January 21, 2016
Burlington Employees' Retirement Board
City Hall, Conference Room 12

Board Members Present:	Jim Strouse (via phone)	Matthew Dow
	Daniel Gilligan	Bob Hooper
	Munir Kasti (8:35am)	Jeff Wick (8:36am)
	Benjamin O'Brien	Bob Rusten

Others Present:
Stephanie Hanker
Kim Sturtevant (8:50am phone 9:25am present)
Barry Bryant – Dahab Associates
Andrew Haigney – Chittenden & Co. – Member of Public
Karen Paul (9:05am) – Member of Public
Krystn Perettine – Member of Public

Called to order at 8:32am

1. ***Agenda***:
Jim Strouse added item agenda number 1A for public comments. Benjamin O'Brien moved to approve as amended. Bob Hooper 2nd. Motion carries 7:0

1a. **Public Comment:**
No Public Comments

2. ***Approve Minutes of 12/17/2015***:
Bob Hooper moved to approve the minutes as presented. Matthew Dow 2nd. Motion carries 7:0

3. ***Ratify / Approve Refunds and Rollovers:***
Bob Hooper moved to approve the refunds and rollovers as presented. Benjamin O'Brien 2nd. Motion carries 7:0

4. ***Approval of Bills:***
Bob Hooper moved to approve the bills presented. Daniel Gilligan 2nd. Motion carries 8:0

5. ***Approval of Retirement Applications:***
Benjamin O'Brien moved to approve the presented retirement applications. Daniel Gilligan 2nd. Motion carries 8:0

6. ***Discussion and Approval of Real Estate Manager RFP***

Barry Bryant provided the Board with a draft RFP for Real Estate Managers. Bob Rusten stated the board should consider identifying the laws and guidelines mentioned on page 5, specifically livable wage and union recognition and to ensure the company is not anti-labor. Bob Rusten moved to approve the posting of the RFP subject to review by the City Attorney's Office clarifying best practices. Bob Hooper 2nd. Motion carries 8:0

7. ***Real Estate Investment Education Presentation – Dahab Associates***
   Barry Bryant provided the Board with an educational overview of real estate investment.
   (Note: Presentation available online)

8. **Discussion of VPIC Fund Transfer:**
   Barry Bryant provided an update on the transfer of funds from VPIC to Mellon Capital. Bob Rusten stated there is an agreement for VPIC to hold one million dollars in assets.

9. **Other Business:**
   Barry Bryant stated there was a mistake in the fees stated for Mellon Capital and provided a handout to the Board outlining the fees.

   Munir Kasti stated he would like to request that the Board provide a memo to all active members of the system regarding the transfer from VPIC to Mellon explaining why the transfer was done. Jim Strouse stated he was working on a chronology and that would probably be sufficient.

   Jeff Wick asked where the final valuation process was at. Bob Rusten stated that Buck Consultants were making a few amendments to reflect the open group method and then match the numbers to the GASB 25 then once that is received it will go to the Board then to the City Council.

   Bob Rusten moved to adjourn. Daniel Gilligan 2nd. Motion carries 8:0

BURLINGTON EMPLOYEES' RETIREMENT SYSTEM

James T. Strouse
Chairman of the Board
Robert Hooper
Vice-Chairman

Stephanie Hanker
Retirement Administrator
802-865-7097
VT Relay – dial 711

Retirement Board Meeting Agenda
City Hall Conference Room 12
January 21, 2016 – 8:30 AM

1. Agenda
2. Approve Minutes of 12/17/2015
3. Ratify/ Approve Refunds and Rollovers
4. Approval of Bills
5. Approval of Retirement Applications
6. Real Estate Investment Education Presentation – Dahab Associates
7. Discussion and Approval of Real Estate Manager RFP
8. Discussion of VPIC Fund Transfer
9. Other Business
10. Adjourn

Investing In Real Estate

Presentation for:

City of Burlington

January 18, 2016

Dahab Associates, Inc.

Barry Bryant, CFA

Introduction

- Real estate offers bond-like properties
  - Like bonds, returns consist primarily of income plus some underlying appreciation

Pros	Cons
• Greater Appreciation Potential	• Economic Sensitivity
• Inflation Protection	• Liquidity
• Higher Yields	• Fees

- Portfolio Role
  - Provides higher return than bonds (historically)
  - Reduces portfolio volatility like bonds (historically)
  - Offers protection in rising interest rate environment

Real Estate Variations

- Common elements of institutional-quality core funds
  - Commingled vehicles
  - Broadly diversified by geography and property type
  - Benchmarked against the NCREIF ODCE
- Investment vehicles consist of
  - Commingled Trust
  - Private Partnerships
  - Public REITS
  - Non-exchange traded REITS
  - Separate Account
- Real estate risk varies by property quality (core, value-added, opportunistic)
- Real estate investment styles varies by leverage (usually 30%-70%)
- Can play multiple roles in a portfolio
  - Conservative (core/core+) acts as bond substitute, 4-6% return expectation
  - Riskier real estate may be return driver, 10%-12% return expectation

Private Investment Vehicles

- Commingled Trust (Open-end fund)
  - Not registered with the SEC
  - Liquidity dependent on the ability and willingness of the real estate company to meet redemption requests
  - Need to be an accredited investor
  - Low correlation to equity markets (historically)

- Private Real Estate (Closed-end fund)
  - Not registered with the SEC
  - Liquidity dependent on the term of the fund, typically 8 to 12 year lockup
  - Need to be an accredited investor
  - Low correlation to equity markets (historically)

Public Investment Vehicles

- Publicly Traded REITS
  - Registered with the SEC
  - Traded in public markets, highly liquid
  - Need not be an accredited investor
  - Easier access to capital through the public markets
  - High correlation to equity markets (historically)

- Non-Exchange Traded REITS
  - Registered with the SEC
  - Liquidity dependent on the ability and willingness of the real estate company to meet redemption requests
  - Need not be an accredited investor
  - Low correlation to equity markets (historically)

Real Estate Property Types

- Industrial
  - Moderate to high return volatility
  - Smaller initial investment and annual maintenance tends to dampen economic sensitivity relative to office.

- Multi-Family (Apartment)
  - Moderate return volatility
  - Returns are more stable than most other property types because of the minimal impact from the loss of a single tenant.

- Office
  - High return volatility
  - Returns tend to be highly sensitive to economic performance.

- Retail
  - Low return volatility
  - Returns tend to be more stable than that of offices due to longer leasing terms

Real Estate Property Types

- Hotels
  - Very high return volatility
  - Comprised of hotels, motels, casinos, bed and breakfasts, resorts, and vacation rentals.
  - Like multi-family with 1-day leases and high operating expense

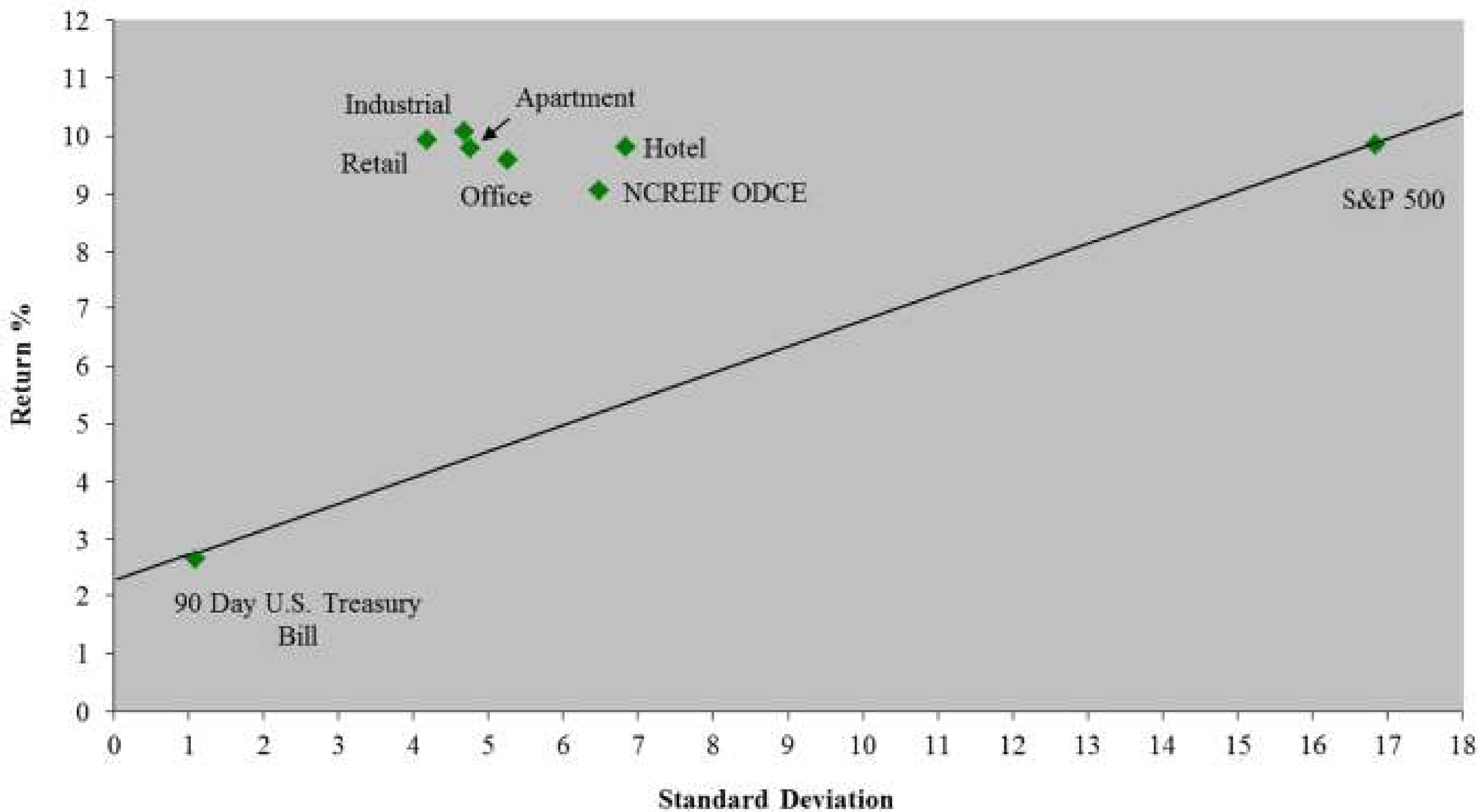
- Self-Storage
  - Moderate return volatility
  - Self-storage space is characterized by low construction costs, resulting in low barriers to entry.

Historical Lease Durations

Source: Security Capital Research & Management

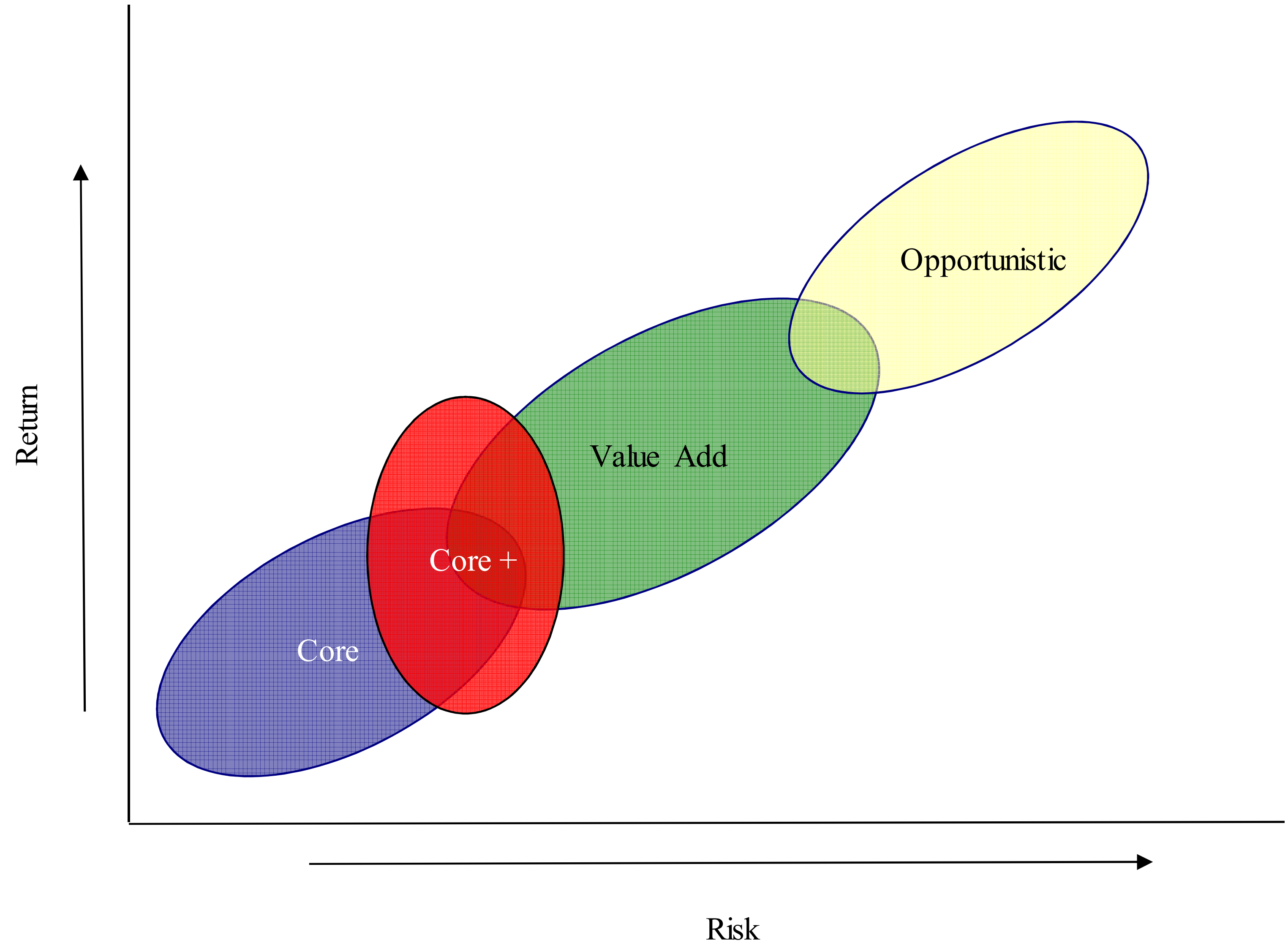
Risk and Return

NCREIF Index 20 years as of 12/31/14



Capital Market Line runs from the 90 Day U.S. Treasury Bill to the S&P 500

Real Estate Investment Styles



Real Estate Investment Styles

- Core
  - Target Net IRRs: 4-6%
  - Leverage Employed: up to 30%
  - Well diversified, low risk/return strategy
  - Buy and hold stabilized properties

- Core-Plus
  - Target Net IRRs: 7-9%
  - Leverage Employed: up to 55%
  - Moderate risk/return
  - Core type assets, some of which may require some from of value-add enhancement

- Value-Add
  - Target Net IRRs: 10-12%
  - Leverage Employed: up to 70%
  - Moderate to high risk/return strategy
  - Opportunity to add value through operation, re-leasing, and/or re-development

Real Estate Investment Styles

- Opportunistic
  - Target Net IRRs: >16%
  - Leverage Employed: over 70%
  - High risk/return
  - Re-positioning of poorly managed, obsolete, and/or vacant assets

- Mezzanine Lending/Distressed Debt
  - Target Net IRRs: 9-12%
  - Moderate risk/return
  - Acquires distressed loans from lenders at discount prices

- Fund-of-Funds
  - Target Net IRRs: 12-16%
  - Leverage employed: typically 0% at the fund level, but underlying mangers may use leverage
  - Low to high risk/return (Depending in the strategy selected)
  - Provides greater diversification through multi-manager approach

Historical Returns

- The expected total return lies between investment-grade fixed income and large cap equity
  - Historical returns have been between 5-10%.
  - 20-year return comparison through December 31, 2014:

S&P 500	9.85%
NCREIF ODCE	9.06%
BC Aggregate	6.20%

- High income potential, average annualized cash flow about 5.0%
- Historically low correlation to equity markets
- The ability to increase return in a diversified portfolio while reducing risk is the major appeal for real estate investing

Return-Correlation Comparison

Asset Class	Index	20-Year Return	Correlation
Large Cap Core	S&P 500	9.85	1.00
Small Cap Core	Russell 2000	9.63	0.90
International Equity	MSCI EAFE	5.02	0.86
Emerging Markets	MSCI EM	6.00	0.71
Fixed Income	Barclays Agg	6.20	-0.27
Real Estate	**NCREIF ODCE**	**9.06**	**0.18**
Timber	NCREIF Timber	8.05	0.04
Hedge Funds	Credit Suisse	9.18	0.68
Private Equity	Cambridge	14.96	0.76

*Results as of December 31, 2014; geometric mean.

Potential Inflation Hedge

- With the exception to the early Nineties when there was an oversupply of assets, real estate has proven to be an effective hedge against inflation.

  - **Short Run** - Real estate has lease provisions that acknowledge inflation and market rental rate movements

  - **Long Run** - Inflation increases nominal prices of labor and materials and as a result of this, increases the value of existing (through replacement cost valuations) and new properties

Impacts from Interest Rates

U.S. Economic Environment	Very Low Growth / Deflation	Moderate Growth / High Interest Rates	Moderate Growth / Gradually Rising Interest Rates	High Growth / Gradually Rising Interest Rates	High Growth / High Interest Rates
Probability Over Next 5-10 Years	Low	Moderately Low	Most Likely	Very Low	Moderately Low
Similar Periods	1930s, 2009: Japan 1990-present	Late 1970s / Early 1980s	1950s, early -2000s	1990s	1980s
Inflation Expectations	Negative	High	Moderate	Moderate	High
Outlook for Real Estate	**Least Favorable:** All real assets perform poorly in a deflationary environment	**Mixed:** Real estate provides an inflation hedge, but otherwise unimpressive returns	**Relatively Good**: Property income streams rise steadily, but not enough to induce a lot of development, and values increase roughly in-line with property incomes	**Outstanding:** Property incomes boom and capitalization rates stay low	**Mixed:** Property incomes provide current income, but not much capital return
Best Lease Lengths	Long-term with rent escalation clauses	Long-term with expense pass-throughs	Medium-term, to reduce volatility but also gain exposure to moderately rising rents	Short-term, to capture rising rents	Very short-term, to capture rising rents and offset high expenses
Best Markets	Gateway Markets	Broadly Diversified	Larger Markets	Secondary and tertiary markets	Broadly Diversified
Best Leverage Type	None	Fixed-rate	Fixed-rate now, floating-rate later	Either fixed or floating rate	Fixed-Rate

Source: American Realty Advisors and Dahab Associates

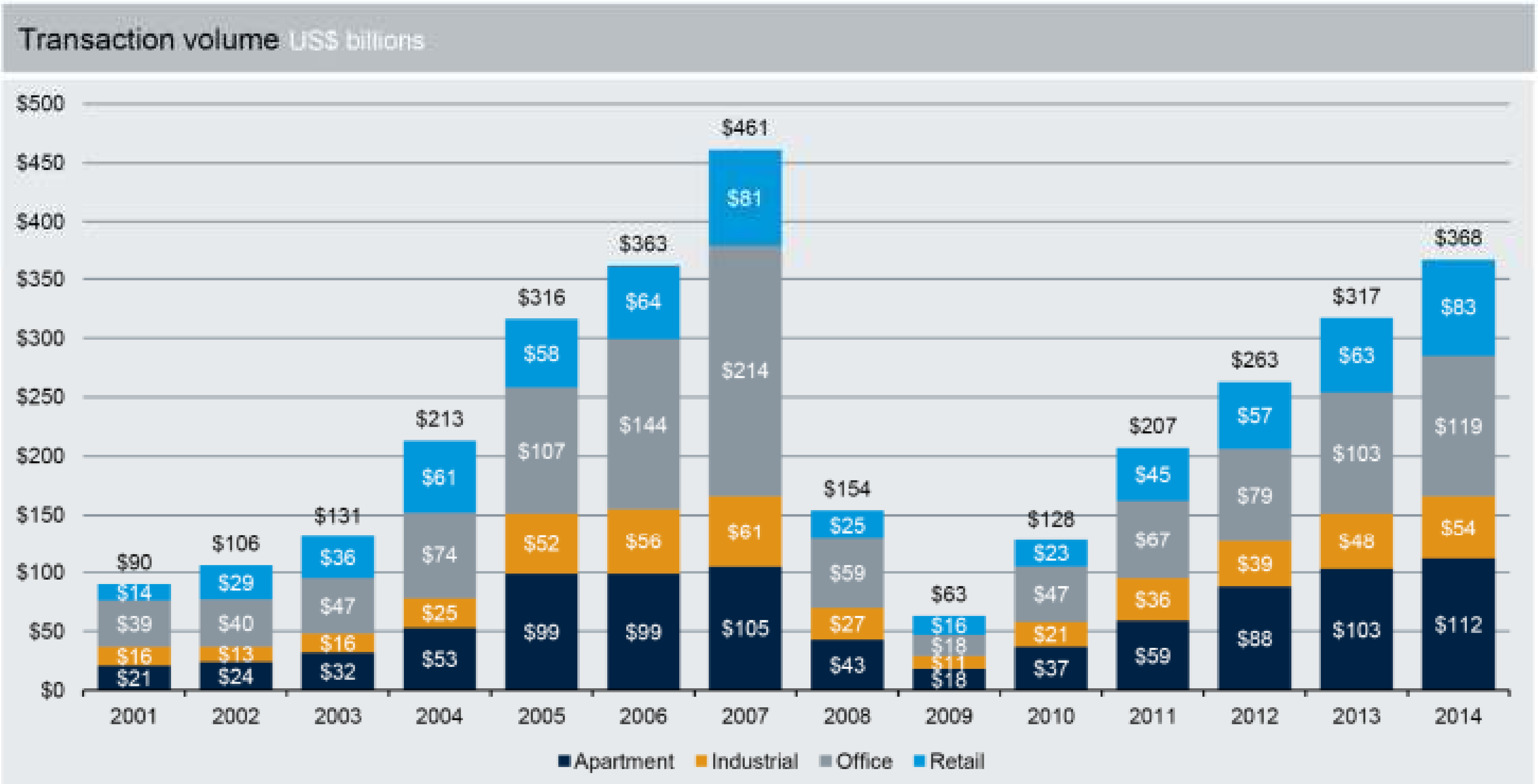
Commercial Real Estate Declines

1990 vs. 2009

- Key Similarities
  - ➢ Relaxed underwriting standards,
  - ➢ Excess capital
  - ➢ Steep increases in asset valuations

- Key Differences…
  - ➢ **1990 Real Estate Downturn**
    - Oversupply caused by tax incentives, deregulation of S&L industry
    - Duration of 7 years
  - ➢ **2009 Real Estate Downturn**
    - Driven by a lack of demand caused by the global recession
    - Oversupply not an issue most markets
    - Duration 2 years

Transaction Volume is picking up



Sources: Real Capital Analytics, Deutsche Bank

Summary

- Real estate can play the role of a fixed income substitute, offering stable principal, an income stream, and low correlation to equity.
- Real estate continues to be a strategic part of the capital structure for institutional investors.
  - On average, institutional portfolios are 8.8% invested in real estate
- Real estate has advantages to bonds
  - Return and risk are between debt and equity
  - Values can rise in an inflationary environment
- Real estate is not a perfect substitute for fixed income
  - Real estate has suffered steep, but temporary declines twice since 1978
- Fees
  - Open-end funds

    Management fee on invested capital of 1%-1.3%; no carried interest
  - Closed-end funds

    Management fee on committed capital, 1%-2%; carried interest, 15%-30%

Dahab Associates, Inc.
Request for Proposal – 2016

Open-End Core and Core Plus Real Estate

Burlington Employees' Retirement System

Introduction

The Burlington Employees' Retirement System, located in Vermont, is conducting a core and core plus real estate investment manager search, under the guidance of its investment consultant, Barry Bryant, CFA. The System has approximately $150 million in total assets. The amount of this search is $10-12 million. Only **open-end** funds will be considered for this search. All proposals will be evaluated by the investment consultant and recommendations will be made to the client. The final decision will be made by the Board.

Timetable

PROPOSALS ARE DUE: FEBRUARY 18, 2016 AT 5:00 PM ET

(This applies for both CD/DVD and emailed copies.)

Prior to the awarding of the contract, the Board will interview the finalists. The interviews will be thirty minutes in length, with twenty minutes for a presentation and ten minutes for questions. Finalist candidates should plan to bring the portfolio manager as well as the client service representative who would be responsible for the account.

Guidelines for filling out this RFP

Please note, that submissions must be made in *both* a CD/DVD and emailed version, as instructed below.

Any addenda or corrections to this RFP will be posted at http://www.dahab.com/searches/

Dahab Associates, Inc. electronically processes all RFP submissions. We require that your responses adhere to the following guidelines. All instructions given throughout this RFP must be followed, and all responses must be received on time. Failure to comply with these requirements may lead to disqualification in accordance with applicable laws and/or client's guidelines.

Note: This individual document must be renamed in accordance with the "Submission Guidelines" section, reflecting the firm name, submitting product, and asset class.

- Fill out this specific RFP Document, as opposed to updating an old copy. This RFP contains electronic bookmarks to allow automated processing of this document.

- **Save this RFP document as a Microsoft Word Document** (.doc, .docx or .docm are acceptable).
  - **Do not save as an Adobe PDF** file.
  - Do not compress this document it, password protect it, or set to read-only. For compliance purposes, the CD/DVD will be considered the read-only, unalterable, permanent version of your submission.

- Do not copy/paste tables from another RFP into this RFP as it may overwrite our bookmarks.
  - You may copy and paste the paragraphs of text for long-answer questions (for example team structure, history or investment philosophy) into the cell. However, please refrain from doing this for statistics, fees, performance figures, and other brief answers.

- If you are curious the bookmarks in this document, and want to see exactly where they occur, press ALT+I+K within Word to display a list of them. Please do not modify them in any way.

- Do not put disclaimers or clarifications into your answer boxes, or superscripts referring to footnotes, especially after statistics.
  - Do not indicate that your provided statistics differ from what those requested. Simply leave the entire box cell blank if you are unable to provide the statistic.
  - Any compliance related disclosures may be placed in the footer of the page, but without superscripts.

- If statistical information for a given question is unavailable (e.g. short life of fund or too close to quarter end), leave the cell blank only.
  - Do not provide similar but unrequested information, even if you wish to clarify how the data differ from the requested information

- General non-statistical data may be presented as of the most recent available information, and may be more current than the statistical data (for example, team or client departures/additions should reflect the most current available information).

- Do not change the formatting, markup or overall appearance of this RFP to match the aesthetics of your firm's presentational material. Minor changes are allowable, such as changing font sizes or the font face, if required by your compliance department.

- **<u>Preferred format for monetary denominations (to maintain consistency among submissions)</u>**:
    - To **<u>one</u>** decimal place for billions and trillions
    - **<u>No</u>** decimal places for thousands or millions.
    - mm for millions, k for thousands, B for billions and T for trillions.
    - Correct examples would be $434mm, $500k and$8.2B
    - **Incorrect examples** (we'd have to change these by hand) would be $434,234,495.33, $20.5mm or $8,212mm.

- Always answer questions fully in the space provided. Never reference another document or another question in this RFP in lieu of answering the question asked.
    - **<u>Specifically, never refer to other documents for fee schedules, performance numbers, or attached organization charts, regardless of whether that document is included with your submission.</u>**

- Answer within the provided cell. All cells in this document will expand to accommodate the size of your response.

Electronic Submission (Email) Instructions:

- Electronic submission of RFP must follow the guidelines below for proper recognition of the submission.
- **Attach in your email, at a minimum the additional required documents as outlined in the General Submission Guidelines. These may not be referenced in lieu of answering questions in the RFP. These documents should be provided as separate files attached to the same email. Do not zip the files. Other than the RFP submission, they may be provided in the format of your choosing.**
- **Do not submit your RFP via a download service, or secure email attachment (which would require a login to a secure site to retrieve submissions). All submissions must include submissions as attachments to the email itself.**
- **We no longer require prospectuses or forms ADV, as they often trigger secure email alerts. They will, however, be required on the CD/DVD submission.**
- **If size constraints affect your email, you may submit your electronic documents in multiple emails, using the exact same subject line for each (emails with the same subject line get combined automatically by our process). Our email server can accept emails totaling 10MB in size.**
- Please ensure you name the RFP file accordingly, and if this file is reviewed by your firm's compliance, make sure that they know to maintain the title and that the subject email is important as well. Do not add additional portions to the name (i.e. do not add a section number)
    - Email to: <u>rfp@dahab.com</u> only.
    - Core Real Estate
        - Subject: RFP: Burlington-Core RE-[firm name]
        - Filename: Burlington-Core RE-[firm name]-[product name].doc
    - Core Plus Real Estate
        - Subject: RFP: Burlington-Core Plus RE-[firm name]
        - Filename: Burlington-Core Plus RE-[firm name]-[product name].doc

    - Submission emails should only contain the electronic document being submitted, with no questions or important content referenced within the body of the email itself. Text included in submission emails will likely not be read.
    - Note that submissions should be for one product per email, with all requested documents provided as separate attachments (unzipped, un-password protected).

General Submission Guidelines

- Include a cover letter that binds the firm contractually. This letter must have the consent of an individual authorized to approve this document, and must indicate the individual advising this. A digital signature is welcome, but not necessary.
    - The cover letter should be named "Cover Letter-[firm name]-[product name]" in your choice of format, PDF or Word Document both acceptable
    - The letter should be brief and indicate the specific search for which the proposal is intended and any investment vehicles for which this search is being offered (and for which any minimums fees/account sizes are waived, if applicable). It should name the strategy under consideration and the portfolio manager responsible for the performance. Indicate how long that person has been in that position. Any changes within the last year or contemplated within the year with respect to the firm, the ownership structure, or personnel should be explained. Also, state that the proposal is irrevocable for 120 days.

- Submit one (1) **email** proposal, in accordance with the electronic submission instructions outlined above.

- Submit one (1) **CD or DVD** labeled with company name, name of the client, search description, and due date. **This label should be directly on the CD/DVD itself, as its case will be removed prior to storage.**

- Unless specifically requested, no paper copies should be sent with this submission.

- **For the shipped materials identify the search on the outside of the package used for shipping. Indicate the type of search and the name of the client. For some clients, failure to label your box will result in disqualification if the box is opened prior to the required due date.**

- Please be mindful of the amount of the shipping materials you use. We prefer paper or cardboard mailing envelopes, when size allows. If larger packaging is required, please use the smallest box that will adequately hold your submission.
    - Padding such as bubble wrap is unnecessary, and a paper CD envelope is adequate.
    - We do not hold it against respondents if a submission is damaged in transit, and we will simply request that it be sent again.

The following documents should be submitted with each portion of your submission. All requested documents should also be provided on the CD/DVD copy. The CD/DVD will represent your immutable submission for compliance purposes.

For Email Submission: The email should contain the following as separate attachments to one email. Do not zip the files. The email may not be submitted through secure email services.	**For CD/DVD Submission:** Place the company name, name of the client, search description, and due date <u>directly on the CD/DVD</u> itself.
• This RFP • The cover letter • A sample portfolio holdings sheet, broken out by industries/sectors. • Quarterly returns of the product since inception • A copy of your organizational chart • A sample contract or PPM (if applicable) • A copy of your prospectus • **<u>Please, do not attach an Annual Report, as they tend to be of large size.</u>**	• CD/DVD submission should include every submitted document • On the CD/DVD: Forms ADV and prospectus (if applicable) • No printed documents, unless specifically requested. • Never any promotional documents/annual reports/etc.

The client and Dahab Associates reserve the right to accept or reject any proposals, or any parts thereof, and to waive any formalities in the proposal, constrained by any applicable laws and guidelines, if it is deemed in our client's best interests to do so.

CD/DVD Submission Guidelines (in addition to emailed submission)

The CD/DVD should be shipped to:

William Dahab, CFA
Director of Research
Dahab Associates, Inc.
423 South Country Road
Bay Shore, New York 11706

Guidelines For Asking Questions

- Questions about this RFP and search should go to Bill Dahab, Director of Research at Dahab Associates.
  - Phone: 631-665-6181
  - Email: wdahab@dahab.com
    - Subject line if asked via email:
    - **Question: Burlington - Real Estate**

Dahab Associates, Inc.
Request for Proposal – 2016

Open-End Core and Core Plus Real Estate

Burlington Employees' Retirement System

Company Name	
Investment Style	
Product Name	
Principal Address	
Telephone Number	
Email Address	
Individual Completing this RFP	
Position	
Mailing Address (if different from above)	
Telephone Number (if different from above)	
Fax Number	
Date Completed	

Firm Name	

Summary

General Information:

Firm Name	
Product Name	
City, State of Firm's Headquarters	
City, State of Product's Investment Team	
Name of Parent Company, or "Independent"	
Tax-Exempt Assets Under Management	
Total Assets Under Management	
Year Founded	
Year Registered	
Contact Name	
Contact Number	
Contact Email	

Which of the following types of products are available for this search? You may offer multiple product types if you choose. Indicate with an "X." There will be room to elaborate on the product offerings elsewhere in this document.

This selection should indicate that any minimum account sizes for the product are either met or waived for this search.

Separate Account	
Commingled Funds	
Mutual Fund	

Please provide the following figures for this product, with the data as of the end of 4th Quarter 2015.
Do not submit the following data for any other quarter, even if footnoted as such. It is acceptable to submit preliminary data, if necessary.
Please remember to answer all questions in the space requested, even if the question is answered in more details later in this document.

Product Information:

Fund Name	
Open-end or Closed-End Fund	
Investment Strategy (Core, Core Plus, Value-Added)	
Total Assets in the Product	$
Current Number of Investors	
Projected Aggregate Assets of Fund	
Current Leverage (%)	%
Maximum Leverage (%)	%
2016 Debt Maturity (Amount ($) and % of total debt)	/
2017 Debt Maturity (Amount ($) and % of total debt)	/
Annual Yield (Current/Target)	
Amount ($) of Entrance Queue and Estimated Wait Time	/
Amount($) of Exit Queue and Estimated Wait Time	/
Product Structure	
Product Inception	
Expected Life of Fund	
Fund Closing Dates. Include any previous closings, and expected future closings, estimates are okay.	

Geographic Region	Current Allocation %	Target Allocation %
East		
South		
Midwest		
West		
International		
Total	100 (please round figures so that total =100)	100

Property Type	Current Allocation %	Target Allocation %	Current Occupancy %	Average Occupancy %
Apartments and Multi-Family				
Hotel				
Industrial				
Office				
Retail				
Land				
Other (Specify in answer)				
Total	100 (please round figures so that total =100)	100		

Firm Affiliation

1.	Is the firm independent?	
2.	Is the firm registered under the Investment Advisors Act of 1940?	
3.	Is the firm minority owned? If so, what percent?	
4.	Is the firm women owned? If so, what percent?	
5.	Is the firm a subsidiary of, or related in any way to:	

A brokerage firm	
Insurance company	
A bank	
Other	

6.	What is the name of the parent company?	
7.	Please provide details of the ownership structure of the firm.	
8.	If the firm is related in any fashion (financially or otherwise) to any other entity, explain.	

General Background Information

1. Please indicate the types of accounts that your firm currently manages:

Open-End Commingled Trust	
Closed-End Commingled Trust	
Single Client Account	
Private REIT	

2. Please provide the location and function of each of the firm's offices.

3. Please give a brief history of the firm.

4. When was the firm founded?

5. When did the firm begin managing real estate assets for institutional clients?

6. When was it registered as an investment advisor?

7. When did the firm begin to manage tax exempt accounts?

8. Describe the level of error and omission insurance coverage the firm carries.

9. Are you now the subject of a SEC or other regulatory body sanction? If so, explain.

10. Has the firm ever been subject to a SEC or other regulatory body sanction? If so, explain.

11. Discuss, in detail, any litigation brought against the firm in the last five years.

12. Please provide details on the financial condition of the firm.

13. What effect has the recent economic environment had on the firm?

14. Provide a breakdown of assets by type of Investment Strategy. (for example, Mid Cap Growth, Core Fixed Income, Emerging Markets, etc.)

Investment Strategy	# of Accounts	$ Value

15. Please provide a breakdown of the *FIRM'S* accounts & assets in the following table:

	# of Accounts	$ Value
Tax Exempt Assets:		
ERISA		
Public		
Taft-Hartley		
Endowment		
Foundation		
Religious Order		
Other		
Total Tax-Exempt		
Taxable Assets:		
Personal Trusts		
Commingled		
Total Taxable		
Mutual Funds:		
Equity		
Fixed Income		
Money Market		
Total Mutual Funds		
Overall Total		

16. Provide a breakdown of the *PRODUCT'S* accounts & assets in the following table:

	# of Accounts	$ Value
Tax Exempt Assets:		
ERISA		
Public		
Taft-Hartley		
Endowment		
Foundation		
Religious Order		
Other		
Total Tax-Exempt		
Taxable Assets:		
Personal Trusts		
Commingled		

Total Taxable		
Mutual Funds:		
Equity		
Fixed Income		
Money Market		
Total Mutual Funds		
Overall Total		

17. What are your firm's plans for growth of these assets?

18. Are there plans for limiting growth in any of the above areas?

19. How does your firm plan to staff the growth of the firm described above?

20. Give five (5) references for your services.

21. State the average size of the firm's 5 largest tax-exempt funds.

22. Indicate the number & assets of tax-exempt accounts the *FIRM* gained & lost in each category:

Gained	2011		2012		2013		2014		2015	
	#	$	#	$	#	$	#	$	#	$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

Lost	2011		2012		2013		2014		2015	
	#	$	#	$	#	$	#	$	#	$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										

Religious Order										
Other										
Total										

23. Please discuss any unusually large number of accounts or assets lost.

24. Indicate the number & assets of tax-exempt accounts the *PRODUCT* gained & lost:

Gained	**2011**		**2012**		**2013**		**2014**		**2015**	
	#	$	#	$	#	$	#	$	#	$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

Lost	**2011**		**2012**		**2013**		**2014**		**2015**	
	#	$	#	$	#	$	#	$	#	$
Public										
ERISA										
Taft-Hartley										
Endowment										
Foundation										
Religious Order										
Other										
Total										

25. For the *PRODUCT*, please discuss any unusually large # of accounts or assets lost.

In the following table, list the 5 clients (or all clients, if fewer than 5 in the strategy) with the most invested in the product (including clients that aren't included in the composite), and the requested details.

If the client is public (or you may disclose its name) please do. Otherwise state the type of client (e.g. Taft-Hartley, Foundation, Sub-Advisory, Mutual Fund, etc.).

For Vehicle, potential choices would include (but aren't limited to) Separate Account, Commingled Fund, CIT, Mutual Fund, etc.

	Client Name or Type	$ Invested	State (or Nation)	Investment Year	Vehicle	Included In Composite?
1						
2						
3						
4						
5						

Investment Philosophy Implementation

1. Describe the structure of the product's investment team, including how many members the team has and what their responsibilities are. Include an organizational chart which details the flow of information used in the decision making process.

2. How long has each member of the team worked with this product? Have there been additions or departures in the last 3 years for the team managing the proposed product? Please explain.

3. Please provide a brief history of the investment team including any previous firms this team has worked at together.

4. What is the # of accounts and account volume (in $) that is handled by this team?

5. Does the firm have an investment committee? If yes, describe how it operates & the background/experience of the members.

6. If applicable, how often does the investment committee meet?

7. What is the current amount of the redemption and entrance queue?

8. Please describe what actions your firm has taken to pay off the queue.

9. How much has been paid out to investors? What is the anticipated timeframe for the queue to be paid off?

Real Estate Investment Philosophy

1. Describe your portfolio investment process and philosophy. Please explain research process and the decision making process.

2. How much emphasis is placed upon property type and geographic distribution? Are there any properties that are avoided? Do you impose any geographical restrictions?

3. Please provide a breakout of Geographical Distribution including the current percentage and the target range of the portfolio.

4. What percentage of the real estate under management is domestic?

5. Please describe your diversification strategy.

6. At what stage in the product life cycle do you target buying or selling?

7. How do you manage risk?

8. Do you have internal annualized total or IRR return targets?

9. Describe the proposed construction of the fund, including how it may differ from competitors.

10. What are the criteria used for acquisitions/dispositions?

11. How are new investments sourced? Explain any competitive advantage your firm has in sourcing deals.

12. Please provide a brief history of the product and composite including all firms under which it has been managed.

13. What is the projected size of the fund being offered? What are the sizes of any existing tax-exempt funds?

14. What is the current level of assets in this fund? Does the fund have any committed assets which are not included in this total?

15. How many participants does this level of commitments represent?

16. What is the closing date for the fund being proposed?

17. Do any of the existing funds have uncommitted assets? Provide a breakdown & closing date for each fund.

18. How will properties be allocated among this fund, existing funds & separately managed accounts?

19. Have any properties been sold out of the existing fund?

20. Describe the appraisal process & how often it occurs.

21. What has been the history of discrepancies between appraised values & actual sales?

22. If there have been discrepancies, how close to the appraised value were the net proceeds to the investors?

23. If there were discrepancies in the values, how were the clients' past fees adjusted?

24. Have you had to defer any withdrawals for more than 90 days? If so, for how long?

25. Describe the firm's procedure for making contributions and withdrawals.

26. What is the current annual net cash flow available for withdrawals?

27. Is your fund leveraged?

28. If so, describe the use of leverage. What is the maximum amount that may be used?

29. Provide information regarding your upcoming debt maturity schedule in the below table.

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025+
Fixed Rate ($)										
Fixed Rate (% of total outstanding debt)										
Variable Rate ($)										
Variable Rate (% of total outstanding debt)										
Total ($)										
(%) of total outstanding debt										

30. Describe the current plans for the firm to repay this debt.

Research

1.	What percentage of research is generated internally?	
2.	What percentage of research is obtained from outside sources?	
3.	Please describe how the research operation within your firm works.	
4.	Please describe how your firm obtains and pays for outside research reports.	
5.	Please name the three primary sources of data and/or analyses upon which your firm relies.	
	(1)	
	(2)	
	(3)	
6.	Who coordinates the firm's research effort & what are their qualifications for that position.	
7.	Please provide your firm's current view of the real estate market.	

Personnel

1. In the table below, indicate the appropriate number of employees employed in each category.

	2012	2013	2014	2015
Investment Management Team				
Management and Administrative				
Computer professionals				
Clerical				
Other				
Total				

2. Please provide biographical information on all key members of the proposed product's asset mgmt team, including years of experience with this asset class & years with the firm.

3. In the last 3 years, how many professional employees have left the firm for any reason?

4. What qualifications are typical of the PMs, include yrs w/ firm, $ under mgmt & # of accounts.

5. Please describe the method of compensation employed for portfolio managers.

6. Please describe the method of compensation employed for research analysts.

Performance

1.	Is your firm in compliance with GIPS?	
2.	If yes to the above, has your GIPS compliance been audited?	
3.	If yes to the above, who performed the audit?	

Performance – as of 4Q15

Investment Style	
Product Name Used For Performance	
Inception Date	
Account Type	
Benchmark Used	
Portfolio Manager/Team Leader	
Years Managing this Product	

Open-End Fund Performance

Open-end submissions must fill this section out for the fund they are submitting.

Only include **RETURNS FOR COMPLETE YEARS'** performance in the table below.

Do NOT place returns for partial years in the table below, even if noted as incomplete.

Partial years and their performance may **only** go in the indicated box above.

Only complete years may be included in the returns below. List incomplete years, if any, this product has had in the box to the right.	

Commingled Funds and Separate Accounts **must** provide Gross of Fees Returns

Mutual Funds **should** submit Gross of Fees numbers if you have access to those numbers, and must provide Net of Fees numbers at a minimum.

Never delete any of the below columns for any reason, even if you are leaving it blank.

These returns are **in addition** to the requirement to submit a complete quarterly returns since inception document, as described in the instructions section at the beginning of this RFP.

Period	Return Gross of Fees	Return Net of Fees	Preferred Benchmark Return	# of Accounts for Product	Assets ($) in Composite
2006					
2007					
2008					
2009					
2010					
2011					
2012					
2013					
2014					
2015					
1st Quarter 2015					
2nd Quarter 2015					
3rd Quarter 2015					
4th Quarter 2015					
Annualized 3-year					
Annualized 5-year					
Annualized 10-year					

Fee/Product Structure

- **Do not state your firm's fees outside of the gray boxes below, or refer to outside documents.**
- **Do not copy/paste your fee schedule from older RFPs into this document.**
- **Follow the convention laid out in the Fee Structure boxes below. You may add additional "__ bps on next $__ mm" lines as needed.**
- **For each product type being proposed for this search, fill out its corresponding table in its entirety.**
- **For products that have no minimum size, be sure to state that. If a minimum fee is used instead of a minimum account size, fill out the appropriate row.**
- **For products where the minimum size is either waived or has been met, still indicate the products' standard minimums, so that we have it for our records.**

Commingled Fund

Name of Fund	
Fee Structure	__ bps on first $__ mm __ bps on next $__ mm __ bps on balance **Include ALL fees for the product in this space, including carried interest and preferred returns.**
Minimum Size	
Minimum annual fee (if used instead of minimum size).	
Is fee structure negotiable?	
Is minimum size negotiable?	
If minimum account size is more than this mandate, is it waived?	
Is a most-favored nation clause available and/or is the proposed fee an MFN fee?	
What are the interest rates for investors in subsequent closings?	
What is the liquidity on this vehicle?	
State any legal restrictions for clients (e.g. only open to Qualified Investors, ERISA, Pension plans, etc.)	

FEES, MELLON INDEX FUNDS

w/out Real Estate

Full Fee Rate	Discounted Computed	Discount Fee Rate	Computed	Minimum	Without Aggregation
5	22,650	4	18,120	25,000	25,000
5	13,585	4	10,868	10,000	10,868
6	9,060	5	7,550	10,000	10,000
10	15,100	9	13,590	10,000	13,590
100	-	100	-		
5	21,000	4	16,800	10,000	16,800
Mellon Only	81,395		66,928	65,000	76,258

w/Real Estate

Full Fee Rate	Discounted Computed	Discount Fee Rate	Computed	Minimum	Without Aggregation
5	22,650	4	18,120	25,000	25,000
5	13,585	4	10,868	10,000	10,868
6	9,060	5	7,550	10,000	10,000
10	15,100	9	13,590	10,000	13,590
100	120,000	100	120,000		
5	15,000	4	12,000	10,000	12,000
Mellon Only	75,395		62,128	65,000	71,458