

Fayette County Employees Retirement Fund

Request for Qualifications

RFQ 10-07

Pension Investment Management Services US Core Real Estate Investment Manager Search

Responses due by 3 pm EST, Thursday, October 28, 2010

Fayette County Employees Retirement Pension Board is soliciting proposals from qualified investment companies to manage approximately \$2-4 million in an open-end, US core private real estate fund. This account will be managed as a domestic core real estate mandate benchmarked to the NFI-ODCE index. In conjunction with this RFQ, the Board has engaged the investment consulting services of Morrison Fiduciary Advisors, Inc. to assist in preparing this RFP and the evaluation process. Morrison is a fee only investment consulting firm with no affiliation with any money manager or broker dealer which allows Morrison to be completely objective when advising the Plan.

Attached to this RFQ is the Plan's current Investment Policy Statement which can be used as a reference when considering this RFQ. Any Firm responding to this RFQ is encouraged to make suggestions and comments in regards to this Policy Statement.

The County has approximately \$45 million in Pension assets currently managed by 6 investment management firms invested in 4 specific investment disciplines (3 large cap, 1 small cap, 1 foreign equity, & 1 fixed income manager). PNC Bank provides custody services to the Fund. In selecting a domestic core real estate manager, the Board is desirous of achieving the following overall goals:

- Utilize open-end commingled funds.
- Engage a manager with an experienced real estate investment team and well established investment process with supporting infrastructure.
- Achieve competitive investment performance as compared to established market benchmarks and peer group databases.
- Maintain a cost competitive fee schedule.

In regards to this RFQ process, the Board has established the following minimum standards:

- Responses **must** propose investment products that are institutional in caliber, managed by qualified investment professionals and demonstrate competitive GIPS returns.
- Proposing firms **must** be currently SEC registered investment advisors and have at least \$400 million in total assets under management and at least \$250 million in domestic core real estate assets under management.
- Investment management contracts **must** be succinct and structured in manner that does not overly burden the Plan's legal review process.

General Questions:

In conjunction with this evaluation, the Board requests responding firms prepare a response to the following questions:

1. State that your firm meets the 3 minimum standards identified above.
2. Provide information about your organization's background, organizational structure and assets under management. Identify your organization's ownership and all related and/or affiliated companies. Confirm that your organization is registered as an SEC registered investment advisor.
3. Identify the person that will serve as key contact for the Board's evaluation process and include their contact information including e-mail address. Identify the professional(s) who would be responsible for representing your Firm on an on-going basis. Specify which of these professionals would be directly responsible for investing the Plan assets in the investment product being proposed.
4. Identify your firm's investment professional staff, tenure, and their qualifications. Specifically identify those professionals that will have direct involvement in the management of the product being proposed. Have any key real estate professionals left the firm in the last 3 years?
5. Break out your firm's client base between institutional and retail, then further breakdown your institutional client base by type (i.e. Public, Taft-Hartley, Corporate, etc.). How many current clients do you have in the product being proposed? Break out the institutional client-type make-up of the product being proposed. Does your firm utilize third-party agents to garner clients?
6. Describe how your firm makes real estate acquisitions? Describe your due diligence procedures and the approval process for new acquisitions? Describe your firm's disposition process.
7. Does your firm engage in property management or is this outsourced? If outsourced, please describe your process to select third-party property managers. What are the names of third party property managers used and does your firm have any financial relationships with these property managers?
8. The next set of questions deal with the specific product being proposed. What is the name and inception date of the product you are proposing? Please describe in detail the investment strategy and objective of the product being proposed. Is the product style core, value-added, or opportunistic? What investment manager database does this product appear in?
9. Identify the legal structure of the product being offered? Please identify the Auditing firm used with this product.
10. What is the product's current gross rent and operating profit? What is the capitalization rate? How many properties are currently in the portfolio? Please list any forward commitments.

11. Is there currently a withdrawal queue? If so, please identify the amount of the queue and the proposed timeline of meeting these redemption requests. How is this queue managed to protect the interests of new and existing investors?
12. Describe the product's valuation methodology & process? How often are external appraisals performed? Identify the firm who completes the appraisals and disclose any relationships or affiliations with that firm?
13. Describe the product's use of leverage including the current leverage used. Historically, what has been the range of leverage employed over the last 5 years? Please provide a schedule of maturing/refinancing debt and identify the interest rates used. How are tenant improvements financed?
14. In regards to the geographical, property type, and industry group for the product being offered, please indicate what percentage of the given categories are representative of the gross market value for the product's assets in the format below:

Property Type	%	Geographic Region	%	Property Size	%	Life Cycle	%
Office		East		\$0 - \$10 million		Existing	
Retail		West		\$10 - \$20 million		Re-Development	
Residential		Midwest		\$20 - \$50 million		Development	
Industrial		South		\$50 - \$100 million		Land	
Hotel		Canada		\$100 - \$200 million		Other	
()		()		Over \$200 million		()	
Total	100%	Total	100%	Total	100%	Total	100%

15. Please provide historical 5-year return information as of 6-31-10 for the product being proposed in the format below. Please annualize performance numbers through 6-30-10.

Year	Period	Gross Income	Gross Appreciation	GROSS Total Return	NET Total Return	Leverage Ratio**
2010	2Q					
2010	1Q					
2009	4Q					
2009	3Q					
2009	2Q					
2009	1Q					
2008	4Q					
2008	3Q					
2008	2Q					
2008	1Q					
2007	4Q					
2007	3Q					
2007	2Q					
2007	1Q					
2006	4Q					
2006	3Q					
2006	2Q					
2006	1Q					
2005	4Q					
2005	3Q					
Annualized	1-year					-
Annualized	3-year					-
Annualized	5-year					-

** Total debt (at property and portfolio level) divided by total assets.

16. Describe the factors and market trends that led to your Firm's performance as provided in your response to #15 above.

17. State your organization's professional fees and related costs and charges that would be associated with the management of the Plan assets. Include charges paid directly by the Plan as well as charges indirectly charged to the Plan assets.

Submission information and summary:

Please provide your qualifications, your proposed fee schedule and any additional information that you feel would be useful in the Board's evaluation by 3 pm EST, Thursday, October 28, 2010 by sending 6 original proposals to Sean Lally, County Controller, using the address shown below:

Fayette County Employees Retirement Fund
Sean Lally, County Controller
Fayette County Courthouse
61 East Main Street
Uniontown, PA 15401
controller@fayettepa.org

All proposals submitted pursuant to this request must be **SEALED WITH CLEAR TAPE** and clearly marked on the outside of the envelope as **RFQ NO. 10-07**. To ensure a more efficient evaluation process, all respondents should direct their inquiries regarding this RFQ to Morrison Fiduciary Advisors (e-mail preferred) as follows:

Morrison Fiduciary Advisors, Inc.
Robert J. Bulas
1405 McFarland Road
Pittsburgh, PA 15216
(412) 344-6057
rjb@morrisonadvisors.com

At any time during this RFQ process, the Board has the right to consider all factors and take any action to ensure the Plan obtains the best possible manager evaluation result. These Board actions include the Board's right to negotiate proposals received, amend the RFQ process, accept additional proposals, consider information not contained in the original proposals and consider all factors in addition to price. This RFQ process is for professional services and the final award will not be based strictly on price.

The Board appreciates your interest in serving the Plan and looks forward to your response.

**REQUEST FOR PROPOSAL
FAYETTE COUNTY EMPLOYEE'S PENSION FUND
REAL ESTATE ADVISORY SERVICES
RFQ NUMBER 10-07**

The Fayette County Retirement Board ("Board") is requesting sealed qualifications to be received in the Office of the County Controller, Fayette County Courthouse, Uniontown, Pennsylvania, until 3:00 PM, Thursday, October 28, 2010 for the services of real estate investment advisor.

Specifications for RFQ 10-07 may be obtained from the Warren Hughes, Fayette County Manager by calling 724-430-1200, extension 212 or e-mailing Warren Hughes at whughes@fayettepa.org. All qualifications submitted pursuant to this advertisement must be **SEALED WITH CLEAR TAPE** and clearly marked on the outside of the envelope as **RFQ NO. 10-07**.

The RFQ will be publicly opened and read aloud in the Fayette County Commissioner's Office Conference Room, 1st Floor, Fayette County Courthouse, Uniontown, PA 15401 on Thursday, October 28, 2010 at 3:00 p.m.

Interested parties should submit **one (1) original proposal (clearly marked) and six (6) copies** of the original proposal to the Office of the Controller, Fayette County Courthouse, 61 East Main Street, Uniontown, PA 15401.

The Board reserves the right to reject any part of or all proposals and make an award in the best interest of the County Retirement Fund. Any questions should be forwarded to Sean Lally, Retirement Board Secretary and Fayette County Controller, at 724-430-1217.