The City of Washington Combined Pension Plan

Request for Proposals

Pension Investment Management Services
US Core Real Estate Investment Manager Search

Responses due by 3 pm EST, Friday, June 4, 2010

The City of Washington's Combined Pension Board is soliciting proposals from qualified investment companies to manage approximately $1 million in an open-ended, US core direct real estate fund. This account will be managed as a domestic core real estate mandate benchmarked to the National Council of Real Estate Investment Fiduciaries Property Index. In conjunction with this RFP, 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.

This Request for Proposals (RFP) is issued in accordance with the requirements set forth in Pennsylvania Act 44 of 2009 and any potential vendor should familiarize themselves with this Act and conform to its specific requirements.

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

The City has approximately $19 million in Pension assets currently managed by 4 investment management firms invested in 5 specific investment disciplines (1 large cap, 1 all cap value, 1 small/mid 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 RFP 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. <u>The next set of questions deal with the specific product being proposed</u>. 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 Custodian and Auditing firm used with this product.

10. What is the product's current gross rent and operating profit? What is the capitalization rate?

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	
Other		Other		Over $200 million		-	
Total	100%	**Total**	100%	**Total**	100%	**Total**	100%

15. Please provide historical 5-year return information as of 12-31-09 for the product being proposed in the format below. Please annualize the performance numbers.

Year	Period	Gross Income	Gross Appreciation	GROSS Total Return	NET Total Return	Leverage Ratio**
2009	Annual					
2009	4Q					
2009	3Q					
2009	2Q					
2009	1Q					

** *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.

Required Act 44 Professional Services Contract Disclosure Information:

In accordance with the recently passed Pennsylvania Act 44 of 2009, all Professional Services Contracts must disclose the following information in their Request for Proposal (RFP) response documents. All potential vendors should refer to PA Act 44 of 2009 and become familiar with their procedures and disclosures and then adhere to these standards throughout the RFP process.

1. Disclose the names and titles of each individual who will be providing professional services to the municipal pension system, including advisors or subcontractors and a description of the responsibilities of each individual and their resumes (as an exhibit).

   ____
   ____
   ____
   ____
   ____

   For any individual listed above:

   a. Is the individual(s) listed above a current or former official or employee of the municipality entering into the contract: _______(No) , If Yes, please explain below.

   ____
   ____
   ____
   ____
   ____

   b. Is the individual(s) listed above a registered Federal or State lobbyist: _______(No) , If Yes, please explain below:

   ____
   ____
   ____
   ____
   ____

2. Disclose the terms employment/compensation of any third party intermediary agent or lobbyist who will directly or indirectly communicate with a municipal pension system official(s) or employee(s) in connection with any investment transaction involving the potential vendor and the municipal pension system. _______(not applicable) , If applicable, please explain below:

   ____
   ____
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   ____

3. Disclose any person that enters into a professional services contract with a municipal pension system that has a direct financial, commercial, or business relationship with any of the municipal pension system officers or employees which controls the municipal pension system. ______(not applicable) , If applicable, please explain:

   ____
   ____

4. Disclose any apparent, potential or actual conflicts of interest of any person or entity who potentially enters into, or applies for, submits an offer or bid for, responds to a request for, or otherwise solicits, a proposal or a contract with the municipal pension system. _____(not applicable) , If applicable, please explain:

5. Disclose all contributions (political contributions and gifts) to which all of the following apply:

   a. A contribution was made within the last 5 years of the issue date of the RFP.
   b. A contribution was made by an officer, director, executive-level employee, or owner of at least 5% of the potential vendor.
   c. The amount of the contribution was at least $500 in aggregate.
   d. The contribution was made to a candidate for any public office serving in the Commonwealth of Pennsylvania or to an individual who holds that office.
   e. The contribution was made to a political committee of a candidate for public office in the Commonwealth or to an individual who holds that office.

_____(not applicable) , If applicable, please list the name and address of the contributor, the contributor's relationship to the potential vendor, the name, office and position of each person receiving a contribution, the amount of the contribution, and any gifts to an official or employee of the municipal pension system:

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, Friday, June 4, 2010 by sending 1 original proposal to Susie Koehler, Fund Administrator as well as 2 proposal copies to the Consultant using the addresses shown below:

City of Washington Combined Pension Plan
Susie Koehler, Plan Administrator
55 West Maiden Street
Washington, PA 15301
skoehler@cityofwashington.comcastbiz.net

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

To ensure a more efficient evaluation process, all respondents should direct their inquiries regarding this RFP to Morrison (e-mail preferred). At any time during this RFP 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 RFP process, accept additional proposals, consider information not contained in the original proposals and consider all factors in addition to price. This RFP 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.