

REQUEST FOR PROPOSAL

REAL ESTATE INVESTMENT CONSULTING SERVICES

(RFP 2008 - 4)

June 2, 2008

Iowa Public Employees' Retirement System

7401 Register Drive, Des Moines, Iowa 50321

PH: (515) 281- 0030 FAX: (515) 281- 0045

www.ipers.org

TABLE OF CONTENTS

SECTION 1 INTRODUCTION

- 1.1 Purpose
- 1.2 Background Information
- 1.3 Minimum Requirements

SECTION 2 ADMINISTRATIVE INFORMATION

- 2.1 Issuing Officer
- 2.2 Restriction on Communication
- 2.3 Downloading the RFP from the Internet
- 2.4 Timetable
- 2.5 Questions, Requests for Clarification, and Suggested Changes
- 2.6 Amendment to the RFP and Proposal and Withdrawal of Proposals
- 2.7 Submission of Proposals
- 2.8 Costs of Preparing the Proposal
- 2.9 Rejection of Proposals
- 2.10 Disqualification
- 2.11 Nonmaterial and Material Variances
- 2.12 Reference Checks
- 2.13 Information from Other Sources
- 2.14 Proposal Clarification
- 2.15 Disposition of Proposals
- 2.16 Public Records and Requests for Confidential Treatment
- 2.17 Copyrights
- 2.18 Release of Claims
- 2.19 Presentations
- 2.20 Evaluation of Proposals Submitted
- 2.21 Award Notice and Acceptance Period
- 2.22 Choice of Law and Forum
- 2.23 Restrictions on Gifts and Activities

SECTION 3 SERVICE REQUIREMENTS

- 3.1 Scope of Services

SECTION 4 FORMAT AND CONTENT OF PROPOSALS

- 4.1 Instructions
- 4.2 Content of Proposal
 - 4.2.1 Transmittal Letter
 - 4.2.2 Table of Contents
 - 4.2.3 Minimum Requirements
 - 4.2.4 Organization, Staffing & Experience
 - 4.2.5 Consulting Philosophy, Policy & Process
 - 4.2.6 Reporting
 - 4.2.7 Cost Proposal
 - 4.2.8 Proposed Contract Revisions

SECTION 5 EVALUATION OF PROPOSALS

- 5.1 Introduction
- 5.2 Evaluation Process
- 5.3 Evaluation Committee
- 5.4 Evaluation Criteria
- 5.5 Recommendation of the Evaluation Committee

SECTION 6 CONTRACT TERMS AND CONDITIONS

- 6.1 Contract Terms and Conditions

SECTION 7 REQUIRED EXHIBITS

- 7.1 List of Required Exhibits

ATTACHMENTS

- 1 Proposed Contract

SECTION 1 INTRODUCTION

1.1 Purpose

This Request for Proposal (RFP) is issued by the Iowa Public Employees' Retirement System (IPERS or System) for the purpose of soliciting proposals from qualified investment consulting firms to provide real estate investment consulting services to the IPERS Investment Board and IPERS staff. IPERS anticipates awarding a six (6) year contract to the firm selected to provide the real estate consulting service.

Investment consulting firms that IPERS believes may meet the minimum requirements will be sent e-mails alerting them of the issuance of this RFP. However, any investment consulting firm that meets the minimum requirements of this RFP may submit a proposal.

1.2 Background Information

This RFP is designed to provide firms with the information necessary for the preparation of competitive proposals. The RFP process is for IPERS' benefit and is intended to provide IPERS with competitive information to assist in the selection process. It is not intended to be comprehensive. Each firm is responsible for determining all factors necessary for submission of a comprehensive proposal.

IPERS is a multiple-employer defined benefit retirement plan for Iowa teachers and state and local government employees. As of March 31, 2008, IPERS' real estate investment portfolio had a market value of approximately \$2.4 billion. The program's strategic asset allocation targets are 85% private equity real estate and 15% public equity real estate. All exposure to public and private debt real estate is achieved through IPERS' fixed income portfolio. Currently, the entire real estate program is invested domestically.

IPERS is governed by an eleven member Investment Board (Board). The Board will make the final decision as to which firm's proposal, if any, will be accepted. An Evaluation Committee consisting of IPERS Staff members and IPERS Investment Board members will review and evaluate the proposals. The Evaluation Committee will make a formal recommendation to the Board on which proposal(s), if any, should be accepted.

The System's current investment policies, most recent Comprehensive Annual Financial Report (CAFR), and other information regarding IPERS may be viewed at www.ipers.org.

1.3 Minimum Requirements

To be considered for the real estate investment consultant mandate described above, the firm must meet the following minimum requirements:

- 1.3.1 The investment consulting firm must be a registered investment advisor under the Investment Company Act of 1940;
- 1.3.2 The investment consulting firm must agree to be, with respect to IPERS, a "fiduciary" as defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974 (ERISA), and to perform the fiduciary duties imposed on an ERISA fiduciary under that act, regardless of the scope of ERISA's application to IPERS;
- 1.3.3 The investment consulting firm must have provided for at least five (5) years as of March 31, 2008 investment consulting services comparable to the Scope of Services contained in this RFP to at least three (3) defined benefit public retirement systems, each of which must have had at least \$500 million in real estate assets as of March 31, 2008;
- 1.3.4 The investment consulting firm must agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations;
- 1.3.5 The investment consulting firm must agree to a performance-based fee arrangement for its services, with such arrangement to be negotiated between IPERS and the firm;
- 1.3.6 The individual to be assigned to IPERS as Primary Real Estate Consultant must, as of March 31, 2008, have a minimum of five (5) years of uninterrupted experience serving as Primary Real Estate Consultant to at least one defined benefit pension system. The term "Primary Real Estate Consultant" shall refer to the lead, most senior consultant assigned to regularly provide direct real estate investment consulting services to a client.

SECTION 2 ADMINISTRATIVE INFORMATION

2.1 Issuing Officer

The Issuing Officer, identified below, is the sole point of contact regarding the RFP from the date of issuance until selection of the successful firm.

Patrick D. Reinhardt
Iowa Public Employees' Retirement System
7401 Register Drive
Des Moines, Iowa 50321
e-mail: investments@ipers.org

2.2 Restriction on Communication

From the issue date of this RFP until announcement of the successful firm, firms may contact only the Issuing Officer regarding the RFP. The Issuing Officer will respond only to questions regarding the procurement process. Questions related to the interpretation of this RFP must be submitted in writing by e-mail to the Issuing Officer by 4:30 p.m., CDT, June 13, 2008. **Any verbal or written communication with an IPERS Investment Board member, IPERS staff, or any state employee (excluding the Issuing Officer) regarding this RFP or the firm's proposal will be considered a violation of this instruction and may result in disqualification of the firm.**

2.3 Downloading the RFP from the Internet

This RFP and any amendments to the RFP will be posted on IPERS' website at www.ipers.org. The firm is advised to check IPERS' website periodically for amendments to this RFP, particularly if the firm downloaded the RFP from the Internet as the firm may not automatically receive amendments.

2.4 Timetable

The following dates are set forth for informational and planning purposes; however, IPERS reserves the right to change the dates.

Issue RFP	June 2, 2008
Requests for Clarification Due	June 13, 2008
Response to Requests for Clarification Issued	June 18, 2008
Due Date for Receipt of Proposals.....	June 25, 2008
Announce Intent to Award Contract	September 18, 2008
Begin Contract	October 1, 2008

2.5 Questions and Requests for Clarification

Firms are invited to submit written questions and requests for clarifications regarding the RFP. **The questions or suggestions must be sent by e-mail to the attention of the Issuing Officer at investments@ipers.org and must be received before 4:30 p.m. CDT on June 13, 2008.** Oral questions will not be permitted. If the questions or requests for clarifications pertain to a specific section of the RFP, the page and section number(s) must be referenced. **IPERS' written responses to questions and requests for clarifications will be posted on or before June 18, 2008 on IPERS website at www.ipers.org.** IPERS' written responses will be considered part of the RFP.

IPERS assumes no responsibility for verbal representations made by its officers or employees unless such representations are confirmed in writing and incorporated into the RFP.

2.6 Amendment to the RFP and Proposal and Withdrawal of Proposal

IPERS reserves the right to amend the RFP at any time. The firm shall acknowledge in its proposal the receipt of an amendment. If the amendment occurs after the closing date for receipt of proposals, IPERS may, in its sole discretion, allow firms to amend their proposals in response to IPERS' amendment.

The firm may amend its proposal. The amendment must be in writing, signed by the firm and received by time set for the receipt of proposals. Electronic mail and faxed amendments will not be accepted.

Firms who submit proposals in advance of the deadline may withdraw, modify, and resubmit proposals at any time prior to the deadline for submitting proposals. Firms must notify the Issuing Officer in writing if they wish to withdraw their proposals.

2.7 Submission of Proposals

IPERS must receive the firm's proposal at 7401 Register Drive, Des Moines, Iowa 50321 before 3:00 p.m. Central Daylight Time on June 25, 2008. Any proposal received after this deadline will be rejected and returned unopened to the firm. It is the firm's responsibility to ensure that the proposal is received prior to the deadline. Postmarking by the due date will not substitute for actual receipt of the proposal.

Firms must furnish all information necessary to evaluate the proposal. Proposals that fail to meet the minimum requirements of the RFP will be disqualified. Verbal information provided by the firm shall not be considered part of the firm's proposal.

Proposals will remain confidential until the Evaluation Committee has reviewed all of the proposals properly submitted in response to this RFP and IPERS has announced its intent to award a contract.

2.8 Costs of Preparing the Proposal

The costs of preparation and delivery of the proposal are solely the responsibility of the firm.

2.9 Rejection of Proposals

IPERS reserves the right to reject any or all proposals, in whole and in part, received in response to this RFP at any time prior to the execution of a written contract. Issuance of this RFP in no way constitutes a commitment by IPERS to award a contract. This RFP is designed to provide firms with the information necessary to prepare a competitive proposal. This RFP process is for IPERS' benefit and is intended to provide IPERS with competitive information to assist in the selection of a firm to provide services. It is not intended to be comprehensive and each firm is responsible for determining all factors necessary for submission of a comprehensive proposal.

2.10 Disqualification

IPERS may reject outright and not evaluate a proposal for any one of the following reasons:

- 2.10.1 The firm fails to deliver the proposal and required number of copies by the due date and time.
- 2.10.2 The firm does not meet the minimum requirements established in the RFP.
- 2.10.3 The firm states that a service requirement cannot be met.
- 2.10.4 The firm's response materially changes a service requirement.
- 2.10.5 The firm's response limits the rights of IPERS.
- 2.10.6 The firm fails to respond to IPERS' request for information, documents, or references.
- 2.10.7 The firm fails to include any signature, certification, authorization, stipulation, disclosure or guarantee requested in Section 4 of this RFP.
- 2.10.8 The firm presents the information requested by this RFP in a format inconsistent with the instructions of the RFP.
- 2.10.9 The firm initiates unauthorized contact regarding the RFP with any State of Iowa employee, State of Iowa official or Board member that is not the Issuing Officer.
- 2.10.10 The firm provides misleading or inaccurate responses.

2.11 Nonmaterial and Material Variances

IPERS reserves the right to waive or permit cure of nonmaterial variances in the proposal if, in the judgment of IPERS, it is in IPERS' best interest to do so. Nonmaterial variances include minor informalities that do not affect responsiveness, that are merely a matter of form or format, that do not change the relative standing or otherwise prejudice other firms, that do not change the meaning or scope of the RFP, or that do not reflect a material change in the services. In the event IPERS waives or permits cure of nonmaterial variances, such waiver or cure will not modify the RFP requirements or excuse the firm from full compliance with RFP specifications or other contract requirements if the firm is awarded the contract. The determination of materiality is in the sole discretion of IPERS.

2.12 Reference Checks

IPERS reserves the right to contact any reference to assist in the evaluation of the proposal, to verify information contained in the proposal and to discuss the firm's qualifications.

2.13 Information From Other Sources

IPERS reserves the right to obtain and consider information from other sources concerning a firm, such as the firm's capability and performance under other contracts.

2.14 Proposal Clarification

IPERS reserves the right to contact a firm after the submission of proposals for the purpose of clarifying a proposal to ensure mutual understanding. This contact may include written questions, interviews, site visits, a review of past performance if the firm has provided goods or services to IPERS or any other political subdivision wherever located, or requests for corrective pages in the firm's proposal. IPERS will not consider information received if the information materially alters the content of the proposal or alters the type of services the firm is offering to IPERS. An individual authorized to legally bind the firm shall sign responses to any IPERS request for clarification. Responses shall be submitted to IPERS within the time specified in IPERS' request. Failure to comply with requests for additional information may result in rejection of the proposal as non-compliant.

2.15 Disposition of Proposals

All proposals become the property of IPERS and shall not be returned to the firm. If IPERS decides to cancel its request for proposals, all proposals received by IPERS will be destroyed. At the conclusion of the selection process (other than by cancelation), the contents of all proposals will be in the public domain and be open to inspection by interested parties subject to exceptions provided in Iowa Code Chapter 22 or other applicable law.

2.16 Public Records and Requests for Confidential Treatment

IPERS may treat all information submitted by a firm as public information following the conclusion of the selection process unless the firm properly requests that information be treated as confidential at the time of submitting the proposal. IPERS' release of information is governed by Iowa Code Chapter 22. Firms are encouraged to familiarize themselves with Chapter 22 before submitting a proposal. IPERS will copy public records as required to comply with the public records laws.

Any request for confidential treatment of information must be stated in the transmittal letter with the firm's proposal. In addition, the firm must enumerate the specific grounds in Iowa Code Chapter 22 or other applicable law that support treatment of the material as confidential and explain why disclosure is not in the best interest of the public. The request for confidential treatment of information must also include the name, address, and telephone number of the person authorized by the firm to respond to any inquiries by IPERS concerning the confidential status of the materials.

Any proposal submitted which contains confidential information must be conspicuously marked on the outside as containing confidential information, and each page upon which confidential information appears must be conspicuously marked as containing confidential information. Identification of the entire proposal as confidential may be deemed non-responsive and disqualify the firm.

If the firm designates any portion of the RFP as confidential, the firm must submit one copy of the proposal from which the confidential information has been excised. This excised copy is in addition to the number of copies requested in Section 4 of this RFP. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible.

IPERS will treat the information marked confidential as such to the extent such information is determined confidential under Iowa Code Chapter 22 or other applicable law by a court of competent jurisdiction.

In the event IPERS receives a request for information marked confidential, written notice shall be given to the firm seven calendar days prior to the release of the

information to allow the firm to seek injunctive relief pursuant to Section 22.8 of the Iowa Code.

The firm's failure to request confidential treatment of material will be deemed by IPERS as a waiver of any right to confidentiality which the firm may have had.

2.17 Copyrights

By submitting a proposal, the firm agrees that IPERS may copy the proposal for purposes of facilitating the evaluation of the proposal or to respond to requests for public records. The firm consents to such copying by submitting a proposal and warrants that such copying will not violate the rights of any third party. IPERS shall have the right to use ideas or adaptations of ideas that are presented in the proposals.

2.18 Release of Claims

By submitting a proposal, the firm agrees that it will not bring any claim or cause of action against IPERS based on any misunderstanding concerning the information provided herein or concerning IPERS' failure, negligent or otherwise, to provide the firm with pertinent information as intended by this RFP.

2.19 Presentations

Firms may be required to make a presentation of the proposal. The presentation may occur at IPERS' offices or at the offices of the firm. The determination as to need for presentations, the location, order, and schedule of the presentations is at the sole discretion of the Evaluation Committee. The presentation shall not materially change the information contained in the proposal.

2.20 Evaluation of Proposals Submitted

Proposals that are timely submitted and are not subject to disqualification will be reviewed in accordance with Section 5 of the RFP.

2.21 Award Notice and Acceptance Period

IPERS will notify all firms submitting a timely proposal of its intent to award a contract. Negotiation and execution of the contract shall be completed no later than September 26, 2008. If the apparent successful firm fails to negotiate and deliver an executed contract by September 26, 2008, IPERS may cancel the award and award the contract to the next highest ranked firm.

2.22 Choice of Law and Forum

This RFP and the resulting contract are to be governed by the laws of the State of Iowa. Changes in applicable laws and rules may affect the award process or the resulting contract. Firms are responsible for ascertaining pertinent legal requirements and restrictions. Any and all litigation or actions commenced in connection with this RFP shall be brought in the appropriate Iowa forum.

2.23 Restrictions on Gifts and Activities

Iowa Code Chapter 68B restricts gifts which may be given or received by State of Iowa employees and requires certain individuals to disclose information concerning their activities with state government. Firms are responsible to determine the applicability of this Chapter to their activities and to comply with the requirements. In addition, pursuant to Iowa Code Section 722.1, it is a felony offense to bribe or attempt to bribe a public official.

SECTION 3 SERVICE REQUIREMENTS**3.1 Scope of Services**

The firm will be required to provide the following scope of services to IPERS:

- 3.1.1 Advising on the development, implementation and/or revision of real estate investment policies and guidelines.
- 3.1.2 Analyzing and advising on the capabilities of real estate investment managers (those under contract to IPERS and also prospective firms that IPERS may review in manager search processes), including the analysis of a firm's personnel, investment philosophies and processes, internal and risk controls, risk-adjusted performance and performance relative to peers.
- 3.1.3 Overseeing real estate investment managers in conjunction with Staff, including periodic reviews, interviews and on-site visits of managers as requested by Board and Staff
- 3.1.4 Providing annual asset allocation reviews and recommendations, including annual reports that state specific forecasts of return, risk and correlations for all real estate investment categories.
- 3.1.5 Advising on risk management issues.
- 3.1.6 Advising on program structure (e.g. separate account versus commingled fund, public versus private, international exposure, investment style mix).
- 3.1.7 Advising on strategic and tactical investment issues.
- 3.1.8 Advising on investment performance measurement.
- 3.1.9 Providing analytical software (or an on-line system) that will allow Staff to analyze and evaluate asset allocation optimization scenarios, investment structures and styles, and manager performance.
- 3.1.10 Advising on real estate capital market assumptions and System allocations.
- 3.1.11 Advising on prospective alternative real estate investment assets such as farmland, timber, etc.
- 3.1.12 Providing research on special investment topics as requested.

- 3.1.13 Advising on rebalancing policies.
- 3.1.14 Providing or assisting in manager searches, selections, watch list placements and terminations.
- 3.1.15 Advising on transition management issues and strategies.
- 3.1.16 Performing quarterly performance analysis by manager and investment type, including peer universe comparisons and providing quarterly reports on same.
- 3.1.17 Performing educational sessions for Board and Staff as required.
- 3.1.18 Providing on-site consultation and assistance, as requested.
- 3.1.19 Attending approximately one (1) Board meeting per year in Des Moines, Iowa as well as attending the annual portfolio reviews for IPERS' private equity real estate managers which occur each January over a two day period.

SECTION 4 FORMAT AND CONTENT OF PROPOSALS**4.1 Instructions**

These instructions prescribe the format and content of the proposal. They are designed to facilitate a uniform review process. Failure to adhere to the proposal format may result in the disqualification of the proposal.

- 4.1.1 The proposal shall be typewritten on 8.5" x 11" paper.
- 4.1.2 **One (1) original and six (6) copies** of the proposal shall be timely submitted to the Issuing Officer. In addition, an electronic version of the proposal in either Microsoft Word or "pdf" format shall be provided to the Issuing Officer on a compact disc.
- 4.1.3 If the firm designates any information in its proposal as confidential pursuant to Section 2.16, the firm must also submit one (1) copy of the proposal from which confidential information has been excised. The confidential material must be excised in such a way as to allow the public to determine the general nature of the material removed and to retain as much of the proposal as possible. In addition, an electronic version of the excised proposal shall be provided to the Issuing Officer in either Microsoft Word or "pdf" format on a compact disc.
- 4.1.4 Proposals shall not contain promotional or display materials
- 4.1.5 Attachments shall be referenced in the proposal.

4.2 Content of Proposal

The following documents and responses shall be included in the proposal in the order given below:

4.2.1 Transmittal Letter

- 4.2.1.1 An individual authorized to legally bind the firm shall sign the transmittal letter. The letter shall include the firm's mailing address, electronic mail address, fax number, and telephone number.
- 4.2.1.2 Any request for confidential treatment of information shall be included in the transmittal letter in addition to the specific statutory basis supporting the request and an explanation why disclosure of the information is not in the best interest of the public. The transmittal letter shall also contain the name, address and

telephone number of the individual authorized to respond to IPERS about the confidential nature of the information.

- 4.2.1.3 The firm shall certify in the transmittal letter that the contents of the proposal submitted on behalf of the firm are true and accurate, and that the firm has not made any knowingly false statements in its proposal.
- 4.2.1.4 The firm shall specifically agree in the transmittal letter that the proposal is predicated upon the acceptance of all terms and conditions stated in the RFP. If the firm objects to any term or condition, the firm must specifically refer to the RFP page and section. Objections or responses that materially alter the RFP may be deemed non-responsive and disqualify the firm.
- 4.2.1.5 The firm shall guarantee in the transmittal letter the availability of the services offered and that all proposal terms, including price, will remain in effect for a minimum of 180 days following the deadline for submitting proposals.

4.2.2 **Table of contents**

The firm shall include a table of contents of its proposal.

4.2.3 **Minimum Requirements**

- 4.2.3.1 Is the firm a registered investment advisor under the Investment Company Act of 1940? If yes, provide as Exhibit A the firm's most recently filed Form ADV – Part II.
- 4.2.3.2 Will the investment consulting firm contractually agree to be a "fiduciary" to IPERS as defined in Section 3(21)(A) of the Employee Retirement Income Security Act of 1974 (ERISA), and to perform the fiduciary duties imposed on an ERISA fiduciary under that act, regardless of the scope of ERISA's application to IPERS?
- 4.2.3.3 Provide the names of three (3) defined benefit public pension system clients that meet the requirements of Section 1.3.3 of this RFP. Provide the date of inception of each client relationship.
- 4.2.3.4 Will the firm contractually agree to disclose all potential conflicts of interest as such exist or occur, and annually disclose all sources of revenue and all affiliations?

- 4.2.3.5 Will the firm contractually agree to a performance-based fee arrangement for its services, it being understood that such arrangement shall be negotiated between IPERS and the firm?
- 4.2.3.6 Provide the name of the consultant that the firm will designate as the Primary Real Estate Consultant to IPERS if it is awarded this mandate. (Primary Real Estate Consultant shall mean the lead, most senior consultant assigned to regularly provide direct investment consulting services to IPERS.) Provide a brief biography of the Primary Real Estate Consultant with information sufficient to determine whether or not the individual meets the minimum requirements stipulated in Section 1.3.6 of this RFP.
- 4.2.3.7 Is the firm currently able to provide to IPERS the full scope of services listed in Section 3? If not, explain which services your firm cannot provide.

4.2.4 **Organization, Staffing and Experience**

- 4.2.4.1 Provide the name, address, telephone and fax numbers, and e-mail address of the firm's representative to contact regarding all contractual and technical matters concerning the firm's proposal.
- 4.2.4.2 Briefly describe your firm's history and current ownership structure. List the owners of the firm from largest to smallest percentage of ownership. Include individuals and corporate owners, and indicate which individual owners are employed by your firm. Is your firm owned, in whole or in part, by a money management firm or firms?
- 4.2.4.3 Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, or personnel reorganizations? If yes, please describe. If you anticipate significant structural changes in your organization within the next 12 months, please describe the anticipated changes.
- 4.2.4.4 Provide the percentage of total firm revenues that came from the categories listed below for each year:

	2005	2006	2007
Consulting to Plan Sponsors	%	%	%
Money Management Activities	%	%	%
Services to Money Managers	%	%	%
Other (Please describe)	%	%	%
	100%	100%	100%

- 4.2.4.5 Provide as Exhibit B an organization chart of your firm and describe the relationship between the investment consulting group and any other components of the firm. If your firm offers asset management services or brokerage services, describe any overlap in personnel between those components and the investment consulting group.
- 4.2.4.6 Does the firm intend to utilize any subcontractors in delivering the scope of services? If yes, provide the name and qualifications of any subcontractors that the firm intends to use for this mandate.
- 4.2.4.7 Describe the firm's information technology capabilities and resources. How does the firm use the technology to share and leverage information resources across the organization?
- 4.2.4.8 Briefly describe your firm's disaster recovery plans.
- 4.2.4.9 Provide the address of the firm's main corporate office, and the location by city of all other offices that provide services similar to those requested in this RFP. Indicate which office will be primary in servicing IPERS, and any other offices that will be involved in provision of services to IPERS. Provide the number of employees located at each office location, and describe the general function(s) of each office.
- 4.2.4.10 Has your firm been profitable over the last five fiscal years? If not, explain.
- 4.2.4.11 What is your firm's growth plans. In what areas do you anticipate future growth?
- 4.2.4.12 Provide the coverage amount and name of carrier for the following:
- Fiduciary liability insurance
 - Errors & Omissions insurance
 - Any other applicable insurance
- 4.2.4.13 Is it the firm's policy to impose any limitation on liability through your contract with clients? If yes, please describe.
- 4.2.4.14 Has your firm, its principals or any affiliate ever (i) been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state or self-regulatory body or organization, (ii) been a party to any litigation concerning fiduciary responsibility or other investment-related matters, or (iii) submitted a claim to your

errors & omissions, fiduciary liability and/or fidelity bond insurance carrier(s)? If yes to any, please provide details.

4.2.4.15 Identify any potential conflicts of interest that could exist between your firm and money management firms, affiliations, joint ventures and/or subcontractors. Provide as Exhibit C the firm's conflict of interest policy and Code of Ethics.

4.2.4.16 Describe the firm's relevant experience providing consulting services to large public fund clients in each of the following areas:

- Asset Allocation
- Investment Policy development
- Money manager evaluation and monitoring
- Risk management
- International real estate
- Other alternative investments, such as timber, farmland, etc.
- Transition management
- Performance measurement
- Investment education for Board and staff

4.2.4.17 Complete the following table by providing the number of clients and assets under advisement for the firm's full-service retainer investment consulting relationships over each of the last five years. (Performance evaluation services or project-based work alone are not considered full-service retainer investment consulting relationships.) Please provide the data as of Dec. 31 for all years.

	2003	2004	2005	2006	2007
Number of Clients					
Assets under Advisement					

4.2.4.18 For each calendar year beginning in 2003, provide the name and dollar amount of assets of all full-service retainer investment consulting clients that terminated their relationship with the firm. Provide the reason for each termination. Have there been any client terminations to date in 2008? If yes, please provide the information for those terminations as well.

4.2.4.19 Provide as Exhibit D a list of the firm's investment consulting clients as of June 1, 2008. Categorize each client by type (public, corporate, foundation, Taft-Hartley, private, etc.) within the exhibit. For each client, provide the approximate size of the relationship (12/31/07 market value of assets), the number of years the firm has provided services to the client, and the type of relationship (retainer or special projects only). Subtotals of each client type

and a firm wide total should be provided for the approximate size of the relationships.

- 4.2.4.20 Provide references for three (3) current defined benefit public pension fund clients that have utilized the firm's real estate investment consulting services for at least five (5) years each. Include the name of the system, contact person and telephone number. Provide the same information for three (3) former defined benefit public pension plan clients that terminated the firm in the last five years.
- 4.2.4.21 Identify the Primary Real Estate Consultant, back-up consultant, and analysts that will be assigned to the IPERS relationship. Provide as Exhibit E biographies of these individuals. The following information must be included:
- Full name
 - Title
 - Current duties – Describe current duties at the firm
 - Role – Describe the role this person would have with IPERS
 - Total years of institutional investment experience
 - Total years of institutional real estate investment consulting experience
 - Total years with the firm
 - Total current number of assigned accounts for which this person has Primary Real Estate Consultant responsibilities
 - Total current number of assigned accounts for which this person has support or back-up responsibilities
 - Name, plan type, length of relationship, and size of each assigned client account for which this person serves as a Primary Real Estate Consultant
 - Name, plan type, length of relationship, and size of each assigned client account for which this person serves in a support or back-up capacity
 - Education – List all post-secondary degrees, professional designations, licenses, etc., the issuing institutions, and year awarded
 - Employment history – List employers, dates of employment, and functions performed as it relates to the scope of services specified herein

- 4.2.4.22 Provide as Exhibit F biographies of the firm's other key investment consulting personnel (defined as any position including and above the senior associate level). Provide the following information:
- Full name
 - Title
 - Current duties – Describe current duties at the firm
 - Total years of institutional investment experience
 - Total years of institutional real estate investment consulting experience
 - Total years with the firm
- 4.2.4.23 Provide as Exhibit G a table that lists all key personnel (defined as any position including and above the senior associate level) that have departed the firm's consulting group in the five-year period ended June 1, 2008. Provide the following information: MM/YY of departure, name of person, title, division or assigned group, and the name of the person that replaced them. Sort the information by date of departure so that the most recent departure appears first on the list.
- 4.2.4.24 Describe the firm's compensation and incentive program for its consultants and other professionals. What incentives are provided to attract and retain superior individuals? How does the firm tie client performance and satisfaction to a consultant's compensation? What percentage of a consultant's annual compensation is based on client performance or satisfaction?

4.2.5 **Consulting Philosophy, Policy, Process**

- 4.2.5.1 Describe the firm's philosophy as it pertains to real estate investment consulting for a defined benefit pension fund client such as IPERS.
- 4.2.5.2 Are there common beliefs about the investment markets which underpin the firm's investment advice across all clients? If yes, please describe them.
- 4.2.5.3 Describe the firm's recommended process for assisting clients with policy guideline development and review. What specifically would the firm do to develop or review the policies of the System? How frequently would this process occur? What client-specific factors would be considered?

- 4.2.5.4 Discuss the theory and methodology of the asset allocation models the firm employs. Are there any professionals dedicated specifically to this function?
- 4.2.5.5 Describe your methodology for establishing investment strategy risk and return assumptions. Provide as Exhibit H the firm's current long-term investment style assumptions, including forecasts for the expected return and risk for each real estate investment style, as well as a table indicating the assumed correlations between investment styles. How frequently does the firm review its forecasts?
- 4.2.5.6 Explain the firm's views on the use of separate account versus commingled fund investment structures, public versus private investment mandates and domestic versus foreign investment mandates.
- 4.2.5.7 Describe the firm's recommended process for analyzing manager structure.
- 4.2.5.8 Explain the firm's views on risk management. What do you see as the key risks that should be managed in a real estate program, and how do you recommend large public funds manage those risks?
- 4.2.5.9 Describe the firm's manager search process. What are the key criteria you believe should be emphasized in a search?
- 4.2.5.10 What is the firm's view of Economically Targeted Investment (ETI) programs? Of Emerging Manager programs? How can these programs meet the tests of fiduciary responsibility?
- 4.2.5.11 Describe the firm's capabilities and experience negotiating performance-based fee arrangements with investment managers on behalf of clients. Do you believe that such arrangements are worthwhile? If yes, what key principles should be incorporated into any performance-based fee arrangement?
- 4.2.5.12 Describe how the firm monitors a client's investment managers for them. Besides investment returns, what key criteria does the firm consider in the review of an investment manager? At what point would you recommend termination of a manager or strategy?
- 4.2.5.13 What experience do you have helping clients to restructure troubled investments and manager portfolios? Provide actual examples with a discussion of the problem and the resolution.

- 4.2.5.14 Describe how the firm conducts research on real estate investment management firms and their products. How many research analysts are dedicated to this function? How often will a representative of the firm's manager research group typically perform an on-site visit to an investment management firm? How are product classifications arrived at? Does the firm maintain a "buy list" of managers for specific product classifications?
- 4.2.5.15 Does the firm maintain a real estate manager research database? Is the database proprietary or purchased? If you have an in-house database, do you sell it to third parties? How do you receive compensation for selling it? Describe any advantages that you perceive your database has over your competitors. How often are managers in your database reviewed? Under what circumstances are managers added to or deleted from your database? Describe how your firm gathers, verifies, updates, and maintains the data collected on managers for the database.
- 4.2.5.16 Does the firm develop investment research reports for its clients? If yes, on what types of investment topics? Who performs the research? How frequently are reports issued? What "annual" research reports does the firm produce for clients? What sources of information are used to collect data? Provide as Exhibit I a sample research report.

4.2.6 **Reporting**

- 4.2.6.1 Provide as Exhibit J a sample performance report. Are the performance reports customizable?
- 4.2.6.2 Describe the firm's capabilities in providing performance measurement at the manager, investment type and program level. Is the firm's performance database(s) proprietary or purchased? How is data input and verified? How would IPERS access its performance information?
- 4.2.6.3 Why should IPERS utilize your firm for performance measurement calculations rather than, or in addition to, the service provided by the System's custodian bank? If IPERS chose to utilize its custodian bank for calculating performance, would it impact the ability of the firm to provide any of the other services described in Section 3?
- 4.2.6.4 Describe how benchmarks are chosen or developed. What criteria do you consider in selecting a benchmark? Has the firm developed custom benchmarks for clients?

- 4.2.6.5 Provide as Exhibit K a sample of a presentation to a client's Board of Trustees.

4.2.7 **Cost Proposal**

- 4.2.7.1 Provide the flat annual fee your firm would charge for providing all of the services described in Section 3. The fee quoted should include all travel and other out-of-pocket expenses of the Adviser. Assume a six-year contract term. Assume that the firm will be responsible for all performance pertaining to the real estate portfolio.
- 4.2.7.2 Indicate any additional categories (not in Section 3) of consulting work that would be considered to be "special projects" that would not be included in the flat annual fee quoted in response to question 4.2.7.1, and specifically define how "special projects" would be billed. (For example, if a special project will be billed at an hourly rate, then explain this and provide the hourly rate that would apply.)
- 4.2.7.3 Does the firm's flat annual fee quote include the costs of IPERS' use of any proprietary software or online access to the firm's databases? If not, please list and describe all costs, fees, or charges that would apply to IPERS' use of such proprietary software or online access.
- 4.2.7.4 IPERS is required by Iowa law to utilize a performance-based fee arrangement in its service contracts. To meet this requirement, it is IPERS' intent to negotiate a set of "deliverables" (such as periodic reports and analyses) along with a method for establishing deadlines for those deliverables to be received. The contract would establish penalties, i.e. fee reductions, for any deliverables received past the deadline. Would the firm be agreeable to such a type of arrangement? If not, please provide an alternative type of performance fee arrangement for IPERS' consideration.
- 4.2.7.5 If IPERS chose to utilize only its custodian bank for performance measurement services, and had the firm use the custodian's performance numbers in its performance analysis and reports, would the firm reduce its flat annual fee quote? If yes, indicate the annual dollar amount of reduction.
- 4.2.7.6 Does the firm propose to index its flat annual fee to account for inflation? If yes, please provide the formula the firm proposes IPERS use for this purpose.

4.2.8 **Proposed Contract Revisions**

- 4.2.8.1 If the firm proposes to make any changes or additions to the proposed contract included as Attachment #1 to this RFP, or if a firm takes exception to a provision within the proposed contract, it must state the reason for the exception and set forth in its proposal the specific contract language it proposes to include in place of the provision. Exceptions that materially change these terms or the requirements of the RFP may be deemed non-responsive by IPERS, in its sole discretion, resulting in possible disqualification of the firm's proposal. A firm may provide a "red-line" or "marked-up" version of Attachment #1 in response to this question, provided that it also provides a summary with an explanation for each proposed change or addition.
- 4.2.8.2 Will IPERS be required to execute a separate contract(s) for use of any proprietary analytical software in order for the firm to deliver the scope of services required in this RFP? If yes, describe those products and provide the proposed contract(s) IPERS would be expected to execute in order to use them.

SECTION 5 EVALUATION OF PROPOSALS**5.1 Introduction**

This section describes the evaluation process that will be used to determine which proposal provides the greatest benefits to IPERS. The evaluation process is designed to award the contract not necessarily to the firm with the lowest cost proposal, but rather to the firm with the best combination of attributes to perform the required services.

5.2 Evaluation Process

The evaluation process shall consist of the following:

- 5.2.1 Staff will review proposals to assess compliance with minimum requirements;
- 5.2.2 Each member of the Evaluation Committee will review all of the proposals that meet the minimum requirements.
- 5.2.3 The Evaluation Committee will meet to discuss the proposals and compile a list of any follow-up questions or clarifications it requires. The Issuing Officer will submit the clarification questions to the respective firms in writing and will receive written responses that will be distributed to each member of the Evaluation Committee for their review.
- 5.2.4 Each member of the Evaluation Committee will score each proposal based on the evaluation criteria established herein and shall submit the scores to the Issuing Officer. The Issuing Officer will compile the scores and provide a scoring summary to each member of the Evaluation Committee.
- 5.2.5 Firms that submitted the top scoring proposals will be asked to make a presentation to the Evaluation Committee.
- 5.2.6 Following the presentations, members of the Evaluation Committee will complete a ballot on which they will rank the finalist firms and their proposals. The Issuing Officer will compile the results of the ballots, and the firm(s) that receives the highest average ranking will be the Evaluation Committee's recommendation to the Board.
- 5.2.7 The firm(s) recommended by the Evaluation Committee will make a presentation to the full Board.
- 5.2.8 The Board will vote to accept or reject the Evaluation Committee's recommendation.

5.3 Evaluation Committee

IPERS intends to conduct a comprehensive, fair and impartial evaluation of proposals received in response to this RFP. IPERS will use an Evaluation Committee consisting of IPERS Staff members and IPERS Investment Board members to review and evaluate the proposals.

5.4 Evaluation Criteria

The Evaluation Committee will evaluate and score all proposals that meet all minimum requirements. A weighted scoring system will be used to determine finalists. The weighted scoring system will provide numerical scores that represent the Committee's assessment of the relative merits of the proposals using the following criteria:

Organization, Staffing & Experience	30%
Consulting Philosophy, Policy & Process	40%
Reporting	15%
Cost Proposal	15%

Cost will not be subjectively scored in the evaluation. Rather, cost proposals will be evaluated relative to competing cost proposals, and the lowest cost proposal will receive the maximum number of points for this category. Cost scores for the other competing proposals will be calculated based on their cost relative to the lowest cost proposal. Evaluation Committee members will all use the same cost scores, as determined and agreed upon by the Committee, in their scoring of the proposals.

5.5 Recommendation of the Evaluation Committee

The recommendation of the Evaluation Committee shall be presented to the IPERS Investment Board for consideration. This recommendation may include, but is not limited to, the name of one or more firms recommended for selection or a recommendation that no firm be selected.

SECTION 6 CONTRACT TERMS AND CONDITIONS**6.1 Contract Terms and Conditions**

The contract that IPERS expects to award as a result of this RFP will be based upon the proposal submitted by the successful firm and this solicitation. The contract between IPERS and the successful firm shall be a combination of the specifications, terms and conditions of the RFP, including the terms contained in Attachment #1 (proposed contract), the offer of the firm contained in its proposal, written clarifications or amendments made in accordance with the provisions herein, and any other terms deemed necessary by IPERS.

The proposed contract contained in Attachment #1 is not intended to be a final or complete contract, but is provided only to enable firms to better evaluate the costs associative with the RFP and the potential resulting contract. Firms should plan on such terms being included in any contract awarded as a result of this RFP. All costs associated with complying with these requirements should be included in the fee proposal quoted by the firm.

By submitting a proposal, each firm acknowledges its acceptance of these specifications, terms and conditions without change except as otherwise expressly stated in its proposal in response to question 4.2.8.1. If a firm takes exception to a provision, it must state the reason for the exception and set forth in its proposal the specific contract language it proposes to include in place of the provision. Exceptions that materially change these terms or the requirements of the RFP may be deemed non-responsive by IPERS, in its sole discretion, resulting in possible disqualification of the proposal. IPERS reserves the right to either award a contract without further negotiation with the successful firm or to negotiate contract terms with the selected firm if the best interests of IPERS would be served.

The term of the contract will be six years and will commence on **October 1, 2008** and end on **September 30, 2014**.

SECTION 7 REQUIRED EXHIBITS**7.1 List of Required Exhibits**

The firm's proposal must include the following Exhibits:

Exhibit A	ADV – Part II
Exhibit B	Organization Chart
Exhibit C	Conflict of Interest Policy and Code of Ethics
Exhibit D	List of Firm's Consulting Clients
Exhibit E	Biographies of IPERS Team Personnel
Exhibit F	Biographies of Other Key Personnel
Exhibit G	List of Personnel Departures
Exhibit H	Firm's Asset Allocation Assumptions
Exhibit I	Sample Research Report
Exhibit J	Sample Performance Report
Exhibit K	Sample Client Presentation

Attachment #1

**Proposed Contract
Real Estate Investment Consulting Services**

Investment Adviser Name & Address: _____

In accordance with the applicable statute and the Iowa Public Employees' Retirement System's (IPERS or System) "Investment Policy and Goal Statement," the System has appointed _____ (Adviser) to provide investment consulting services for the System's assets in conformity with this executed contract.

Term of Contract: The Contract shall be for a six-year period beginning October 1, 2008, and shall be eligible to be renewed thereafter subject to mutual agreement.

SECTION I: DEFINITIONS

- A. Adviser shall mean _____ and its employees and agents.
- B. Contract shall mean the specifications, terms and conditions contained in the Request for Proposal (RFP) #2008-4, any clarifications or amendments made by IPERS or the Adviser in accordance with the terms of the RFP, the Adviser's response to the RFP, and this statement of Investment Guidelines and Investment Administrative Requirements.
- C. Manager shall mean an investment manager managing a portion of the System's assets.
- D. Real estate consulting shall mean the provision of educational, analytical and advisory services to the System concerning its activities in the real estate investment markets, the development of future investment policies and strategies for the System, and the selection of providers of investment services to the System.
- E. System shall mean the Iowa Public Employees' Retirement System, its Investment Board and Investment Staff.

SECTION II: ADVISER'S DUTIES

- A. SERVICE GUIDELINES:
 - 1. Support will be provided by the Adviser to the System to facilitate the development and refinement of investment goals, policies, objectives and guidelines as it pertains to the System's real estate portfolio, including the utilization of and provision for staff's use of analytical software or on-line systems for asset allocation modeling that reflects

the influence of differing asset mixes and investment strategies on the projected risk and return of the System's real estate investment portfolio.

2. The Adviser shall provide technical advice to the System in the implementation of the System's real estate investment policy and strategies.
3. The Adviser will participate in the conduct of searches for real estate investment service providers (primarily but not exclusively Managers) and will assist in contract and fee negotiations with prospective and existing Managers, as requested by the System. The Adviser will make available to the System summaries of periodic due diligence meetings that Adviser's staff holds with existing Managers.
4. Portfolios will be monitored by the Adviser to ensure the effective application of investment strategy by each Manager and adherence to the risk controls as stated in the investment contract with each Manager. The performance of the Managers will be considered in accordance with the established goals, objectives and guidelines for the individual portfolios. The Adviser will provide for staff's use of analytical software or an on-line system that reflects each Manager's return and risk over various time periods and relative to their benchmark. The Adviser will participate with staff in determining manager placements on the System's Watch List, Manager placements into the System's Comprehensive Review program, and termination of Manager contracts.
5. The Adviser will calculate performance on a quarterly basis and will perform a systematic review of the investment performance of the real estate program and the performance of the Managers under the program, and report such findings on a quarterly basis. The report will compare the System's performance against objectives as defined by IPERS, absolute and risk-adjusted returns as well as peer universes. The review will consider the performance of the individual Managers of the System relative to major indices and/or IPERS' objectives, and peer universes of investment firms that have similar investment styles.

In the validation of performance calculations, Adviser will reconcile individual portfolio performance to the appropriate Manager's calculations, and notify the System in writing of any discrepancies outside of acceptable tolerances as determined by the System, and their resolutions. Adviser acknowledges the importance of IPERS obtaining accurate performance information for its Managers and their respective benchmarks as IPERS may use such information in determining the performance-based fees of its Managers.

6. The Adviser will assist in the establishment of appropriate performance benchmarks, goals, objectives and guidelines for each Manager.
7. The Adviser will participate in public meetings on a regular basis to provide continuing information to the System concerning real estate market trends, and the

investment experience and the prospective investment strategy of the System at the total portfolio and Manager levels.

8. The Adviser shall provide training for IPERS' investment board and investment staff upon the System's reasonable request. Such training shall include training regarding any subject applicable to real estate investing including, without limitation, investment strategy and objectives, asset allocation, Manager selection and monitoring, investment performance measurement and analysis as well as investment trends. The Adviser shall notify the System of all training conferences sponsored by the Adviser.
9. The Adviser shall periodically produce quality research of investments and/or strategies used or potentially to be used by the System and make that research available to the System. The Adviser is expected to anticipate the needs of the System rather than simply responding to the System's requests in conducting its research on relevant topics.
10. The Adviser shall promptly notify the System of any actual or potential conflict of interest arising from the Adviser's relationship with IPERS' current investment service providers. In addition, at the initiation of a service provider search the Adviser shall disclose any actual or potential conflict of interest with any provider eligible for consideration of the assignment.
11. The Adviser shall work cooperatively with the System's actuarial and general consultant to provide information as requested for periodic studies.
12. The Adviser shall annually disclose to IPERS in writing the sources and nature of all of the firm's revenues, so that the System can assess the firm's independence.

B. ADVISER'S ASSURANCES:

1. It shall comply with all laws and regulations issued from time to time and applicable to the discharge of its duties under this Contract. The Adviser shall discharge its duties, with respect to the IPERS Account, solely in the interest of the System's beneficiaries and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent real estate investment expert acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Adviser will conduct itself and exercise its investment authority in accordance with the fiduciary standards set forth in Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974, as amended, and in accordance with all applicable laws of the State of Iowa;
2. It is duly registered and in good standing as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940;
3. It is in the business of advising institutional investors with respect to the acquisition, financing, portfolio management, property management and disposition of real estate

and interests therein. The personnel of the Adviser who will be responsible for carrying out this Contract are individuals experienced in the performance of the various functions contemplated by this Contract and, in carrying out its obligations under this Contract, the Adviser shall at all times and at its expense maintain a staff of trained and competent personnel to enable it to perform its obligations under this Contract;

4. It shall promptly notify in writing the System in the event that any of the foregoing representations, warranties, acknowledgments or agreements shall no longer be true;
5. It shall promptly notify in writing the System in the event of any change in control or change of partnership membership or the removal or addition of any principal or key personnel of Adviser who has responsibility with respect to the IPERS Account, or of an additional or successor consultant of the IPERS Account; and
6. It shall obtain and maintain the following insurance coverage for the duration of the contract plus twenty-four months after expiration or termination of the Contract:
 - a. Such bonds or surety agreements as may be required by the Employee Retirement Income Security Act (ERISA) of 1974;
 - b. A fidelity bond in the minimum amount of \$5,000,000. The bond shall cover, at a minimum, losses due to dishonest or fraudulent acts or omissions by the Adviser. Proof of the existence of such fidelity bond shall annually be provided to the System; and
 - c. An errors and omissions policy in the minimum amount of \$10,000,000. The policy shall cover, at a minimum, losses caused by errors, omissions, or negligent acts of the Adviser. Proof of the existence of such policy shall be annually provided to the System.
7. It shall promptly notify the System of any actual or potential conflicts of interest of which Adviser is aware as arising from the Adviser's relationship with the System's Managers.

C. REPORTS:

The Adviser shall provide:

1. A quarterly report which describes in detail, for historical periods through the most recent completed quarter, the activities and performance of the System's real estate portfolio and its underlying investments. The report will include comparisons to appropriate indices and performance benchmarks, diversification analysis by Manager, property type, economic concentration and geographic region, and investment-level valuations and financial structures. Managers' investment-level return calculations will be verified by the Consultant. Performance of the System's real estate portfolio and its underlying

investments will be calculated based upon cash flows and market values as determined by the System, such determination to be made by the System in conjunction with the Managers' annual audited and quarterly financial statements;

2. An annual asset allocation assumptions report, detailing the Adviser's recommended risk, return and correlation assumptions for the real estate asset class for the current year;
3. An annual report describing all business lines from which the Adviser receives revenue, the amount of such revenue, and any potential conflicts of interest such business lines could have with Adviser's ability to provide the services described in this Contract;
4. An annual report containing the Adviser's Conflict of Interest policy and a description of any changes made to the policy in the previous year;
5. An annual report for presentation to the IPERS Investment Board detailing the real estate asset class, the current market environment and outlook as well as other topics as agreed upon by the Advisor and System;
6. The Adviser shall annually provide a copy of their Form ADV to the System.
7. Other reports and projects to be determined and agreed to by System and Adviser and amended to this Contract.

SECTION III: SYSTEM'S DUTIES

A. EVALUATION:

1. The System will annually review the performance of the Adviser in four key areas:
 - a. The accuracy of the Adviser's performance calculations;
 - b. The timeliness of the Adviser in providing reports and completing projects within established guidelines;
 - c. The quality and timeliness of the Adviser's presentations and responses to the System's needs and requests for advice, information or training, and
 - d. The quality of the Adviser's due diligence activities with respect to the System's current and prospective Managers.
2. The System will periodically review the effectiveness of the Adviser's investment strategy and portfolio structure recommendations. The Adviser will be measured by the extent to which IPERS has achieved or failed to achieve the return, risk, and

diversification objectives recommended by the Adviser and adopted by the System for its portfolio over a full market cycle defined as three to five years.

B. FEES:

1. The real estate consulting services fee to be paid to the Adviser is \$_____ yearly, payable in arrears in monthly installments, upon confirmation of services provided under this Contract. No other fees or costs shall be charged to the System for services provided under this Contract.
2. The Adviser agrees to the following deliverables, the established deadlines for each item, and the corresponding fee reductions in the event such deliverables are not received by IPERS on time:
 - a. Quarterly Performance Reports – Due in electronic form to specified IPERS staff members 60 calendar days after quarter-end, with a penalty of \$100 per business day for every day the report is late if determined to be Adviser's fault. See Section II.C for additional content requirements for this report.
 - b. Annual Asset Allocation Assumptions Report - Due in electronic form annually by January 30, with a penalty of \$100 per business day for every day the report is late.
 - c. A report to the System, in hard copy form and in such reasonable number of copies as may be requested, within 60 calendar days of each fiscal year-end of the Adviser, describing all business lines from which the Adviser receives revenue, the amount of such revenue, and any potential conflicts of interest such business lines could have with Adviser's ability to provide the services described in this Contract. For each business day the report is late, a \$100 fee reduction shall apply if determined to be the Adviser's fault.
 - d. An annual report for presentation to the IPERS Investment Board detailing the real estate asset class, the current market environment and outlook as well as other topics as agreed upon by the Advisor and System. The report will be due, in hard copy and in as many copies as may be reasonably requested by the System prior to the annual real estate investment board meeting. Reports received after the agreed upon deadline shall result in a \$1,500 fee reduction.
 - e. Form ADV – Due in electronic form annually by January 30, with a penalty of \$100 per business day for every day the report is late.
3. A \$1,500 fee reduction per revised report shall apply for any report required in Section II.C that must be revised after the applicable deadlines established in this section due to a material factual error on the part of the Adviser.

4. The fees paid under this contract include payment for all of the expenses related to System's staff and Board members' attendance of Adviser's training and conferences to the extent customarily provided by the Adviser to its clients.

SECTION IV: TERMS AND CONDITIONS

- A. **CHANGES.** Changes in any of the provisions of the contract may be made only in writing and must be approved mutually by an agent of the Adviser and a representative of the System.
- B. **CONFLICT OF LAWS.** This contract shall be interpreted in accordance with the laws of the State of Iowa. Any action relating to this contract shall be commenced only in the Iowa District Court in and for Polk County and in the United States District Court for the Southern District of Iowa.
- C. **FEDERAL AND STATE STATUTORY AND REGULATORY COMPLIANCE.** It is the responsibility of the Adviser to establish and maintain compliance with appropriate federal and state statutory and regulatory requirements. Failure to comply will be considered a material breach of contract and may result in its immediate termination.
- D. **BREACH OF DUTY.** The System has the right to terminate the contract immediately upon learning of a breach of duty and/or confidentiality by the Adviser or its employees or agents. Breach of duty and/or confidentiality includes but is not limited to: distributing confidential information without the System's prior approval to someone other than the Adviser's employees or agents; failing to comply with the requirements of this contract; violating state or federal law; and refusing to account to the System on a timely basis for the Adviser's actions. This list is illustrative only and is not meant to limit the System's definition of breach of duty and/or confidentiality.
- E. **TERMINATION.** IPERS reserves the right to terminate this contract without penalty under any one of the following circumstances:
 1. At IPERS' discretion, with or without cause, after thirty (30) days written notice to the Adviser.
 2. As a result of the Adviser's default or material breach of contract.
 3. As a result of the non-availability or non-appropriation of funds. IPERS shall have the right to terminate this contract without penalty after 30 days written notice to the Adviser documenting the lack of funding, program discontinuance or alteration. In the event of termination of the contract due to non-availability or non-appropriation of funds, the exclusive, sole and complete remedy of the Adviser shall be payment for services rendered prior to termination.
- F. **REMEDIES.** In addition to the right to terminate this contract, the System may also file suit against the Adviser and any individuals involved for breach of duty and/or confidentiality. Should the System or State obtain a judgment against the Adviser as a result of a breach of

this contract, the Adviser consents to such judgment being set-off against any monies owed by the State or System to the Adviser under this or other contracts. This section shall not be interpreted to limit the State's or System's remedies as provided for by law.

- G. **IMMUNITY FROM LIABILITY.** Every person, partnership or corporation, which is a party to this agreement is hereby notified and agrees that the State of Iowa and the System are immune from liability and suit for or from Adviser's activities involving third parties and arising from this contract. The Adviser shall defend and hold harmless the System and the State from any claim of any party arising from or relating to the Adviser's performance of this contract.
- H. **WARRANTY AGAINST CONTINGENT FEES.** The Adviser warrants that no person or selling agency has been employed or retained to solicit and secure this contract upon an agreement or understanding for commission, percentage, brokerage or contingency; excepting bona fide employees or selling agents maintained by the Adviser for the purpose of securing business. For breach or violation of this warranty, the System shall have the right to award this contract without liability, or in its discretion, to deduct from the contract price or to otherwise recover, the full amount of such commission, percentage, brokerage or contingency.
- I. **SUBCONTRACTS AND ASSIGNMENTS.** The Adviser shall receive the System's written approval of all subcontracts and assignments entered into by the Adviser for the purpose of fulfilling the provisions of this contract. All such subcontractors and assignees shall be procured with adequate attention to the principles of competition and reasonableness of costs. All records relating to subcontracts and assignments shall be available for audit or examination as stipulated in paragraph N below.
- J. **EQUAL EMPLOYMENT OPPORTUNITIES.** The Adviser shall comply with the provisions of federal, state and local regulations to insure that no employee or applicant for employment is discriminated against because of race, religion, color, sex, disability or national origin. The Adviser shall have available on request an Affirmative Action policy and shall provide the appropriate state or federal agencies with reports required to insure compliance with equal employment legislation and regulations. The Adviser shall insure that all authorized subcontractors comply with the provisions of this clause.
- K. **INDEPENDENT CONTRACTOR.** The Adviser understands and agrees that its status under this contract shall be that of an independent contractor. The System shall not provide to the Adviser an office, support staff, equipment, tools or supervision beyond what is expressly stated in this contract.
- L. **ADVISER PERSONNEL.** The Adviser will provide notification to the System concerning changes in the Adviser's organizational relationships, professional staff or services which may have an impact on the Adviser's service to this account. The System may request replacement of any Adviser's professional personnel believed unable to carry out the responsibilities of this contract and shall approve all Adviser professional staff members assigned to this Contract.

- M. SECURITY OF DATA. Some data files of the System are of a confidential nature. The Adviser's employees and agents shall be allowed access to these files only as needed for their duties related to the contract and in accordance with the rules established by the custodian of the records. The Adviser shall preserve the confidentiality of these files and shall maintain positive policies and procedures for safeguarding the confidentiality of such data. The Adviser recognizes that it may be liable civilly or criminally for the negligent release of such information.
- N. AUDIT OR EXAMINATION OF RECORDS
1. The Adviser agrees that the Auditor of the State of Iowa or any authorized representative of the State or of the System shall have access to and the right to examine, audit, excerpt and transcribe any directly pertinent books, documents, papers, and records of the Adviser relating to this contract.
 2. All records relating to this contract shall be retained for five (5) years following the date of final payment or completion of any required audit, whichever is later.
 3. Compliance with the clause does not relieve the Adviser from retaining any records required by other laws or regulations of federal, state or local government units.
- O. RIGHTS IN PRODUCTS. The System retains all rights to all data reports, programs, designs and other results of this contract. The Adviser may not reproduce or otherwise use the products of this contract without the written consent of the System. The System reserves first publication rights to any products of this contract and the System may place these products in the public domain without permission of the Adviser.
- P. TAXES - STATE AND LOCAL. The System is exempt from Federal excise taxes, and no payment will be made for any taxes levied on the Adviser's employees' wages. The System is exempt from state and local sales and use taxes on the services supplied pursuant to this contract.
- Q. WAIVER OF INFORMALITIES. Failure of the System at any time to require strict performance of any provision of this contract shall not constitute a waiver of that provision nor in any way limit the enforcement of the provision.
- R. SEVERABILITY. If any provision of this contract is deemed to be invalid or unenforceable, the remainder shall be valid and enforceable.
- T. REPRESENTATIONS. The System acknowledges receipt of the Adviser's Disclosure Statement pursuant to the Investment Adviser' Act. The System further acknowledges that the Adviser will continue to provide similar services to others.

U. NOTICE. Any notice, advice or report to be given pursuant to this Agreement shall be delivered or mailed to:

[Firm Name]
[Firm Address]

To the System at:

Iowa Public Employees' Retirement System

(mailing address)
ATTN: Investments
P.O. Box 9117
Des Moines, IA 50306-9117

(street address)
ATTN: Investments
7401 Register Drive
Des Moines, IA 50321

(e-mail address)
investments@ipers.org

[Advisor Firm Name]

Iowa Public Employees' Retirement System

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____