



July 13, 2020

Request For Proposals (RFP) for Investment Consulting Services

The Public Employees' Retirement Association of Colorado ("Colorado PERA" or "PERA") is seeking proposals from qualified firms to provide investment consulting services for its Combined Investment Fund, which is comprised of the defined benefit trust funds, the life insurance reserve fund, and the health care trust funds.

The RFP can be accessed using this [link](#). In order to assist you in evaluating this opportunity and preparing a response, we have also included links to the following documents:

1. Our most recent [Comprehensive Annual Financial Report \(CAFR\)](#), which contains a description of the retirement plan, organizational chart, and details about plan assets;
2. PERA's [Statement of Investment Policy](#);
3. An [outline of the minimum eligibility requirements and RFP process](#);
4. A [scope of services statement](#);
5. [Sample contract](#);
6. The [statutes](#) and [rules](#) governing PERA.

We are looking forward to receiving a response from your firm.

Sincerely,

Amy C. McGarrity
Chief Investment Officer
Colorado PERA

Colorado PERA

Investment Consulting Services

Minimum Eligibility Requirements, Timetable, Administrative Requirements, Evaluation Criteria, and the RFP Process

Minimum Eligibility Requirements:

By submitting a bid under this RFP, the Bidder agrees as follows:

The investment consulting firm must be a registered investment adviser under the Investment Advisers Act of 1940.

The investment consulting firm must have been in business for a minimum of five years.

The individual assigned to PERA as lead consultant must have a minimum of seven years of professional experience in the investment consulting field.

The investment consulting firm must have provided investment consulting services to other public defined benefit retirement systems or corporate pension plans which are approximately the size of PERA or larger. "Size" means the approximate market value of assets held in trust on behalf of PERA members.

The investment consulting firm must be able to maintain a satisfactory electronic interface with PERA's custodian bank by online connection or other means at the firm's expense.

The investment consulting firm must agree to be a Fiduciary to the plan as that term is defined in Colorado state law.

The investment consulting firm must agree to disclose all conflicts of interest, all sources of revenue, and all affiliations, and continue to do so on an ongoing basis.

The investment consulting firm must agree that: (i) in no event shall PERA indemnify consultant, and (ii) to the extent damages or costs are incurred by PERA as a result of the acts or inaction of consultant, its agents, affiliates, assigns, or affiliated parties, PERA shall be entitled to recovery provided by law without limitation as to form or amount.

Schedule:

The following established schedule may be changed by PERA if necessary. If the schedule changes, updates will be posted to the PERA website. In no event will the dates listed below be changed to earlier dates.

RFP issuance	July 13, 2020
Written questions from respondents must be received by PERA	August 3, 2020
Answers to written questions will be posted to PERA website	August 19, 2020
Proposals due	September 4, 2020 by noon (Mountain time)
Evaluation of proposals by PERA	By October 30, 2020
Staff recommendations to PERA Board and determination of finalists	November 20, 2020
Finalists' presentations	December, 2020
Consultant selection and contract negotiation	Fourth Quarter, 2020
Official contract award public announcement	Upon completion of contract

Contact Person:

Amy C. McGarrity
Chief Investment Officer
Public Employees' Retirement Association of Colorado
1301 Pennsylvania Street
Denver, CO 80203

Telephone: 303-863-3709
Email: investrfp@copera.org

Written Questions and Answers:

In an effort to clarify any issues in this RFP, PERA will respond only to questions that are timely submitted to the contact email address above. Questions should be addressed to the contact person and firms submitting questions should request a read receipt to ensure delivery of emails. PERA will consolidate all questions and its answers into a single Q&A document. The source of the questions will not be disclosed in the document. The Q&A document will be posted on the PERA website.

Proposals:

All interested firms should submit one electronic copy (a single PDF of the entire response, not everything piecemealed as separate individual PDFs) of their responses to the email address of the contact person. No hard copies are to be submitted. Proposals received after the due date will not be considered. No waivers or exceptions will be made for untimely electronic deliveries.

All proposals become the property of PERA. All proposals, *except as noted below*, are considered to be public records and shall be available for viewing and reproduction as the law provides.

Firms that wish to protect portions of their proposals from public disclosure must make a written request that those records be kept confidential at the time of submission of records. In addition, the firms must specifically and conspicuously identify any portion of the proposals that are deemed by them to constitute confidential or proprietary information or trade secrets. Those portions must be readily separable from other portions of the proposal. Firms' identification of material as being exempt from disclosure are not conclusive, and firms submitting such requests acknowledge the possibility that such materials may be determined by a reviewing court not to be protected from disclosure under the laws governing PERA and the resulting contract. Upon receipt of a request for disclosure of the proposals, PERA will make an initial attempt to deny such request as provided by law. If the requesting party objects to PERA's initial response, then to the extent not prohibited by law, PERA will provide firms with notice as soon as possible of the objection. The burden is solely on firms to take such actions as they deem necessary and appropriate to shield such materials from disclosure. Firms shall timely notify PERA in writing of any initiated legal actions regarding the request for disclosure of confidential information. Firms agree to release PERA from liability for the release of any confidential information PERA determines to be required by law.

The cost of preparing and defending proposals will be borne by the respondents.

Proposals are to address all questions posed by PERA in the order in which they appear in this RFP. Answers must be succinct and within the stated page-limit maximums.

Rules Regarding Contacts:

Please refer to page 3 for a detailed schedule.

PERA reserves the right to request additional information from any or all respondents to assist in its evaluation process. However, no respondent may contact any member of the Board of Trustees (Board) or staff member, other than the contact person, during the proposal period.

Current service providers who are responding to this RFP are expected to limit their contacts for business transactions to PERA employees with whom they ordinarily interact and to avoid direct contact with PERA Board members or other staff members during this proposal period, other than that which might occur at regularly scheduled meetings.

PERA reserves the right to amend the RFP at any time. If the amendment occurs after the due date, PERA may, at its sole discretion, allow respondents to amend their bid proposals to respond to the amendment.

Respondents may amend their bid proposals. The amendment must be in writing, signed by the respondent, and received by the proposal due date.

PERA reserves the right to waive or permit cure of nonmaterial variances in a bid proposal, if it is in PERA's best interest to do so. No such waiver or permission to cure shall modify the RFP requirements or excuse the respondent from full compliance with RFP specifications or other contract requirements if the respondent is awarded the contract.

Evaluation of Proposals:

Proposals will be evaluated by a group of PERA staff under the supervision of Ron Baker, Executive Director, and Amy C. McGarrity, Chief Investment Officer. During the evaluation process PERA may, at its sole discretion, request any or all firms to make oral presentations.

Such presentations will provide firms with an opportunity to answer questions relating to the firm's proposal. Not all respondents may be asked to make such presentations.

Finalists' Presentations:

PERA may request finalist presentations by select firms. At that time, the respondents may present additional written information. It is highly recommended that the lead consultant or consultants be present at the finalist presentation (which may be conducted virtually).

Selection Criteria:

The selection of the firm to provide investment consulting services will be based upon the following criteria, including but not limited to:

- Relevant investment consulting experience of the firm and the individual consultants proposed for PERA
- Proposed work plan, soundness of approach, breadth of resources, and understanding of the needs of PERA
- Demonstrated ability to perform the services referenced in the RFP
- References and recommendations of other clients
- Fee structure

Contract Negotiation:

A written contract with the consultant selected will be required. The terms of the contract are expected to be similar to the sample contract which has been provided, however, PERA reserves the right to further negotiate the terms and conditions of the contract with the selected consultant. The contract awarded pursuant to this RFP shall consist of the RFP and any amendments thereto, the successful firm's proposal and any amendments thereto, and the specific terms and conditions of the negotiated contract.

Contract Award:

PERA reserves the right to award all, part, or none of this contract and may award contracts to more than one investment consultant if deemed appropriate and desirable.

Choice of Law and Forum:

This RFP and the resulting contract shall be governed by the laws of the state of Colorado and venues for any actions shall lie exclusively in Denver, Colorado. Firms are responsible for ascertaining the pertinent legal requirements and restrictions. Any and all litigation or other action commenced regarding this RFP shall be brought in the appropriate forum.

Colorado PERA

Investment Consulting Services

RFP Questions

A. Background of the Consulting Firm (3 page maximum):

1. Briefly describe your firm's background, history, and ownership structure, including any parent, affiliated or subsidiary company, and any business partners or joint ventures.
2. Describe the services your firm provides and any services, or distinguishing characteristics of your firm, which may not be offered by other consultants. Specify and detail any and all lines of business in which your firm participates.
3. Provide the percentage of total firm revenues that came from the categories listed below for each year:

	2019	2018	2017
Consulting to DB Plan Sponsors	%	%	%
Consulting to DC Plan Sponsors	%	%	%
Money Management Activities	%	%	%
Services to Money Managers*	%	%	%
Other (Please describe)	%	%	%
	100%	100%	100%

*Please specify percentage related to OCIO activities.

4. Provide an organizational chart of your firm and describe the relationship between each component and your consulting group. Describe the total staff of the firm and designate the support staff, analysts and professionals.
5. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, personnel reorganizations, acquisitions, mergers, terminations, or investigations? Do you anticipate future significant changes in your organization?
6. List the address of your main corporate office and indicate which office(s) will service PERA.
7. Provide a listing of current and former clients over the last five years. Include the size of the client organization, the type of organization (e.g., public pension plan, Taft-Hartley plan, corporate pension plan, etc.) and the number of years services were provided by your firm to each. Include information regarding the public sector percentage of your current client base. Also provide the number of clients added in the last two years and the number of clients lost in the last two years.

8. What is your firm's targeted market in terms of fund size and type (e.g. public pension plan, corporate defined contribution plan, foundation or endowment, etc.)?
9. Please note any significant contributions your firm has made in developing and defining "best practices" in the pension fund investment consulting field.
10. How has your firm adapted to any onsite restrictions imposed during the COVID-19 outbreak? What is the firm's plan to ensure business continuity in the face of future crises?

B. Consulting Team (2 page maximum):

1. Describe the role of each consultant or professional for this assignment. Provide contact information for each consultant or other professional that will be assigned to PERA.
2. How many investment consultants does your firm have? How many clients would the lead consultant be assigned to and discuss the ways you manage growth, including any limits to the client/consultant ratio?
3. Describe your team's experience with similar work performed for other public retirement systems, corporate pension funds, or similar institutional investors. Please also provide complete bios for each consultant or other professional that would be assigned to PERA.
4. State whether the individuals assigned to the work have any responsibilities other than providing consulting services, and if so, specify such responsibilities.
5. Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm or be unable to service the PERA relationship.
6. How are consultants' recommendations to clients reviewed and monitored by your organization? Does your firm adhere to a level of consistency in consultant recommendations? Describe your peer review process for "routine" client work such as performance reporting.
7. Please provide your firm's retention rates for your investment consultant professionals over the past three years.
8. Describe positive contributions that consultants provide their public pension clients. Describe common mistakes consultants make and how you prevent such mistakes from occurring.
9. How do you measure your success as a consultant?

C. Standards of Conduct (1 page maximum):

1. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?
2. Has your firm adopted the CFA Institute's Code of Ethics and Standards of Professional Conduct? If so, how is employee compliance monitored?

3. Within the last five years, has your organization or an officer or principal been involved in actual or threatened litigation, administrative or regulatory, or similar investigation proceedings relating to your investment consulting assignments or any other litigation? If so, provide an explanation and indicate the current status or disposition. Under disposition, include any censures, penalties, fines, or reprimands received from regulatory bodies.
4. Has your firm ever been required to pay damages or penalties or trade or relinquish something of value under any of its existing or past contracts as it relates to services similar to those contemplated by this RFP? If so, describe the situation.

D. Conflicts of Interest (2 page maximum):

1. How does your firm identify and manage conflicts of interest? Are there any potential conflict of interest issues your firm has or may have in servicing PERA? If so, describe them.
2. Based on the list of investment managers currently managing public assets for PERA (list is located at www.copera.org), disclose and describe any business your firm, affiliates, or parent company does with any of PERA's investment managers.
3. Please provide detailed disclosures relating to any lines of business your firm, affiliates, or parent company performs other than investment consulting.
4. What is your firm's policy on soft dollar payments and the unbundling of research and trading costs? Do your investment consulting clients have soft dollar arrangements with your firm? If so, indicate what percentage of your clients have these arrangements. Does your manager search database delineate managers' costs of research vs trade execution?
5. Does your firm conduct or sponsor money manager or client conferences? If so, describe all conferences your firm has held or sponsored in the past two years. Please note if any PERA Board or staff members have been in attendance, and what fees have been or would be charged for Board and staff members to attend such conferences.
6. Are there any circumstances under which your firm, or any individual in your firm, receives compensation, finder's fees, or any other benefit from investment managers or third parties? Are there any circumstances under which your firm, or any individual in your firm, pays compensation, fees, or any other benefit to investment managers or third parties? If yes, please describe in detail.
7. In the last five years, has your firm, or anyone in your firm, provided gifts, travel, entertainment, meals, or any other payments (e.g., salary, political contributions, service fees, etc.) to any current or former PERA Board member or PERA staff, the Colorado Governor, the Colorado State Treasurer, or any Colorado State Senator, including for all of the foregoing any incumbent, nominee, candidate, or successful candidate? If yes, describe the expense or payments and their purpose.
8. List and describe any professional relationship you have had with PERA or its legislative oversight bodies during the past three years.

E. Asset Allocation (4 page maximum):

1. Is your firm capable of performing asset/liability studies? If so, please describe your experience performing asset/liability studies.
2. Discuss the theory, methodology, advantages, and disadvantages of the asset allocation models your firm employs. Provide details on any revisions to your model in the last five years. How do you develop asset class assumptions and how frequently are these updated?
3. Please analyze and discuss the accuracy of your long-term capital market assumptions for each asset class and at the total fund level.
4. Describe your policy for recommending changes to a pension system's asset allocation in response to changes in the market environment.
5. Explain your firm's position/approach regarding internal investment management and external investment management.
6. Describe your firm's capabilities and experience in advising, assisting, and evaluating internal investment managers and staff.
7. Describe how your firm manages its advisory role to the Board with its supportive role with staff.
8. Explain your firm's position/approach on the use of active versus passive management in the public asset classes.
9. Describe your firm's capabilities and experience in illiquid or less liquid investments such as real estate, private equity, and alternative investments. Include the factors considered in recommending these assets, your approach to benchmarking such investments, and the elements of a due diligence process for assessing the risk control and performance characteristics of these asset classes.
10. Describe your firm's capabilities and experience in the area of derivatives. List the factors you would consider in recommending derivative strategies. Describe elements of a due diligence process for assessing the risk control and performance characteristics of such investments.
11. Describe your firm's methodology for identifying and evaluating new investment opportunities. How do you inform clients regarding new opportunities and changes to previous recommendations?
12. Provide your outlook on current trends and challenges in the defined benefit industry.

F. Investment Policies (2 page maximum):

1. Describe your approach to the analysis of applicable legal parameters/ restrictions under which PERA must operate.
2. Describe your approach to the development or review of an investment policy statement.

3. Detail your process for the development of asset class structures, investment objectives, and risk control policies (including derivatives, securities lending, etc.).
4. Describe your process for maintaining a continuous review of investment policies.
5. Please provide comments or suggestions on PERA's Statement of Investment Policy.

G. Investment Manager Database (1 page maximum):

1. Describe your investment manager database. Please provide details on remuneration (e.g. do you charge investment managers or sell it to third parties), the track record of buy and sell ratings, how often managers are reviewed, and the process of gathering and maintaining the data collected. Lastly, please describe your capabilities for tracking managers who separate research and trading costs.
2. Does your firm maintain or subscribe to a separate emerging manager database? Please describe.

H. Investment Manager Searches (1 page maximum):

1. Describe your firm's process for evaluation and selection of investment managers.
2. Describe your experience in selecting and monitoring investment managers.
3. Describe how your firm's process for the evaluation and selection of an investment manager adds value beyond the mere provision of raw data.

I. Custodian Bank Database (1 page maximum):

1. Describe your custodian bank database. Please provide details on remuneration (e.g. do you charge custodian banks to be included or sell it to third parties), how often custodians are added/reviewed/deleted, and the process of gathering and maintaining the data collected.
2. Does your firm maintain dedicated staff to evaluate custodian banks?

J. Custodian Bank Searches (1 page maximum):

1. What are your criteria for selecting a custodian bank?
2. Describe your experience in conducting analyses of custodians.
3. Describe how your firm's process for the evaluation and selection of a custodian bank adds value beyond the mere provision of raw data.
4. How many custodian bank searches has your firm assisted in during the past three years?
5. Does your firm, or any individual in your firm, receive compensation, finder's fees, or any other benefit from custodian banks? Please describe.

K. Securities Lending Agent Searches (1 page maximum):

1. What are your criteria for selecting a securities lending agent?
2. Describe your experience in conducting analyses of securities lending agents.

3. Describe how your firm's process for the evaluation and selection of a securities lending agent adds value beyond the mere provision of raw data.
4. How many securities lending agent searches has your firm assisted in during the past three years?
5. Does your firm, or any individual in your firm, receive compensation, finder's fees, or any other benefit from securities lending agents? Please describe.

L. Performance and Risk Evaluation (2 pages maximum):

1. Do you have the capability of using rates of return calculated by PERA's custodian bank in your performance evaluation reports?
2. Can your firm provide custom benchmarks, including investment style benchmarks and universe rankings? Are the returns in your universe rankings actual client returns or composite returns as reported by managers? Provide information on the composition of the overall fund universe that you utilize, as well as the universe you would use for PERA, if different.
3. What amount of input does the client have in the content and format of an investment performance evaluation report? Describe your ability to customize reports for your clients.
4. Discuss the portfolio analytics your firm is capable of providing.
5. Describe your capabilities in the production/interpretation of trading process and cost studies, including equity and fixed income trading.
6. Describe your capabilities in the development of risk/return characteristics of the asset mix as a whole.
7. What asset classes are tracked in your performance measuring system? How many managers are included within each asset category? How many years of performance data are in the system for each asset class?
8. What factors do you consider to be critical in reporting performance?
9. How are performance benchmarks for the total fund and asset classes chosen and constructed?
10. Do you have the licenses necessary to replicate PERA's current benchmarks, as identified in the Schedule of Investments in the 2019 CAFR? If not, will you have access to them by commencement of a contract?
11. Describe your process for evaluating benchmark selection for individual asset classes. Please differentiate your approach for public and private markets.
12. Do you use investment style benchmarks in your performance measurement process? What are the sources of the underlying data and how are these benchmarks calculated and maintained?

13. Do you calculate performance independently of the custodian? If so, do you reconcile your calculated performance with investment managers' and custodians' reports? If yes, please describe.
14. Describe your firm's performance attribution process and reports.
15. Describe your access to private market databases. Does your firm subscribe to Burgiss Private IQ?

M. Reporting (1 page maximum):

1. What period of time is required to prepare reports after the end of each quarter?
2. Give a brief overview of the hardware and software systems used in the production of performance reports.

N. Research (2 page maximum):

1. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed at your firm.
2. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?
3. Describe the subject matter and frequency of research provided to clients, and the media customarily used to distribute such research to clients.
4. Describe your ability to provide customized computer-based analytical tools to your clients. Describe specific features.
5. Describe your firm's process for monitoring industry and market trends affecting DB plans and their investment strategies.
6. Describe your firm's capabilities and resources related to opportunistic investments and analysis (public and private markets).

O. Board and Staff Education (1 page maximum):

Does your firm offer training of plan fiduciaries and staff as it relates to their investment responsibilities? If so, describe the type of training available and the qualifications of the individuals assigned to conduct the training.

P. Insurance and Liability:

1. Would your firm agree to no limits on liability as related to the services provided by your firm to PERA?
2. Would your firm agree to indemnify PERA for claims and damages related to any acts or omissions of your firm as related to the services provided by your firm to PERA?
3. Describe your firm's levels of coverage for (i) errors and omissions insurance, (ii) any fiduciary or professional liability insurance, (iii) any cyber liability insurance, and (iv) any other insurance your firm carries as applicable to the services to be provided to PERA

under this RFP. Please clarify whether the coverage is on a per client basis or applied to the firm as a whole. Please clarify whether your firm would add PERA as an additional insured. List the insurance carriers and provide a current certificate of insurance.

4. Describe your disaster recovery plan and facilities.
5. Please confirm whether your firm has robust cyber security and privacy practices and, if available, provide copies of the most current SOC 2 or similar reports. If your firm uses vendors or other subcontractors that would handle PERA's confidential information, please provide information regarding these entities' cyber security and privacy practices as well, including any relevant audit reports. PERA is open to executing an NDA in order to view the SOC2 reports.

Q. Subcontracting:

1. If your firm uses the services of subcontractors for the performance of services hereunder, identify all such subcontractors and describe the skills and qualifications of the subcontractors and its individual employees.
2. Describe what sections, percentage, and related costs of the relationship will be assigned to subcontractors, if any.
3. Describe the contractual arrangement contemplated with subcontractors and describe generally the control/delegation of responsibilities anticipated in such arrangements.
4. Please confirm that your firm will accept all liability and indemnify PERA for the acts or omissions of any agents, subcontractors or other entities that your firm may use for the performance for services for PERA.

R. Fees:

1. Provide a proposal regarding the fees to be paid to your firm for the services identified in the Scope of Services. The proposal should provide fees based upon a bundled fee for all services identified. Please include one asset/liability study (during the five year term) and an average of two manager searches a year. Fee should be inclusive of all travel and additional expenses. Please describe fee arrangements for special projects or services that are outside the scope of services.
2. Please provide a quote for a five-year contract term.
3. Has the firm provided investment consulting services under alternative fee arrangements? If so, please describe.
4. Does your firm's proposed fee arrangement consist of any incentive or contingent payments? If so, describe the manner of calculation in detail.

S. References:

Provide three references who are clients for whom work similar to that requested in this RFP has been performed. Public sector references are preferred, as are references with experience with the proposed consultant team. Include the names, titles, and telephone numbers of the primary contact persons.

T. Previous Clients:

List all public sector clients who have terminated your consulting relationship during the past three years and their reasons for doing so. Include the names, titles, and telephone numbers of the primary contact persons.

Appendices**Appendix A: Biographies**

Include biographies for all consultants listed in your proposal. Indicate what year each consultant joined your firm and describe his or her position, current responsibilities, areas of expertise, experience, education, professional designations and memberships, and relevant publications and presentations.

Appendix B: Form ADV Parts I and II

Attach your firm's current Form ADV Parts I and II.

Appendix C: Annual Financial Report

Attach your firm's current audited Annual Financial Report.

Appendix D: Sample Contract or Agreement

Attach a sample contract or agreement your firm uses for investment consulting services.

Appendix E: Sample Performance Report

Attach a sample performance report that is representative of the report your firm would produce quarterly.

Other Information

1. Describe areas or processes, not included in the scope of this engagement that your firm may examine in order to provide more complete and thorough services.
 2. Provide any additional information that you believe to be relevant to the RFP and your capability to provide the services requested.
 3. Do not include any promotional or display material to supplement your proposal.
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Colorado PERA Investment Consulting Services

Scope of Services

Type of Services:

PERA is seeking proposals from qualified firms to provide pension system investment consulting services. The services requested are those that are listed below:

- Advising the Board of Trustees on the Statement of Investment Policy and suggesting changes, as needed
- Advising the Board of Trustees on strategic asset allocation and associated benchmarks
- Advising on investment manager analysis, including tracking of performance achieved in variance from the investment manager's contractual mandate
- Evaluating and overseeing managers, including periodic review of managers as requested
- Advising on strategic and tactical investment issues
- Advising on alternative investments as needed
- Advising on asset allocation, including liquidity analyses, range of expected returns, etc.
- Advising on and conducting performance measurement
- Advising on asset structure, including advice on additional asset classes
- Advising on alternative investment vehicles
- Providing research on special projects
- Presenting economic forecasts
- Advising on rebalancing policies
- Providing or assisting in manager searches, selections and terminations
- Providing or assisting in custodian bank and security lending agent searches and selection
- Performing quarterly performance analysis, by portfolio, asset class, and fund
- Performing periodic asset and liability analyses, incorporating rate of return assumption
- Performing external management fee analyses
- Providing compliance reports including adherence to Statement of Investment Policy compliance and divestment Statute requirements
- Providing recommendations on benchmarks, including public and private assets, as needed
- Providing recommendations on incentive compensation benchmarks, as needed
- Performing educational sessions
- Providing on-site consultation and assistance, as requested
- Providing objective and creative input, subject to its fiduciary responsibilities
- Attending approximately 4 to 5 Investment Committee and/or Board meetings per year held in Denver, Colorado. (It is expected that the consultant(s) will attend each meeting. Meetings may be held virtually.)
- Meeting with internal investment staff, as needed



CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (“Agreement”), executed and effective as of _____, 2020 sets forth the terms of the contractual relationship between _____, (“Consultant”) and the Public Employees’ Retirement Association of Colorado (“PERA”), acting by and through its Board of Trustees (“Board”) with regard to Consultant’s provision to PERA of certain consulting Services for or on behalf of PERA, all of which Services are more particularly described in Exhibit A attached hereto (the “Services”). This Agreement supersedes any and all agreements previously executed between the parties and any amendments thereto.

1. The Services; Provision of PERA’s Data. In consideration for, and subject to, the mutual undertakings set forth herein, Consultant agrees to provide the Services described in this Agreement. Exhibit A (“Scope of Services”) identifies the scope of the Services PERA has requested, the time frames within which the Services are to be provided, the deliverables the Consultant is expected to produce and various other details of the Services. Consultant also agrees to provide the Services in accordance with a schedule of deliverables to be mutually agreed upon by the parties and that may be modified upon agreement of the parties. The Services to be provided by Consultant may require PERA to deliver to Consultant certain data, documents or other information, all in a timely and accurate manner. Consultant will assume the information supplied by PERA (or which is supplied on its behalf) is accurate and complete. Consultant, however, shall promptly notify PERA if Consultant discovers a material inaccuracy, error or omission.
2. Consultant’s Representations. Consultant represents and warrants that it is a registered investment adviser under the Investment Advisers Act of 1940. Consultant has provided PERA its current Form ADV, Part II prior to the effective date of this Agreement.
3. Term and Termination. The initial term of this Agreement will be from the effective date of this Agreement through _____. This Agreement will automatically be extended for additional terms of twelve months each unless PERA or Consultant gives written notice to the other at least ninety (90) days before the expiration of the initial or any subsequent term. Notwithstanding the foregoing, this Agreement may be terminated by PERA with or without cause at any time upon thirty (30) days prior written notice to Consultant. In the event of termination for any reason, the fees due to Consultant shall be prorated for Services provided through date of termination only, with appropriate recognition of work product already delivered. This Agreement may be terminated by Consultant upon a material breach of the Agreement by PERA (including without limitation failure to pay all fees and expenses when due) which has not been cured within thirty days following PERA’s receipt of written notice of such breach.
4. Fees and Expenses, Invoicing and Payment. For and during the term of this Agreement, PERA will pay Consultant the Fees specified on Exhibit B hereto (“Schedule of Fees”).

5. Independent Contractor; Service Provider. Nothing in this Agreement is intended or shall be construed to give Consultant discretionary authority or discretionary responsibility in the administration of PERA's Plan. The relationship of Consultant (or any of its officers, directors or employees) to PERA (or any of its affiliates, agents, successors, assigns, the Board of Trustees of the Colorado Public Employees' Retirement Association and any trustee, former trustee, fiduciary employee, executive director, director, officer, employee and each successor thereto) is intended to be only that of an independent contractor and service provider and not employee, agent or other similar relationship.

6. Standard of Care/Fiduciary Duty. Consultant warrants to PERA that the Services performed under this Agreement will be performed in accordance with generally accepted industry standards and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Consultant acknowledges and agrees that it is a fiduciary with respect to PERA for purposes of this Agreement. PERA's Board of Trustees shall continue to retain the fiduciary authority and discretion for making all decisions relating to Plan matters but in doing so, may draw upon the resource and expertise of Consultant to the extent it deems necessary.

7. Conflicts of Interest and Gifts. Except as otherwise provided by this Agreement, Consultant shall not provide any services, similar to the Services listed in Exhibit A, to third parties related or associated with PERA without PERA's prior written consent. Consultant represents and warrants that it does not receive any remuneration from, nor provide any services to, any investment management organization or any other party Consultant might recommend to PERA.

Consultant hereby warrants to PERA that no undisclosed conflicts of interest exist as of the effective date of this Agreement relating to the provision of Services by Consultant to PERA. During the term of the Agreement, Consultant agrees to immediately provide written disclosures to PERA in the event of any conflict of interest that arises in the provision of Services by Consultant to PERA. Consultant further represents and agrees that, as relating to investment consultant services provided by Consultant, it shall promptly disclose to PERA any actual or threatened litigation involving Consultant, and any officer or principal or account representative of Consultant, as well as Consultant's involvement in any administrative or regulatory or similar investigation proceedings.

Consultant warrants that it shall not provide any gifts, money, property, bonuses, fees, commissions, gratuities, excessive entertainment or hospitality, expense-paid trips, use of vacation facilities, campaign contributions, personal or professional services, or any other form of consideration to, for the benefit of, or on behalf of any PERA staff member or Trustee that would influence or appear to influence the conduct of such PERA staff member or Trustee with respect to the business relationship with Consultant. Consultant agrees that it will provide immediate written notice to the General Counsel of PERA if any PERA staff member or Trustee solicits compensation or any other consideration from the Consultant that would be a violation of this provision.

Consultant further warrants that none of Consultant or its respective officers, partners, principals, affiliates or other related parties has made, coordinated or solicited any political contribution to any incumbent, nominee, candidate or successful candidate for Colorado Governor, Colorado Treasurer, Colorado State Senator or PERA Trustee in a manner that would make it unlawful for Consultant (or its affiliate) to seek compensation for services to PERA, pursuant to any SEC rule or regulation, as amended. Consultant represents and warrants that it maintains a written policy intended to avoid a violation of any applicable SEC rules or regulations and will upon request by PERA provide written confirmation that Consultant is in compliance with all and any applicable SEC rules or regulations. Upon discovery of a violation of any SEC rules or regulations, Consultant shall immediately notify PERA of such discovery but in no event later than five (5) business days.

8. Indemnification and Liability. Consultant will indemnify and hold harmless PERA and its affiliates, agents, successors, assigns, the Board of Trustees of the Colorado Public Employees' Retirement Association and any trustee, former trustee, fiduciary employee, executive director, director, officer, employee and each successor thereto, (collectively referred to as "PERA Indemnified Parties"), from and against any liabilities, damages, settlements, costs, and expenses (including reasonable attorneys' fees) arising out of or related to any claims, lawsuits or proceedings of any nature made or brought against PERA Indemnified Parties by any third party (including any Plan, Plan Administrator or third party beneficiary claiming rights hereunder) arising out of or related to Consultant's acts or omissions under this Agreement, except when such liabilities, damages, settlements, costs or expenses are attributable to the sole gross negligence, fraud or willful misconduct of PERA or material breach of this Agreement by PERA. PERA will promptly notify Consultant of any such claim, lawsuit or proceeding. PERA will have control over the defense and settlement of any such claim, lawsuit or proceeding, in which case Consultant shall pay all damages, settlements, costs and expenses, including defense costs, fees and expenses, as required by the indemnification in this provision.

To the extent damages are incurred by PERA as a result of the acts or inaction of Consultant, its agents, affiliates, assigns or affiliated parties, PERA shall be entitled to recover damages provided by law without limitation as to form or amount. Consultant agrees to accept any and all liability for Consultant's agents, affiliates, assigns, or affiliated parties, including but not limited to, Consultant's subcontractors or vendors performing Services for PERA. In the event of a final judicial determination that the Consultant's acts or omissions caused the damages PERA, Consultant shall reimburse PERA for PERA's own reasonable attorney's fees, costs, and expenses resulting from PERA's defense in such Action.

9. Dispute Resolution. In the event of a breach of this Agreement or a dispute as to the meaning of this Agreement or any of its terms which the parties cannot resolve by themselves amicably through direct discussions, the parties agree to submit any such dispute to resolution in the following manner, unless otherwise mutually agreed to by the parties to seek direct resolution in courts. The parties shall endeavor to resolve the dispute in good faith through the use of non-binding mediation as administered by the American Arbitration Association and under its Commercial Mediation Rules. If within ninety days after one party notifies the other in writing of the existence of a dispute and the relief requested which it desires to be resolved by mediation, such dispute is not resolved within the ninety-day period through such mediation, then either party may seek recourse through litigation filed in the courts located in Denver, Colorado.

10. Force Majeure. Notwithstanding anything else in this Agreement, no default, delay or failure to perform on the part of either party shall be considered a breach of this Agreement if such default, delay or failure to perform is shown to be due to causes beyond the reasonable control of the party charged with such default, including, but not limited to, causes such as strikes, lockouts or other labor disputes, riots, civil disturbances, disruption of utilities or communications, action or inaction of governmental authorities, epidemics, war, embargoes, severe weather, fire, earthquakes, acts of God or the public enemy, acts of terrorism, nuclear disasters, or default of a common carrier; provided that for the duration of such force majeure the party charged with such default must continue to use all commercially reasonable efforts to overcome such force majeure. Consultant represents that it has a disaster recovery plan in place and performs disaster recovery tests on an annual basis.

11. Confidentiality and Security. Consultant recognizes that in the course of this Agreement, information will be provided by PERA or on PERA's behalf consisting of member information, investment information, administrative information, and other information that should reasonably be understood to be confidential ("Confidential Information"). Consultant shall treat the Confidential Information as it would treat its own confidential trade secret or business information, and shall only use such information for purposes of performing its obligations under this Agreement. Except as otherwise provided in this paragraph, Consultant agrees not to disclose PERA's Confidential Information to anyone except its own respective employees who have a need to know such information, which employees will be required to maintain the confidentiality of the Confidential Information in the same manner as they would the confidential trade secret or business information of their own company. If Consultant is compelled to disclose PERA's Confidential Information by law, legal process or regulatory authority, Consultant will, to the extent not prohibited by law, immediately notify PERA in writing prior to the disclosure of such information. If Consultant becomes aware of any unauthorized access, use, or disclosure of PERA's Confidential Information, it shall: (i) take prompt and appropriate action to prevent further unauthorized access, use, or disclosure; (ii) notify and cooperate with PERA and any government authorities with respect to the investigation and mitigation of any such unauthorized access, use or disclosure, (iii) take such other actions at the Consultant's expense as PERA may reasonably require to notify regarding such unauthorized access, use, or disclosure, and remedy such unauthorized access, use, or disclosure.

Consultant has and throughout the term of this Agreement and at any time thereafter shall maintain, adequate physical, technical, administrative, and organizational safeguards to protect PERA's Confidential Information; ensure the security and confidentiality of PERA's Confidential Information and to protect PERA's Confidential Information from any unauthorized collection, access, use, storage, disposal, and disclosure. All such safeguards will take into account the nature of PERA's Confidential Information and the commensurate risks associated with PERA's Confidential Information. On or before the effective date of this Agreement, Consultant shall, at its sole cost and expense and if available, provide to PERA, a copy of the security audit conducted on the Consultant's internal controls as relating to privacy and data security, availability, processing integrity, confidentiality and privacy of Client's Confidential Information, and Consultant shall promptly provide PERA with copies of any subsequent audits, as applicable. Upon the termination of this Agreement, Consultant agrees to maintain all applicable safeguards regarding PERA Confidential Information and to return Confidential Information to PERA upon PERA's request. Consultant may retain encrypted archival copies in accordance with Consultant's business continuity and document retention policies, subject to Consultant's continued compliance with its confidentiality obligations herein.

Consultant shall include provisions consistent with this Section in agreements with any of the Consultant's vendors, subcontractors or other affiliated parties or agents providing any Services under this Agreement. The provisions of this Section shall survive the termination of this Agreement.

12. Consultant's Proprietary Rights; Work Product. PERA acknowledges and agrees that all proprietary rights (including, but not limited to, trade secrets, copyrights, trademarks, service marks, and trade names) in specifications, data base structures, techniques, know-how, methods, procedures and documentation used by Consultant to perform the Services, (other than in PERA's Confidential Information, data, documents or other information provided by or on behalf of PERA), including all additions, improvements and modifications made thereto in the course of Consultant performing Services, hereunder and hereafter ("Proprietary Information"), are proprietary in nature and belong exclusively to Consultant. Consultant grants to PERA in connection with this engagement a limited non-exclusive license for PERA's use of such Proprietary Information in relation to the work product Consultant produces for PERA. PERA will retain ownership of the work product Consultant delivers to PERA in connection with this engagement (which shall include but not be limited to the deliverables pursuant to Exhibit A) and in any information specific to PERA's members, employees or business, and as such, PERA shall have the exclusive right to use, reproduce and adapt such work product for any purposes as PERA deems appropriate. Consultant agrees that PERA may be required to disclose information and data provided by Consultant to PERA, including, but not limited to, proprietary information of Consultant, as may be required by law, legal process, or regulatory authority.

13. Complete Agreement; Governing Law; Compliance with Laws; No Assignment; Amendment. This writing contains the entire agreement of the parties with respect to the matters dealt with herein, supersedes all previous agreements between the parties with respect to the matters dealt with herein, and there are no promises, understandings or agreements of any kind pertaining to this Agreement other than stated herein. This Agreement will be construed and enforced in accordance with the laws of the State of Colorado. The parties agree that any lawsuit, claim or legal proceeding involving, directly or indirectly, any matter arising out of or related to this Agreement or the relationship created or evidenced thereby shall only be brought in the District Court in the City and County of Denver, State of Colorado or the U.S. District Court, District of Colorado (collectively, the "Court"). The parties further agree not to raise any objection to any lawsuit, claim or legal proceeding being brought in the Court, and expressly consent to the jurisdiction and venue of the Court. The parties agree to comply with all provisions of law applicable to this Agreement and the Services to be performed hereunder and with all applicable rules, regulations, orders, and directives of all governmental bodies having jurisdiction. Neither party may voluntarily or involuntarily assign its rights or delegate its duties under this Agreement to any person without the prior written consent of the other party. This Agreement may be amended only by a writing signed by the parties hereto.
14. Insurance. At its sole cost and expense, Consultant shall obtain and keep in force throughout the entire term of this Agreement and any run-out periods, insurance that is required by applicable law and that is reasonably necessary in order for Consultant to perform the work and Services required under this Agreement. Additionally, Consultant shall retain Network Security and Privacy Liability insurance in an amount of not less than \$5,000,000.00 single limit to cover civil, regulatory and statutory damages, contractual damage, as well as breach management exposure, and any loss of income or extra expense incurred by PERA as a result of actual or alleged breach, violation or infringement of right to privacy, consumer data protection law, confidentiality or other legal protection for personal information. PERA shall be added as an additional insured under Consultant's insurance policies as applicable to this Agreement. Consultant shall provide a Certificate of Coverage to PERA on an annual basis.
15. Notice. Communications in the ordinary course of performance of this Agreement, including communications regarding payment, may be conducted by any reasonable means, including but not limited to telephone, facsimile, or electronic mail. Any formal notice to be given in connection with this Agreement must be in writing and will be deemed to have been given and effective if and when sent by: (a) personal delivery or commercial courier; (b) certified or registered mail, return receipt requested, postage prepaid, (c) an e-mail sent to the contacts below requesting an acknowledgement of receipt, or (d) a nationally recognized overnight delivery service, and addressed to:

Public Employees' Retirement Association of Colorado
Attn: Amy C. McGarrity, Chief Investment Officer
1301 Pennsylvania Street,
Denver, CO 80203

(Consultant contact information to be inserted here)

Either party may change its address or contact information for receipt of such notice by providing like written notice to the other party.

- 16. Post-Termination Provisions. Paragraphs 6, 8, 11, 12 and 13 shall survive termination of this Agreement.
- 17. Severability. If any provision of this Agreement is held to be unenforceable for any reason, its unenforceability shall not affect the remainder of this Agreement which shall remain in full force and effect and enforceable in accordance with its terms.

Please indicate your agreement to and acceptance of the terms set forth in this Agreement by signing below. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

CONSULTANT

**PUBLIC EMPLOYEES' RETIREMENT
ASSOCIATION OF COLORADO**

By: _____

By: _____

Its: _____

Its: _____

By:

Its: Chair of the Board of Trustees

Date: _____

EXHIBIT A

Scope of Services

- Advising the Board of Trustees on the Statement of Investment Policy and suggesting changes, as needed
- Advising the Board of Trustees on strategic asset allocation and associated benchmarks
- Advising on investment manager analysis, including tracking of performance achieved in variance from the investment manager's contractual mandate
- Evaluating and overseeing managers, including periodic review of managers as requested
- Advising on strategic and tactical investment issues
- Advising on alternative investments as needed
- Advising on asset allocation, including liquidity analyses, range of expected returns, etc.
- Advising on and conducting performance measurement
- Advising on asset structure, including advice on additional asset classes
- Advising on alternative investment vehicles
- Providing research on special projects
- Presenting economic forecasts
- Advising on rebalancing policies
- Providing or assisting in manager searches, selections and terminations
- Providing or assisting in custodian bank and security lending agent searches and selection
- Performing quarterly performance analysis, by portfolio, asset class, and fund
- Performing periodic asset and liability analyses, incorporating rate of return assumption
- Performing external management fee analyses
- Providing compliance reports including adherence to Statement of Investment Policy compliance and divestment Statute requirements
- Providing recommendations on benchmarks, including public and private assets, as needed
- Providing recommendations on incentive compensation benchmarks, as needed
- Performing educational sessions
- Providing on-site consultation and assistance, as requested
- Providing objective and creative input, subject to its fiduciary responsibilities
- Attending approximately 4 to 5 Investment Committee and/or Board meetings per year held in Denver, Colorado. (It is expected that the consultant(s) will attend each meeting. Meetings may be held virtually.)
- Meeting with internal investment staff, as needed

EXHIBIT B

Schedule of Fees

In consideration of the Services provided pursuant to this Agreement, Public Employees' Retirement Association of Colorado shall pay to Consultant the following fees:

An annual fee of \$_____

The fees may be adjusted during the contract term if deemed necessary and agreed to by both parties to reflect any changes in service that occur after the effective date.

Consultant's fees are billed in advance at the beginning of each quarter.

Upon termination of this Agreement, any fees paid in advance shall be returned to PERA on a pro rata basis for any portion of the quarter that is after the date of termination.