

**FULTON COUNTY EMPLOYEES'
RETIREMENT SYSTEM
BOARD OF TRUSTEES**

**REQUEST FOR PROPOSALS
TRANSITION MANAGEMENT SERVICES
AUGUST 2010**

REQUEST FOR PROPOSALS
TRANSITION MANAGEMENT SERVICES
FULTON COUNTY EMPLOYEES' RETIREMENT SYSTEM BOARD

The Fulton County Employees' Retirement System Board (the "FCERS") is soliciting proposals from qualified firms interested in providing transition management services to the FCERS. General instructions and requirements are attached which will indicate considerations to be used in evaluating the RFPs and awarding the contract.

Your proposal along with answers to the questions in Section IV – Proposal Questionnaire, must be submitted with supporting documentation no later than 4:00 p.m. local time on Wednesday, September 7, 2010. Proposals received after 4:00 p.m. local time will not be considered. Proposals will be opened as soon as practical thereafter and the evaluation results will be made available when completed upon request.

I. GENERAL INSTRUCTIONS, REQUIREMENTS AND CONDITIONS

1. All RFPs, one original with ten (10) additional hard copies with each including an electronic copy on CD (required), must be submitted no later than 4:00 p.m. local time on Wednesday, September 7, 2010, to:

Mr. Patrick J. O'Connor
Secretary/Treasurer
Fulton County Employees' Retirement System Board
141 Pryor Street, S.W., Suite 7001
Atlanta, Georgia 30303

Indicate Fulton County Employees' Retirement System Board RFP on the outside of the envelope.

2. The FCERS Board of Trustees (the "Board") reserves the right to waive any formality in any proposal and to reject any and all proposals. Any proposal submitted shall constitute an irrevocable offer, for a period to begin immediately upon award, to provide to the Board the proposed services at the proposed compensation.
3. The terms and conditions of the Transition Management Agreement must be fixed for a period of three (3) years (an initial one (1) year term

with the option to extend, upon mutual agreement, on the same terms for two additional one year periods). The Board reserves the right to terminate the contract, for its convenience, by giving the firm 30 days written notice. The Board will require the successful firm to commit to a minimum of a ninety (90) day termination provision. The firm will be paid for any services provided through the effective date of termination.

4. The firm shall not assign any interest in the contract and shall not transfer any interest in the same without prior written consent of the Board.
5. The Board reserves the right to use judgmental factors in determining which proposal shall be in the Board's best interest and the exercise of that judgment by the Board shall be final and binding upon all firms submitting proposals. Criteria for selection will include but are not limited to:
 - a. Cost for services.
 - b. Prior experience and background of personnel.
 - c. Prior experience of the firm in providing transition management services to investment funds including pension funds and public/governmental defined benefit pension funds.
 - d. Quality of sample reporting provided.
 - e. Financial Strength
 - f. Service level of the firm.
 - g. Potential Conflicts of Interest
 - h. Quality of and response from references
 - i. Location and accessibility of firm and staff
 - j. Equal Opportunity Practices.
6. Each proposal submitted must be divided into three separate sections. The first section should be the RFP Questionnaire (labeled accordingly as Section IV – Questions 1-3) with Firm's responses to each question. The second section should be any additional information that your firm feels is relevant in the Evaluation Committee being able to determine your Firm's ability to provide the required services to the FCERS. The

third section should be the cost proposal as outlined in Section V. This section should be labeled accordingly in order for the Evaluation Team to streamline the review and evaluation process. Failure to provide in this required format could result in the Proposal being disqualified. The Proposal must be accompanied by an authorized officer of the firm stating the firm will abide by the proposal's instructions, specifications and requirements, notwithstanding any acts of any agents or representatives to the contrary.

7. Due care has been used in the preparation of information for this RFP and the information is believed to be substantially correct. The Board and its representatives will not be responsible for any errors or omissions in the specifications.
8. If any addendum is issued to this RFP, they will be sent by first class mail to all registered prospective proposers at the address where the original proposal was sent. However, prior to submitting your proposal, it shall be the responsibility of each proposer to contact the FCERS to determine if addendums were issued, and, if so, to obtain such addenda and include them with your proposal.
9. No contact during procurement process - It is the policy of the Fulton County Employees' Retirement System that the evaluation and award process for contracts shall be free from both actual and perceived impropriety, and that contacts between potential vendors and Pension Board representatives regarding pending awards of County contracts shall be prohibited.
 - A. No person, firm, or business entity, however situated or composed, obtaining a copy of or responding to this solicitation, shall initiate or continue any verbal or written communication regarding this solicitation with any Pension Board representative, between the date of the issuance of this solicitation and the date of award of the subject contract, except as may otherwise be specifically authorized and permitted by the terms and conditions of this solicitation.
 - B. All verbal and written communications initiated by such person, firm, or entity regarding this solicitation, if same are authorized and permitted by the terms and conditions of this solicitation, shall be directed in writing as outlined in section I-10.
 - C. Any violation of this prohibition of the initiation or continuation of verbal or written communications with Pension representatives shall result in a written finding that the submitted bid or proposal of the person, firm, or entity in violation is "non-responsive", and same shall not be considered for award.

10. All contact pertaining to questions relating to this RFP will be directed to the following individual:

Tammy E. Goebeler, Investment Officer
Fulton County Department of Finance
141 Pryor Street, S.W., Room 7001
Atlanta, Georgia 30303

Any questions should be submitted in writing to tammy.goebeler@fultoncountyga.gov and will be responded to in writing within a reasonable timeframe.

11. Minimum Qualifications - In order to be considered for selection as a Transition Manager, the Proposer must meet the following minimum qualifications:

- A. The Company must be duly registered with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940, as amended, and the registration must be current.

- B. The Company must be qualified with the Secretary of State of Georgia to conduct business in the State of Georgia.

- C. The Company has provided transition management services for at least three (3) years.

- E. The Company has conducted at least \$10 billion in transition management activities for the last year, as of June 30, 2010, and an aggregate of \$25 billion over the last three (3) years.

- F. The Company and its personnel must have all authorizations, permits, licenses, and certifications as may be required under federal, state, or local law to perform the services specified in this RFP at the time it submits a response to the RFP.

- G. The Company will carry errors and omissions insurance or comparable instrument to cover negligent acts or omissions in an amount of not less than five million (\$5,000,000).

- H. The Company has the ability to trade on an agency basis.

- I. The Company must maintain sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to its transition management services.

J. The Company must have a policy and practice of equal employment opportunity and non-discrimination based on race, creed or gender.

II. SPECIFICS OF THE FULTON COUNTY EMPLOYEES RETIREMENT SYSTEM

The Retirement System's investment portfolios were valued at \$970.7 million on June 30, 2010. The Board utilized the following investment managers in the investment classes and amounts noted below as of June 30, 2010:

Fulton County Employee Retirement System As of June 30, 2010 (in millions)							
	Cash	Investment	Accrued Income	Total Market + Accrued	Current %	L/T Target%	Allowable Ranges
EQUITY							
Domestic							
Large Cap							
Growth							
Winslow Capital	3.79	156.20	0.13	160.12	16.5%	16.5%	
Blend							
Rhumblin		97.92		97.92	10.1%	10.0%	
Value							
NWQ /Nuveen	0.11	159.17	0.26	159.54	16.4%	16.5%	
Total Large Cap Equity	3.90	413.29	0.39	417.58	43.0%	43.0%	38% - 48%
Small Cap							
Atl Cap - Small Cap	1.66	42.00	0.02	43.68	4.5%	4.2%	
Atl Cap - Small Cap Ext	1.00	78.08	0.02	79.10	8.1%	7.8%	
Total Small Cap Equity	2.66	120.08	0.04	122.79	12.6%	12.0%	7% - 17%
Total Domestic Equity	6.56	533.37	0.43	540.37	55.7%	55.0%	
International							
EuroPacific Growth (RERG)		29.35	-	29.35	3.0%	3.3%	
Thornberg Intl Value (TIVR)		29.72	-	29.72	3.1%	3.3%	
Oakmark International (OAKI)		29.50	-	29.50	3.0%	3.3%	
Total International Equity	-	88.57	-	88.57	9.1%	10.0%	7% - 13%
Total Equity	6.56	621.94	0.43	628.94	64.8%	65.0%	
FIXED INCOME							
Domestic							
SSGA Liquidating Trust		1.24	-	1.24	0.1%	0.0%	
Earnest Partners	1.27	91.27	1.01	93.55	9.6%	10.0%	
Wellington	0.06	239.28	1.76	241.09	24.8%	25.0%	
Total Fixed Income	1.32	331.78	2.77	335.88	34.6%	35.0%	30% - 40%
TOTAL ASSETS MANAGED EXTERNALLY	7.88	953.72	3.21	964.81	99.4%	100.0%	
CASH AND INTERNALLY MANAGED	5.84	0.04	-	5.88	0.6%	0.0%	
TOTAL ASSETS	13.73	953.76	3.21	970.70	100.0%	100.0%	

III. SERVICES TO BE PROVIDED

The selected firm will provide transition management services to the FCERS. The majority of the FCERS's domestic equity and fixed income portfolios are actively

managed and are currently held in separately managed custodial accounts with State Street Bank. Services to be provided shall include, but are not limited to, the following scope of services and responsibilities. Please indicate if you are unable to fulfill any of the following:

1. Transition management (portfolio liquidation) services for fixed-income and domestic equities.
2. The transition manager shall act as a fiduciary and shall perform the transition with utmost care and prudence. The FCERS realizes that markets fluctuate and risks are inherent during the transition period. However, market forces do not absolve the transition manager from negligence and applying the highest level of care and prudence inherent in a fiduciary.
3. Minimize tracking error and maintain asset class (benchmark) exposure. During the transition period, the preservation of capital shall be taken into consideration through the expert use of trading tools for transitioning from the legacy portfolio to the target portfolio. These tools may include, but are not limited to the use of internal and external crossing networks, cash, futures, ETFs, and any and all the tools required to accomplish a smooth transition.
4. Before the transition, the transition manager shall provide the FCERS with a written pre-trade analysis documenting the portfolio transition (liquidation) strategy, including the timeframe required to achieve the desired objective of liquidating the legacy portfolio(s), and building (and/or funding) the target portfolio(s).
5. Daily reporting of all trade activity from commencement of the liquidation to the completion and full funding of the target portfolios with date/time stamps for each trade if the transition is executed over multiple days. If the transition is handled within one business day then this requirement will be satisfied by providing the post transition reporting outlined below in section 6 below.
6. After the completion of the transition, the transition manager shall provide the FCERS with a post transition report on the outcome and results of the transition. The report shall include a breakdown of all costs associated with the transition (i.e. commission cost, bid/ask spread cost, market impact cost, opportunity costs, etc.) and all relevant statistics (i.e., tracking error, VWAPs, etc.), and date/time stamped detailed trading reports.
7. Coordination of the firm's trading activity with investment managers (both legacy and target portfolios) and the custodial bank.
8. The transition manager shall carry the appropriate coverage for errors and omissions and professional liability insurance.

IV. PROPOSAL QUESTIONNAIRE

(Please note that technical information should be described in terms easily understood by individuals with limited technical knowledge of sophisticated investment strategies)

1. FIRM INFORMATION:

- a) Name of your firm, address, telephone number, and primary and secondary contact persons.
- b) When did your Company begin providing transition management services?
- c) Would you firm be agreeable to be on an approved list by the FCERS Board to provide these services, which would be awarded on a transaction by transaction basis and awarded based on a pre-trade analysis basis?
- d) Does your firm maintain an office in the Atlanta area and will this office be providing the services if awarded a contract?
- e) Number of full time employees in your firm. Include a breakdown by classification (professional, managerial, clerical, etc.)
- f) Furnish biographical profiles summarizing educational and professional credentials of principals and other key individuals who you anticipate will be assigned to the FCERS Plan if you are awarded this contract. Please explain each of their roles in the transition management process.
- g) Provide the number of key employees added/lost over the last three (3) years and explain any departures.
- h) Provide full disclosure of your firm's ownership, to include: year formed, name of parent organization, if applicable, type of ownership, etc. Is your firm a registered investment advisor with the SEC under the Investment Advisors Act? If yes, provide a copy of your latest Form ADV.
- i) Provide a copy of your audited financial statements for the past two years.
- j) Please disclose any investigations, examination, sanctions, and/or discipline by the SEC, NASD, or other regulatory body within the last five (5) years.
- k) Please disclose any legal claims or arbitration hearings involving the Company within the last five (5) years.

2. SERVICES TO BE PERFORMED:

- a) Detail the most significant aspects you consider being unique or important to your firm's approach to transition management services.
- b) Please describe your Company's philosophy and the extent of your transition capabilities and distinct competitive advantages.
- c) For the portfolio liquidation, please describe how you manage the following specific areas: financial risks (i.e., poor execution, implementation shortfall, timing, market impact, and asset allocation exposure) and operational risks (i.e., incorrect order execution, delivery failures, and custody interface).
- d) Is your firm an agency or principal brokerage? Please describe the brokerage relationships your firm has in place. Please describe the process used to select brokers for trades. Describe your trading capabilities.
- e) Does your firm internalize order flow? If so, please describe the controls you have in place to eliminate conflicts of interest and explain how you assure client orders are given best execution in regard to timing and price?
- f) How does the Company monitor tracking error during the transition period, and how is it minimized? Provide sample calculations, including optimization techniques.
- g) What are the multiple sources of liquidity that you tap for domestic equities? Describe the utilization of the following for equity transitions: In-kind Transfer; Internal Crossing; External Crossing Networks; Primary Exchanges; Non-Displayed Liquidity; and Principal Trades.
- h) Please specify the percentages for each source of liquidity as enumerated in the preceding question for transitions performed over the last three (3) years ending June 30, 2010.
- i) Do you utilize a crossing network to control cost and maintain exposure? Is this an internal or external crossing network? What percentage is traded with the crossing network over the last three (3) years? Do you have the appropriate Department of Labor exemption to conduct crossing?
- j) How do you measure all related costs to transition or implementation shortfall (i.e., explicit: commissions and brokerage fees, and implicit: asset allocation exposure loss, timing, market impact, and opportunity cost)? Please provide sample calculations and methodologies.
- k) How is your Company structured to provide transition management and why is this beneficial to the FCERS? Please specify and discuss all that

applies, such as brokerage affiliate, stand alone agency, introducing broker, asset (index) management affiliate, custody affiliate, consulting affiliate, principal only.

- l) What is the total number of transitioned managed for Public Pension Plans in 2008, 2009, and 2010? Please complete the following matrix on the aggregate amount of those transitions (please only include the purchase side of the transitions to get an accurate base amount of transitions).

	\$ Total Amount of Transitions	Domestic Equity	International Equity	Domestic Fixed-Income
YTD 2010				
2009				
2008				

- m) Please disclose how many Clients your Firm currently provides comparable transition management services for. What percentage of these Plans are Public Companies? What is the smallest, largest, and average Plan asset size of the Clients you represent?
- n) Please disclose any Georgia Pension Plans that you've provided services for in the last three years and detail the transitions performed on their behalf (asset class, size of transition, all in cost in bp)? Please disclose which firms you are still under contract with and which firms have terminated their contract. For terminated contracts, please disclose the reason the contract was terminated and provide contact information for the Plan.
- o) Please complete the below matrix to indicate the average cost of each transition performed in each year indicated:

	Avg Cost (bp) for 2008 Transitions	# of Transitions Performed 2008	Avg Cost (bp) for 2009 Transitions	# of Transitions Performed 2009	Avg Cost (bp) YTD 2010 Transitions	# of Transitions Performed 2010
Large Value						
Large Core						
Large Growth						
Mid Value						
Mid Core						
Mid Growth						
Small Value						
Small Core						
Small Growth						
Core Fixed Income						

- p) Provide a representative list of your pension fund clients. Please note which clients are governmental and similar to Fulton County. In addition, please provide contact names, addresses and telephone numbers of key individuals who may be contacted as references. A minimum of three references should be provided, with a preference that at least two of the three be governmental clients.
- q) Provide a statement concerning your understanding of the firm's fiduciary responsibility in providing transition management services to the Board. Does your firm accept fiduciary responsibility for the services to be provided under this proposal?
- r) Explain the communication process with the client during the transition to ensure complete transparency to the client?
- s) Provide any other information you feel would enable the evaluation committee to better assess your qualifications.
- t) Please include a sample copy of pre trade and post trade reporting.

3. OTHER INFORMATION

- a) Provide the following statement of non-discrimination as part of your proposal.
 - No person shall be excluded from participation in, denied the benefit of, otherwise discriminated against on the basis of race, color, national origin, disability, religion, sexual orientation or gender in connection with any proposal submitted to the Fulton County Employees' Retirement System Board.
 - That it is and shall be the policy of this firm to provide equal opportunity to all business persons seeking to contract or otherwise interested in contracting with this firm, including those companies owned and controlled by racial minorities, cultural minorities and females.
- b) Complete the schedule of minimum qualification and miscellaneous information in Attachment A and provide a signed copy.
- c) Provide the following statement to the Board concerning liability limitations. We (your corporate name) understand in submitting this proposal that the Board shall not consider proposals that impose any type of liability limitations or indemnification provisions for damages caused, failure to perform, or negligence in performing the duties required under this proposal and agree to seek no limitations if we are awarded the contract.

V. COST PROPOSAL

- a) What is your fee or rate for transition services for each asset class for which you are proposing?
- b) Will your firm sign an attestation that your firm's only sources of material benefit resulting from this transition will be from commissions or fees explicitly accounted for with regard to the transition? Will you attest that your firm provides no opportunity for any outside party to gain knowledge of the trades that will be implemented?

EXHIBIT A
MINIMUM QUALIFICATIONS AND MISCELLANEOUS INFORMATION

1. Information Regarding Manager

Name:
Address:
Phone Number:
Fax Number:

2. My Company is duly registered with the Securities & Exchange Commission pursuant to the Investment Advisors Act of 1940, as amended, and the registration is current.

Yes _____ No _____

3. My Company is qualified with the Secretary of State to conduct business in the State of Georgia.

Yes _____ No _____

4. My Company has provided transition management services to at least three (3) public funds over the last three (3) years.

Yes _____ No _____

5. My Company has provided transition management services for at least three (3) years, as of June 30, 2010.

Yes _____ No _____

6. My Company has conducted at least \$10 billion in transition management activities for the last year, as of June 30, 2010, and an aggregate of \$25 billion over the last three (3) years.

Yes _____ No _____

7. My Company and its personnel have all authorizations, permits, licenses, and certifications as may be required under federal, state or local law to perform the services specified in this RFP at the time it submits a response to the RFP.

Yes _____ No _____

8. My Company will carry errors and omissions insurance or comparable instrument to cover negligent acts or omissions in an amount of not less than \$5,000,000. Please provide copy of certificate of insurance.

Yes _____ No _____

9. My Company has the ability to trade on an agency basis.

Yes _____ No _____

10. My Company maintains sufficient procedures and capabilities to ensure the timely and accurate backup and full recovery for all computers and other data storage systems related to access to manage a transition for the Fulton County Employees' Retirement System's Trust Fund account.

Yes _____ No _____

11. My Company has a company policy and practice of equal employment opportunity and non-discrimination based on race, creed, or gender.

Yes _____ No _____

12. Primary Contact Concerning the Proposal:

Name:
Address:
Phone Number:
Email:

Company: _____

Officer: _____
Signature, and Title Date