of the product on a stand-alone basis. Managers with strong quantitative records are also reviewed on qualitative criteria such as strength of the organization and quality of the investment research and investment decision making processes.
- After completing their evaluations, each consultant submits their list of recommended managers and products to BAM. Based on these recommendations, BAM compiles a list of recommended managers and products. The list includes both open and closed

¹ The Consultants use two databases for these procurements: Four of the five Consultants use the eVestment Alliance database. Callan Associates, on the other hand, uses its proprietary database.

managers and products. Closed Products² were considered because they could potentially be part of a pool of managers with funds to be potentially allocated at some future date if both the need arose and the products were reopened. Likewise, closed funds were included because it enables the Systems to maximize the utility of the selection process by providing a potential supply of future qualified managers (subject to updated due diligence). From the compiled lists, BAM creates a “short list” of managers, based on the level of consensus among Consultants. Managers placed on the “short list” were typically those recommended by three of the five Consultants. BAM, in collaboration with the five Consultants, conducts additional due diligence on the managers placed on the short list.

- Short listed managers were requested to respond to additional diligence questions and, where appropriate, were interviewed by BAM.
- Based on its additional diligence, BAM developed a list of recommended managers for consideration and approval by each of the Boards. The list of recommended managers and detailed information supporting BAMs recommendations was submitted to the trustees for each of the Boards. The trustees then voted to approve the recommendations.

Appendix III compares the existing RFP process and the NYC Custom Search pilot process. Appendix IV compares and contrasts the benefits and drawbacks of the RFP Process and the Custom Search pilot process.

The pilot period began in February of 2012 and ended in October of 2012. During that 9-month period, BAM established and refined the custom search process, worked with legal counsel to ensure that the process complied with procurement principles of fair and open competition, worked with the five consultants to ensure that each had a thorough understanding of procedures, and finally, launched and completed five manager searches. The Custom Search process substantially achieved the goals set forth above.

Results

Appendix V describes the results of the four searches completed under the nine month custom search Pilot Process. In summary, over 1500 managers were reviewed by the System’s Consultants. BAM investment staff evaluated 64 shortlisted managers. The Boards approved the selection of 31 managers to manage \$22.5 billion. The Board also approved a back-up pool of 27 managers. On average the searches took 6.6 months as

² A closed fund is one that currently is not accepting additional clients or monies due to capacity constraints. Since a new procurement might not occur for up to 9 years (3 year contract term with 2, 3-year extensions), the inclusion of funds that are currently closed, enables the Retirement Systems to consider managers today and put them in a pool for consideration once they open for new clients in the future. If a closed manager/product reopened in the future, BAM and the Consultants would update their due diligence prior to any potential investment review by the Boards.

compared to the RFP process which averaged 16.6 months during the eight-years of the prior Comptroller’s administration.

The Comptroller’s Office anticipated that the custom search would: (1) increase competition by expanding opportunities for investment managers not otherwise considered by the Systems through traditional RFPs; and (2) facilitate the Systems’ ability to obtain services from the highest performing investment managers. The Comptroller’s Office also anticipated that the Notice of Search method of procurement would result in shorter timeframes from solicitation to contract selection. The results, of the custom search procurement, demonstrate that these goals were substantially met.

1. Increased and Improved Competition

The use of the Consultants in the Custom Search increased competition by expanding the number of investment managers considered for selection to the large pool of investment managers in widely-used industry databases (“Participating Investment Managers”), rather than to only those managers that respond to an RFP. This is a key process-differentiating factor which seeks to ensure that all of the highest performing managers are considered for potential contracts. The following table indicates the number of managers considered in prior RFPs as compared to the number of managers considered in the custom search process.

Asset Class	RFP Process	Custom Search Pilot Process
Non-US Equities- Emerging Markets		
# of managers reviewed	32	Up to 282
Non-US Equities- Large Cap (EAFE)		
# of managers reviewed	44	Up to 596
Non-US Equities – Small Cap (EAFE) (simultaneous with EAFE Large Cap)		
# of managers reviewed	N/A	2 selected, 7 in pool
High Yield Debt		
# of managers reviewed	28 (2 non-responsive)	Up to 178
Leveraged Bank Loans (simultaneous with high yield)		
# of managers reviewed	N/A	Up to 74

Many of the Participating Investment Managers include high performing managers that managed closed products at the time a solicitation for a particular asset class was issued, but whose products may re-open to additional funding in the future. The Custom Search allowed the Systems to establish relationships with top performing investment managers of closed products, something that previously would not be possible. Under the traditional RFP process, those investment managers would not have responded due to their capacity constraints and therefore could not be considered for potential future mandate. This is a major benefit to the Systems if a fund opens in the future since the Systems will be able to hire a previously recommended new manager without the delay incurred by doing another RFP, which delay could adversely affect the portfolio's rate of return. Updated due diligence and Board approvals, however, would be required before any investment manager could be hired from the pool.

Additionally, by reaching a broader universe of managers, the pilot program increased opportunities for MWBE participation in investment management contracts. Through the custom search, the Office of the Comptroller ensured that MWBEs received the Notice of Search, the Consultants' screening process included MWBEs, and that the process was efficient and effective. The custom search may have numerous benefits for MWBEs because they are typically smaller organizations with limited resources. As part of the outreach, all MWBE trade associations were notified. MWBEs were encouraged to update their information in the databases which Consultants use for screening. This process is also more effective for MWBEs because they only need to dedicate resources when on the short list of potential candidates. The success of this approach is supported by the fact that one of the new managers, Causeway Capital, a majority woman-owned manager, was awarded a substantial allocation in the EAFE search.

2. Highest Performing Managers

The Consultants use a sophisticated proprietary analysis to conduct the first due diligence review of all investment managers. Working in conjunction with the Consultants, the Comptroller's Office is able to identify the highest performing managers for further consideration. The process allows BAM to consider all top performing managers, thus increasing the Systems likelihood to review and invest with the broadest potential set of top performing managers.

3. Shorter Timeframes

The Custom Search was instrumental in streamlining the procurement process. The Custom Search disposed of the need to review lengthy proposals from managers that were not top performers in their asset class and of products that were not a strategic fit for the System's portfolio. Instead, BAM's staff was able to conduct more detailed and targeted evaluation of only the highest performers. This resulted in a more efficient and thorough review process. The Custom Search process - from issuance of the Notice of Search through Board selection - took an average of 6.6 months. Within this time frame, 4 Searches for 6 distinct asset classes were conducted and 31

managers were identified for contract awards, with 27 included in pools. As staff and Consultants became more familiar with the custom search process, the selection time frame was reduced.

Previous RFPs for investment managers generally took nine (9) to twenty-four (24) months, depending on the response level and other factors. Shortening the process to complete investment manager procurements allows BAM's staff to react more quickly to market opportunities, and improve the pension funds' performance.

4. Expanded Managers

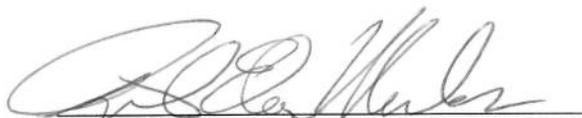
Of the 31 selected managers, 8 have never responded to a BAM RFP. And, of the 27 pool members, 12 have never responded to a BAM RFP and 8 are closed funds. In the absence of the Custom Search process, the systems would not have the opportunity of test the feasibility and efficacy of using the custom search process for the Retirement Systems potential future investment with the closed funds.

5. Cost

The cost associated with the custom search process did not affect the cost to administer the investment manager searches. The general consultants performed enhanced services at no additional cost. Similarly, BAM's evaluation process was significantly streamlined by significantly reducing the review of unsuccessful proposals. The staff was able to commit more time to other important investment tasks.

Conclusion and Recommendation

In the span of only nine months, BAM successfully completed 4 manager procurements for 6 asset classes, which included both U.S. and international equities and fixed income securities, including a new asset class for bank loans. Moreover, the quality and breadth of the managers selected is extremely strong. For the reasons stated herein, the Comptroller's Office recommends that the City's Procurement Policy Board Rules adopt new rules to enable the Comptroller's Office and the Systems to capitalize on the many benefits of the industry standard custom search process, as described herein. The Comptroller's Office, after consultation with the Boards, will provide the Procurement Policy Board with proposed Rules.

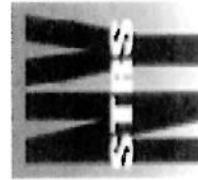

Ricardo E. Morales
Chief Procurement Officer 12/27/12

Appendix I



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER

Public Pension Fund Procurement Study



PPF Procurement Study

Some of the largest public pension funds have participated

AS OF 6/30/2010

PLAN SPONSOR	Total AUM (\$B)	% Managed Externally
California Public Employees' Retirement System (CalPERS)	\$200.0	38%
New York State Common Retirement Fund (NYS Common)	\$124.9	N/A
Florida State Board of Administration (Florida SBA)	\$109.0	59%
New York City Retirement System (NYCRS)	\$97.8	97%
Teacher Retirement System of Texas (Texas)	\$92.2	42%
New York State Teachers (NYSTRS)	\$75.0	N/A
Washington State Investment Board (Washington)*	\$74.4	N/A
State of Wisconsin Investment Board (Wisconsin)	\$69.2	55%
Oregon State Treasury (Oregon)**	\$50.9	100%
Virginia Retirement System (Virginia)	\$48.0	80%
State of Michigan Retirement System (Michigan)	\$45.0	70%
Los Angeles County Employees' Retirement Association (LACERA)	\$33.0	100%

* As of 3/31/2010

** Estimation

PPF Procurement Study

What is the primary method of procuring investment management services?

Plan Sponsor	CUSTOM SEARCH	
	Utilizes Consultants (Y/N)	Staff/Consultant Led
NYS COMMON	Y	Consultant
FLORIDA SBA	Y	Staff
TEXAS	Y	Staff
NYSTRS	Y	Staff
WASHINGTON	Y	Staff
OREGON	Y	Staff
VIRGINIA	N	Staff

Plan Sponsor	RFP	
	Utilizes Consultants (Y/N)	Staff/Consultant Led
CalPERS	Y	Staff
NYCRS	Y	Staff
WISCONSIN	Y	Staff
MICHIGAN	Y	Staff
LACERA	Y	Staff

- 2/3 of respondents are **not** utilizing RFPs for procuring investment management services; instead, they utilize some form of a **'Custom Search'** process
- Most respondents do utilize RFPs to procure consultants and other significant services providers, such as custodians
- All but one utilize consultants to varying degrees for assistance
- All Staff-Led processes utilize varying levels of assistance from consultants

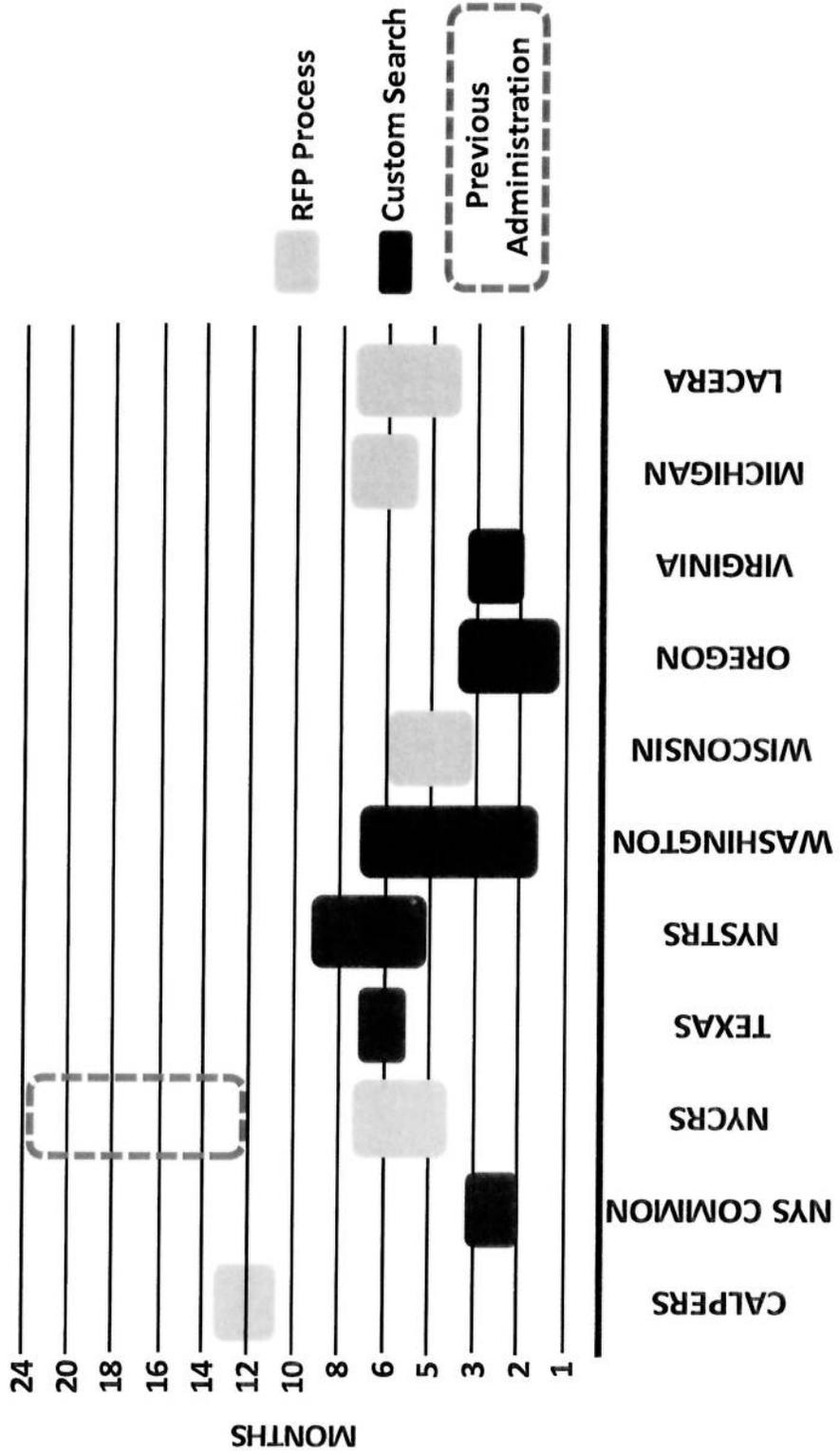
PPF Procurement Study

Is the Retirement Board involved in the decision making process with regard to procuring investment management services?

PLAN SPONSOR	Total AUM (\$B)	YES	NO
California Public Employees' Retirement System (CalPERS)	\$200.0		X
New York State Common Retirement Fund (NYS Common)	\$124.9		X
Florida State Board of Administration (Florida SBA)	\$109.0		X
New York City Retirement System (NYCRS)	\$97.8	X	
Teacher Retirement System of Texas (Texas)	\$92.2		X
New York State Teachers (NYSTRS)	\$75.0	X	
Washington State Investment Board (Washington)	\$74.4	X	
State of Wisconsin Investment Board (Wisconsin)	\$69.2		X
Oregon State Treasury (Oregon)	\$50.9	X	
Virginia Retirement System (Virginia)	\$48.0		X
State of Michigan Retirement System (Michigan)	\$45.0		X
Los Angeles County Employees' Retirement Association (LACERA)	\$33.0	X	

PPF Procurement Study

What is the typical length of the procurement process?



PPF Procurement Study

Formal Consultant-Driven Search Process:

- 1) **Screen Universe of Managers** – Based on established criteria, the consultant will perform a **quantitatively** oriented performance screening process designed to narrow a group of candidates from an initial group (200+) to a working group of initial candidates (30 – 40).
- 2) **Conduct Quality Control** – The consultant will **qualitatively** screen the 30 – 40 initial candidates with the goal of further narrowing this group down to 10 – 20 candidates.
- 3) **Develop List of Semi-Finalists** – The consultant will further review each of the remaining candidates and recommends semi-finalists (3 – 6) to the client. Typically these candidates are profiled in a candidate summary or semi-finalist report which will also discuss the rationale and objectives of the search.
- 4) **Select Finalists** – The consultant will present the semi-finalist report to the client for discussion and the semi-finalists will be interviewed by both the client and consultant with the goal of identifying finalists for selection.
- 5) **Select New Manager(s)** – The client is responsible for final manager selection.

PPF Procurement Study

Modified Consultant-Driven Search Process:

- The modified consultant-driven search process can still involve the consultant in a number of different ways throughout various stages of the process.

In some cases, the modified consultant-driven search process may very closely resemble the formal search process, such as:

- **Screen Universe of Managers** – Based on established criteria, the consultant will perform a **quantitatively** oriented performance screening process designed to narrow a group of candidates from an initial group to a working group of initial candidates.
- **Conduct Quality Control** – The consultant will **qualitatively** screen the initial candidates with the goal of further narrowing this group.

In other cases, the client may choose not to employ certain stages of the process, such as:

- **Formally Develop List of Semi-Finalists** – After quantitative and qualitative screening of the candidates by the consultant, the client may elect not to utilize the consultant for further input or to narrow the list further. At the other extreme, some clients may elect to have the consultant rank all preliminary candidates rather than eliminate any.
- Some clients will also supplement their search process (both Formal & Modified) with reviews of other databases giving them an additional independent 3rd party view against which to vet the managers.

Proposed Manager Search Process for BAM

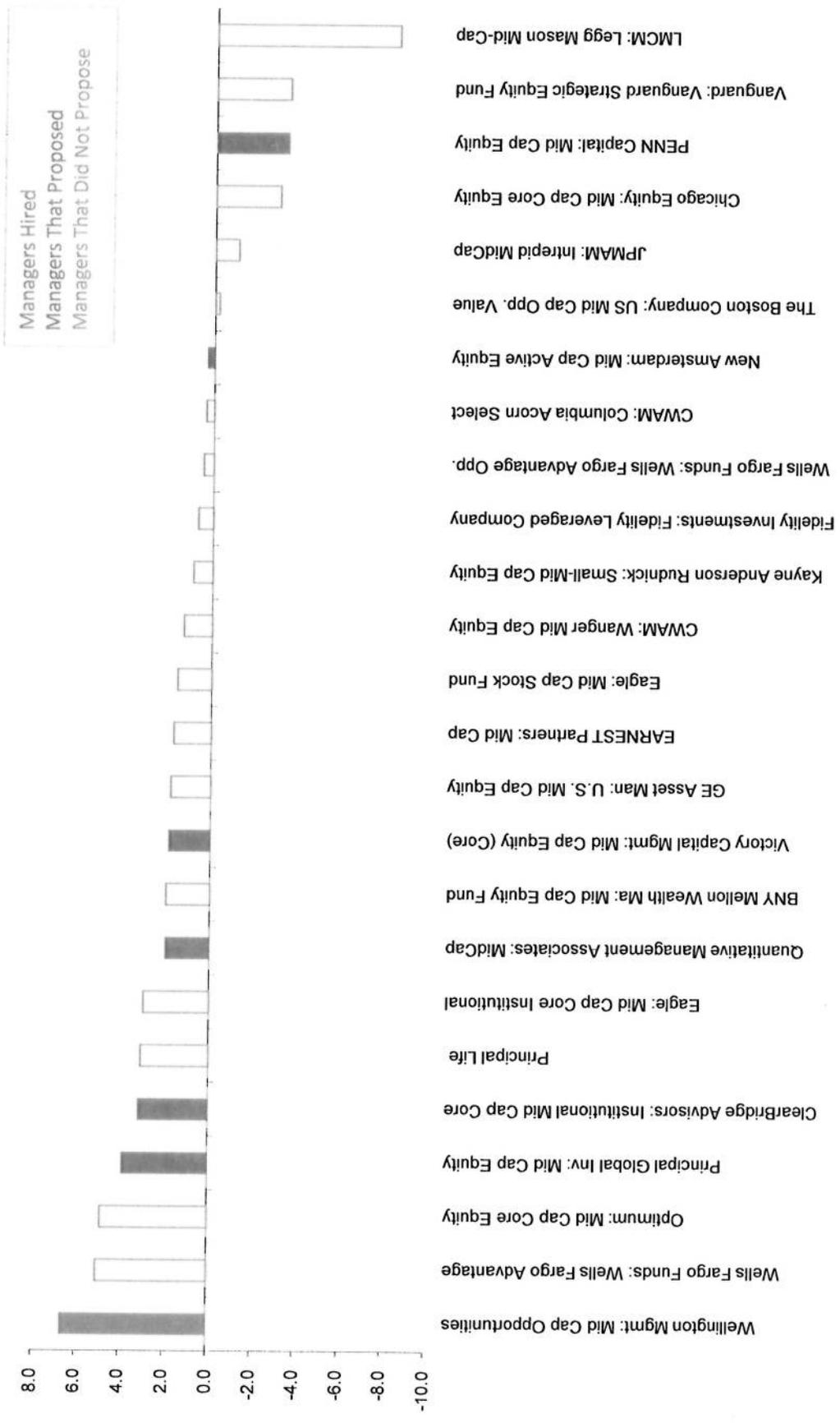
- 1) In consultation with the Boards of Trustees, a search process is commenced.
- 2) BAM solicits participating pension fund consultants to assist with the manager search. (*Callan , Rocaton, SIS, & NEPC*)
- 3) Manager searches will be advertised to the public via the NYC Comptroller's website and trade publications, including MWBE outreach.
- 4) Consultants will screen the universe of managers, based on established criteria, utilizing a **quantitatively** oriented performance screening process designed to narrow a group of candidates from an initial group (200+)* to a working group of initial candidates (30-40).
- 5) Based on their knowledge, consultants will conduct quality control by **qualitatively** screening the 30-40 initial candidates with the goal of further narrowing this group down to +/- 10 candidates.
- 6) BAM reviews multiple consultant lists, along with the consultants, to further reduce the number of candidates to 5-15, for further consideration.
- 7) BAM, with Consultant input, conducts manager due diligence and interviews.
- 8) BAM reviews their recommendations with the consultants, narrowing the list of candidates to 3-6 finalists.
- 9) BAM recommends their selections to the Boards.

*All numbers listed on this page are for illustrative purposes only.

Conclusion & Recommendation

- The current process, as mandated by the PPB, does not optimize procurement opportunities for investment managers.
- Based on our research from surveying other large U.S. public pension plans, substantially all of Fire's peers utilize a more streamlined process that leverages the use of their general consultants and their manager databases and knowledge.
- NYCERS benefits from multiple independent general consultants which will maximize the procurement processes; reach and minimize any potential conflicts.
- BAM recommends that Fire utilize the new process under the Innovative Procurement rules (test case) for the upcoming Emerging Markets search.

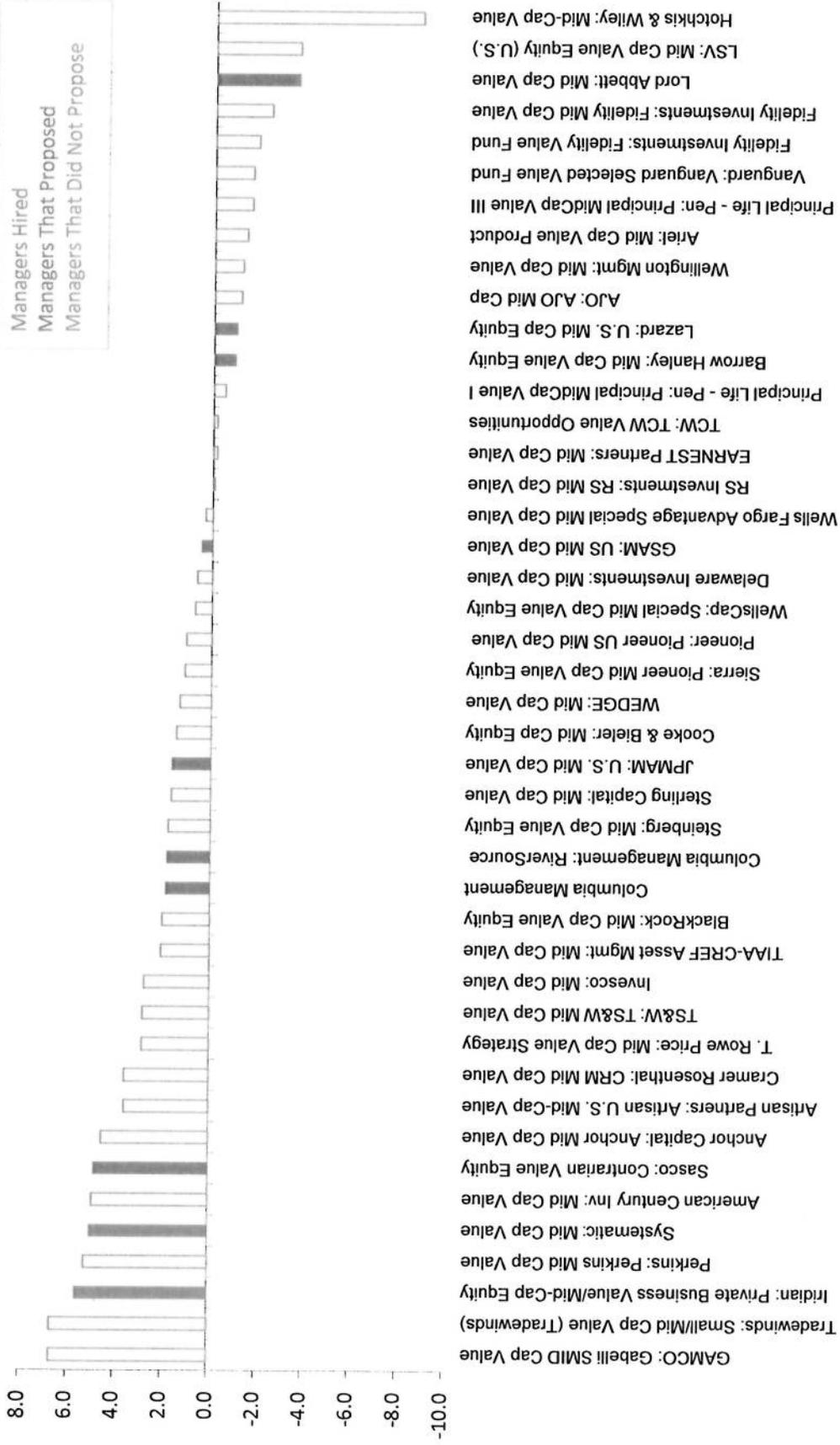
MidCap Core (3-Year Excess Return)



Benchmarked Against the Russell MidCap Core for the Trailing 3 years as of Sep '08
 Product AUM >\$500M

Source: eVestment Analytics

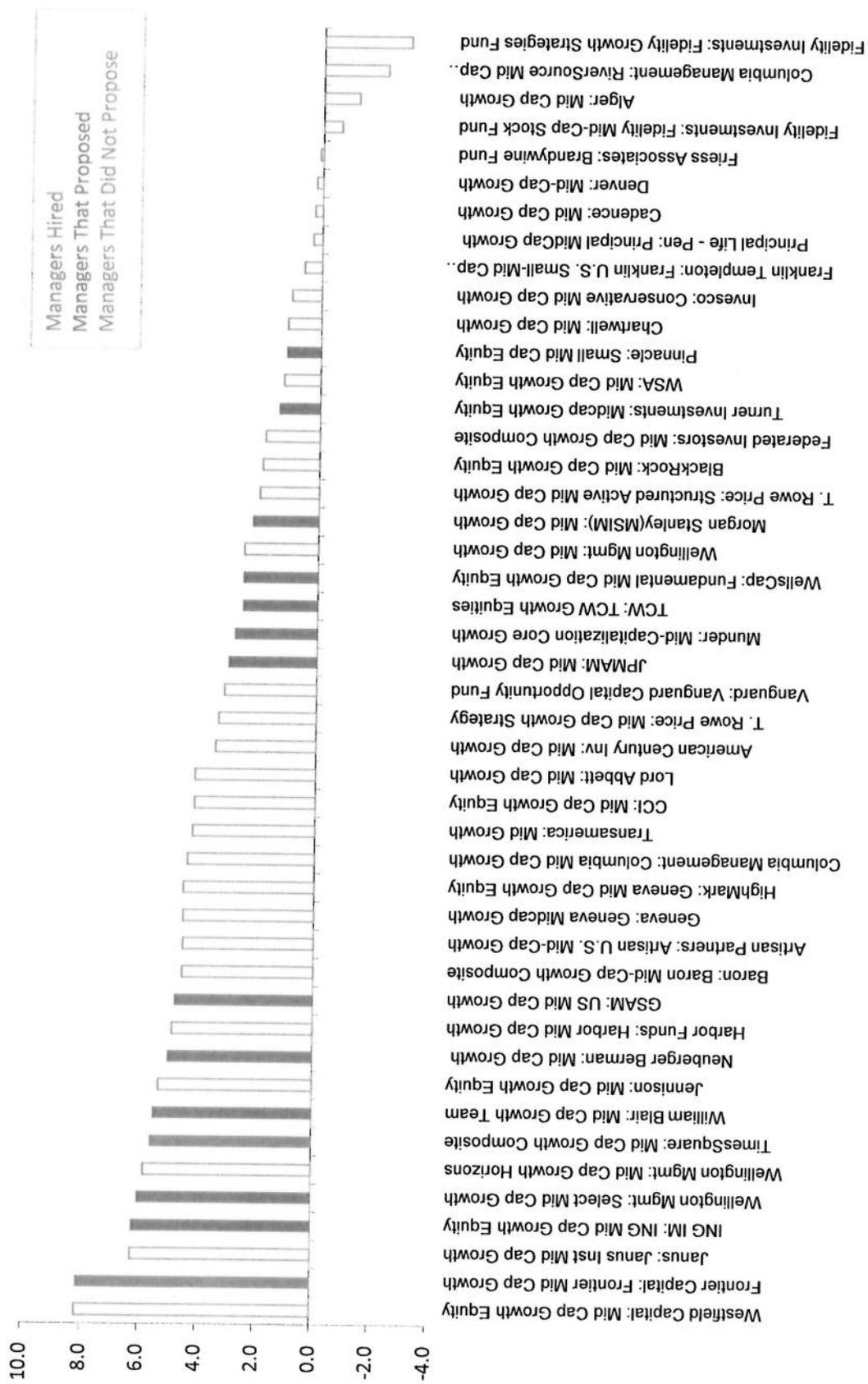
MidCap Value (3-Year Excess Return)



Benchmarked Against the Russell MidCap Value for the Trailing 3 years as of Sep '08
Product AUM >\$500M

Source: eVestment Analytics

MidCap Growth (3-Year Excess Return)



Benchmarked Against the Russell MidCap Growth for the Trailing 3 years as of Sep '08
Product AUM >\$500M

Source: eVestment Analytics

Appendix II



David Jeter
Assistant Comptroller

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JOHN C. LIU
COMPTROLLER

Transmitted via E-mail

Re: Notice of Search/Pilot Search Process for EAFE Equity Managers Investment Management Services

April 12, 2012

Dear Investment Managers:

The Comptroller of the City of New York (the "Comptroller"), acting on behalf of the New York City Retirement Systems and related funds, is conducting a manager search to identify investment management firms to manage active EAFE Equity portfolios for one or more of the New York City Retirement Systems (the "Systems").

The Comptroller's Office is using a pilot process to conduct this search, as permitted and in accordance with Section 3-12 (Innovative Procurement Methods) of the Procurement Policy Board Rules of the City of New York ("PPB Rules"). Under the pilot process, the Systems' consultants and the Comptroller's Office will use industry databases to identify the universe of EAFE active equity equities managers that are potential candidates for hiring by the Systems, rather than limiting that review to only those managers that respond to a formal Request for Proposals (RFP). In addition to opening the procurement process to a broader universe of managers and greater competition, goals of the pilot process include facilitating the Systems' ability to identify and hire the highest qualified managers based on performance and organizational strength, and shortening the amount of time it takes to complete the manager selection process. The pilot process also reduces administrative requirements for firms relating to submission of a formal RFP response, which should be helpful to smaller firms in particular. The Comptroller's Office anticipates testing this pilot process in solicitations for other asset classes over the coming months.

Please see the Notice of Solicitation posted on the Comptroller's website at www.comptroller.nyc.gov for a full description of the pilot process and minimum requirements, as well as easy steps that managers can take to ensure they are considered as part of this solicitation. Select "Bureaus" then "Asset Management" then "Investment Management Searches."

The following Systems are participating in this Procurement: the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TRS"), the New York City Police Pension Fund, Subchapter 2 ("Police"), the New York City Fire Department Pension Fund, Subchapter Two ("Fire"), and the New York City Board of Education Retirement System ("BERS").

We look forward to your participation in this new process.

Sincerely,
/s/David Jeter

**NOTICE OF SEARCH/ PILOT SEARCH PROCESS
EAFE ACTIVE EQUITY MANAGERS
INVESTMENT MANAGEMENT SERVICES
PIN: 015-128-151-00 IQ**

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Notice of Search/Pilot Search Process

EAFE Equity Active Managers

PIN # 015-12 8 151 00 IQ

I. INTRODUCTION AND INFORMATION ON PILOT SEARCH PROCESS

Background The Comptroller of the City of New York (the "Comptroller"), on behalf of the New York City Retirement Systems, and specifically the New York City Employees' Retirement System ("NYCERS"), the Teachers' Retirement System of the City of New York ("TEACHERS"), the New York City Police Pension Fund, Subchapter Two ("POLICE"), the New York City Fire Department Pension Fund, Subchapter Two ("FIRE"), and The Board of Education Retirement System ("BERS"), (collectively "NYCRS" or the "Systems"), is conducting a search to identify managers to manage active EAFE Equity portfolios for one or more of the Systems. In addition, other related systems or funds may select managers through this solicitation.

The Boards of Trustees of each of the Systems have exclusive control of all assets of their respective System, subject to applicable law, and have full power to hold, purchase, sell, assign, transfer, or dispose of System assets, including securities and other investments in which its funds have been invested as well as the proceeds of such investments. Each Board has retained the services of a general investment Consultant to assist the Board in fulfilling its fiduciary duties with respect to the investment of System assets.

The Comptroller serves as investment advisor and custodian for the Systems. The Comptroller's asset management and custodian functions reside in the Bureau of Asset Management ("BAM") under the direction of the Chief Investment Officer ("CIO"). The Chief Investment Officer supervises BAM's development of overall investment policies, standards and guidelines, and oversees BAM's evaluation, selection and monitoring of investment managers.

Pilot Search Process The Comptroller's Office is using a pilot process to conduct this search, as permitted and in accordance with Section 3-12 (Innovative Procurement Methods) of the Procurement Policy Board Rules of the City of New York ("PPB Rules"). This pilot process will permit BAM and the Systems to review a broader universe of potential investment managers than is the case under the current Request for Proposals ("RFP") process. Specifically, BAM and the Systems' general investment Consultants¹ will use industry databases to identify the universe of EAFE active equity managers that are potential candidates for hiring by the Systems, rather than limiting the review to only those managers that respond to a formal Request for Proposals. In addition to the goal of opening the procurement process to greater competition, goals of the pilot process include facilitating the Systems' ability to identify and hire the highest qualified managers based on performance and organizational strength, and shortening the amount of time it takes to complete the manager selection process.

¹ The Systems consultants currently are: Callan Associates (NYCERS), Rocaton (Teachers), SIS (Police), NEPC (Fire), and Buck (BERS) (individually a "Consultant" and collectively the "Consultants").

It is expected that the Comptroller's Office will, over the course of the coming months, test the pilot process on a number of manager searches. If the pilot is successful, it is anticipated that the Comptroller's Office will seek formal changes to the PPB Rules to incorporate the new process, as it may be amended or adjusted during the pilot phase. This pilot will cover only investment manager searches and will not cover other types of services, such as the hiring of Consultants, which will continue to be handled through a standard RFP process.

How to Participate in this Search: Investment management firms must do the following to be considered in this search:

1. Potential candidates should carefully review this Notice and the Minimum Requirements described in Section B. Interested managers that meet the minimum requirements, including incumbent managers, must enter their information in the following databases in order to be considered by each of the Consultants as part of the initial evaluation. For Callan, investment firms **must** submit their information directly to the Consultant; for Rocaton, SIS, NEPC and Buck, investment firms **must** enter their information into eVestment Alliance's database. Information on requirements for entering information into these databases can be found at: <http://www.callan.com> (click on "data & tools", then click on "Manager Questionnaire") and <https://www.evestment.com> (click on register/submit data in the upper right hand corner).
2. If a potential manager's firm and product information is in the above databases, the manager **must** ensure that all such information is current and accurate.
3. There is no fee for entering information into either of these databases. Managers **must** ensure that they complete all database information, including both firm level and product level information. Managers are advised that information in the database may become part of any contract resulting from this search.

Current and accurate data must be in the above databases by **no later than April 26th, 2012**.

Managers that meet the minimum requirements specified in this Notice will be evaluated in accordance with the evaluation criteria and process set forth in Sections C and D below. Any of the Systems may select one or more managers through this search process.

Consistent with the policies expressed by the City of New York, participation by minority-owned and women-owned businesses or partnering arrangements with minority-owned and women-owned investment firms are encouraged. Additionally, participation by small and New York City based businesses is encouraged. A list of qualified brokerage firms will be sent to selected proposers at a later date.

A. SCOPE OF REQUEST

The Systems' asset allocation policies for active EAFE Equity management, range from 9.00% to 10.00% of total assets. The purpose of this search is to identify highly qualified investment firms to manage active EAFE Equity portfolios on behalf of the System(s). This search is open to multiple approaches to the active management in the EAFE market sectors including enhanced indexing. Managers will be selected to execute their investments consistent with the investment policies and asset allocation of the respective System. Current guidelines for certain systems allow a maximum of 15% to be invested in Emerging Markets equities.

Managers are expected to manage portfolios as separate accounts. For purposes of calculating fees, all assets of all Systems managed by the firm in the same asset class and style will be aggregated for determining breakpoints, etc.

It is anticipated that the contracts resulting from this search will be for an initial term of three years, with renewal options of up to an additional three years.

In addition to selecting managers that will receive an immediate allocation of assets, this search may be used to select "pool" managers that will be eligible to compete for future allocations to active EAFE Equity managers in the event the Systems and Comptroller determine there is a need for new or additional EAFE equity managers such as when a current manager is terminated. To be eligible to receive a subsequent allocation, the pool manager must still meet the Minimum Requirements described in Section B. Managers will not be permitted to increase their fee proposal in any subsequent selection from the pool. Custody and securities lending are not included in this solicitation.

B. MINIMUM REQUIREMENTS

As of December 31, 2011, candidate firms must satisfy the minimum requirements outlined below to be considered for contract award.

A. Investment Approach

A Proposer must propose an EAFE Equity product that is benchmarked to one of the following indices:

- MSCI EAFE (Standard & IMI)
- MSCI EAFE – Growth
- MSCI EAFE – Value
- MSCI EAFE - Small Cap
- MSCI EAFE- Small Cap – Growth
- MSCI EAFE - Small Cap – Value
- S&P EPAC-BMI
- S&P EPAC-Small Cap

The stated benchmark will help define the proposed product's competitive universe for purposes of this search. Proposals for products that utilize the following investment strategies will be considered non-responsive:

- Tactical asset allocation strategies
- Balanced portfolios
- Products utilizing derivatives
- Passively managed portfolios
- Global strategies
- Emerging Markets strategies

B. Performance

The proposed product must have, at a minimum, a **live, five-year track record** for Large Cap and All Cap and a **live, three-year track record** for Small Cap. It is preferred that the track record is Global Investment Performance Standards (GIPS) compliant.

Only portfolio managers with a continuous track record for the entire three or five-year period will be considered. Back tested or otherwise simulated track records will not be considered.

C. Assets Under Management

At a minimum, as of December 31, 2011 the firm must:

- 1) Have at least **\$250 million** under management in the proposed product,

or

have at least **\$150 million** under management in the product, **and** firm-wide Non-U.S. equity assets of at least **\$750 million** including the proposed product,

and in all cases

- 2) Have proven ability in managing institutional-sized portfolios, including at least one non-affiliated client for whom the firm currently manages **\$50 million** or more in the proposed product.

D. Regulatory, Ethics and Compliance

The firm must be a registered investment adviser under the Investment Advisors Act of 1940 or must be a bank or insurance company and must also be registered with the appropriate local regulatory authority (e.g. FSA), as applicable. Although the Systems are not subject to ERISA, firms must also agree to perform as a fiduciary to the Systems, consistent with ERISA standards.

Firms will be required to comply with the NYCRS' Ethics and Compliance Policy.

E. Firm Stability

Firms must have offered active EAFE Equity management services in Large Cap, All Cap or Small Cap for **at least five years** as of March 31, 2012 as a registered investment adviser under the Investment Advisors Act of 1940, or as a bank or insurance company and, where applicable, as a registered investment adviser with the appropriate local regulatory authority (e.g. FSA).

C. EVALUATION PROCESS

An evaluation committee made up of staff of the Bureau of Asset Management, working with the Consultants, will evaluate firms that meet the Minimum Requirements. Evaluation will be done as a multi-stage process, as follows:

1. The Systems' Consultants will review information posted in their respective databases to identify firms that meet the Minimum Requirements.
2. Each Consultant will then conduct further quantitative and qualitative reviews using a range of sources. Reviews will initially focus primarily on quantitative factors, such as benchmark fit, consistency of benchmark-relative rolling out-performance and tracking error of the product on a stand-alone basis, as well as manager team analysis regarding programmatic benefits of the product relative to a team of managers. Managers with strong quantitative records will also be reviewed on qualitative criteria such as strength of the organization and quality of the investment research and investment decision making processes. Based on these reviews, each Consultant will recommend a list of candidates for review by the evaluation committee.
3. The evaluation committee will review the Consultants' screening processes and the initial lists of candidates for selection. The evaluation committee will then develop a list of candidates for further evaluation. Candidates identified for further consideration will be required to provide proposed fees. Based on its additional in-depth review, which may include site visits, in-person and/or telephone interviews, best and final fee offers, and review of other relevant information, the evaluation committee will rate the remaining firms in accordance with the evaluation criteria specified in D below and will identify a list of finalists.
4. Managers with the highest ratings will be submitted to the Board of Trustees for each respective System for consideration/selection. Firms may be requested to make a presentation before each Board.

Firms may be requested to provide clarifications or additional information regarding their proposal(s) at any time during the evaluation process.

The Comptroller's Office will seek to execute contracts with firms selected by the Boards of Trustees. **A sample contract and Appendix A, the city's general contract provisions will be distributed to selected firms at a later date. The Comptroller does not anticipate making material changes to these contractual items.** Should any contract negotiations fail to result in agreement within two weeks of their commencement, the Comptroller shall have the right to terminate negotiations. The Boards of Trustees may select another qualified firm or take other action consistent with the best interests of the Systems.

D. BAM'S EVALUATION CRITERIA

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

1. Organizational Characteristics 30 percent

- a. Organizational structure and stability
- b. Staff
- c. Client Service
- d. Nature and size of assets managed
- e. M/WBE Diversity
- f. Ethics, compliance, litigation and conflicts of interest

2. Investment Management and Decision Making 40 percent

- a. Philosophy and investment process
- b. Research resources
- c. Trading capabilities
- d. Operations
- e. Risk Management

3. Statistical Data 30 percent

- a. Historical performance relative to benchmark including rolling periods and consistency of such performance
- b. Performance relative to risk taken to achieve returns
- c. Portfolio return attribution
- d. Product composite
- e. Portfolio characteristics and related data

4. Fees

Fees will be a material factor in evaluating firms.

5. Portfolio Optimization

A product's compatibility within a team of managers will be a material factor in the evaluation.

II. PROJECTED TIMETABLE

The following is the estimated timetable for awarding contracts.

Event	Date
Release Search Notice	April 16, 2012
Deadline to submit questions	April 23, 2012
Response to questions submitted	As soon as possible
Deadline to submit information to database	April 26, 2012
Evaluations/interviews/selections	June – September 2012
Completion and execution of Contracts	October 2012
Contract funding and start	October 2012-December 2012

III. AGENCY CONTACT

A. *Communication with Agency*

1. Agency Contact

The Comptroller's exclusive agency contact for this procurement is:

Ms. Evelyn Dresler
City of New York Office of the Comptroller
The Municipal Building
1 Centre Street, Room 650
New York, New York 10007-2341

Phone: (212) 669-8235
E-mail: bamcontracts@comptroller.nyc.gov

The Comptroller's Office shall not be bound by, and firms may not rely on, information regarding this process obtained from any other person. From the issue date of this Notice and Solicitation until firms are selected, all contact with City employees concerning this solicitation must be cleared through the agency contact.

2. Questions

Questions concerning the solicitation should be submitted in writing to the Agency Contact by the due date for questions indicated on the project timetable. Firms should submit questions as soon as they arise after receipt of this solicitation. Answers to questions (unidentified as to source) will be responded to in writing and distributed by e-mail to all firms who downloaded the solicitation from the Comptroller's Website and/or posted on the Comptroller's Website as appropriate. Only written responses from the agency contact should be considered official responses of the Comptroller. See Section II, Projected Timetable, for applicable dates.

IV. GENERAL SERVICE REQUIREMENTS

A. Meetings

The Bureau of Asset Management will schedule periodic meetings in New York City (approximately twice yearly) to review the portfolio holdings, performance and organization. In addition, Managers may be requested to make presentations to the Trustees in New York City. The Manager should be available for annual on-site visits by BAM and/or the Consultants as well as discussions with respect to the portfolio at such times as the CIO or Trustees may require. Costs to attend

such meetings are to be borne by the Manager at its own expense.

B. Reports

Managers will be required to provide monthly, quarterly and annual portfolio reports (described below) as well as such other reports as may be requested by the Comptroller. Reports must be provided within the timeframes specified by the Comptroller.

1. Monthly Portfolio Positions

The monthly portfolio positions must be received by the fifth of the next month and include the following information as of the last business day of the prior month/quarter.

- a. An alphabetical list of securities;
- b. The number of securities, unit price, and market value and cost in U.S. currency of each holding;
- c. Purchases and sales for the month in U S dollars; and
- d. The dollar amount and percent of assets invested in securities and cash or equivalent securities.

2. Quarterly Portfolio Appraisal

The quarterly portfolio appraisal must be received no later than 21 days after the end of each calendar quarter. This report should include as of the end of each calendar quarter a listing of units, summary of purchases and sales, receipts and expenditures, country weightings, a list of fees charged to the components of the Fund, and a brokerage report. The reports must include an aged list for tax reclamations and dividends outstanding. Investment returns relative to benchmarks, performance attribution and a short discussion of key market trends should be included. The reports should also include a discussion of key risk factors and issues. The Manager shall provide a quarterly report of proxy votes and an explanation of differences from the Comptroller's guidelines. If the fund is commingled, detail does not need to be allocated below the fund level.

3. Monthly Reconciliations

The Manager will be required to reconcile invested positions with the selected custodian's records. Such reconciliation involves identifying variances to the custodian bank and resolving them as soon as possible. Certification regarding that reconciliation is to be provided to the Comptroller's Office on a monthly basis.

4. Annual Audit

For funds held by other than the System's custodian, the Comptroller requires an annual audit report of each of the components of the Fund. The annual audit must be submitted by an external CPA with a management audit opinion letter on internal control procedures.

C. Capital Actions

The Comptroller and the Systems are active participants in U.S. domestic proxy issues, tender offers, mergers and other capital actions. The Manager must cooperate fully with the Comptroller regarding any such issues as they arise in the international markets. Currently, the Comptroller states the Systems' policy preferences in the form of guidelines. Full adherence to the Proxy Guidelines is not required, but an analysis of differences must be provided quarterly.

The Comptroller and the Systems are active participants in U.S. domestic proxy issues, tender offers, mergers and other capital actions. The Manager must cooperate fully with the Comptroller regarding any such issues as they arise in the international markets. Currently, the Comptroller states the Systems' policy preferences in the form of guidelines. Full adherence to the Proxy Guidelines is not required, but an analysis of differences must be provided quarterly.

D. Research Assistance

From time to time the Comptroller and the Systems conduct various research projects. The proposer should indicate its willingness and ability to assist in efforts to collect and understand market and investment data. Research may also include such items as custodial issues, proxy voting, tax treatment by country, benchmark analysis etc.

V. GENERAL INFORMATION

A. *Time of Payments*

Fee payments will be made quarterly in arrears upon submission and review of an invoice based on the net asset value on the calendar quarter-end accounting reports of the custodian bank, excluding any accruals.

B. *Amendments to this Notice*

Any substantial clarification or change to this Notice shall be by written amendment and shall be provided to all firms that were sent a copy of this Notice or that downloaded a copy from the Comptroller's Web site. It is the firm's responsibility to assure receipt of all addenda.

C. Disclosure

Firms shall disclose publicly available developments that may materially affect its ability to perform the services requested in this solicitation or to fulfill its obligations under an Agreement that results from this solicitation.

D. Work Products

Materials and working papers developed during the engagement will become the property of the City or the System(s). All original information and all data files derived from the custody services provided to the Comptroller, if applicable, will be the property of the Comptroller.

E. Allocation Procedures

1. The contract will incorporate business terms included in this solicitation and additional City requirements delineated in this solicitation and Appendix A. After all required City contract procurement requirements have been met, assets, which may be in the form of cash or securities, will be allocated to the Manager.
2. The Manager shall invest allocated funds within the guidelines developed by BAM in consultation with the Manager at the time funds are allocated to a Manager, and as such guidelines may be amended from time to time thereafter. Timing of the initial portfolio purchases should be discussed with the CIO of the Bureau of Asset Management at the time of account funding.
3. Additions or reductions in assets under management by a Manager shall be at the discretion of the Comptroller, but shall be timed to minimize the impact on the performance measurement process.
4. The Comptroller reserves the right to re-allocate assets assigned to, or withdraw assets from a Manager without fee or penalty.

VI. ADDITIONAL GENERAL INFORMATION

A. *Complaints*

The New York City Comptroller is charged with the audit of contracts in New York City. Any firm that believes that there has been unfairness, favoritism or impropriety in the proposal process should inform the Comptroller, Office of Contract Administration, 1 Centre Street, Room 1005, New York, NY 10007; the telephone number is (212) 669-2323.

B. *Applicable Laws and Policies*

This solicitation and the resulting contract award(s), if any, unless otherwise stated, are subject to all applicable provisions of New York State Law, the New York City Administrative Code, New York City Charter and New York City Procurement Policy Board (PPB) Rules. The PPB Rules are available from the Comptroller's Web site: www.comptroller.nyc.gov. Select "Bureaus", then "Asset Management", then "Procurement Process" and then PPB Rules.

Firms are further advised that the Comptroller's Office, together with NYCERS, Teachers and BERS, has implemented additional policies and procedures for investment managers seeking to do business with these Systems. Specifically, any manager proposed to be hired by one of these Systems will be required to provide additional diligence information regarding "Gifts" (to certify that the manager has not given any gifts in violation of rules and policies of the City and Comptroller's Office) and "Contacts". On "Contacts," managers will be required to disclose all contacts with employees of the Comptroller's Office or with trustees or employees of NYCERS, TRS or BERS. Any such contact must first be cleared through the Agency Contact for this solicitation. Contact is defined as any form of communication or association made for the purpose of solicitation of these Systems as a potential client or the retention of these Systems as an existing client. The Comptroller's Office will notify managers if and when they are required to provide this information.

C. *General Contract Provisions*

Contracts shall be subject to New York City's general contract provisions, in substantially the form that they appear in Appendix A, General Provisions Governing Contracts for Consultants, Professional and Technical Services.

D. *Contract Award*

Contract award is subject to each of the following applicable conditions and any others that may apply: New York City MacBride Principles Law; submission of the requisite New York City Department of Small Business Services/Division of Labor Services Employment Report and certification by that office; submission of the requisite VENDEX Questionnaires/Certification of No Change and review of the information contained therein by the New York City Department of Investigation; all other required oversight approvals; and, applicable provisions of federal, state and local laws and executive orders requiring affirmative action and equal employment opportunity. Although not required at this time, VENDEX Questionnaires and Supply and Services Reports are available from the Comptroller's Web site, www.comptroller.nyc.gov. Select "Bureaus, then "Asset Management", then "Procurement Process".

E. *Appeal Rights*

Pursuant to the PPB Rules, firms have the right to protest an agency's determination regarding the solicitation or award of a contract.

F. *Multi-Year Contracts*

Multi-year contracts are subject to modification or cancellation if adequate funds are not appropriated to support continuation of performance in any City fiscal year succeeding the first fiscal year and/or if the contractor's performance is not satisfactory. The Comptroller's Office will notify the contractor as soon as is practicable that the funds are, or are not, available for the continuation of the multi-year contract for each succeeding City fiscal year. In the event of cancellation, the contractor will be reimbursed for those costs, if any, which are so provided for in the contract.

G. *Prompt Payment Policy*

Pursuant to the PPB Rules, it is the policy of the City to process contract payments efficiently and expeditiously, upon receipt of a proper invoice.

H. *Prices Irrevocable*

Prices shall be irrevocable until contract award. This shall not limit the discretion of the Comptroller's Office to request firms to revise proposed prices through the submission of best and final offers and/or the conduct of negotiations.

I. *Confidential, Proprietary Information or Trade Secrets*

Firms should give specific attention to the identification of any information that they deem to be confidential, proprietary information or trade secrets and provide any justification of why such materials, upon request, should not be disclosed by the City. All information not so identified may be disclosed by the City. The Comptroller's Office will attempt to keep such information confidential, but no assurances can be given.

J. *Postponement/Cancellation*

The Comptroller's Office reserves the right to postpone or cancel this solicitation, in whole or in part, and to reject all proposals.

K. *Costs*

Firms will not be reimbursed for any costs incurred to participate in this solicitation or for any work performed in connection therewith, or during any negotiations on proposed contracts.

L. *Solicitation May Not Result in Award*

This Solicitation does not commit the Comptroller's Office or the Systems to award a contract or to engage any firm to perform services of any kind.

M. *Charter §312(a) Certification (i.e. Local Law 35)*

The Comptroller has determined that the contract(s) to be awarded through this solicitation will not directly result in the displacement of any New York City employee.

N. *Compliance with Local Law 34 of 2007*

Pursuant to Local Law 34 of 2007, amending the City's Campaign Finance Law, the City is required to establish a computerized database containing the names of any "person" that has "business dealings with the City" as such terms are defined in the Local Law. In order for the City to obtain necessary information to establish the required database, managers that are under consideration for hiring by the Systems will be required to complete the Doing Business Data Form. See Enclosure 2, Local Law 34: Doing Business Data Form and Link to Form, for further information. The submission of a Doing Business Data Form that is not accurate and complete may result in appropriate sanctions.

O. *Vendex Fees*

Pursuant to Procurement Policy Board Rule 2-08(f)(2), the contractor will be charged a fee for the administration of the VENDEX system, including the Vendor Name Check process, if a Vendor Name Check review is required to be conducted by the Department of Investigation. The contractor shall also be required to pay the applicable required fees for any of its subcontractors for which Vendor Name Check reviews are required. The fee(s) will be deducted from payments made to the contractor under the contract. For contracts with an estimated value of less than or equal to \$1,000,000, the fee will be \$175. For contracts with an estimated value of greater than \$1,000,000, the fee will be \$350. The estimated value for each contract resulting from this solicitation is estimated to be above \$1 million.

P. *Iran Divestment Act*

This solicitation is subject to the Iran Divestment Act of 2012 (as codified in State Finance Law §165-a and General Municipal Law §103-g) and vendors responding to this solicitation will be required to complete the "Iran Divestment Act Compliance Rider For New York City Contractors".

Appendix III

Appendix III
Comparison of Existing RFP Process and Custom Pilot Search Process

	<u>RFP Process</u>	<u>Custom Search Pilot Process</u>
Scope	Designed by BAM, approved by Systems' Boards	Same
Notice of Search	Distributed by BAM to Consultants and Market.	Same
Universe of Investment Managers to be Reviewed	Limited to respondents to RFP.	Wide universe determined by industry and Consultant databases.
Initial Screens	BAM reviews all respondent's questionnaires and sends list of respondents to Consultants.	Each Board Consultant performs proprietary qualitative and quantitative screens and recommends list of qualified managers.
Short-list for Further Due Diligence	BAM and Consultants review all proposals	Group of top 10-15 Investment Managers recommended by multiple consultants (typically 3 of 5) then reviewed by BAM investment staff and Consultants.
Inclusion of Closed Funds	No	Yes
Detailed Due Diligence	Extensive by BAM and Consultants	Same
Final Recommendation	BAM and Consultant to Boards	Same
Approval	Boards	Same

Appendix IV

**Appendix IV
Benefits/Drawbacks of the Current RFP Process and
the Custom Search Pilot Process**

	RFP Process	Custom Search Pilot Process
Benefits	<ul style="list-style-type: none"> ▪ Advice solely from Consultant retained by each System. ▪ Already established procurement method for engaging consulting services. 	<ul style="list-style-type: none"> ▪ Larger pool of managers for initial screens. ▪ Shorter time from launch to Board approval. ▪ Increased competition. ▪ Leverages input of multiple expert Consultants who act in a fiduciary capacity. ▪ Can include closed managers. ▪ Since manager is only contacted after short list is chosen, there is greater likelihood that investment manager will get hired and consequently the manager is willing to commit greater resources and focus to the process. ▪ More responsive to markets due to shortened time to completion thereby potentially increasing rate of return on investments. ▪ More efficient since BAM is only reviewing managers collectively recommended by several Consultants based on sophisticated analysis and expertise. ▪ Broad universe of managers is systematically chosen. ▪ Connects MWBE firms and consultants to establish or grow their relationships for NYC as well as other potential procurements throughout the U.S.

	RFP Process	Custom Search Pilot Process
Drawbacks	<ul style="list-style-type: none"> ▪ Investments can be made only with managers that submit proposals. ▪ Excludes high performing closed managers that may re-open for Systems' to invest and thereby potentially increase rate of return. ▪ Lengthy time to complete process could cause Systems' to miss market opportunities. ▪ Competition adversely impacted due to burdensome process for investment manager to complete RFP with over 100 detailed questions regardless of probability of being viable candidate for consideration of award (particularly burdensome for MWBEs). Prospective managers can be random, depending on submission of proposal at a particular time, as opposed to systematically culling from a pool of all available applicants. 	<ul style="list-style-type: none"> ▪ Individual Systems may be reluctant to select managers not specifically recommended by its own consultant.

Appendix V

Appendix V
Comparison of Prior RFP Process and Custom Search Pilot Results Summary

Asset Class	RFP Process	Custom Search Pilot Process
Non-US Equities- Emerging Markets		
Date initiated	October 2002	May 2011
Board approval	November 2003	December 2011
# of managers reviewed	32	Up to 282
# of managers selected	6	4 selected, 6 in pool
Managed assets awarded	\$1.86B	\$4.29B
# of closed funds in pool	N/A	4
Time to board approval	13 months	7 months
Small Cap US Equities		
Date initiated	July 2008	August 2011
Board approval	Oct 2009	May 2012 ¹
# of managers reviewed	68 respondents (6 found non-responsive)	Up to 751
# of managers selected	5 selected, 10 in pool	6 selected, 7 in pool
Managed assets awarded	\$671MM	\$1.4B
# of closed funds in pool	0	2
Time to board approval	15 months	9 months including 4 month delay to address small cap emerging managers strategy
Non-US Equities- Large Cap (EAFE)		
Date initiated	June 2005	April 2012
Board approval	July 2006	Sept 2012
# of managers reviewed	44	Up to 596
# of managers selected	10	5 selected, 6 in pool
Managed assets awarded	\$14.9B	\$10.0B
# of closed funds in pool	0	0
Time to board approval	12 months	5 months and completed 2 searches in this time period – Both Large and Small Cap EAFE
Non-US Equities – Small Cap (EAFE) (simultaneous with EAFE Large Cap)		
Date initiated	N/A	April 2012
Board approval	N/A	Sept 2012
# of managers reviewed	N/A	Up to 84

Asset Class	RFP Process	Custom Search Pilot Process
# of managers selected	N/A	2 selected, 7 in pool
Managed assets awarded	N/A	\$1.1B
# of closed funds in pool	N/A	1
Time to board approval	N/A	5 months and completed 2 searches in this time period – Both Large and Small Cap EAFE
High Yield Debt		
Date initiated	July 2002	Sept 2011
Board approval	March 2003	April 2012
# of managers reviewed	28 (2 non-responsive)	Up to 178
# of managers selected	9	8 selected, 0 in pool
Managed assets awarded	\$3.1B	\$8.3B
# of closed funds in pool	0	0
	RFP Process	Custom Search Pilot Process
Time to board approval	10 months	7 months and completed 2 searches in this time period – High Yield and Leveraged Bank Loans
Leveraged Bank Loans (simultaneous with high yield)		
Date initiated	N/A	Dec 2011 (started in Dec after High Yield)
Board approval	N/A	June 2012
# of managers reviewed	N/A	Up to 74
# of managers selected	N/A	6 selected, 1 in pool
Managed assets awarded	N/A	\$2.9B
# of closed funds in pool	N/A	1
Time to board approval	N/A	7 months and completed 2 searches in this time period – High Yield and Leveraged Bank Loans

¹ Selections delayed for 4 months because of portfolio strategy decisions unrelated to the Search process itself.