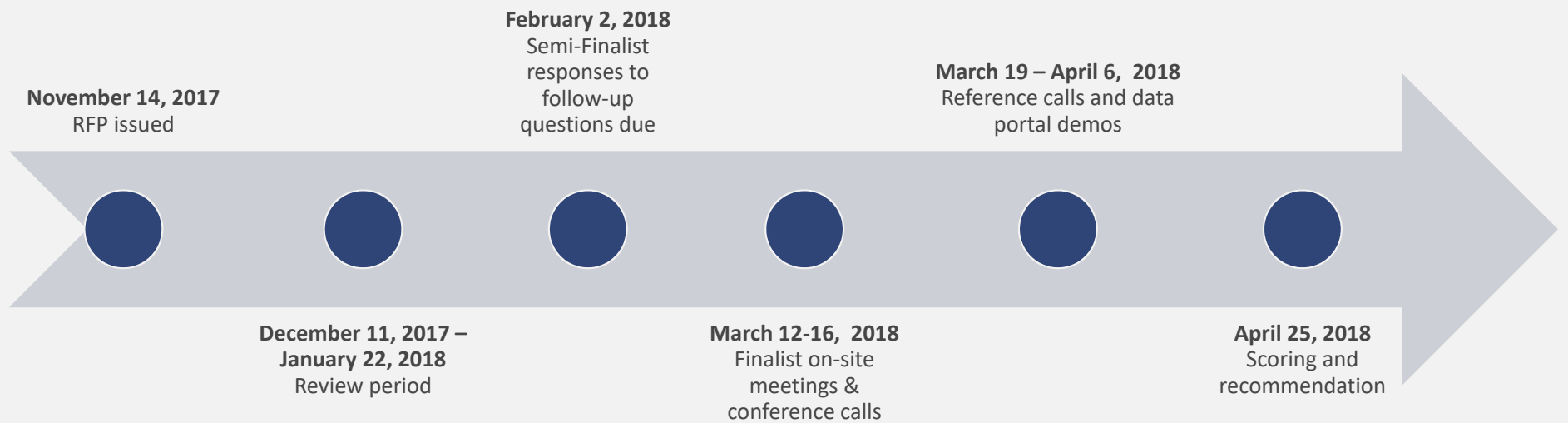


Alternatives Consultant RFP Considerations

Investment Staff | April 2018

RFP Timeline



RFP Process

Review Team:

SIC Members

- Karen Hammond
- Marie Langlois
- Marcia Reback

Investment Staff

- Alec Stais
- Renee Astphan
- Jon Popielarski

Initial Pool

- Albourne
- Cambridge Associates
- Cliffwater
- Hamilton Lane
- PCA
- Portfolio Advisors
- Meketa
- RCLCO
- StepStone
- TorreyCove
- Wilshire

Initial responses were judged according to quality of the RFP response, alignment with ERSRI, legal assistance capabilities, and fees.

Semi-Final Round

- Cliffwater
- Hamilton Lane
- Meketa
- PCA (real estate)
- StepStone
- TorreyCove

Semi-Finalists were asked to submit further details regarding the extent of assistance on legal issues, ability to capture and audit fees, nature and size of business types, and thoughts around the current ERSRI private equity roster with suggestions.

Finalists

- Cliffwater
- PCA (real estate)
- StepStone
- TorreyCove

Four firms were invited as finalists to on-site interviews in Providence in mid-March.

Staff conducted due diligence and reference calls for the finalists in March and April, and received web demos of finalist data portals.

RFP Scoring

Initial Round

- Organization
 - Firm stability
 - Service team quality and depth
 - Experience with public plans
 - Experience with plans of similar size
- Monitoring
 - Reporting and performance measurement capabilities
 - Quality of data processing and administrative support
- Investment Capabilities
 - Coverage
 - Investment philosophy
 - Investment philosophy as a fit with ERSRI
- Fees

Scoring Area	Weight
Organizational Characteristics	25
Investment Monitoring	15
Investment Capabilities	45
Fees	15
Max Points	100

Semi-Final Round

Five questions were asked to provide more clarity on specific important topics in an effort to make sure the finalists were all capable of servicing ERSRI's needs. The topics included the following:

1. Guidance and assistance on negotiating fund terms
2. Guidance and assistance on LPA amendments and other legal issues in existing partnerships
3. An in depth review of the ERSRI private equity portfolio
4. Ability to capture and audit fees and expenses
5. Clarification on business lines & sources of revenue for each firm in order to determine alignment with ERSRI

Final Round

- Meetings in Providence or calls with the proposed service team scored as follows:

Scoring Area	Weight
Team and Firm	30
Diligence Process	30
Data Portal / Resources	10
Investment Monitoring	15
ERSRI Portfolio Review	15
Max Points	100

- Reference calls and data portal demos (where applicable) were conducted to verify information presented in the process

Initial RFP Review: Scoring

- The top three from the first round scoring were:
 1. Hamilton Lane (83.3)
 2. Cliffwater (81.5)
 3. Albourne & StepStone (tied at 79.8)

Average First Round Scores										
Category	Albourne	Cambridge Associates	Cliffwater	Hamilton Lane	Meketa	PCA	Portfolio Advisors	StepStone	TorreyCove	Wilshire
Organizational Characteristics	21.0	19.0	19.8	19.5	20.0	14.3	17.0	20.0	18.8	16.8
Investment Monitoring	12.8	12.0	11.8	13.8	11.0	7.5	13.5	13.8	12.3	11.5
Investment Capabilities	38.0	39.3	37.0	39.5	34.5	27.5	27.5	36.0	32.0	33.5
Fees	8.0	6.5	13.0	10.5	9.5	11.5	12.5	10.0	11.0	9.5
TOTAL	79.8	76.8	81.5	83.3	75.0	60.8	70.5	79.8	74.0	71.3

Semi-Finalist Round

- Additional questions sent
- Key consideration for this round (ex- PCA*) was the extent of legal support provided to staff:
 - Amendment recommendations
 - Full review of fund terms
 - Negotiations with GPs (where appropriate)
- PCA questions addressed ERSRI real estate portfolio specifically – views on portfolio construction and additional diversification opportunities for the portfolio

- Results from responses:
 - StepStone, TorreyCove and Cliffwater provide full support to clients in the areas identified by staff
 - Meketa and Hamilton Lane only provide full legal support services to discretionary clients
 - PCA RE provided satisfactory responses to questions and has helped RI develop a solid RE portfolio with strong performance since relationship started in 2012

Semi-finalists

- Cliffwater
- Hamilton Lane
- Meketa
- PCA (RE)
- StepStone
- TorreyCove

Finalists

- Cliffwater
- StepStone
- TorreyCove
- PCA (RE)

Final Round Scoring

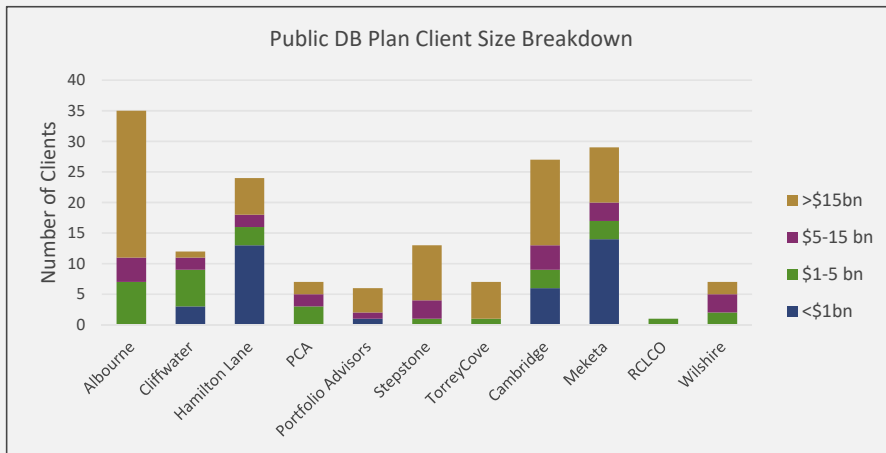
- **Cliffwater received highest numerical score**
- **Additional Considerations:**
 - Cliffwater is the only consultant that can advise on all the asset classes in the scope of the RFP
 - The staff has had a positive experience with the current Cliffwater service team who is familiar with the portfolio and ERSRI processes
 - Evidence of assistance on access to top tier managers
 - Cliffwater focuses on non-discretionary consulting and therefore limits any conflicts

Final Round Scoring					
Category	Max Points	Cliffwater	TorreyCove	StepStone	PCA (Real Estate)
Coverage		HF, PE, PC, RE, Infra	PE, PC	PE, PC, RE, Infra	RE
Team and Firm	30	26.3	23.5	21.6	19.7
Diligence Process	30	24.7	25.8	25.2	16.7
Data Portal / Resources	10	7.2	7.3	8.8	4.5
Investment Monitoring	15	11.3	11.8	11.4	8
ERSRI Portfolio Review	15	12.2	11.8	10.8	9.8
TOTAL	100	81.7	80.3	77.8	58.7

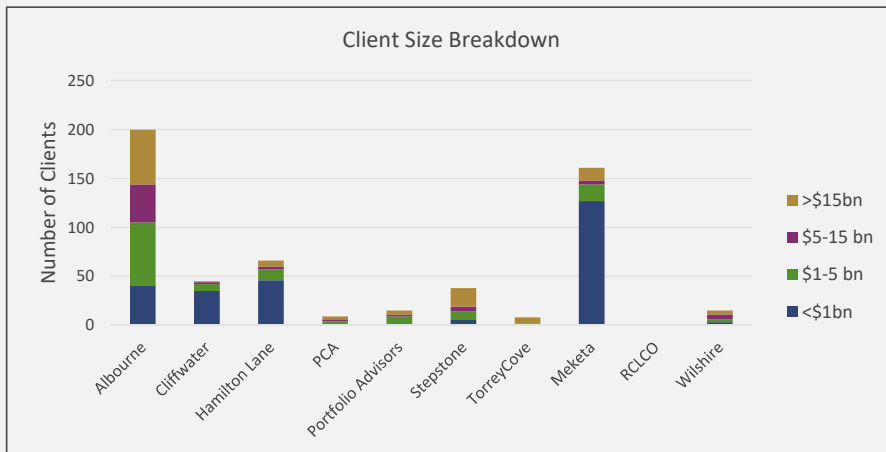
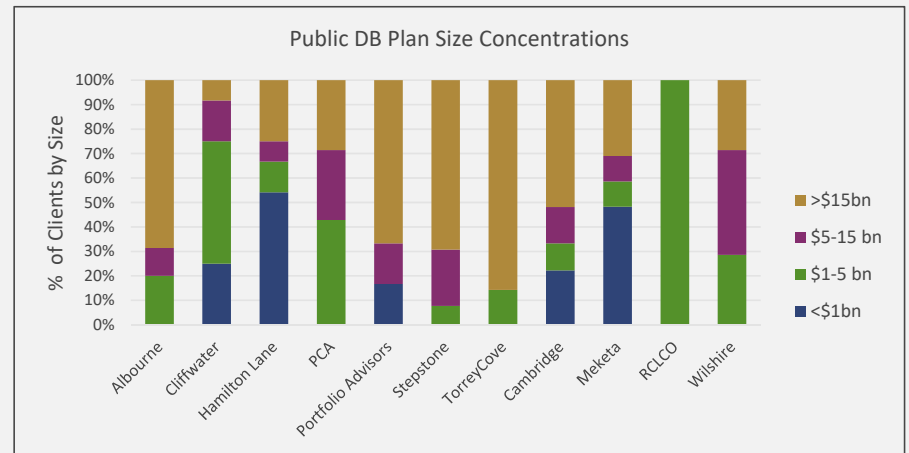
Appendix

- **Client Characteristics**
- **Ownership Structure**
- **Lead Consultant Experience**

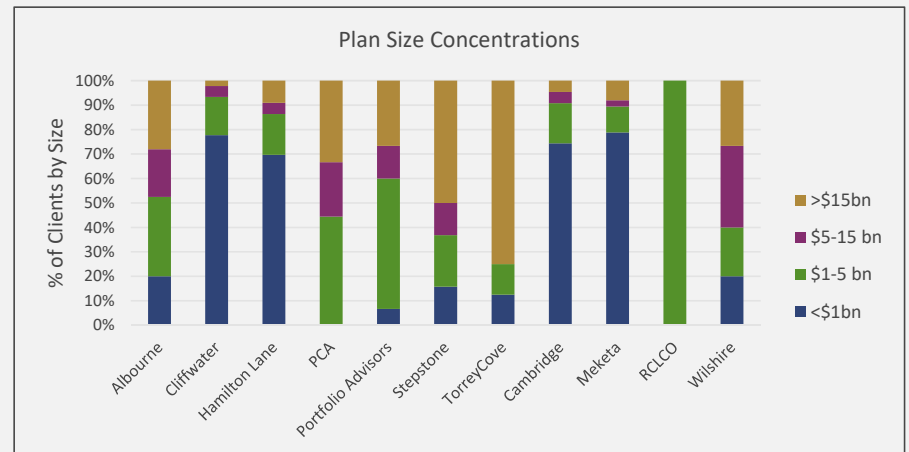
Client Characteristics



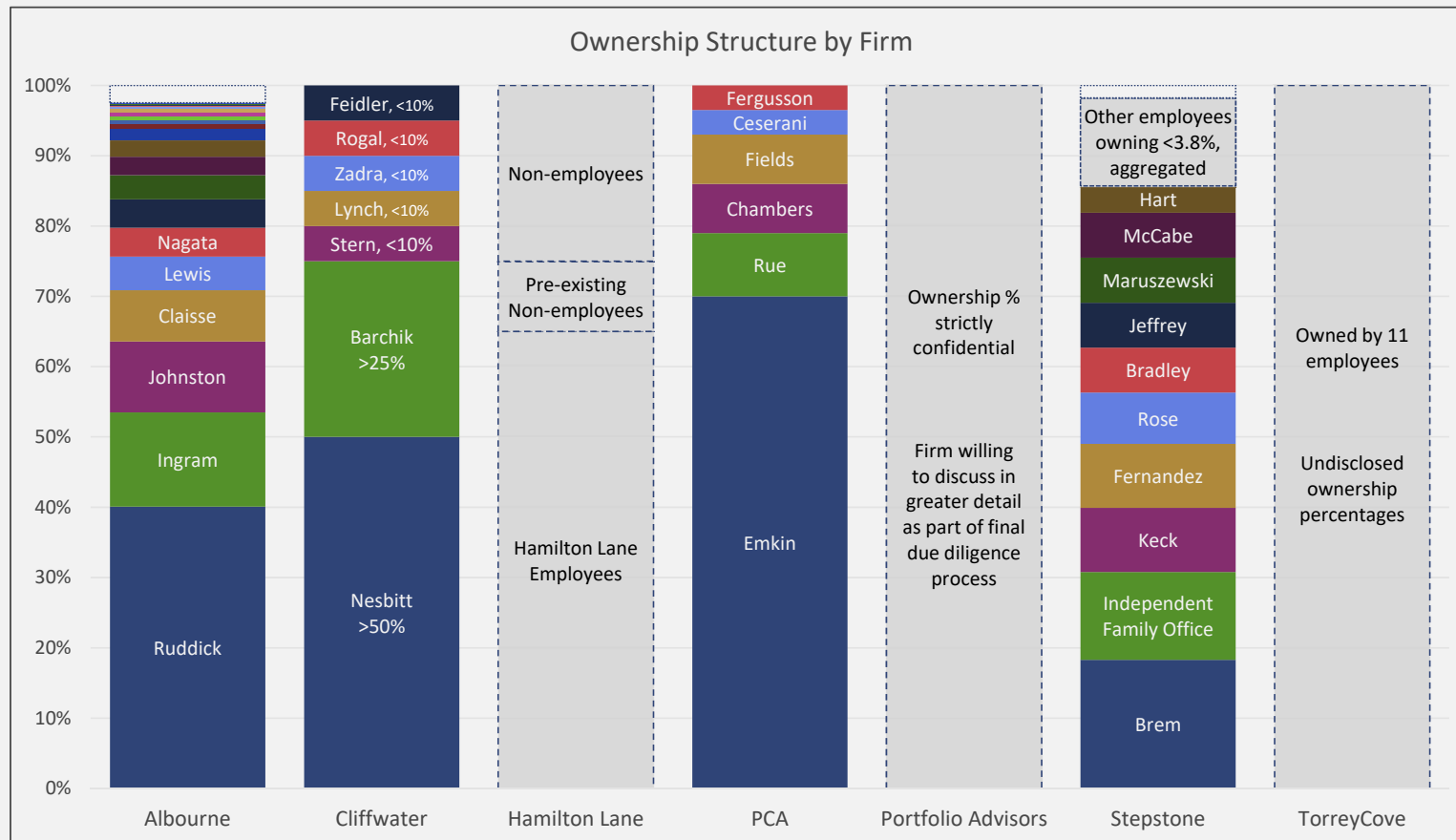
Normalized



Normalized



Ownership Structure



Proposed Team

