

# REQUEST FOR PROPOSALS

## Real Estate

### Investment Consulting Services

**RFP Issue Date: Thursday, April 13, 2017**

**Questions Due: Thursday, April 27, 2017  
by 3:00 pm Eastern**

**Proposals Due: Thursday, June 1, 2017  
by 3:00 pm Eastern**

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## **1.0 INFORMATION FOR BIDDERS**

### **1.1 PURPOSE AND INTENT**

This Request for Proposal (RFP) is issued by the State of New Jersey, the Department of the Treasury, Division of Investment (DOI). The purpose of this RFP is to solicit bid proposals from firms for asset-specific investment consulting services for defined benefits programs in DOI's real estate portfolio. These firms shall possess the experience, skills, expertise, and resources necessary to assist and advise DOI in making prudent investment decisions, implementing such decisions, and evaluating current and proposed investment strategies, structure, and design.

The intent of this RFP is to award one (1) contract to one (1) responsible Bidder whose bid proposal conforming to this RFP is most advantageous to the State, price and other factors considered.

The NJ Standard Terms and Conditions version 10/21/2011 will apply to all contracts or purchase agreements made with the State. These terms are in addition to the terms and conditions set forth in this RFP and should be read in conjunction with them unless the RFP specifically indicates otherwise.

### **1.2 MINIMUM QUALIFICATIONS**

- a) The firm's principals must have experience in providing real estate consulting services to institutional clients, which shall include at least two (2) clients with real estate portfolios of at least approximately \$500 million in commitments.
- b) The firm's principals must have experience in providing real estate consulting services for at least three (3) years.
- c) The primary individual assigned to DOI's account must have a minimum of three (3) years experience, either at the current or a prior firm, in a senior advisory role preparing or overseeing real estate investment policies, allocation strategies and guidelines, and evaluating and recommending domestic and international real estate investments for public and/or private pension plans, foundations, endowments, or other investment vehicles.
- d) The firm must maintain or have access to a database of domestic and international real estate funds and/or managers.
- e) Any consultant retained by the DOI must comply with various laws, regulations, policies, and procedures of the State. By submitting a proposal in response to this RFP, the firm pledges to comply with all applicable laws, regulations, policies, and procedures.

### 1.3 **BACKGROUND**

The DOI was created by P.L. 1950, c. 270, which became effective on July 1, 1950. The statute created the DOI and the State Investment Council (“SIC”). An important objective of the statute creating the DOI and the SIC was to centralize all functions relating to purchases, sales or exchanges of securities for the State's diverse funds under experienced and professional management.

Today, the SIC consists of sixteen members, eight appointed for staggered five-year terms by the Governor, three appointed for three-year terms by the trustees of three of the State’s pension systems, two appointed for five-year terms by the Governor from a list of candidates put forward by the state AFL-CIO, one appointed for a three-year term by the Governor from a list of candidates put forward by the New Jersey Education Association (NJEA), one appointed for a five-year term by the Governor from a list of candidates put forward by the President of the Senate and Speaker of the Assembly, and one appointed for a three-year term by the Governor from a list of candidates put forward by the State Troopers Fraternal Association. The eight gubernatorial appointments (excluding those nominated by the President and Speaker of the Assembly, AFL-CIO, NJEA, and State Troopers Fraternal Association) are made with the advice and consent of the State Senate. No member of the SIC shall hold any office, position or employment in any political party, nor shall any member benefit directly or indirectly from any transaction made by the DOI. Members of the SIC serve without compensation.

The role of the SIC is to establish the methods, practices and procedures it deems necessary or proper, which govern the investment activities of the DOI. New regulations adopted by the SIC from time to time are filed with the Office of Administrative Law and published in the New Jersey Register for public comment prior to adoption.

Implementation of investment policies is vested in the Director of the DOI. The Director is subject to the standards of prudent investment set forth in N.J.S.A. 52:18A-89. As part of the Director’s fiduciary role, the Director retains the power and right to select, monitor, and terminate consultants when doing so is in the best interest of the State. In making these decisions, the Director may consider many factors, including whether the consultant is complying with applicable statutes and regulations, and whether the consultant is meeting the investment goals and direction established by the SIC and the Director.

The DOI invests the assets of seven different State pension funds, which totaled approximately \$73 billion as of June 30, 2016. The assets of each pension fund are invested in the Cash Management Fund, Common Pension Fund D (Public Securities), and Common Pension Fund E (Alternative Investments and Global Diversified Credit Investments).

In addition to the pension funds, the DOI also manages other State funds, which include a portion of NJBEST, a portion of the New Jersey Deferred Compensation Plan, and other funds.

## 1.4 **KEY EVENTS**

### 1.4.1 **ELECTRONIC QUESTION AND ANSWER PERIOD**

DOI will electronically accept questions and inquiries from all potential Bidders via email at [DOI@treas.nj.gov](mailto:DOI@treas.nj.gov).

- The RFP should be clearly referenced in the subject line.
- Questions should be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP.
- Each question should begin by referencing the RFP page number and section number to which it relates.
- Questions regarding the Standard Terms & Conditions and exceptions to mandatory requirements should contain requested changes.

Bidders must not contact DOI staff directly, in person, by telephone or by e-mail, other than through the email above, concerning this RFP.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the DOI website, <http://www.state.nj.us/treasury/doinvest/rfp.shtml>, after the cut-off date. See RFP Section 1.5 for further information.

### 1.4.2 **DEADLINE AND LOCATION FOR SUBMISSION OF PROPOSAL**

In order to be considered for award, the proposal must be received by DOI on or before the due date and time as indicated on the RFP cover sheet.

**ANY PROPOSAL NOT RECEIVED BY THE DATE AND TIME INDICATED ON THE COVER SHEET WILL BE REJECTED.**

If a Bidder requests, prior to the deadline, that the Director postpone the deadline due to a documentable cause of delay that is beyond the control of the Bidder, or if the Director otherwise determines that postponement is in the State's best interest, the Director shall designate a revised deadline. The Director shall post notice of any postponement of the deadline on the DOI website, <http://www.state.nj.us/treasury/doinvest>.

Bidders using U.S. Postal Service regular or express mail services should allow additional time since the U.S. Postal Service does not deliver directly to DOI.

Bidders are required to provide proposals to the addresses and in the specific delivery format as described in Section 4.2.

## **1.5 ADDITIONAL INFORMATION**

### **1.5.1 ADDENDA: REVISIONS TO THIS RFP**

If it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum. Any addendum to this RFP will become part of this RFP and part of any contract awarded as a result of this RFP.

**NOTE: ALL ADDENDA WILL BE ISSUED ON AND POSTED TO DOI'S  
WEB SITE: <http://www.state.nj.us/treasury/doinvest/rfp.shtml>**

There are no designated dates for release of addenda. Therefore, interested Bidders should check DOI's website on a daily basis from the time of RFP issuance through the proposal submission deadline.

It is the sole responsibility of the Bidder to be knowledgeable of all addenda related to this procurement.

### **1.5.2 BIDDER RESPONSIBILITY**

The Bidder assumes sole responsibility for the complete effort required in submitting a proposal in response to this RFP. It is the sole responsibility of the Bidder to be knowledgeable as to all of the requirements of this RFP and any Addenda. No special consideration will be given after proposals are opened because of a Bidder's failure to be knowledgeable as to such requirements.

### **1.5.3 COST LIABILITY**

The State assumes no responsibility and bears no liability for costs incurred by a Bidder in the preparation and submittal of a proposal in response to this RFP.

### **1.5.4 PUBLIC DISCLOSURE OF PROPOSAL**

The Bidder's proposal and all information submitted by Bidders in response to this RFP may be released to the public under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq., ("OPRA") or the common law right to know, notwithstanding any disclaimers to the contrary submitted by a Bidder, except as may be exempted from public disclosure by OPRA and the common law.

A Bidder may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA (see N.J.S.A. 47:1A-1.1) or the common law, when the Bidder has a good faith legal and/or factual basis for such assertion. The location in the proposal of any such designation should be clearly stated in a cover letter. The State reserves the right to make the determination as to what is exempt from disclosure, and will advise the Bidder accordingly. **The State will not honor any attempt by a Bidder to designate its entire proposal or the prices offered as exempt from disclosure.** In the event of any challenge to the Bidder's assertion of confidentiality with which the State does not concur, the Bidder may elect to defend its assertion in a timely manner at its own expense.



All received proposals will remain unopened until the deadline for proposal submission. After the deadline, only the names and addresses of the Bidders submitting proposals may be made public. The contents of the proposals shall not be available for public inspection until the Notice of Intent to Award is issued by the Director.

After the Notice of Intent to Award is issued, each proposal and, if applicable, documentation relating to any negotiations, will be available for public inspection in accordance with governing law.

#### **1.5.5 PRICE ALTERATION IN HARD COPY PROPOSALS**

Proposal prices must be typed or written in ink. Any price change (including “white-outs”) must be initialed. Any price alteration that has not been initialed shall be disregarded, unless a duplicate copy within the Bidder’s proposal packet contains the same alteration. Examples of alterations include, but are not limited to, cross-outs, erasures, white-outs, write-overs, and strikeovers, with re-entered prices. If the alteration has not been initialed, that particular item only shall be rejected, except if the extended price is verifiably correct and does not contain an alteration or if the extended total price is verifiably correct and does not contain an alteration, it shall be considered the offered price. In the event of a rejection of a single line of a proposal responding to a request for multiple prices for multiple items, the remainder of the proposal shall be evaluated.

#### **1.5.6 WITHDRAWING PROPOSAL**

A Bidder discovering an error in its bid proposal prior to the proposal submission deadline may request, in writing, that its submitted proposal be withdrawn. If the request is granted, the Bidder may submit a revised bid proposal provided it is received prior to the proposal submission deadline.

A Bidder discovering an error in its bid proposal after the proposal submission deadline but before the contract award may make written application to the Director for authorization to withdraw its bid proposal. The Director shall consider the Bidder's good faith in making the request, as evidenced by: whether the mistake relates to a material feature or term of the proposal; whether the mistake occurred notwithstanding the Bidder's exercise of reasonable care; and whether the error is so significant that to enforce the contract resulting from the proposal would be unconscionable. The Director shall also consider whether DOI would be significantly prejudiced by granting the request.

#### **1.5.7 JOINT VENTURE**

If a joint venture is submitting a proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture’s proposal. Authorized signatories from each party comprising the joint venture must sign the proposal. A separate Ownership Disclosure Form, Disclosure of Investigations and Other Actions Involving Bidder Form, Disclosure of Investment Activities in Iran, Vendor Certification and Political Contribution Disclosure Form, Chapter 51 / Executive Order 117 Vendor Certification and

Disclosure of Political Contributions Form, and Affirmative Action Employee Information Report must be supplied for each party to a joint venture. Each party comprising the joint venture must also possess a valid Business Registration Certificate (“BRC”) issued by the Department of Treasury, Division of Revenue prior to the award of a contract. Refer to Section 8.1.5 of this RFP.

## 2.0 DEFINITIONS

### 2.1 GENERAL DEFINITIONS

The following definitions will be part of any contract awarded or order placed as result of this RFP.

**Addendum** – A written clarification or revision to this RFP issued by the Division of Investment.

**Amendment** – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director.

**Bidder** – An individual or business entity submitting a proposal in response to this RFP.

**Contract** – This RFP, any addenda to this RFP, the Standard Terms & Conditions, the Bidder's proposal submitted in response to this RFP, and the Bidder's Best and Final Offer.

**Contractor** – The Bidder awarded a contract resulting from this RFP.

**DOI Contract Manager** – The DOI employee responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work, as set forth in Sections 3.0 and 9.1.

**Evaluation Committee** – A committee established by the Director to review and evaluate proposals submitted in response to this RFP and to recommend a contract award to the Director.

**Firm, Fixed Price** – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the State unless there is a change in the scope of work.

**Joint Venture** – A business undertaking by two or more entities to share risk and responsibility for a specific project.

**May** – Denotes that which is permissible, not mandatory.

**OPRA** - New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq.

**Project** – The undertaking or services that are the subject of this RFP.

**Request for Proposal (RFP)** – This document which establishes the bidding and contract requirements and solicits proposals to meet the needs of DOI as identified herein.

**Selection Committee** – A committee established by the Director to review and evaluate proposals submitted in response to this RFP and to recommend a contract award to the Director.

**Shall or Must** – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a proposal as materially non-responsive.

**Should** – Denotes that which is recommended, not mandatory.

**Standard Terms & Conditions** – State of New Jersey Standard Terms and Conditions (Rev. (10/21/11), which are available online at:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

All references in the Standard Terms & Conditions to the Director of the Division of Purchase and Property shall for this RFP be references to the Director of DOI. All references in the Standard Terms & Conditions to the Division of Purchase and Property shall for this RFP be references to DOI.

**State** – State of New Jersey.

**Subtasks** – Detailed activities that comprise the actual performance of a task.

**Subcontractor** – An entity having an arrangement with a State Contractor, whereby the State Contractor uses the products and/or services of that entity to fulfill some of its obligations under its State contract, while the State Contractor retains full responsibility for the performance of all of its obligations under the contract, including payment to the subcontractor. The subcontractor has no legal relationship with the State, only with the State Contractor.

**Task** – A discrete unit of work to be performed.

## **2.2 CONTRACT-SPECIFIC DEFINITIONS**

**Common Pension Fund** – A common trust fund used to pool the assets of the individual Pension Plans for the purpose of investment.

**Council (SIC)** – State Investment Council.

**Director** – The director of the Division of Investment.

**Division (DOI)** – The State of New Jersey Department of the Treasury, Division of Investment.

**Investment Consultant** – A consultant to be engaged pursuant to this RFP to assist and advise DOI in making prudent investment decisions, implementing such decisions, and

evaluating current and proposed investment strategies, structure, design and/or performance with respect to DOI's Real Estate portfolio.

**Investment Policy Committee (IPC)** – A subcommittee of the SIC designated by regulation to review due diligence information for each real estate investment recommended by DOI and to report to the SIC regarding each proposed investment.

**Pension Plans** – The individual retirement systems: Public Employees' Retirement System (PERS), Teachers' Pension & Annuity Fund (TPAF), Police and Firemen's Retirement System (PFRS), State Police Retirement System (SPRS), Judicial Retirement System (JRS), Consolidated Police and Firemen's Pension Fund (CPFPPF), and Prison Officers' Pension Fund (POPF).

**Real Asset** - Investments in physical or tangible, non-real estate assets, typically providing inflation protection. Investments encompass a wide range, including infrastructure, timber land, agricultural land, commodities, and natural resources.

**Real Estate** - Investments in buildings and land, companies engaged in real estate, and debt on real property. Investment vehicles may include open-end commingled funds, closed-end commingled funds, club deals, separate accounts and co-investments. Real Estate may be equity-related or debt-related.

### **3.0 SCOPE OF WORK**

The Contractor shall work closely with the Investment Policy Committee (IPC) of the SIC, the Director and Deputy Director of DOI, and other staff. The Contractor shall serve in a fiduciary capacity and shall acknowledge in writing its fiduciary status, without qualification. In all cases, the Contractor and its employees will offer advice to DOI solely in the interest of the DOI and the plan participants.

**The Contractor shall perform, at a minimum, the following duties based upon a Firm, Fixed Price:**

#### **3.1 REAL ESTATE INVESTMENT POLICIES AND PROCEDURES**

- A) Draft and/or review, upon contract award and at least annually thereafter, or upon request, DOI's real estate investment policies, procedures, objectives, and guidelines.
- B) Make recommendations and provide ongoing assistance with updates to those policies, procedures, objectives, and guidelines.
- C) On a quarterly basis, perform periodic reviews of the real estate portfolio, to determine and ensure conformance with policies, procedures, objections, and guidelines.

#### **3.2 ASSET ALLOCATION AND PORTFOLIO CONSTRUCTION DUTIES**

- A) Conduct a review of the structure of the real estate portfolio at least every year and provide a detailed, written report of results and recommendations.
  - a. As necessary, provide analysis and advice regarding such investment structures:
    - i. Type of vehicles (e.g., direct investment, joint ventures, publicly traded through real estate investment trusts, open-end commingled funds, closed-end commingled funds, separate accounts, and co-investments);
    - ii. Type of real estate investment strategy (e.g., core, value-added, and opportunistic), property types, and geographic exposures; and
    - iii. Amount of Leverage.
  - b. Make recommendations on the appropriateness of such structures in light of prevailing market conditions and the SIC's Regulations, investment policies, and long-term objectives.
- B) Conduct an annual asset allocation review of the real estate portfolio and provide a detailed, written report of results and recommendations.

- a. The recommendations shall take into account the projections of future cash flows and other economic factors.
- b. The report shall estimate the absolute and relative rates of return of the investments, interpret rates of return and volatility of the investments, and make recommendations for reallocation of assets when necessary.
- c. The Contractor shall work closely with DOI and the general investment consultant to incorporate an analysis that shall, at a minimum, include:
  - i. An analysis of the investment opportunities of available real estate sub-asset classes, including expected returns, risks, and correlation among these sub-classes;
  - ii. Recommendations for an optimal asset allocation based upon the foregoing, including implementation methodology and a timetable for achieving such asset allocation; and
  - iii. An analysis of investment pacing for the coming years taking into account reasonable estimates of distributions from existing and future investments, capital calls from existing and future commitments, performance for real estate investments and overall Plan growth to achieve DOI's target allocations and remain within investment limits.
- C) When appropriate, recommend the sale, dissolution, or replacement of real estate investments.
- D) Provide a quarterly report detailing property type diversification within major property types (e.g. segregate office into central business district (CBD), suburban, medical office, other office).
- E) Provide a quarterly report detailing geographic diversification within global regions (e.g. segregate Europe into UK, Germany, France, Spain, Other Western Europe, Central, and Eastern Europe).
- F) On a quarterly basis, provide a cash flow/liquidity analysis of the real estate asset class. The cash flow/liquidity analysis is a forecast of contributions, distributions, growth, and net asset value and how it affects the real estate asset class allocation to the overall plan.
- G) On a quarterly basis, provide high-level real estate sector commentary including capitalization rates, discount rates, and market trends.

### **3.3 SOURCING, DUE DILIGENCE, AND NEGOTIATION**

### **3.3.1 SOURCING**

- A) Assist in developing a search strategy, including search criteria, to identify high quality real estate investments. This assistance shall include, but not be limited to:
- i. Developing search criteria;
  - ii. Reviewing qualifications;
  - iii. Conducting due diligence on potential candidates;
  - iv. Preparing background materials for all approval authorities;
  - v. Assisting in conducting interviews of potential candidates; and
  - vi. Providing analyses and information so that fair and reasonable fees can be established for such services.
- B) Provide access to information on real estate managers and/or funds, which includes information regarding investment philosophy, management personnel, audited performance results, investors, and fees. Such information should be for both domestic and international managers/funds and across all different types of real estate investments. It is DOI's strong preference to have login access to an electronic database via the internet.
- C) At least quarterly, provide a list of new fund managers and/or funds coming to the market.
- D) Keep DOI apprised of innovative and novel real estate investment opportunities that conform to DOI objectives.

### **3.3.2 DUE DILIGENCE**

- A) Conduct due diligence on funds sourced by DOI and by the Contractor, including reviewing the qualifications of each fund's general partner, interviewing potential candidates, conducting references checks, and conducting background checks when appropriate and/or upon request. DOI's due diligence procedures are located on the DOI website:  
<http://www.nj.gov/treasury/doinvest/pdf/Sicreg/DueDiligence.pdf>.
- B) Prepare, jointly with DOI staff, due diligence reports and recommendations on prospective investments for submission to the IPC and the SIC. Provide DOI, the IPC, and the SIC with such other relevant, reliable, and timely research and information as requested.
- C) At DOI's request and on a per investment basis, review individual real assets



(other than real estate) investments. This shall be reviewed in the same manner as real estate investments included in this Scope of Work, and shall include due diligence research and reports.

- D) Assist DOI staff in the evaluation of secondary transactions, both purchases and sales, and the evaluation of separate account investments and co-investment opportunities.

### **3.3.3 NEGOTIATION**

- A) When appropriate, negotiate business terms and appropriate structural incentives for prospective investments.
- B) Provide fee negotiation services for prospective investments upon request.

## **3.4 PORTFOLIO MONITORING**

- A) Provide ongoing analysis and monitoring of fund managers. Provide written reports upon request.
- B) Notify DOI in writing of any underperformance, noncompliance, significant changes, or adverse events, and provide analysis and advice on such issues as soon as practicable after discovery.
- C) At least annually or upon request, conduct organization stability and performance audits of each fund manager, including onsite visits.
- D) Provide advice, as needed, in connection with such concerns as manager/fund probation and termination procedures.
- E) At least annually or upon request, evaluate fund manager compliance with industry best practice standards. Provide written reports upon request.
- F) As needed or upon request, provide recommendations concerning fund manager allocation and structure, fund manager guidelines, quartile rankings, and benchmark identification. Provide written reports upon request.
- G) As directed, the contractor shall attend annual meetings and advisory board meetings of funds in the portfolio with or without DOI staff

## **3.5 PERFORMANCE MEASUREMENT AND REPORTING**

- A) On a quarterly basis, calculate, evaluate, and monitor the investment performance of the real estate portfolio (including gross and net returns, gross and net MOIC, DPI, quartile performance, and volatility) and, if appropriate, portfolio holdings and

performance of each real estate portfolio or portion of a portfolio relative to applicable investment guidelines, benchmarks, and objectives.

- B) Assist in and review, on a quarterly basis, the selection of appropriate benchmarks for the real estate portfolio and each real estate investment manager and/or fund, including custom benchmarks, if necessary.
- C) Generate general and customized reports from a comprehensive reporting and monitoring program with the most up-to-date financial information on a fund, company, and portfolio basis for DOI's real estate portfolio.
- D) Review all real estate portfolio cashflows, including all capital calls and distributions, and provide both a quarterly and fiscal year report including, but not limited to, all expenses, management fees and carried interest by underlying investment.
- E) On a quarterly basis, provide real estate market environment information.
- F) On a quarterly basis, provide quarterly performance information in statistical and graphical formats, including a breakdown by fund, by region, and property type, sector and overall, for specified time periods, including comparison to benchmarks and/or performance of other institutional investors.
- G) Provide asset growth information on a quarterly, year-to-date, prior twelve (12) month, three (3) year, five (5) year, and since inception basis for the real estate portfolio.
- H) Deliver the performance information required as detailed in this section within three (3) weeks of the receipt of the relevant information from DOI or directly from the General Partner.

### **3.6 TRAINING, EDUCATION, AND CLIENT SERVICE**

- A) Provide investment education and training to DOI staff and IPC and SIC members, as requested.
- B) Provide assistance on special projects, as requested,
- C) Participate in ad hoc workshops on specific issues designated by DOI, as requested.
- D) Communicate, when necessary or requested, with DOI staff about workflow and any other operational issues.
- E) Develop educational materials on requested topics or projects.
- F) Respond to inquiries in an appropriate and timely manner.
- G) Share all firm research, including white papers, and provide regular access to research staff.

### **3.7 OPERATIONAL DUTIES**

- A) Meet with DOI staff periodically, or as requested, to present performance reviews.
- B) Meet with DOI staff weekly by telephone to review investment pipeline, due diligence, projects, workflow and scheduling.
- C) Attend IPC meetings, approximately six (6) annually, by telephone, and SIC meetings, approximately six (6) annually, in person, and other meetings as requested.
- D) Prepare requested presentations for IPC and or SIC meetings, including the Annual Meeting of the SIC.
- E) Attend annual and/or advisory board meetings of real estate investments, as requested.

### **3.8 STAFFING**

- A) Provide the necessary numbers and types of staff required in order to carry out successfully the scope of work set forth in this Scope of Service.
- B) Assign at least two (2) senior consultants to perform the scope of work set forth in RFP Section 3.0. While one (1) may be designated as the lead consultant, the backup consultant shall be fully capable of handling all aspects of the contract in the absence of the lead consultant.
- C) The lead consultant should not have more than five (5) primary clients at any time during the term of this contract.
- D) Immediately notify DOI of any management change or change involving consultants assigned to DOI's account.

## 4.0 PROPOSAL PREPARATION AND SUBMISSION

### 4.1 PROPOSAL PREPARATION - GENERAL

**4.1.1 IN ORDER TO BE CONSIDERED, A PROPOSAL MUST ARRIVE AT DOI IN ACCORDANCE WITH THE INSTRUCTIONS ON THE RFP COVER PAGE. BIDDERS ARE CAUTIONED TO ALLOW ADEQUATE DELIVERY TIME TO ENSURE TIMELY DELIVERY OF PROPOSALS. LATE PROPOSALS SHALL BE INELIGIBLE FOR CONSIDERATION.**

4.1.2 The Bidder is advised to thoroughly read and follow all instructions contained in this RFP, including the instructions on the RFP's cover page, in preparing and submitting its proposal.

4.1.3 In order to submit a proposal, Bidders must meet the minimum qualifications set forth in Section 1.2. Proposals from Bidders that do not meet the minimum qualifications shall be deemed non-responsive and will not be evaluated.

4.1.4 Use of URLs in a proposal should be kept to a minimum and may not be used to satisfy any material term of an RFP. If a preprinted or other document included as part of the proposal contains a URL, a printed (or if a bid is submitted electronically, electronic) copy of the URL page shall be provided and will be considered as part of the proposal. Additional URLs on the copy of the URL page shall not be considered as part of the proposal unless a copy of those URL pages are also provided.

### 4.2 PROPOSAL SUBMISSION

The Bidder must submit the following proposal copies to the addresses provided below.

**DELIVER TO DOI at the following address:**

**VIA USPS**

**Attn: Gina Costello  
Division of Investment  
Department of the Treasury  
P.O. Box 290  
Trenton, NJ 08625-0290**

**VIA COURIER**

**Attn: Gina Costello  
Division of Investment  
Department of the Treasury  
50 West State Street, 9<sup>th</sup> floor  
Trenton, NJ 08625-0290**

Bidders using U.S. Postal Service regular or express mail services should allow additional time since the U.S. Postal Service does not deliver directly to DOI.

- **One (1) complete ORIGINAL proposal clearly marked as the "ORIGINAL" proposal.**

- **Seven (7)** complete and exact copies clearly marked “COPY.”
- **Two (2) complete and exact ELECTRONIC copies** of the original proposal in PDF file format on disc (CD or DVD) or portable USB drive to be viewable and "read only" by State evaluators using Adobe Acrobat Reader software.
- **One (1) complete and exact ELECTRONIC copy** of the original proposal in an editable and “writable” PDF file format on disc (CD or DVD) or portable USB drive for redaction.

Copies are necessary in the evaluation of the proposal and for record retention purposes. A Bidder failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. The Bidder should make and retain a copy of its proposal.

#### **4.3 PROPOSAL ORGANIZATION**

The proposal should be submitted with the content separated as indicated below:

- Section 1 - Forms (Section 4.5)
- Section 2 – Price Schedule (Section 5.7)
- Section 3 - Technical Proposal (ALL of Section 5 except for Section 5.4)
- Section 4 – Appendix Documentation

#### **4.4 CERTIFICATIONS**

##### **4.4.1 NON-COLLUSION**

By submitting a proposal, the Bidder certifies as follows:

- The price(s) and amount of its proposal have been arrived at independently and without consultation, communication or agreement with any other contractor, Bidder or potential Bidder.
- Neither the price(s) nor the amount of its proposal, and neither the approximate price(s) nor approximate amount of this proposal, have been disclosed to any other firm or person who is a Bidder or potential Bidder, and they will not be disclosed before the deadline for proposal submission.
- No attempt has been made or will be made to induce any firm or person to refrain from bidding on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- The Bidder, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted or found liable for any act

prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.

#### **4.4.2 BUSINESS ETHICS GUIDE**

The Treasurer has established a business ethics guide to be followed by State contractors in their dealings with the State. The guide provides further information about compliance with Section 2.8 of the Standard Terms & Conditions. The guide can be found at:

[http://www.state.nj.us/treasury/purchase/ethics\\_guide.shtml](http://www.state.nj.us/treasury/purchase/ethics_guide.shtml)

By submitting a proposal, the Bidder is automatically certifying that it has read the guide, understands its provisions, and is in compliance with its provisions.

#### **4.5 FORMS REQUIRED WITH PROPOSAL**

##### **4.5.1 COVER LETTER**

The Bidder shall submit a cover letter with its proposal, including the signature of an authorized representative of the Bidder. If the Bidder is a limited partnership, the cover letter must be signed by a general partner. If the Bidder is a joint venture, the cover letter must be signed by a principal of each party to the joint venture.

##### **4.5.2 OWNERSHIP DISCLOSURE FORM**

Pursuant to N.J.S.A. 52:25-24.2, in the event the Bidder is a corporation or partnership, the Bidder must complete the attached Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the proposal.

##### **4.5.3 DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING BIDDER**

The Bidder shall provide a detailed description of any investigation, litigation, including but not limited to administrative complaints or other administrative proceedings, involving any public sector clients during the past five (5) years. This description shall include the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The Bidder shall use the attached Disclosure of Investigations and Other Actions Involving Bidder form for this purpose.

#### **4.5.4 SUBCONTRACTOR UTILIZATION PLAN**

All Bidders intending to use a subcontractor must submit a completed Subcontractor Utilization Plan. The Subcontractor Utilization Plan form may be found at the following website:

<http://www.state.nj.us/treasury/purchase/forms/SubContractingForms.pdf>

#### **4.5.5 DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN**

Pursuant to N.J.S.A. 52:32-58, the Bidder must certify, at the time the bid is submitted, that neither the Bidder, nor any of its parents, subsidiaries or affiliates, is identified on the State of New Jersey Department of Treasury's list of entities determined to be engaged in prohibited investment activities in Iran. The Bidder shall use the attached Disclosure of Investment Activities in Iran form for this purpose.

## **5.0 TECHNICAL PROPOSAL**

In this section, the Bidder shall describe its approach and plans for accomplishing the work outlined in RFP Section 3.0 Scope of Work. The Bidder must set forth its understanding of the requirements of this RFP and its ability to successfully complete the contract. The Bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative should convince the State that the Bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the Bidder's ability to complete the contract. The Bidder's Technical Proposal should be designed to convince the State that the Bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the Bidder's proposal will lead to successful contract completion.

### **5.1 OVERVIEW**

5.1.1 Provide a summary statement of no more than three (3) pages stating why the Bidder is most able to provide the services listed herein to the DOI. Summary statement should also include, at a minimum, how the minimum qualifications listed in Section 1.2 are met.

### **5.2 ORGANIZATION**

5.2.1 Provide a brief history of the firm, including the year organized and the year the firm began providing investment consulting services to public fund clients.

5.2.2 Provide the firm's mission statement.

5.2.3 Describe the ownership structure of the firm, giving specific details with regard to any parents or affiliates. Describe any changes over the last five (5) years. Include an organizational chart and a description of the firm's distribution of ownership interest.

5.2.4 Discuss the overall business objectives of the firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response:

- i. Total assets or client relationships that will be accepted;
- ii. Maximum limits on asset amounts or number of clients per consultant; and
- iii. Plans to develop and expand resources, merge or acquire other firms, or spin-off subsidiaries.

5.2.5 Explain whether the firm exercises discretionary investment authority along with investment consulting services for any clients. If so, describe how the firm addresses potential conflicts.

5.2.6 Describe the firm's commitment to research, performance, and database system



enhancements.

- 5.2.7 State whether the firm prepares white papers on relevant investment topics. If so, provide a sample.
- 5.2.8 Describe all licenses that are required in order to do business with the State or elsewhere that are held and maintained by the firm, its directors, officers, and principals, and any of the individuals who will be responsible for providing the services described in this RFP. Provide a listing of any and all suspensions or expulsions of the firm or any of its personnel by any regulatory agency during the past five (5) years with an explanation of the reason for such suspensions or expulsions and the time period for such actions.
- 5.2.9 State whether the firm is registered with the Securities and Exchange Commission or the New Jersey Bureau of Securities, as an investment adviser. If so, provide all disclosures required under those laws (including Parts I and II of Form ADV).
- 5.2.10 State whether the firm has been subject to or is currently being reviewed or audited by the Securities and Exchange Commission or other regulatory agencies. If yes, please describe the nature of the investigation.
- 5.2.11 State whether over the last five (5) years, the firm, or any principal or officer of the firm has been involved in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence criminal activity or breach of fiduciary duty. If so, describe.

### **5.3 CLIENTS AND STAFFING**

- 5.3.1 Identify the total number of clients by type (e.g., corporate plan or public plan), the average client to consultant ratio, and the maximum number of clients assigned to a consultant.
- 5.3.2 Provide the number of clients gained and number of clients lost in each of the last three (3) years, and identify the five (5) largest clients lost over the last three (3) to five (5) years, including the reason(s) for termination.
- 5.3.3 Briefly describe the firm's philosophy with respect to investment consulting mandates and the nature of the services that you provide. What key strengths and competitive advantages generate superior performance and service for the firm's clients?
- 5.3.4 Provide a contract organization chart, with names showing management, supervisory, research and other key personnel to be assigned to the contract.
- 5.3.5 State whether the firm's employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute. If not, indicate whether the firm maintains a code of ethics. Provide a copy of the firm's Code of Ethics.

- 5.3.6 Briefly describe the firm’s compensation system for principal staff, and indicate specific incentives utilized to ensure key professionals do not leave the firm either as a group or individually. Explain how the firm ties client performance and satisfaction to a consultant’s compensation.
- 5.3.7 Complete the following table regarding your staff that left or joined your firm within the last three (3) years. Include anticipated personnel changes for the next year.

Name & Title	Joined or Left	Date	Joined	Date	Left	Reason

- 5.3.8 Describe any significant innovations the firm has made in consulting for institutional real estate investors. Include the names of key staff involved in these developments and if the staff will be on account.
- 5.3.9 What percentage of firm revenues comes from any discretionary real estate consulting services and/or other firm services? If discretionary accounts exist, indicate specifically how investment opportunities are (will be) allocated among advisory clients and discretionary clients. How can DOI be assured that consulting clients are not disadvantaged relative to the firm’s discretionary clients?
- 5.3.10 Does the firm or any employees of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, please explain how potential conflicts that arise from these activities are mitigated.
- 5.3.11 List the overall performance for all of the firm’s real estate clients for one (1), three (3), and five (5) year periods ending September 30, 2016. It is not necessary to identify clients by name but the size of each real estate program should be disclosed.

**5.4 PORTFOLIO CONSTRUCTION**

- 5.4.1 Detail the firm’s process for recommending an overall real estate portfolio structure.
- 5.4.2 State whether the firm provides any customized computer-based analytical tools or web access to its clients.
- 5.4.3 Acknowledge the firm’s fiduciary status and its acceptance of fiduciary responsibility for recommendations to DOI.
- 5.4.4 Provide a sample of a cash flow model report.
- 5.4.5 Provide a preliminary analysis of DOI’s portfolio (Attachment 1). What changes would the firm recommend to DOI’s current real estate structure? Please be specific with at least three (3) examples.

- 5.4.6 Describe how the firm would approach planning and implementing a real estate investment program for DOI. What are the steps the firm would take to execute this plan? What unique client factors would the firm consider?
- 5.4.7 Describe the methodology and sources of data for analyzing and evaluating the client's overall real estate portfolio performance including comparison to the performance of similar portfolios. Describe the peer universe to which a client such as DOI would be compared.
- 5.4.8 What experience does the firm have planning and implementing direct real estate investment programs? Please list specific client engagements.
- 5.4.9 Describe the firm's experience with separate accounts, joint ventures, public REITs, and co-investments programs. Address the following items:
- 1) Identify and describe the investment strategies and opportunities the firm sees as most attractive today and over the next three (3) years for these types of programs on a risk-adjusted basis.
  - 2) Explain how these investment strategies are appropriate under the current and expected market conditions and how the firm would execute this strategy.
  - 3) Provide the firm's approach and philosophy in structuring the above-referenced vehicles. Explain how deals in a separate account are sourced, evaluated, and executed. Identify a reasonable amount of investments expected annually.

## **5.5 INVESTMENT PHILOSOPHY AND PROCESS**

- 5.5.1 Describe the firm's philosophy, experience, and capability with respect to manager (partnership) evaluations. Besides investment returns, describe the key criteria the firm considers in overall manager (partnership) evaluations. Describe the factors that influence the real estate market.
- 5.5.2 Briefly discuss the firm's investment philosophy with respect to portfolio construction and industry diversification when considering investment opportunities.
- 5.5.3 Describe the firm's approach to the investment selection/due diligence process, including the criteria for investing in real estate investments and the relative importance of each criterion, the objective and subjective standards used to evaluate investment opportunities and fund managers, and the firm's internal approval process.
- 5.5.4 Identify and discuss the firm's tracking system for prospective real estate investments. What sectors are followed in the tracking system? How many funds and fund managers are tracked? How many years of performance data are on the system?
- 5.5.5 Describe the firm's expertise in and coverage of domestic and international real estate investments.
- 5.5.6 Describe the firm's approach to the due diligence process. What parts of the sponsor's due diligence do you typically review in depth? How does the firm's due diligence differ

from the sponsor's? Provide examples of two full due diligence reports that have been submitted to clients for real estate investments (redaction of fund names is acceptable).

- 5.5.7 Discuss how the firm performs an independent analysis of each investment opportunity and attempts to validate (or not) the general partner's claims and assumptions. When risks of a highly technical nature are involved or key risks in a niche industry or niche market need to be identified, describe how the firm identifies, engages, and interacts with the appropriate specialists. What factors determine whether the appropriate technical, niche industry, or niche market specialist has been identified?
- 5.5.8 Discuss if the firm has performed due diligence on a separate account structure. Provide a brief of overview of the structure and diligence process.
- 5.5.9 Discuss the firm's experience in evaluating secondary transactions, both purchases and sales. Provide specific examples of transactions the firm was involved in, if applicable.
- 5.5.10 Discuss the firm's experience in evaluating co-investment opportunities. Provide specific examples of transactions the firm was involved in, if applicable.
- 5.5.11 Provide a copy of the firm's due diligence procedures.
- 5.5.12 What, if any, new diligence procedures has the firm implemented since the credit crisis to identify investment risks associated with a fund's internal controls (or lack of internal controls) on ethics and conflicts of interest issues?
- 5.5.13 Describe the firm's process in evaluating a client's aggregate risk across its entire real estate portfolio. What issues are focused on with relation to investment risk, management risk, etc?
- 5.5.14 Describe the firm's legal due diligence process, if any. Does the firm use inside or outside counsel for transactions? If in-house, identify the legal staff and their real estate expertise. If outside counsel, identify the firms used most often.
- 5.5.15 Describe the criteria and process by which the firm would recommend either placing a manager on a watch list or termination?
- 5.5.16 Please describe the firm's advisor/manager database and its capabilities. Indicate the types of managers contained in the database. Indicate whether the database is proprietary or purchased from a contractor. How frequently is the database updated? How many years of useable performance data are in the database? Describe the process by which a manager/advisor is added to the database. Describe any portion of the database that you feel is unique from databases generally offered by other firms. Can clients access the database on-line? If not, how will DOI gain access to this information?
- 5.5.17 Outline the process for providing continuous review of manager/advisor compliance

with client guidelines and policies. How is manager/advisor non-compliance reported? Explain the frequencies with which on-site due diligence visits are conducted with managers (partnerships).

- 5.5.18 Explain whether the firm's most recent manager searches resulted in the same alternative investment manager/fund being selected for multiple clients.

## **5.6 PERFORMANCE MEASUREMENT AND REPORTING**

- 5.6.1 Describe how benchmarks are selected or developed. Does the firm construct or recommend custom benchmarks for clients? Provide examples of benchmarks typically employed for public fund clients.
- 5.6.2 Describe the firm's sources of data, process, and methods for analyzing, monitoring, and reporting the performance of the client's:
- 1) Managers/advisors;
  - 2) Real estate funds;
  - 3) Investment vehicles; and
  - 4) Individual properties.
- 5.6.3 Indicate whether these performance reports are performed continuously. If not continuous, how frequently are they conducted?
- 5.6.4 Does the firm receive a fee or other consideration from managers who wish to be maintained in the database? Does the firm receive compensation directly or indirectly from the sale of this information? What fees does the firm receive from managers for providing data regarding their performance?
- 5.6.5 Describe how the firm monitors and analyzes investment performance, including how the firm determines appropriate benchmarks. Describe any databases used by the firm. Provide a sample performance report.
- 5.6.6 State whether the firm's performance reports can be customized and whether there are charges for additional information requests.
- 5.6.7 State the anticipated turnaround time to produce a quarterly and annual performance report. Enclose samples of typical quarterly and annual performance reports for a pension fund client.
- 5.6.8 Describe how the firm obtains data from the client's custodian and how the firm verifies the accuracy of the data received from the custodian.
- 5.6.9 Describe the firm's step-by-step process for return reconciliation, including how the firm verifies the accuracy of management fees and carry paid.

- 5.6.10 Describe how the firm monitors and analyzes investment performance, including how the firm determines appropriate benchmarks. Describe any databases used by the firm. Provide a sample performance report.
- 5.6.11 List and describe the real estate benchmarks employed (both market indices and peer group) and those recommended to assist in judging performance.
- 5.6.12 Describe the firm's performance measurement reporting system and methodologies. Describe the firm's monitoring process and how information provided by the fund managers is verified.

**5.7 PRICE SCHEDULE**

The Bidder must submit its pricing using the format set forth in the Price Schedule accompanying this RFP. Failure to submit all information required will result in the bid being considered non-responsive. Each Bidder is required to hold its prices firm through issuance of contract.

## **6.0 TERMS AND CONDITIONS**

### **6.1 ENTIRE AGREEMENT; PRECEDENCE OF CONFLICTING TERMS**

The Contract awarded as a result of this RFP shall consist of this RFP (including the Standard Terms & Conditions), any Addenda to this RFP, Contractor's proposal, Contractor's best and final offer, and DOI's Notice of Award.

Unless specifically stated within this RFP, the Modifications and Changes to the Standard Terms & Conditions (as contained in Section 6.16 of this RFP) take precedence over the Standard Terms & Conditions accompanying this RFP.

In the event of a conflict between the provisions of this RFP, including the Modifications and Changes to the Standard Terms & Conditions, any Addenda to this RFP, the Standard Terms & Conditions, Contractor's proposal, and Contractor's best and final offer, the order of precedence from most controlling to least shall be the following: any Addendum to the RFP, the RFP, the Standard Terms & Conditions, Contractor's best and final offer, and Contractor's proposal.

### **6.2 CONTRACT TERM AND EXTENSION OPTION**

The term of the resulting Contract(s) shall be for a period of five (5) years. The anticipated "Contract Effective Date" is provided on the signatory page accompanying this RFP. If delays in the procurement process result in a change to the anticipated Contract Effective Date, the Bidder agrees to accept a contract for the full term of the contract.

The contract may be extended for two (2) additional periods of up to one (1) year each, by the mutual written consent of the contractor and the Director at the same terms, conditions, and pricing at the rates in effect in the last year of the contract or rates more favorable to the State.

### **6.3 CONTRACT TRANSITION**

In the event that a new contract has not been awarded prior to the contract expiration date, as may be extended herein, it shall be incumbent upon the contractor to continue the contract under the same terms and conditions until a new contract can be completely operational. At no time shall this transition period extend more than one (1) year beyond the expiration date of the contract.

### **6.4 CONTRACT AMENDMENT**

Any changes or modifications to the terms of the contract shall be valid only when they have been reduced to writing and signed by the contractor and the Director.

## **6.5 CONTRACTOR RESPONSIBILITIES**

The contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the contractor. The contractor shall have sole responsibility for all payments due any subcontractor.

The contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that DOI may have arising out of the contractor's performance of this contract.

## **6.6 OWNERSHIP OF MATERIAL**

All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of DOI and shall be delivered to DOI upon thirty (30) days notice by DOI. With respect to software computer programs and/or source codes developed for DOI, the work shall be considered "work for hire," i.e., DOI, not the contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this contract, the contractor or subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.

Should the Bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the proposal. Otherwise, the language in the first paragraph of this section prevails. If the Bidder identifies such intellectual property ("Background IP") in its proposal, then the Background IP owned by the Bidder on the date of the contract, as well as any modifications or adaptations thereto, remain the property of the Bidder. Upon contract award, the Bidder or contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the Bidder/contractor's Background IP delivered to the State for the purposes contemplated by the contract.



## **6.7 SECURITY AND CONFIDENTIALITY**

### **6.7.1 DATA CONFIDENTIALITY**

All financial, statistical, personnel, customer and/or technical data supplied by DOI to the contractor are confidential. The contractor must secure all data from manipulation, sabotage, theft or breach of confidentiality. The contractor is prohibited from releasing any financial, statistical, personnel, customer and/or technical data supplied by DOI that is deemed confidential. Any use, sale, or offering of this data in any form by the contractor, or any individual or entity in the contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

The contractor shall assume total financial liability incurred by the contractor associated with any breach of confidentiality.

### **6.7.2 SECURITY STANDARDS**

6.7.2.1 Contractor shall maintain network security that, at a minimum, includes: network firewall provisioning, intrusion detection and prevention, vulnerability assessments and regular independent third party penetration testing. Contractor shall maintain network security that conforms to current standards set forth and maintained by the National Institute of Standards and Technology (NIST), including those at:

<http://web.nvd.nist.gov/view/ncp/repository>

or any recognized comparable security standard that Contractor then applies to its own infrastructure. Industry standards such as ISO 27002, PCI Data Security Standard and ISF Standard of Good Practice, align with security best practices from SANS and CISecurity.

6.7.2.2 Contractor shall protect and maintain the security of data in accordance with generally accepted industry practices.

6.7.2.3 Data usage, storage, and protection are subject to any applicable federal and state regulatory requirements.

6.7.2.4 Contractor shall only transmit or exchange DOI data with other parties when expressly requested in writing and permitted by and in accordance with requirements of DOI. Contractor shall only transmit or exchange data with DOI or other parties through secure means supported by current technologies.

6.7.2.5 All provisions applicable to data include data in any form of transmission or storage, including but not limited to: database files, text files, backup files, log files, XML files, and printed copies of the data.

6.7.2.6 All DOI-provided data shall be used expressly and solely for the purposes enumerated in the Contract. Data shall not be distributed, repurposed or shared across other applications, environments, or business units of Contractor. No DOI-provided data of any kind shall be transmitted, exchanged or otherwise passed to other contractors or interested parties (other than DOI's custodian) except on a case-by-case basis as specifically agreed to in writing by the DOI Contract Manager.

6.7.2.7 Contractor shall comply with all applicable State and Federal laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or other event requiring notification. In the event of a breach of any of Contractor's security obligations or other event requiring notification under applicable law ("Notification Event"), Contractor shall assume responsibility for informing the DOI Contract Manager and all such individuals in accordance with applicable law and to indemnify, hold harmless and defend the State (including but not limited to DOI), its officials, and employees from and against any claims, damages, or other harm related to such Notification Event.

## **6.8 NEWS RELEASES**

The contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

## **6.9 ADVERTISING**

The contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

## **6.10 LICENSES AND PERMITS**

The contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The contractor shall, upon request, supply the DOI Contract Manager with evidence of all such licenses, permits, and authorizations. All costs associated with any such licenses, permits and authorizations must be considered by the Bidder in its proposal.

## **6.11 CLAIMS AND REMEDIES**

### **6.12.1 CLAIMS**

All claims asserted against the State (including DOI) by the contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

### **6.12.2 REMEDIES**

Nothing in the contract shall be construed to be a waiver by the State (including DOI) of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

### **6.13 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS**

In the event the contractor fails to comply with any material contract requirements, the Director may take steps to terminate the contract in accordance with the State of NJ Standard Terms & Conditions, authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting contractor's price either being deducted from any monies due the defaulting contractor or being an obligation owed the State by the defaulting contractor as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity.

### **6.14 ADDITIONAL WORK AND/OR SPECIAL PROJECTS**

The contractor shall not perform additional work or special projects without first obtaining written approval from both the DOI Contract Manager and the Director.

In the event of additional work and/or special projects, the contractor must present a written proposal to perform the additional work to the DOI Contract Manager. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the contractor in its proposal.

The contractor's written proposal must provide a detailed description of the work to be performed, broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. Whenever possible, the price schedule should be a firm, fixed price to perform the required work. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval of the contractor's written proposal, the DOI Contract Manager shall forward it to the Director for the Director's written approval.

No additional work and/or special project may commence without the Director's written approval. In the event the contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the contractor's sole risk. DOI shall be under no obligation to pay for work performed without the Director's written approval.

## **6.15 ORGAN DONATIONS**

Pursuant to N.J.S.A. 52:32-33, contractors are encouraged to notify their employees, through information and materials or through an organ and tissue awareness program, of organ donation options. The information provided to employees shall be prepared in collaboration with the organ procurement organizations designated pursuant to 42 U.S.C. §1320b-8 to serve in this State.

## **6.16 MODIFICATIONS AND CHANGES TO THE STATE OF NJ STANDARD TERMS & CONDITIONS**

6.16.1 The third, fourth and fifth sentences of Section 1 of the Standard Terms & Conditions are deleted and replaced with the following sentence:

“In the event that the Bidder/offeror would like to present terms and conditions that are in conflict with either these terms and conditions or those set forth in the RFP, the Bidder/offeror must present those conflicts during the Question and Answer period or during negotiations for the State to consider.”

6.16.2 The final sentence of Section 1 of the Standard Terms & Conditions is deleted and replaced with the following sentence:

“Nothing in these terms and conditions shall prohibit the Director of the Division of Investment (Director) from amending a contract when the Director determines it is in the best interest of the State.”

6.16.3 Section 4.2 of the Standard Terms & Conditions regarding insurance is modified by:

(i) modifying the Certificate Holder to read:

State of New Jersey, Department of the Treasury  
Division of Investment  
P.O. Box 290  
Trenton, New Jersey 08625

(ii) amending the e-mail address for certificates and notices of cancellation to read:

[doi@treas.state.nj.us](mailto:doi@treas.state.nj.us)

and (iii) adding the following section regarding professional liability insurance:

“Professional Liability Insurance: Contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect Contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than \$10,000,000 and in such policy forms as shall be approved by DOI. If Contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors

and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage to the date of Contract commencement.”

- 6.16.4 References to the “Director” within the Standard Terms & Conditions shall mean the Director of DOI and references to the “State Contract Manager” within the Standard Terms & Conditions shall mean the DOI Contract Manager.

## **7.0 PROPOSAL EVALUATION**

### **7.1 RIGHT TO WAIVE**

The Director reserves the right to waive minor irregularities or omissions in a bid proposal. The Director also reserves the right to waive a requirement provided that:

- a) the requirement is not mandated by law;
- b) all the otherwise responsive proposals failed to meet the requirement; and
- c) in the sole discretion of the Director, the failure to comply with the requirement does not materially affect the procurement or the State's interests associated with the procurement.

### **7.2 RIGHT TO REJECT OR AWARD IN PART**

The Director reserves the right to reject any or all proposals, or to award in whole or in part, if the Director deems it to be in the best interest of the State to do so. Notice of such a rejection shall be posted on the DOI website, <http://www.state.nj.us/treasury/doinvest>.

### **7.3 RIGHT TO INSPECT BIDDER'S FACILITIES**

The Director reserves the right to inspect, or to direct an employee or member of the Selection Committee to inspect, the Bidder's establishment before making an award, for the purposes of ascertaining whether the Bidder has the necessary facilities for performing the Contract.

### **7.4 RIGHT TO REQUEST FURTHER INFORMATION**

7.4.1 The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the Bidder's financial capabilities to perform the Contract.

7.4.2 The Director reserves the right to request a Bidder to explain, in detail, how the proposal price was determined.

7.4.3 The Director reserves the right to consult with clients of the Bidder during the evaluation of bids.

### **7.5 SELECTION COMMITTEE**

Proposals shall be evaluated by a Selection Committee composed of members of DOI staff and/or other State employees. The Director may also recommend technical advisors, including members of the Investment Policy Committee of the SIC, DOI employees, consultants, and/or attorneys to assist the Selection Committee.

## **7.6 ORAL PRESENTATIONS AND/OR DEMONSTRATIONS**

After the submission of proposals, unless requested by DOI as noted below, contact between DOI staff and any Bidder or its employees/representatives regarding the RFP is still not permitted.

After the proposals are reviewed, a Bidder may be asked to clarify certain aspects of its proposal. The process of clarification is not an opportunity for the Bidder to revise or modify its proposal, and any response or portion of a response by the Bidder to a request for clarification that attempts to revise or modify its proposal shall be given no effect.

The Bidder may be required to give an oral presentation to the Selection Committee concerning its proposal. The Selection Committee may request the Bidder to provide a demonstration of the Bidder's systems. Bidders may not attend the oral presentations or demonstrations of their competitors.

It is within the Director's discretion whether to request a Bidder to clarify its proposal or to give an oral presentation. Such a request should not be construed to imply acceptance or rejection of a proposal.

## **7.7 EVALUATION CRITERIA**

All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be evaluated by the Selection Committee.

Responses/proposals may be eliminated for failing to meet the minimum qualifications listed in Section 1.2 above. A Bidder with a history of performance problems as demonstrated by formal complaints and/or cancellations of contracts for cause, may also be eliminated from consideration for an award under this RFP.

The following evaluation criteria categories, separate or combined in some manner, and not necessarily listed in order of significance, will be used to evaluate proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:

- a. The qualifications and experience of the Bidder's management, supervisory, or other key personnel assigned to the Contract, with emphasis on documented experience in successfully completing work on contracts requiring services of similar size and scope.
- b. The Bidder's documented experience in successfully completing contracts requiring services of similar size and scope to the work required by this RFP.
- c. Ability of the Bidder to mobilize, undertake and successfully complete the services required by this RFP.

## **7.8 PROPOSAL DISCREPANCIES**

7.8.1 If, during the proposal evaluation process, it is discovered that there is an arithmetic disparity between the unit price and the total extended price, the unit price shall prevail. In the event of such disparity, the Director will request, in writing, confirmation by the Bidder of the revised total extended price. The Bidder will have five (5) business days after receipt of the request to confirm the price. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only confirm and may not modify or amend its price. The Director shall determine whether any intended confirmation is a modification or amendment.

7.8.2 If any other obvious pricing error is found, the Director shall issue written request for confirmation to the Bidder. The Bidder will have five (5) business days after receipt of the request to confirm its pricing. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only confirm and may not modify or amend its price. The Director shall determine whether any intended confirmation is a modification or amendment.

7.8.3 If there is an ambiguity in the pricing, other than a disparity between the unit price and extended price or other obvious pricing error, and the Bidder's intention is not readily discernible from other parts of the proposal, the Director shall issue a written request for clarification to the Bidder. The Bidder will have five (5) business days after receipt of the request to clarify its pricing. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only clarify and may not modify or amend its price. The Director shall determine whether any intended clarification is a modification or amendment.

## **7.9 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)**

7.9.1 After evaluating proposals, DOI may enter into negotiations with one Bidder or multiple Bidders. The primary purpose of negotiations is to maximize the State's ability to obtain the best value based on the mandatory requirements, evaluation criteria, and cost. Multiple rounds of negotiations may be conducted with one Bidder or multiple Bidders. Negotiations will be structured by DOI to safeguard information and ensure that all Bidders are treated fairly.

7.9.2 Similarly, the DOI may invite one (1) Bidder or multiple Bidders to submit a BAFO. The invitation will establish the time and place for submission of the BAFO. Any BAFO that is not equal to or lower in price than the pricing offered in the Bidder's original proposal will be rejected as non-responsive, and DOI will revert to consideration and evaluation of the Bidder's original pricing.

7.9.3 If required, after review of the BAFO(s), clarification may be sought from the Bidder(s). DOI may conduct more than one round of negotiation and/or BAFO in order to attain the best value for the State.



7.9.4 Negotiations will be conducted only in those circumstances where they are deemed by DOI or the Director to be in the State's best interests and to maximize the State's ability to obtain the best value. Therefore, the Bidder is advised to submit its best technical and price proposal in response to this RFP since DOI may, after evaluation, make a contract award based on the content of the initial submission without further negotiation and/or BAFO with any Bidder.

**7.10 PROPOSAL RECOMMENDATION**

7.10.1 After evaluation of proposals and as applicable, negotiation(s) and/or BAFO(s), the Selection Committee will recommend to the Director the responsible Bidder(s) whose proposal(s), conforming to the RFP, is/are most advantageous to the State, price and other factors considered. The Director may accept, reject or modify the recommendation of the Selection Committee. The Director may initiate additional negotiation or BAFO procedures with the selected Bidder(s).

7.10.2 Until a Notice of Intent to Award the Contract is issued, all contacts, records of initial evaluations, any correspondence with Bidders related to any request for clarification, negotiation or BAFO, any revised technical and/or price proposals, the Selection Committee Report, and the Award Recommendation will remain confidential.

## **8.0 CONTRACT AWARD**

### **8.1 DOCUMENTS REQUIRED BEFORE CONTRACT AWARD**

#### **8.1.1 POLITICAL CONTRIBUTION DISCLOSURES**

The State shall not enter into a contract with a Bidder that has solicited or made certain political contributions or payments to political parties during certain specified time periods. These prohibitions are set forth in P.L. 2005, Chapter 51, Executive Order No. 117 (2008), P.L. 2005, Chapter 271, and N.J.A.C. 17:16-4.

Pursuant to P.L. 2005, Chapter 271, at least ten (10) days prior to contract award, the Bidder shall complete and submit the attached Vendor Certification and Political Contribution Disclosure Form.

Pursuant to P.L. 2005, Chapter 51 and Executive Order No. 117 (2008), prior to the award of any contract, the Bidder shall complete and submit the attached Chapter 51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. Instructions for completing this form are available for review on the Division of Purchase & Property's website at:

[http://www.state.nj.us/treasury/purchase/forms/eo134/c51\\_eo117\\_cd\\_instr%2002\\_2009.pdf](http://www.state.nj.us/treasury/purchase/forms/eo134/c51_eo117_cd_instr%2002_2009.pdf)

Pursuant to N.J.A.C. 17:16-4, prior to engagement, the Bidder shall complete and submit a Disclosure Report of Political Contributions by Investment Management Firm. This form is available at:

<http://www.state.nj.us/treasury/doinvest/pdf/index/CampFinFirmsForm9-05.pdf>

#### **8.1.2 SOURCE DISCLOSURE CERTIFICATION REQUIREMENTS**

Pursuant to N.J.S.A. 52:34-13.2, all services performed under a State contract or under any subcontract under the State contract shall be performed within the United States, except when it is certified in writing that a required service cannot be provided by a contractor or subcontractor within the United States and the certification is approved by the State Treasurer. Refer to Section 3.6 of the State of New Jersey Standard Terms & Conditions.

The Bidder shall disclose the location by country where services under the Contract, including subcontracted services, will be performed. If any of the services cannot be performed within the United States, the Bidder shall state with specificity the reasons why the services cannot be so performed. The Bidder shall use the attached Source Disclosure Certification form for this purpose.

### **8.1.3 AFFIRMATIVE ACTION**

Pursuant to N.J.S.A. 10:5-32, no contract shall be awarded to any Bidder which has not agreed and guaranteed to afford equal opportunity in performance of the contract and in accordance with an affirmative action program approved by the State Treasurer.

The intended awardee must submit a copy of a New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Intended awardee(s) not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval shall complete and submit the attached Affirmative Action Employee Information Report.

### **8.1.4 MACBRIDE PRINCIPLES**

The intended awardee shall certify that it either (1) has no business operations in Northern Ireland or (2) that it will take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in Section 2 of P.L.1987, c.177 (N.J.S.A. 52:18A-89.5), and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles. The intended awardee shall use the attached MacBride Principles Form for this purpose.

### **8.1.5 BUSINESS REGISTRATION**

Pursuant to N.J.S.A. 52:32-44(b), a Bidder and its named subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of Treasury, Division of Revenue prior to the award of a contract. See Section 2.1 of the Standard Terms & Conditions.

Any Bidder, inclusive of any named subcontractors, who does not have a valid business registration at the time of the proposal submission opening or whose BRC was revoked prior to the submission of the proposal should proceed immediately to register its business or seek re-instatement of a revoked BRC. Bidders are cautioned that it may require a significant amount of time to secure the re-instatement of a revoked BRC. The process can require actions by both the Division of Revenue and the Division of Taxation. For this reason, a Bidder's early attention to this requirement is highly recommended. The Bidder and its named subcontractors may register with the Division of Revenue, obtain a copy of an existing BRC or obtain information necessary to seek re-instatement of a revoked BRC online at:

<http://www.state.nj.us/treasury/revenue/busregcert.shtml>

A Bidder receiving a contract award as a result of this procurement and any subcontractors named by that Bidder will be required to maintain a valid business

registration with the Division of Revenue for the duration of the Contract, inclusive of any contract extensions.

#### **8.1.6 INSURANCE CERTIFICATES**

Contractor shall provide DOI with current certificates of insurance for all coverages required by the terms of this contract, naming DOI as an Additional Insured. Refer to Section 4.2 of the Standard Terms & Conditions accompanying this RFP.

#### **8.1.7 NOTICE TO BIDDERS OF SET-OFF FOR STATE TAXES**

Pursuant to L. 1995, c. 159, effective January 1, 1996, and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership, or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, is entitled to payment for those goods and services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set off under this act.

#### **8.1.8 DISCLOSURE REPORT**

Subchapter 4 of the N.J.A.C 17:16-4 sets forth the State Investment Council's policy concerning political contributions and prohibitions on investment management business. N.J.A.C. 17:16-4 et seq. prohibits investment management firms from being engaged to provide investment management services to the State if certain political contributions have been made and further requires the disclosure of political contributions and other information to allow meaningful public scrutiny of the selection of investment management firms.

The Disclosure Report of Political Contributions by Investment Management Firm must be completed by the consultant awarded this contract.

### **8.2 FINAL CONTRACT AWARD**

#### **8.2.1 AWARD OR REJECTION OF PROPOSALS**

Contract award(s) shall be made with reasonable promptness by written notice to that responsible Bidder(s), whose proposal(s), conforming to this RFP, is (are) most advantageous to the State, price and other factors considered. Any or all proposals may be rejected when the Director determines that it is in the public interest to do so. The Director shall make his or her decision consistent with his or her fiduciary duties pursuant to N.J.S.A. 52:18A-89.

### **8.2.2 NOTICE OF INTENT TO AWARD; PROTESTS**

The Director shall post a Notice of Intent to Award on the DOI website. In the event that the Director determines that all proposals shall be rejected or no award shall be made, the Director shall post a notice of such determination on the DOI website. The DOI website is located at: [www.nj.gov/treasury/doinvest](http://www.nj.gov/treasury/doinvest).

A non-successful Bidder, within ten (10) business days following the Notice of Intent to Award, may submit a written protest. If a contract award is protested, DOI shall not award the contract in question until a final decision is rendered on the merits of the protest, unless the Director finds that the failure to award the contract will result in substantial cost to the State or that public exigency so requires. In such event, DOI shall notify all interested parties.

Protests must be submitted to the Director, and must concern one or more of the following:

- a) Rejection of the Bidder's proposal for failing to meet the minimum qualifications and screening criteria listed in Section 1.4 above. Such protest may not challenge the validity of the requirements or criteria, but rather may assert that its proposal complied with such requirements or criteria; and/or
- b) Notice of intent to award contract(s) to another Bidder as part of the same procurement.

A protest shall contain the following:

- a) Identification of the particular procurement;
- b) The specific grounds for challenging the rejection of its proposal or the scheduled contract award, as applicable, including all arguments, materials and/or other documentation that may support the protester's position; and
- c) A statement as to whether the protester requests an opportunity for an in-person presentation and the reason(s) for the request.

The Director has sole discretion to determine if an in-person presentation by the protester is necessary to reach an informed decision on the protest. In-person presentations are fact-finding for the benefit of the Director, who has the discretion to limit attendance at an in-person presentation to those parties likely to be affected by the outcome of the protest.

The Director is entitled to request, receive, and review copies of any and all records and documents deemed appropriate and relevant to the issues and arguments set forth in the protest. Upon receipt of any such request, the Bidder shall promptly provide the requested records and documents in the time, place, and manner specified

in the request. Failure to do so may constitute a reasonable basis for the Director to resolve the protest against the Bidder submitting the protest. The Director may also consider relevant information requested and received from other parties as he or she deems appropriate.

The Director may disregard any protest not containing all of the items set forth above or filed after the 10-day protest period.

The protest shall be resolved by written decision of the Director based on the Director's review of the written record including, but not limited to, the written protest, the terms, conditions and requirements of the RFP, the proposals submitted in response to the RFP, written reports and/or the award recommendation documents, pertinent administrative rules, statutes, and case law, and any associated documentation deemed appropriate. In cases where no in-person presentation is held, such review of the written record shall, in and of itself, constitute an informal hearing.

The Director may designate someone, from within or outside DOI, to perform a review of the written record and conduct an in-person presentation. In the case of a review or in-person presentation being handled by a reviewer from outside DOI, the determination of such designee shall be in the form of a report to the Director, which shall not be binding on the Director but rather advisory in nature. The protesting party shall receive a copy of the reviewer's report and shall have a period of ten (10) business days to provide written comments or exceptions to the report to the Director.

The Director shall make a final written decision on the protest.

Protests are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Final agency determinations by the Director on protests are appealable to the Appellate Division of the Superior Court of New Jersey.

## **9.0 CONTRACT ADMINISTRATION**

### **9.1 CONTRACT MANAGER**

The DOI Contract Manager is the DOI employee responsible for the overall management and administration of the Contract, including directing Contractor to perform the work of the Contract and resolving minor disputes between Contractor and DOI.

The DOI Contract Manager for the Contract will be identified when the Contract is awarded. At that time, Contractor will be provided with the DOI Contract Manager's name, address, telephone number, and e-mail address. The DOI Contract Manager is the person that Contractor will contact after the Contract is executed for answers to any questions and concerns about any aspect of the Contract.

**APPENDIX**

**PRICE SCHEDULE**

The Bidder should complete all pages of this Price Schedule. The Bidder should not leave cells blank, but rather utilize "N/C" (No Charge) if applicable.

Refer to RFP Section 5.7 Price Schedule for additional information regarding this Price Schedule.



**PRICE SCHEDULE**

**Firm, Fixed Price**

Bidder's Name: \_\_\_\_\_

Bidders must provide a firm, fixed price for each contract year. Bidders should refer to [Section 2.0](#) for a definition of "Firm Fixed Price" and Section 5.7 for additional information regarding this Price Schedule.

<u>Contract Year</u>	<u>Annual Fixed Price</u>
Year 1	\$
Year 2	\$
Year 3	\$
Year 4	\$
Year 5	\$
<u>Contract Term Total</u>	*\$ *used for evaluation purposes

**ATTACHMENT 1 – DOI's REAL ESTATE PORTFOLIO AS OF 10/31/2016**

## Alternative Investments as of October 31, 2016

Presents underlying fund level information including the Portfolio's original commitments, funded amounts to date, remaining commitments and the distributions to date.

	Inception Date	Last Valuation Date	Oct-16		A		B		C		=(B+C)	=(B+C)/A
			Commitment	Amount Contributed <sub>1</sub>	Unfunded Commitment	Current Market Value <sub>2</sub>	Total Distributed <sub>3</sub>	Total Value	Total Value Multiple			
<b>Debt</b>			<b>1,552,171,333</b>	<b>1,140,007,404</b>	<b>447,264,225</b>	<b>444,615,659</b>	<b>1,136,278,833</b>	<b>1,580,894,492</b>	<b>1.39</b>			
Blackstone RE Debt Strategies III, L.P.	Jun-16	N/A	100,000,000	0	100,000,000	0	0	0	0.00			
CT High Grade Partners II, LLC	May-08	Jun-16	664,065,200	572,861,303	108,661,385	175,957,191	631,255,328	807,212,519	1.41			
Lone Star Fund VII (U.S.) LP	May-11	Jun-16	300,000,000	283,944,335	18,490,651	40,872,474	470,924,745	511,797,219	1.80			
M&G Real Estate Debt Fund II, LP	Jul-13	Jun-16	106,869,109	76,063,143	35,400,717	55,222,607	14,074,826	69,297,433	0.91			
M&G Real Estate Debt Fund III, LP	Jul-13	Jun-16	181,237,023	153,467,825	38,136,788	114,690,334	19,355,586	134,045,921	0.87			
Och-Ziff RE Credit Parallel Fund B, L.P.	May-16	Jun-16	100,000,000	13,636,445	86,609,037	13,390,961	245,482	13,636,443	1.00			
True North Real Estate Fund III, LP	Sep-14	Jun-16	100,000,000	40,034,354	59,965,646	44,482,091	422,866	44,904,957	1.12			
<b>Equity</b>			<b>5,529,494,265</b>	<b>3,945,798,268</b>	<b>2,138,086,359</b>	<b>2,730,461,107</b>	<b>2,709,595,307</b>	<b>5,440,056,415</b>	<b>1.38</b>			
ARA Asia Dragon Limited	Sep-07	Jun-16	100,000,000	92,842,000	7,158,000	109,904	118,865,731	118,975,635	1.28			
Blackstone Property Global - NJ	Oct-15	Jun-16	150,000,000	84,917,566	65,082,434	82,505,313	1,186,955	83,692,268	0.99			
Blackstone Property Partners L.P.	Jun-15	Jun-16	50,000,000	50,000,000	0	53,377,200	2,284,614	55,661,814	1.11			
Blackstone Real Estate Partners Asia LP	Jun-13	Jun-16	500,000,000	276,355,336	325,929,406	221,273,180	154,104,473	375,377,653	1.36			
Blackstone Real Estate V	Feb-06	Jun-16	75,000,000	78,353,336	3,130,539	33,135,516	123,502,816	156,638,333	2.00			
Blackstone Real Estate VI	Feb-07	Jun-16	100,000,000	99,401,438	4,907,906	52,190,422	160,831,606	213,022,028	2.14			
Blackstone Real Estate Partners VI, Sec	Nov-11	Jun-16	43,624,688	40,000,081	2,141,059	14,731,067	67,079,347	81,810,414	2.05			
Blackstone Real Estate VII	Dec-11	Jun-16	300,000,000	334,091,898	53,371,571	276,717,730	247,158,266	523,875,996	1.57			
Blackstone Real Estate VIII	Jan-15	Jun-16	100,000,000	38,184,406	70,063,407	33,150,047	9,831,025	42,981,072	1.13			
Blackstone TOP Fund - A (RE) L.P.	Jan-15	Jun-16	75,000,000	3,403,929	71,596,071	3,457,640	0	3,457,640	1.02			
Carlyle Realty Partners V LP	Feb-07	Jun-16	100,000,000	122,742,600	22,102,319	31,171,671	140,932,884	172,104,555	1.40			
Exeter - Core Industrial Venture Fund	Apr-12	Jun-16	200,000,000	182,630,250	17,369,750	528,004	276,726,522	277,254,526	1.52			
Exeter Core Industrial Club Fund II, L.P.	Aug-16	N/A	100,000,000	16,903,509	83,096,491	16,903,509	0	16,903,509	1.00			
Hammes Partners II, L.P.	Mar-14	Jun-16	100,000,000	47,499,123	52,500,877	44,535,985	4,675,885	49,211,870	1.04			
Heitman America Real Estate Trust, L.P.	Jan-07	Sep-16	100,000,000	100,000,000	0	137,090,686	39,029,441	176,120,127	1.76			
KSL Capital Partners IV-A, L.P.	Jul-15	Jun-16	100,000,000	5,449,033	94,550,967	3,974,607	0	3,974,607	0.73			
Lone Star Real Estate Fund II (U.S.) LP	May-11	Jun-16	100,000,000	88,609,832	11,390,168	17,127,548	116,737,326	133,864,874	1.51			
Lubert Adler Real Estate Fund VI-B	Feb-11	Jun-16	100,000,000	95,000,000	16,614,909	39,317,537	129,686,758	169,004,295	1.78			
Meyer Bergman Euro Retail Partners II-TE	Jul-14	Jun-16	58,908,691	54,405,076	4,503,615	48,289,924	9,769,504	58,059,428	1.07			
NJDOI/GMAM Core Plus RE Investment	May-08	Jun-16	81,500,000	70,518,106	19,852,540	21,378,398	94,019,483	115,397,881	1.64			
NJDOI/GMAM Opp RE Investment Program	May-08	Jun-16	25,000,000	16,761,212	8,238,788	9,764,414	19,176,348	28,940,762	1.73			
Northwood Real Estate Co-Invest	Dec-12	Jun-16	75,000,000	36,224,990	66,983,849	21,349,600	28,208,839	49,558,439	1.37			
Northwood RE Partners L.P., (Series III)	Dec-12	Jun-16	75,000,000	70,036,404	31,922,275	65,620,976	26,966,955	92,587,931	1.32			
Northwood RE Partners L.P., (Series IV)	Nov-13	Jun-16	200,000,000	162,525,654	93,179,272	136,499,916	55,704,926	192,204,842	1.18			
OZNJ Real Estate Opportunities, LP	Mar-13	Sep-16	200,000,000	99,893,585	112,357,640	98,581,641	12,251,225	110,832,865	1.11			
Och-Ziff Real Estate Fund III, LP	Aug-14	Jun-16	100,000,000	28,753,839	72,603,161	29,195,811	1,577,000	30,772,811	1.07			
Perella Weinberg Real Estate Fund II LP	Jul-13	Jun-16	88,109,642	49,247,811	38,861,831	38,203,268	13,933,550	52,136,818	1.06			
Perella Weinberg Real Estate Fund III LP	Nov-15	N/A	99,021,895	20,818,962	78,202,933	19,476,813	0	19,476,813	0.94			
Prime Property Fund	Aug-07	Sep-16	130,000,000	150,000,000	0	115,341,952	72,306,363	187,648,314	1.25			
PRISA II	Jun-07	Sep-16	60,000,000	100,000,000	0	64,214,260	55,158,620	119,372,880	1.19			
PRISA Real Estate Separate Account	Dec-06	Sep-16	265,000,000	300,000,000	0	223,121,431	145,083,634	368,205,065	1.23			
Prologis European Properties Fund II	Sep-13	Jun-16	183,329,350	183,329,350	0	189,393,083	35,100,838	224,493,921	1.22			
RE Capital Asia Partners III, L.P.	Aug-12	Jun-16	80,000,000	64,434,380	21,175,507	31,229,682	50,699,496	81,929,178	1.27			
RE Capital Asia Partners IV, L.P.	Dec-14	Jun-16	100,000,000	35,299,847	64,700,153	32,711,457	697,145	33,408,602	0.95			

**Alternative Investments as of October 31, 2016**

Presents underlying fund level information including the Portfolio's original commitments, funded amounts to date, remaining commitments and the distributions to date.

			Oct-16	A	B	C	=(B+C)	=(B+C)/A	
	Inception Date	Last Valuation Date	Commitment	Amount Contributed <sub>1</sub>	Unfunded Commitment	Current Market Value <sub>2</sub>	Total Distributed <sub>3</sub>	Total Value	Total Value Multiple
TGM Apartment Partners	Aug-15	Jun-16	300,000,000	94,471,890	205,528,110	93,117,824	838,310	93,956,134	0.99
TPG Real Estate Partners II, L.P.	Sep-15	Jun-16	125,000,000	38,020,960	92,461,478	30,864,880	20,676,263	51,541,143	1.36
TPG/NJ (RE) Partnership, LP	Feb-13	Jun-16	225,000,000	148,237,953	104,521,394	169,369,141	53,481,199	222,850,340	1.50
Tucker Development/Acquisition Fund	Oct-07	Jun-16	50,000,000	50,000,000	0	45,012,000	0	45,012,000	0.90
Warburg Pincus Real Estate Fund I	Sep-06	Jun-16	100,000,000	95,833,333	0	37,687,518	108,055,167	145,742,684	1.52
Westbrook Real Estate Fund VIII	Feb-08	Jun-16	100,000,000	110,980,414	0	19,966,000	135,616,521	155,582,521	1.40
Westbrook VII	Jan-07	Jun-16	40,000,000	40,000,000	0	14,154,259	38,472,731	52,626,990	1.32
Wheelock SREF NJ CO-Invest Feeder, LP	Nov-12	N/A	50,000,000	26,305	49,973,695	0	0	0	0.00
Wheelock Street Real Estate Fund, L.P.	Dec-11	Jun-16	100,000,000	96,274,787	18,620,096	37,368,681	133,954,243	171,322,924	1.78
Wheelock Street Real Estate Fund II, L.P.	Apr-14	Jun-16	125,000,000	73,319,074	53,394,148	77,250,613	5,213,301	82,463,914	1.12
Wheelock Street Real Estate Fund V, L.P.	Aug-16	N/A	100,000,000	0	100,000,000	0	0	0	0.00
<b>Real Estate Subtotal</b>			<b>7,081,665,598</b>	<b>5,085,805,672</b>	<b>2,585,350,583</b>	<b>3,175,076,766</b>	<b>3,845,874,140</b>	<b>7,020,950,906</b>	<b>1.38</b>