

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

INVESTMENT CONSULTING AGREEMENT

THIS *INVESTMENT CONSULTING AGREEMENT* ("Agreement") is made and entered into as of August 1, 2008 by and between the *Employees' Retirement System of the State of Rhode Island* ("ERSRI"), acting by and through the *State of Rhode Island State Investment Commission* (the "SIC") (collectively referred to herein as the "Client") and *Pension Consulting Alliance, Inc.* (the "Consultant").

WHEREAS, the Client maintains a Public Pension Fund covering state and municipal employees in the State of Rhode Island ("**Pension Plan**"), the assets of which Pension Plan it actively invests (the "**Portfolio**"); and

WHEREAS, the Client seeks to engage Consultant to provide the investment consulting services specified in this Agreement, with respect to the Portfolio, pursuant to the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the promises and mutual covenants herein contained, the Client and Consultant do hereby agree as follows:

1. ENGAGEMENT AS CONSULTANT.

The Client hereby engages Consultant, and Consultant hereby accepts such engagement, to provide the investment consulting services specified in this Agreement to the Client for the period and on the terms and conditions set forth in this Agreement.

2. SERVICES.

Consultant will have no discretion in managing the Portfolio. Rather, the Consultant shall provide to the Client the investment consulting services described in the Scope of Services attached hereto as *Exhibit A* and incorporated herein by reference (the "**Services**"). The Consultant shall allocate such personnel and devote such efforts as are necessary for it to effectively carry out its duties under this Agreement. The Consultant shall at all times maintain not less than two individuals to act as primary consultants for the Client and shall not change any primary consultant without prior written consent of the Client.

3. **COMPENSATION.**

As compensation for providing the Services as listed in *Exhibit A*, Consultant shall be compensated as set forth in the Fee Schedule attached hereto as *Exhibit B* and incorporated herein by reference (the "Fee Schedule").

4. **REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF CONSULTANT.**

Consultant represents and warrants that:

- i) Consultant is duly registered as an investment adviser under the *Investment Advisers Act of 1940*, as amended, and it will take all steps necessary to maintain such registration in full force and effect.
- ii) Notwithstanding whether or not ERSRI is governed by the *Employee Retirement Income Security Act of 1974*, as amended ("ERISA"), Consultant is qualified and eligible to act as, and shall therefore act with respect to the Client as an "investment advisor" under ERISA, and shall therefore carry out its duties and responsibilities in accordance with the duties and responsibilities imposed upon investment advisors under ERISA.
- iii) Notwithstanding whether or not ERSRI is governed by ERISA, Consultant is a fiduciary as that term is defined and applied pursuant to ERISA and pursuant to other applicable state and federal laws and common law with respect to the Client as if Client was governed by ERISA, and Consultant agrees to act as a fiduciary with respect to the Services and to provide the Services hereunder in accordance with the fiduciary responsibility provisions and requirements set forth in ERISA and all other applicable federal and state laws.
- iv) Consultant meets the bonding requirements provided by Section 412 of ERISA, as if Client was governed by ERISA, or it carries at least an equivalent surety bond applicable to Consultant's actions hereunder; and Consultant will maintain throughout the term of this Agreement errors and omissions insurance, general liability insurance, and/or professional liability insurance coverage in amounts in accordance with the industry standards applicable to the amount of the Client's assets that are subject to this Agreement, and it shall provide evidence of such policies to Client upon Client's request.

- v) There are no outstanding orders or pending or threatened investigations or proceedings by any federal, state or local government agency, or any other actions, against the Consultant or its principals, owners, directors, employees, or affiliates that would affect the performance of its Services for the Client under this Agreement.
- vi) Consultant has completed, obtained, and/or performed (and shall maintain and continue to perform) all obligations, filings, approvals, authorizations, consent, examinations, licenses and/or registrations required by any government or governmental authority under federal, state or local law or regulation for the performance of the services and acts contemplated by this Agreement.
- vii) Consultant has not paid or incurred, and shall not pay or incur, any third party marketing, broker or sales fees in the procurement or continuation of this Agreement. Consultant agrees that it shall not directly or indirectly receive any benefit from recommendations or advice made to the Client and shall disclose to the Client: (a) any personal investment or economic interest that may be enhanced by the recommendations made to the Client, or (b) any situation in which the interests of the Client may be in material conflict with the interests of the Consultant or with those of other clients of the Consultant.
- viii) Consultant has, by appropriate corporate (or other) action, duly authorized the execution and implementation of this Agreement; such authorization or execution does not violate any obligation by which the Consultant is bound or any applicable law; and this Agreement has been executed on behalf of the Consultant by a person (or persons) authorized to transact business on behalf of the Consultant and shall be binding upon the Consultant in accordance with its terms.
- ix) Consultant will promptly inform the Client in writing (within 24 hours if possible) if any of the following events occur:
 - (a) the departure from the Consultant of any primary investment consultant professionals responsible for the performance of the Services hereunder;
 - (b) a change in the philosophy of the Consultant that represents a deviation from the philosophy represented to the Client in the past;

- (c) any material adverse development in the ability of the Consultant to provide consulting services in accordance with this Agreement;
 - (d) the commencement by any governmental regulatory or law enforcement agency of any investigation, examination or other proceeding directly involving the Consultant, any affiliate of Consultant or any of its or their owners, officers, directors or employees, except such investigations, examinations or other proceedings: (1) as are routinely conducted in the ordinary course of the Consultant's business, or (2) that do not affect the conduct of Consultant's consulting business;
 - (e) a substantial change in the ownership structure of Consultant, subject however to the provisions of Section 13 of the Agreement; and
 - (f) any situation that has the potential to impact either the professionalism, financial position or integrity of either the Consultant or the Client.
- x) Consultant shall promptly notify the Client in writing in the event that any of the foregoing representations, warranties, acknowledgments, or agreements shall no longer be accurate or true.

5. REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF THE CLIENT.

The Client:

- i) Agrees to advise Consultant of the investment objectives of the Portfolio and of any changes or modifications therein, and to notify Consultant of any additions to, withdrawals from or other events materially affecting the Portfolio of which the Consultant would not otherwise have knowledge.
- ii) Acknowledges Consultant has delivered to the Client, Consultant's current SEC Form ADV, Part II (Consultant's disclosure statement). The Client acknowledges receipt of such disclosure statement at least five (5) business days prior to the execution of this Agreement; and
- iii) Agrees to maintain the confidentiality of, and use only with respect to the Portfolio, all advice provided by Consultant.

6. STANDARD OF CARE; STANDARD OF LIABILITY; INDEMNIFICATION.

A. Standard of Care.

Subject to the provisions of Section 4 and Subsection (B) of this Section 6 of this Agreement, at all times the Consultant shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

B. Standard of Liability.

The Consultant shall be liable to the Client for any losses to the Client or any diminution in value of the Client's Pension Plan assets to the extent that any of such losses or diminution in value were directly or indirectly caused by the Consultant's (and/or the Consultant's officers', directors', or employees') or any of the Consultant's affiliates' or agents' (or such affiliates' or agents' officers', directors', or employees'):

(a) negligence, misfeasance, bad faith, malfeasance, willful misconduct, gross negligence, or reckless disregard in the performance of its/their duties;

(b) violation of applicable law, including but not limited to violation of the laws and statutes referenced herein; or

(c) violation of this Agreement.

Nothing herein shall constitute a waiver or limitation of any rights which the Client, any participant or beneficiary of the Pension Plan, or any other person may have under applicable state or federal law.

C. Indemnification.

The Consultant will indemnify and hold harmless the Client from and against all claims, demands, actions, charges, liability, loss, damage, costs and expenses (including reasonable attorneys fees and amounts paid in settlement) which the Client may incur or suffer which results from or arises out of the Consultant's breach of its Representations and Warranties set forth in Section 4 of this Agreement or breach of the Standard of Care and/or the Standard of Liability set forth in Subsections (A) and (B) respectively of this Section 6 above, or any other untrue representations or warranties made by Consultant under this Agreement; provided that a court of competent jurisdiction finds that the Consultant was in breach of the aforesaid obligations and/or standards.

Provided however, so long as the Consultant strictly follows any directions given to it by an authorized representative of the Client (see Section 9 below) in accordance with this Agreement, the Consultant will not be liable for any loss, liability, cost, expense or damage incurred by reason of the Consultant's

strict compliance with such directions unless the Consultant acts in breach of its duties set forth in Section 4 of the Agreement or the standards set forth in Subsections (A) and (B) of this Section 6 of the Agreement.

The provisions of this Section 6 shall survive the termination of this Agreement.

7. CONFIDENTIAL INFORMATION.

Consultant understands and agrees that, in the performance of the Services under this Agreement or in contemplation thereof, Consultant may have access to private or confidential information which may be owned or controlled by the Client and that such information may contain proprietary or confidential details, the disclosure of which to third parties will be damaging to the Client. Consultant agrees that all information disclosed by the Client, the Client's custodian bank, investment managers, general consultant, real estate and private equity consultant to Consultant shall be held in confidence and used only in performance of the Services to be provided in connection with this Agreement.

Notwithstanding the foregoing, Consultant may disclose the identity of the Client and its client relationship with Consultant in response to requests for proposals, in presentations, and in other materials to other clients or prospective clients of Consultant. Consultant may furnish to the other consultants of the client and to statistical services any reports regarding the operations and results of investments in the Portfolio (provided, however, that the Portfolio will not be specifically identified except to the consultants of the Client).

8. GOVERNING LAW; DISPUTED MATTERS.

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of Rhode Island.

With respect to any controversy or dispute arising out of this Agreement, interpretation of any of the provisions hereof, or the actions of the Consultant or the Client hereunder, each of the parties consents to the non-exclusive jurisdiction of all of the federal courts in the State of Rhode Island, and waives any defense of forum non conveniens.

9. **AUTHORITY.**

The Client represents that it has all necessary power and authority to enter into, execute, deliver and perform this Agreement, and such execution, delivery and performance will not violate any applicable law, regulation, organizational document, policy or agreement binding on Client or its property.

Each of the individuals whose signature appears below in executing this Agreement warrants that he or she has full authority to execute this Agreement on behalf of the party on whose behalf he or she has affixed his or her signature to this Agreement.

The Client hereby certifies that the following persons possess authority to provide instructions, directions, notices, or other communications to Consultant with regard to this Agreement, and that Consultant may rely on this authorization until it receives written notice to the contrary:

Name: **Frank T. Caprio**
Title: **General Treasurer of the State of Rhode Island;
Chairman of the State of Rhode Island *State Investment Commission*; and Chairman of the *Retirement Board for the Employees' Retirement System of the State of Rhode Island***

Name: **Kenneth Goodreau, CMT**
Title: **Chief Financial Officer of the State of Rhode Island
State of Rhode Island Office of the Rhode Island General
Treasurer**

Name: **Vincent Izzo**
Title: **Cash Manager
State of Rhode Island Office of the Rhode Island General
Treasurer**

The Client may from time to time designate other persons to act on its behalf in giving instructions, directions, notices or other communications to Consultant with regard to this Agreement and will certify the name of such person or persons to Consultant and give Consultant a specimen of his, her or their signatures. The authority of any such person to act on behalf of the Client will continue until written notice to the contrary is given by the Client and received by Consultant.

10. INDEPENDENT CONTRACTOR STATUS.

Consultant shall be deemed at all times to be an independent contractor and shall be wholly responsible for the manner in which Consultant or any of Consultant's employees, principals, officers, directors, agents or affiliates performs any of the Services required of Consultant by the terms of the Agreement. Nothing contained herein shall be construed as creating an employment or agency relationship between the Client and Consultant.

11. NOTICES.

All notices to be given by the parties hereto shall be in writing and served by personal delivery, facsimile or United States mail first class, postage prepaid, addressed as follows (or to any other address that either party designates to the other):

TO THE CLIENT:

**Chief Financial Officer of the State of Rhode Island
State of Rhode Island Office of the Rhode Island General
Treasurer
40 Fountain Street, 8th Floor
Providence, Rhode Island 02903
Telephone: (401) 222-2287**

**cc: Chief Legal Counsel
Office of the General Treasurer
State of Rhode Island
State House, Room 131
Providence, RI 02903**

TO CONSULTANT:

**Allan Emkin, Managing Director
Pension Consulting Alliance, Inc.
15760 Ventura Blvd., Suite 700
Encino, CA 91436**

12. WAIVER.

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

13. ASSIGNMENT OF THIS AGREEMENT OR THE SERVICES.

It is understood and agreed that the Services to be performed by the Consultant are personal in character and that none of the Services, duties or obligations hereunder shall be assigned, sub-contracted, or delegated by the Consultant, by operation of law or otherwise, without the prior written consent of the Client.

No assignment of this Agreement shall be made by the Consultant without the prior written consent of the Client. Assignment shall mean any assignment of any type, including as defined in the *Investment Advisers Act of 1940*, as amended.

Moreover, if the Consultant is converted into, merges or consolidates with or sells or transfers substantially all of its assets or business to another corporation, it shall provide written notice to the Client no less than sixty (60) days before the effective date of such conversion, merger, consolidation, sale, or transfer; and in the event the Client consents in writing to such changes, after receipt of such written notice the resulting corporation or the corporation to which such sale or transfer has been made shall notify the Client when such conversion, merger, consolidation, sale, or transfer is final and complete.

Finally, in the event of any change in any key personnel of the Consultant, it shall notify the Client of such change no later than thirty (30) days after such change.

14. DOCUMENTS AND REPORTS.

Consultant will furnish to the Client and its authorized representatives, on reasonable notice (which in no event need ever be more than five (5) business days), and during ordinary business hours, full access to the records maintained by Consultant with respect to this Agreement. Any interest of Consultant in reports, memoranda, or other documents prepared in connection with services to be performed under this Agreement shall become the property of and will be transmitted to the Client upon demand, and shall otherwise be subject to Consultant's normal retention policy.

15. SERVICES NOT EXCLUSIVE.

The Client understands and agrees that:

- i) Consultant does not perform discretionary consulting services for clients. Consultant and its officers may act and continue to act as traditional but not discretionary investment consultants for other clients, and nothing in this Agreement shall in any way be deemed to restrict the right of Consultant to perform traditional and investment consulting services for any other client.
- ii) The Client understands that Consultant may provide consulting advice to other clients which may be similar or dissimilar to any such advice provided to the Client, and Consultant may suggest action with respect to any of its other respective clients which may differ from suggestions made regarding the Portfolio. However, nothing in this section shall be construed to relieve the Consultant of any of its duties or obligations as set forth in or arising under the other provisions of this Agreement.

16. AMENDMENTS.

This Agreement sets forth the entire agreement between the parties, and supersedes all other oral or written provisions. This Agreement may be amended or modified only by written instrument executed and approved by the parties in the same manner as this Agreement.

17. HEADINGS.

The headings used in this Agreement are inserted for reference purposes only and shall not be deemed to limit or affect in any way the meaning or interpretation of any of the terms or provisions herein.

18. ENTIRE AGREEMENT.

This Agreement (including all Exhibits appended to this Agreement, all of which are hereby incorporated herein by reference) constitutes the entire agreement among the parties, and all promises, representations, understandings, warranties and agreements with reference to the subject matter hereof and inducements to the making of this Agreement relied upon by any party hereto, have been expressed herein or in the documents incorporated herein by reference.

19. TERM AND TERMINATION.

This Agreement shall commence as of the date set forth above and shall continue in full force and effect for a period of two (2) years in duration, or sooner if terminated by either party as hereinafter provided. Thereafter, this Agreement shall be automatically renewable each year for subsequent one (1) year contract periods.

This Agreement may be terminated without penalty by either party: (i) upon fifteen (15) days prior written notice at any time and for any reason, (ii) immediately upon the other party's material breach of any terms of this Agreement, or (iii) immediately if Consultant files for bankruptcy or state law receivership; if in the reasonable judgment of the Client, Consultant becomes financially unstable so as to jeopardize its ability to perform the services required under this Agreement; or if Consultant is the subject of any criminal investigation, indictment or conviction.

The provisions of Sections 4, 6, and 7 of this Agreement will survive the termination of this Agreement.

20. ARBITRATION.

In the event of a dispute between the parties relating to this Agreement, each party agrees to make every effort to arrange for a fair, practical, and speedy resolution. If the parties are unable to agree upon a resolution to the dispute, the parties mutually agree to submit the dispute to non-binding arbitration prior to pursuing any other legal and/or equitable remedies. Such arbitration shall take place in the State of Rhode Island in accordance with the commercial arbitration rules of the *American Arbitration Association*. Litigation or other legal or equitable remedies may be pursued only in the event either party is not satisfied with the final ruling of the arbitrator.

21. SEVERABILITY.

Each provision of this Agreement is severable. If any provision or term hereof is determined, for any reason whatsoever, to be unenforceable, such determination shall not affect the validity of the remaining provisions and terms hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as set forth below.

PENSION CONSULTING ALLIANCE, INC.

Consultant

By:  _____

Name: Allan Emkin

Title: Managing Director

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND

Client

By:  _____

Name: Frank T. Caprio

Title: General Treasurer of the State of Rhode Island; Chairman of the State of Rhode Island *State Investment Commission*; and Chairman of the *Retirement Board for the Employees' Retirement System of the State of Rhode Island*

EXHIBIT A

Scope of Services

This *Exhibit A, Scope of Services*, is subject to and defines certain critical terms and conditions set forth in the *Investment Consulting Agreement* ("Agreement") entered into as of August 1, 2008 by and between the *Employees' Retirement System of the State of Rhode Island* ("ERSRI"), acting by and through the *State of Rhode Island State Investment Commission* (the "SIC") (collectively referred to herein as the "Client") and *Pension Consulting Alliance, Inc.* (the "Consultant").

The Consultant, acting as a fiduciary to the Client (as described more fully in the Agreement), agrees to provide the Services described below.

A. ASSET ALLOCATION AND INVESTMENT POLICY & GUIDELINES.

The Consultant will review the Client's investment policies and objectives and advise and make recommendations to the Client concerning the development, implementation and/or revision of:

- asset allocation strategies and policies,
- investment policies, strategies, and guidelines, and
- asset allocation rebalancing strategies and policies in accordance with the Client's investment policies, strategies, and guidelines.

The Consultant may be requested to provide guidance with respect to and/or to perform asset allocation rebalancing services in accordance with the investment policies, strategies, and guidelines and its recommended asset allocation strategies and policies.

B. CUSTODIAN EVALUATION AND SEARCHES.

Should there be a need for a new custodian(s) for the Client, the Consultant will identify potential candidates, document the strengths and weaknesses of each, and assist the Client in evaluating and selecting a firm.

C. INVESTMENT MANAGER MONITORING, EVALUATION, ENGAGEMENT, AND TERMINATION.

The Consultant will monitor, evaluate, and comment upon current and future investment managers and investment vehicles engaged by the Client, including conducting periodic reviews and on-site visits of managers and conducting ongoing analyses of managers' investment

performance and pertinent information (including firm personnel, changes in personnel, investment philosophies and processes, internal risk controls, and any other relevant factors).

The Consultant, using data and analyses provided by the custodian, will actively monitor all investment managers' compliance or non-compliance with the Client's investment policies and guidelines.

The Consultant will make recommendations to the Client with regard to the need to terminate and replace an investment manager and/or to engage additional investment managers. Should there be a need to terminate an investment manager, the Consultant will provide guidance regarding the timing of the termination and the disposition of the manager's assets.

D. INVESTMENT MANAGER SEARCHES - *OPTIONAL SERVICES.*

In the event that the Consultant recommends to the Client that an investment manager be terminated and replaced and/or that an additional investment manager be engaged, the Consultant may be requested to perform some or all of the following services:

- conduct a search for candidates;
- identify potential candidates;
- document the strengths and weaknesses of candidates;
- (if necessary) schedule interview dates and times after consultation with the Client;
- assist the Client in evaluating and selecting a firm(s); and
- (if necessary) assist the Client in drafting appropriate specific investment guidelines for the firm(s).

The Client shall possess final authority for the approval of the engagement or termination of any investment managers, investment vehicles, and other investment services recommended by Consultant. The Client also retains final authority to execute agreements on its behalf.

E. PERFORMANCE EVALUATION REPORTS.

The Consultant will provide quarterly analyses of the investment performance of each investment manager and the investment performance for the Client's Pension Plan, using rates of return and analyses calculated by the custodian or other service providers

designated by the Trustees, setting forth applicable investment benchmark comparisons, and providing a general summary of recent, prevailing, and projected market conditions.

F. ATTENDANCE AT MEETINGS AND CLIENT CONSULTATION.

Senior investment professionals from the Consultant will attend Client meetings and other meetings as requested by the Client. Senior investment professionals of Consultant shall also be available to consult with the Client and/or the Client's representatives whenever a particular area of expertise, assistance, or guidance is required or requested by the Client.

G. SUPERVISION AND DIRECTION OF CASH FLOWS.

From time to time, the Client may request that the Consultant provide advice and counsel regarding the direction of cash flows among the investment managers for the purposes of establishing or maintaining asset allocation targets, paying benefits and other expenses, absorbing new contributions, or related purposes.

H. OTHER CONSULTING SERVICES.

The Consultant shall also perform other general industry-standard investment consulting services, including special projects as requested by the Client or recommended by the Consultant. Moreover, the Client may request additional investment consulting services as agreed upon by and between the Client and Consultant in writing.

EXHIBIT B

Fee Schedule

This *Exhibit B, Fee Schedule*, is subject to and defines the Consultant Fee and Compensation provisions set forth in the *Investment Consulting Agreement* ("Agreement") entered into as of August 1, 2008 by and between the *Employees' Retirement System of the State of Rhode Island* ("ERSRI"), acting by and through the *State of Rhode Island State Investment Commission* (the "SIC") (collectively referred to herein as the "Client") and *Pension Consulting Alliance, Inc.* (the "Consultant").

Fees. The Consultant's Fee shall be U.S. \$175,000.00 per year, which Fee shall accrue from August 1, 2008 (the "Commencement Date") and will be billed in equal monthly installments in arrears (the "Monthly Fee"). The Monthly Fee shall be pro-rated for any month in which Services are performed by Consultant for only part of such month.

Neither Consultant nor any of its officers, directors, partners, employees, agents, or affiliated companies shall receive any additional compensation or fees with respect to the business of the Client.

Payment. The Consultant's Monthly Fee shall be due and payable thirty (30) days from the date of the Client's receipt of a written invoice from Consultant, which invoice shall be sent at the beginning of each month for the services rendered in the prior month.

Other. The Client shall be solely responsible for identification and payment of any duties, tariffs, assessments and taxes (other than U.S. federal income tax and/or state or other local income taxes) which may accrue or be assessed relating to this agreement or the provision of services hereunder. Under no circumstance shall fees billed by Consultant and payable to Consultant by the Client be reduced owing to any such duties, tariffs assessments or taxes.

Should the Client choose to make any payment to Consultant by wire transfer or other electronic means, the Client shall be solely responsible for ensuring sufficient funds are included with such payment to cover any charge(s) imposed by the Client's bank.

**AMENDMENT TO
INVESTMENT CONSULTING AGREEMENT**

The Investment Consulting Agreement (the "Agreement") made and entered into as of August 1, 2008 by and between the Employees' Retirement System of the State of Rhode Island ("ERSRI"), acting by and through the State of Rhode Island State Investment Commission (the "SIC") (collectively referred to herein as the "Client") and Pension Consulting Alliance, Inc. (the "Consultant") is hereby amended in accordance with Section 16 of the Agreement by expanding Exhibit A to include **Exhibit A1, Real Estate Scope of Services** and expanding Exhibit B to include **Exhibit B1, Real Estate Investment Consulting Services Fee Schedule**.

EXHIBIT A1

Real Estate Scope of Services

This **Exhibit A1, Real Estate Scope of Services**, dated February 15, 2012 is an amendment made to the *Investment Consulting Agreement* entered into as of August 1, 2008 by and between the *Employees' Retirement System of the State of Rhode Island* ("ERSRI"), acting by and through the *State of Rhode Island State Investment Commission* (the "SIC") (collectively referred to herein as the "Client") and *Pension Consulting Alliance, Inc.* (the "Consultant") to expand *Exhibit A, Scope of Services*.

For an annual retainer relationship as set forth in Exhibit B1, PCA's Real Estate group (the "Real Estate Consultant"), acting as a fiduciary to the Client (as described more fully in the Agreement), agrees to provide to Client the Services described below:

A. ONGOING INVESTMENT POLICY/GUIDELINE DEVELOPMENT:

- Role of Real Estate within the overall Portfolio/return objectives/risk tolerance
- Types of investment vehicles: direct, commingled funds, fund of funds
- Acceptable sectors for investment
- Geographic exposures: domestic vs. international
- Roles and responsibilities of Board, Staff, and Consultant

B. ANNUAL PLANNING:

- Examination of portfolio exposures
- Assess progress towards long-term goals

- Market overview and areas for opportunistic investment
- Update commitment pacing model

C. ONGOING INVESTMENT SELECTION/DUE DILIGENCE AND PORTFOLIO CONSTRUCTION:

- Maintain deal log of potential investment opportunities
- Recommend specific partnerships or direct investments, including commitment sizes
- Assist in the negotiation of terms and conditions
- Analysis of existing holdings and recommendations regarding divestments
- Assistance and analysis with regard to changes to terms and conditions of investments

D. CUSTOMIZED PERFORMANCE REPORTING/MONITORING (QUARTERLY):

- Total weighted return and/or internal rate of return based reporting to reflect unique characteristics of real estate
- Ongoing monitoring of portfolio exposures
- Regular dialogue with managers regarding portfolio updates and any organizational changes
- Monthly cash flow and unfunded commitment reports

E. ONGOING EDUCATION

F. MEETING ATTENDANCE AS NECESSARY - BUT AT LEAST QUARTERLY

G. CONFLICT OF INTEREST

In the event that services provided by the Consultant in accordance with this Exhibit A1 may interfere or conflict with the Consultant's ability to provide independent and unbiased services, advice and recommendations as otherwise required in the Agreement, the Consultant shall disclose to the Client the nature and reasons of such interference or conflict.

EXHIBIT B1

Real Estate Investment Consulting Services Fee Schedule

This *Exhibit B1*, Real Estate Investment Consulting Services Fee Schedule, dated February 15, 2012 is an amendment made to the investment consulting agreement made and entered into as of August 1, 2008 by and between the Employees' Retirement System of the State of Rhode Island ("ERSRI"), acting by and through the State of Rhode Island State Investment Commission (the "SIC") (collectively referred to herein as the "Client") and Pension Consulting Alliance, Inc. (the "Consultant") to expand *Exhibit B*, Fee Schedule.

Fees. The Real Estate Consultant's Fee shall be U.S. \$125,000.00 per year, which Fee shall accrue from February 15, 2012 (the "Commencement Date") and will be billed in equal monthly installments in arrears (the "Monthly Fee"). The Monthly Fee shall be pro-rated for any month in which Services are performed by Real Estate Consultant for only part of such month.

Neither Consultant nor any of its officers, directors, partners, employees, agents, or affiliated companies shall receive any additional compensation or fees with respect to the business of the Client.

Payment. The Consultant's Monthly Fee shall be due and payable thirty (30) days from the date of the Client's receipt of a written invoice from Consultant, which invoice shall be sent at the beginning of each month for the services rendered in the prior month.

Other. The Client shall be solely responsible for identification and payment of any duties, tariffs, assessments and taxes (other than U.S. federal income tax and/or state and other local income taxes) which may accrue or be assessed relating to this agreement or the provision of services hereunder. Under no circumstances shall fees billed by Consultant and payable to Consultant by the Client be reduced owing to any such duties, tariffs, assessments or taxes.

Should the Client choose to make any payment to Consultant by wire transfer or other electronic means, the Client shall be solely responsible for ensuring sufficient funds are included with such payment to cover any charge(s) imposed by the Client's bank.

Executed & Approved by:

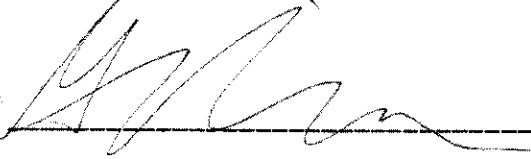
PENSION CONSULTING ALLIANCE, INC.
Consultant

By:  Date: March 15, 2012

Name: Christy Fields

Title: Managing Director

EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF RHODE ISLAND
Client

By:  Date: 3/16/2012

Name: Gina Raimondo

Title: General Treasurer