

VPIC Investment Consultant RFP: Q&A

March 20, 2014

Q1) Could you please tell us what the current consultant fees are?

A1) We encourage prospective bidders to develop their own fees based on the services to be provided including any value added recommendations. Should you wish this information, this information is subject to request under the Access to Public Records Law. Information on our policy is available at <http://www.vermonttreasurer.gov/contact-us/public%20records>

Q2) In the Scope of Services, the RFP states that "at a minimum, two consultants must be assigned to this account, at least one of whom shall be an equity partner of the firm". Our firm is currently owned entirely by one individual, is it still necessary for one of our two proposed consultants to be an equity partner of the firm?

A2) The minimum requirements are stated in the RFP, Section 1.2. The Treasurer's Office, acting on behalf of the VPIC, will not make any predetermination of eligibility for any interested bidder. Prospective bidders are encouraged to review the minimum qualifications, and if they choose to respond, provide relevant information to demonstrate their eligibility in their bid proposal. Please also note Section 5.1, Bidder Evaluation, in the RFP.

Q3) We plan to propose two primary consultants, each with 5 years' experience providing investment consulting services to public pension fund plans. Will this meet the minimum experience requirement of 7 years for the primary consultant?

A3) Please see response to question #2.

Q4) What is the most important investment issue your fund is currently facing?

A4) We encourage prospective bidders to develop their own views on the most important investment issues facing state pension funds currently. For more information please consult:

http://finance.vermont.gov/reports_and_publications/CAFR

<http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/annualreport/2013%20Annual%20Report%20State%20Treasurer%27s%20Office%20WEB.pdf>

Q5) When was the last asset liability study conducted?

A5) The last Asset Liability Study was presented to the VPIC at their February 10, 2009 meeting. A copy of the report may be viewed by clicking the link .

http://www.vermonttreasurer.gov/sites/treasurer/files/pdf/rfp/20090210_VPIC_ALM.pdf

Q6) What strategic decisions are currently pending with the current consultant that the new consultant would likely become involved with?

A6) The VPIC is currently in negotiations for a Real Estate Debt mandate. The allocation is approximately \$40mm.

Q7) How many public markets and alternative searches have you done on average per year in the last three years? How many public market and alternative investments searches do you expect to do on average per year in the next three years?

A7) Searches average approximately one per year, and they are anticipated to continue in this pattern over the next three years, although there are no guarantees.

Q8) How much capital do you plan to commit to private equity investments on average per year in the next three years?

A8) We currently have invested across four funds with Harbourvest Partners: Harbourvest Partners IX Buyout Fund, Harbourvest Partners IX Venture Capital Fund, Harbourvest Partners IX Credit Opportunities Fund, Dover VIII Fund. The total committed amount is \$65mm across the four funds, and the capital will be committed as called by the manager. We are also in current negotiations with Harbourvest to participate in the Harbourvest HIPEP VII Fund, pending successful contractual negotiations.

Q9) How long has the current consultant been providing services to the Vermont Retirement System (VRS)?

A9) The Vermont Pension Investment Committee (VPIC) was established by Act of the Vermont Legislature (Acts of 2005, No. 215 (Adj. Sess.), as amended by Acts of 2007, No.100 (Adj. Sess.) and Acts of 2009, No. 130 (Adj. Sess.)) to combine the assets of the VSTRS, VSERS and VMERS. NEPC, LLC were retained as the Investment Consultant for the newly formed VPIC. Prior to this date, the retirement systems were separate and VSTRS, VMERS, VSERS all had relationships dating back to June of 2001 with NEPC, LLC.

Q10) What were the fees paid to the current consultant in 2013?

A10) Please see the answer to question #1.

Q11) Aside from Montpelier, what other cities do the monthly meetings take place in?

A11) As of March 18, 2014, all meetings take place in the Pavilion Building in Montpelier, VT.

Q12) What time do the meetings typically start?

A12) As of March 18, 2014, all meetings begin at 8:30am.

Q13) Is VRS expecting to conduct a custody search over the next 3 years?

A13) No, our current custodian was hired on July 1, 2012 with a contract term expiration of June 30, 2017, with the option of extending the contract for additional terms. At this time we do not anticipate conducting a search over the next three years.

Q14) Regarding the Minimum Bidder Qualifications, would you consider a firm with \$15-20 billion in assets under advisement and a public sector client with \$2 billion in assets?

A14) Please see response to question #2.

Q15) On page 20 there is a reference to a March 28th deadline for the submission of the RFP, but there is reference to March 31st on the website and within the RFP. Which is the correct date?

A15) March 31st at 3PM Eastern Time is the date for the final submission of bids. Bids will be opened at this time. Please reference page 20 of the RFP for how to package the proposal.