



SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM

REQUEST FOR PROPOSAL (RFP) FOR

REAL ESTATE PORTFOLIO CONSULTING SERVICES

The San Diego City Employees' Retirement System (SDCERS) is requesting proposals from real estate consultants concerning the management of its real estate investment program. SDCERS is seeking proposals from independent real estate consultants having real estate consulting experience in the institutional, and preferably, public pension fund area. This RFP process may or may not result in a review and selection process to contract for real estate consulting services.

Should the RFP result in a selection process, some firms may be invited to participate in an interview process to further represent their capabilities of rendering the following consultant services: performance measurement and reporting, real estate manager selection and evaluation, portfolio structure analysis, market analysis, investment outlook, assistance with planning and strategy formulation, deal structure appraisal, property analysis, and attendance at Investment Committee and/or Board meetings.

Interested and qualified real estate consulting firms are encouraged to respond.

MINIMUM QUALIFICATIONS

Real Estate Consulting firms wishing to respond to this RFP must meet the following minimum qualifications as of July 1, 2021:

- Advisor must be a registered investment advisor under the Investment Advisors Act of 1940. Please include copies of ADV I and II (with schedules) as **Exhibit A**.
- Advisor must have at least five (5) existing real estate portfolio consulting client relationships with large institutional clients (endowments and foundations), corporate pension plans or tax-exempt public funds.
- Advisor must have at least five (5) years of continuous experience in performing real estate consulting for large institutional clients (endowments and foundations), corporate pension plans or tax-exempt public funds.

SUBMISSION INSTRUCTIONS

To respond to this RFP, complete and return the enclosed SDCERS Real Estate Consulting Questionnaire, along with all attachments specified in the questionnaire **on or before Friday, July 30, 2021**. Deliver eight (8) hard copies of your response and email an electronic version of the response to:

Liza Crisafi
Chief Investment Officer
San Diego City Employees' Retirement System
401 West A Street, Suite 400
San Diego, California 92101-7991
LCrisafi@sdcers.org and JHamrick@sdcers.org

Electronic responses will not be accepted as a primary form of submission.

A short-list of qualified consultants that submit proposals that are best suited to provide services to SDCERS may be invited to make a presentation to SDCERS' Investment Staff the week of August 23, 2021. It is expected that a finalist candidate will be taken to SDCERS' Investment Committee & Board for approval on November 4 and 5, 2021.

SCOPE OF SERVICES REQUIRED

The scope of real estate consulting services required by SDCERS includes but is not limited to the following:

- *Act as a fiduciary to SDCERS in providing oversight and administration of SDCERS' real estate portfolio;*
- *Provide timely transaction review information and recommend actions so SDCERS can make informed real estate investment and portfolio management decisions;*
- *Act as an agent of SDCERS in administering Request for Proposal (RFP) processes to identify potential real estate managers and strategies for selection by SDCERS;*
- *Oversee real estate investment managers in conjunction with Staff, including periodic reviews, interviews and on-site visits of managers as requested by SDCERS;*
- *Advise on real estate capital market assumptions and SDCERS' allocations;*
- *Perform annual reviews of SDCERS' real estate investment policy and provide written recommendations for the amendment of or modification to SDCERS' real estate investment policy and minimum investment criteria and parameters, on an on-going basis;*

SCOPE OF SERVICES REQUIRED (continued)

- *Review and make recommendations for modifications/updates to SDCERS' real estate annual investment plan and perform periodic reviews of SDCERS' real estate portfolio structure, portfolio strategy, property type exposure, and economic region diversification;*
- *Provide SDCERS with quarterly performance analyses that should include:*
 - *a report on SDCERS' overall real estate portfolio performance and risk relative to a broad market benchmark(s) and on a gross and net basis;*
 - *an evaluation report on the performance of SDCERS' various real estate advisors;*
 - *a summary of investment management fees and incentive fees accrued and paid and,*
 - *property by property summary statistics to track investment value, mortgage balances (if applicable), cash flows and other critical information.*
- *Provide information and research on real estate investment topics that may affect SDCERS' real estate portfolio, as may be requested by SDCERS or developed in the normal course of business operations;*
- *Provide information and recommendations for new investment opportunities for consideration by SDCERS;*
- *Attend Investment Committee and/or Board meetings as requested (six meetings per year), given reasonable notice is provided;*
- *Willingly share information with SDCERS' general investment consultant, Aon, for performance reporting and asset allocation purposes, as needed; and,*
- *Other duties or activities as may be required consistent with and contemplated by the foregoing.*

SEARCH SCHEDULE

July 14, 2021	RFP distributed
July 30, 2021	Deadline for submission of proposals
August 13, 2021	Determination of semi-finalists
August 23, 2021 to August 27, 2021	Semi-finalist in-house interviews
September 13, 2021 to September 24, 2021	Virtual Due diligence visits
October 11, 2021	Finalist presentation materials for Board meeting due
November 4, 2021	Finalist presentations to Investment Committee
November 5, 2021	Ratification of finalist selection at full Board Meeting

SDCERS REAL ESTATE CONSULTANT QUESTIONNAIRE

Responses Due By: Friday, July 30, 2021 by 5:00PM

Section I - Profile

Name of firm	
Address of servicing office	
Primary Contact Name	Telephone number
	Fax number
	Email Address
Year firm was founded	Year firm began offering real estate consulting services
Number of employees on staff	Number of real estate professional employees on staff
Has the firm been censured by the SEC or other regulatory agency? <input type="checkbox"/> Yes <input type="checkbox"/> No	
Total Number of Current Relationships:	

Section II - Organization / People

- A. What type of organization is the firm, i.e. real estate consulting firm, management consulting firm, CPA firm, real estate brokerage company, mortgage broker, other, etc.? Does your firm offer any real estate investment opportunities such as a sub-advisory relationship for a commingled real estate fund? If yes, please describe how resources are separate and dedicated to each function, consulting versus investment management functions.
- B. Briefly describe your firm's ownership structure and business plan. Are any changes to the ownership of the firm anticipated in the future?

Section II - Organization / People (continued)

C. Is real estate consulting your firm's primary business emphasis?

Yes

No

If not, what is your primary business and how does real estate consulting fit it?
What other services does your firm provide?

D. State the overall business objective of your real estate consulting service with respect to future growth during the next five years. Note any planned areas of emphasis in the near future, including the total number of consulting relationships that will be accepted.

E. Provide the percentage of total firm revenues that came from the categories listed below for each year:

	2019	2020	2021
Consulting to Plan Sponsors	%	%	%
Money Management Activities	%	%	%
Services to Money Managers	%	%	%
Other (Please describe)	%	%	%
	100%	100%	100%

F. Provide details of your firm's financial condition as of the most current year end (fiscal or calendar).

G. Briefly describe your firm's strengths, weaknesses, and competitive advantages.

H. Indicate the number of real estate consulting client relationships gained and lost in the last three years:

	Institutional Funds		Public Funds	
	# Gained	# Lost	# Gained	# Lost
Current Year (2021)				
Last Year (2020)				
Year Before (2019)				

Section II - Organization / People (continued)

I. For each calendar year beginning in 2017, provide the name and dollar amount of assets of all full-service retainer investment consulting clients that terminated their relationship with the firm. Provide the reason for each termination. If yes, please provide the information for those terminations as well.

J. Complete the following table by providing the number of clients and assets under advisement for the firm's full-service retainer investment consulting relationships over each of the last three years. Please provide the data as of December 31 for all years.

	2019	2020	2021
Number of Clients			
Assets under Advisement			

K. Complete the following table as it pertains to principal staff associated with real estate consulting:

Average number of years of real estate related experience:	Average number of years tenure with your firm:
Number of years real estate professionals have worked together as a team:	Person(s) and office responsible for SDCERS' account:
Number of senior personnel who were hired: Current Year Last Year Year Before Last	Number of senior personnel who terminated employment: Current Year Last Year Year Before Last

Section II - Organization / People (continued)

- L. Indicate the education level and credentials attained by all principal staff associated with real estate consulting. In the box beneath each education category, indicate the number of principal staff employees who have achieved that level of education.

Title/Position	# on staff	BA/BS	MBA/MS	PhD/JD	CFA / CAIA / Other (listed below)

- M. Complete the following table regarding senior real estate consulting personnel who left or joined your firm within the last three years. Include anticipated personnel changes for the next year.

Name and title	Date terminated or hired	Reason
Left:		
Joined:		

- N. Provide as **Exhibit B** an organization chart of your firm and describe the relationship between the investment consulting group and any other components of the firm.
- O. Attach as **Exhibit C** brief resumes of all principal staff associated with real estate consulting. Resumes should include work experience as well as academic credentials. Other qualifying experience, such as published articles, speeches, or participation on panel discussions in professional real estate forums should also be included.

Section II - Organization / People (continued)

P. Describe any potential conflicts of interest your firm may have in the servicing of a real estate consulting relationship. Include activities of affiliated or parent organizations, broker/dealer activities, or investment banking activities. Include any other pertinent activities or relationships not specifically outlined in this question. Please include as **Exhibit D** the firm's conflict of interest policy and Code of Ethics.

Q. Briefly describe your firm's compensation system for principal staff, and indicate what specific incentives are utilized to ensure key professionals do not leave the firm either as a group or individually. How does the firm tie client performance and satisfaction to a consultant's performance?

R. List the dollar amounts of errors and omissions insurance and any other fiduciary bonding coverage carried by your firm, as follows:

Insurance carrier providing coverage	Type of coverage	Dollar amount

S. Has your firm been subject to or is currently being reviewed/audited by the SEC or other regulatory agencies. If yes, please describe the nature of the investigation.

T. If your firm has been censured by the SEC or other regulatory agency, please explain below. If not, write "n/a" here.

U. During the last 5 years, has your firm or any principal of the real estate consulting team been involved in any litigation or other legal proceeding?

Yes No

If yes, attach a brief explanation and indicate the current status of the litigation.

V. Describe your firm's disaster recovery plan.

Section II - Organization / People (continued)

- W. Provide as **Exhibit E** a list of the firm's investment consulting clients as of June 30, 2021. Categorize each client by type (public, corporate, foundation, Taft-Hartley, private, etc.) within the exhibit. For each client, provide the approximate size of the relationship (6/30/21 market value of assets), the number of years the firm has provided services to the client, and the type of relationship (retainer or special projects only). Subtotals of each client type and a firm wide total should be provided for the approximate size of the relationships.

Section III – Philosophy & Process

- A. Describe the firm's philosophy as it pertains to real estate investment consulting for a defined benefit pension fund client such as SDCERS.
- B. Describe your firm's recommended process for assisting clients with policy guideline development and review. What specifically would the firm do to develop or review the client's policies? How frequently would this process occur? What client-specific factors would be considered?
- C. Explain the firm's views on the use of separate account versus commingled fund investment structures, public versus private investment mandates and domestic versus international investment mandates.
- D. Describe the firm's recommended process for analyzing manager structure.
- E. Explain the firm's views on risk management. What does your firm see as the key risks that should be managed in a real estate program, and how does your firm recommend a public fund manage those risks?
- F. Describe the firm's manager search process. What are the key criteria your firm believes should be emphasized in a search?
- G. Describe how the firm monitors a client's investment managers. Besides investment returns, what key criteria does the firm consider in the review of an investment manager? At what point would your firm recommend termination of a manager or strategy?
- H. Describe how the firm conducts and evaluates each real estate investment managers' operational capabilities and processes. Does the firm have a dedicated Operational Due Diligence team?
- I. Describe how the firm conducts research on real estate investment management firms and their products. How many research analysts are dedicated to this function? How often will a representative of the firm's manager search group typically perform an on-site visit to an investment management firm?
- J. Does your firm develop investment research reports for its clients? If yes, on what types of investment topics? Who performs the research? How frequently are

reports issued? What annual research reports does the firm produce for clients? What sources of information are used to collect data? Provide a sample research report as **Exhibit F**.

- K. Describe how the firm incorporates Environmental, Social and Governance (ESG) factors into real estate investment manager recommendations. Does the firm have dedicated resources to evaluating ESG within investment management firms and their investment processes? How often are ESG considerations reviewed?

Section IV – Services Offered / Fees

- A. Review the scope of real estate consulting services sought in the cover letter and questionnaire cover, and list which of the services your firm is capable of providing.
- B. Indicate any special resources or tools utilized in providing the above identified services that would give your firm a competitive advantage over other real estate consulting firms.
- C. Indicate the fee structure for providing the services listed in the questionnaire cover. In order to assist SDCERS in standardizing the comparison of quoted fee structures, please indicate a full retainer annual dollar cost for performing all of these services. If your firm is unable to provide an all-inclusive full retainer fee proposal, then separately identify and price those components of the scope of duties (such as RFPs for manager searches) that would be billed on a per project basis.

Section V – Other

- A. Provide a sample client performance report as **Exhibit G**. Are the performance reports customizable?
- B. Describe how benchmarks are chosen or developed. What criteria do you consider in selecting a benchmark? Has the firm developed custom benchmarks for clients?
- C. List references for real estate consulting services. Provide the name, title, address, and phone number for the 3 largest client references utilizing your firm's real estate consulting services. Indicate the scope of services provided to these clients.

Section VI – Checklist of Items to be Included in your Response

The following is a checklist of all items that must be included with your response:

1. Written responses to Section I, II, III, IV, & V of this questionnaire. *To assist us in efficiently processing your responses, please print in black ink or type your responses directly onto the questionnaire. An electronic version of this questionnaire (Microsoft Word document) is available upon request.*
2. **Exhibit A** - Two copies of your most recent Form ADV Parts I and II (with schedules), as requested on page 1.
3. **Exhibit B** - An organization chart of the firm as indicated on page 8.
4. **Exhibit C** - Brief resumes of all principal staff associated with real estate consulting at the firm, as indicated on page 8.
5. **Exhibit D** – A copy of the firm’s conflict of interest policy and Code of Ethics, as requested on page 9.
6. **Exhibit E** - A list of the firm’s investment consulting clients as of June 30, 2021, categorized by type of client (public, corporate, foundation, Taft-Hartley, private, etc.), as requested on page 10.
7. **Exhibit F** – A sample research report, as indicated on page 11.
8. **Exhibit G** – A sample client performance report, as indicated on page 11.
9. References for real estate consulting services, as requested on page 11:

Provide the name, title, address, and phone number for the 3 largest client references utilizing your firm's real estate consulting services. Indicate the scope of services provided to these clients.

continued on next page

Section VI – Checklist of Items to be Included in your Response (continued)

10. Fee Schedule.
Indicate the fee structure for providing the real estate consulting services listed in the questionnaire cover. In order to assist SDCERS in standardizing the comparison of quoted fee structures, please indicate a full retainer annual dollar cost for performing all of these services.

**PLEASE SUBMIT Eight (8) Copies of Your Response
And one (1) electronic PDF version of your Response
By 5:00 PM, Friday, July 30, 2021
To:**

**LIZA CRISAFI
CHIEF INVESTMENT OFFICER
SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM
401 WEST A STREET, SUITE 400
SAN DIEGO, CA 92101-7991**

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