



3110 Fairview Park Drive, Suite 300
Falls Church, VA 22042-4525
erfcension.org

January 3, 2025

RE: General Investment Consultant Request for Proposal (“RFP”)

The Board of Trustees of the Educational Employees’ Supplementary Retirement System of Fairfax County (“ERFC” or the “Fund”) is requesting proposals from qualified full-service investment consulting firms.

ERFC is a public sector defined benefit plan, which operates under terms incorporated in the Fairfax County Code of Ordinance and the ERFC Plan Document. ERFC is governed by a seven-member Board of Trustees (the “Board”) that has fiduciary responsibility for the retirement plan, as well as the exclusive authority to contract for investment, actuarial, and legal services. The Board has exclusive responsibility for investments of the assets of the Fund. As of August 31, 2024, the allocation for ERFC’s \$3.3 billion assets is as follows:

U.S. Large Cap Stocks	11.6%
U.S. Small Cap Stocks	6.1%
International Stocks	8.8%
Emerging Markets Stocks	4.2%
Global Equity	2.9%
Real Estate	8.3%
Private Equity	10.5%
Fixed Income	31.5%
Hedge Funds – Opportunistic	8.3%
Other Alternatives	7.8%

The Fund’s assets are managed externally by approximately 14 investment management firms, one discretionary investment manager that is responsible for all private market investments and monitored by the general investment consultant and ERFC Investment Staff (“Staff”). The Board is now seeking proposals for a general investment consultant. The general investment consultant assists the Board by providing advice and expertise with respect to the overall management of the assets of the Fund. Detailed information about ERFC is contained in its Annual Comprehensive Financial Report, a copy of which is available on ERFC’s website, erfcension.org/resources/financials. The objectives, guidelines, and performance standards for the assets of the Fund are detailed in the ERFC Investment Policy Statement, which is also available on the website. Additionally, publicly available information is



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available through BoardDocs and can be accessed on the ERFC website, through the FY2025 Board of Trustees Meeting Schedule section, erfcension.org/about/board-of-trustees.

The intended schedule for this RFP process appears below.

RFP Schedule

Issue RFP	Friday, January 3, 2025
Bidder Questions Due	Friday, January 24, 2025
Responses to Questions Due	Friday, February 21, 2025
All Responses Received	Friday, March 7, 2025
Committee Selects Finalists	TBD
Finalist Site Visits	March/April 2025
Finalist Board Presentations and Consultant Selection	Friday, May 9, 2025

Please note these dates are subject to change based on the availability of the Board and ERFC Staff.

Qualified responses require an electronic copy of the proposal be received by 5 p.m. EST on March 7, 2025. The electronic copy must be sent to bsalqudwa@fcps.edu.

Proposals received past the deadline and/or proposals that are incomplete or do not meet the minimum standards will be automatically disqualified. Additional information may be requested at any time from bidders, and addenda to the RFP may be issued at any time during the bid process. All information received is subject to the Public Records Act, Virginia Freedom of Information Act, and will be presented in an open Board meeting unless a permitted exemption applies.

Questions concerning this RFP should be sent by email to Basil AlQudwa, ERFC Investment Specialist at bsalqudwa@fcps.edu.

Sincerely,

Ryk Tierney
Ryk Tierney, CEBS
Executive Director



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Statement of Work

Intent

It is the intent of this Statement of Work to describe the investment consulting services being requested by ERFC.

ERFC intends to award a five-year contract (with option to renew) to the bidder selected as the most suitable bidder whose response conforms to the RFP and meets ERFC's requirements.

Scope

ERFC is committed to providing comprehensive, high quality, and cost-effective benefit plans and programs that provide optimum value to ERFC, its members, and its retirees. ERFC is seeking to establish a contractual relationship with an investment consulting firm to assist in achieving these goals including the mutual development of an asset allocation that support ERFC's mission and key objectives.

Background

ERFC is a legally separate single-employer retirement system and fund established under Virginia Code Section 51.1-801 to provide pension benefits to all full-time educational and administrative support employees who are employed by the Fairfax County Public Schools ("FCPS") and who are not covered by another Fairfax County retirement plan. As such, and as a fund under the financial control of the Fairfax County School Board, ERFC's financial statements are included in the School system's basic financial statements as a pension trust fund.

ERFC has two benefit structures, the ERFC Legacy Plan and the ERFC 2001 Plan. Both are defined benefit structures. The ERFC Legacy Plan became effective July 1, 1973, and is coordinated with the benefits members expect to receive from the Virginia Retirement System ("VRS") and Social Security. It remains in effect; however, it was closed to new members employed after June 30, 2001. Effective July 1, 2001, all newly hired full-time educational and administrative support employees were enrolled in the ERFC 2001 Plan ("ERFC 2001 Tier 1"). ERFC 2001 Tier 1 was closed to new members hired after June 30, 2017, but remains in effect as well. For ERFC members hired on or after July 1, 2017, ERFC 2001 Tier 2 was established.

The Board is the governing body of ERFC and has seven members—three appointed by the School Board, three elected by ERFC's active membership, and one individual trustee who is neither affiliated with, nor employed by FCPS, its School Board, nor by any union or similar organization representing FCPS employees. The individual trustee is selected annually by the other six trustees, and the individual trustee's appointment is recommended to the School Board for approval.



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Selection Considerations

The criteria identified below are considered by ERFC to be of greatest importance in selecting the new investment consulting firm. Bidders may provide specific responses, comments, or clarification to the extent that any of the four criteria are not fully addressed in the bidder's written response. The ordering of these criteria does not signify the priority in importance.

- Organizational History and Structure
- Personnel and Experience
- Investment Philosophy and Process
- Fees

The successful bidder will provide comprehensive evaluation of the investment results achieved by the designated investment managers. The investment consultant will also make recommendations to the Board of appropriate actions to be considered that will enhance the probability of achieving the Fund's overall objectives. A detailed list of contract services and deliverables is shown below.

Bidder Qualifications

1. Bidder Minimum Qualifications
 - a. Bidder shall be an SEC-registered investment advisor or exempt from such registration. (Form ADV or disclosure of the nature of the exemption must be submitted).
 - b. Bidder must have provided investment consulting services comparable to those detailed in the Scope of Services Section of this RFP to at least three (3) defined benefit pension plans, including at least one public plan and one or more plans of which must have had at least \$3 billion in assets.
 - c. Bidder will agree in writing to act as a fiduciary with respect to the Fund.

The bidder must designate a lead account consultant who has been regularly engaged in the business of providing investment consulting services to public employee retirement systems and has at least 15 years of experience. The lead account consultant must be an employee of the firm. ERFC reserves the right to reject the firm's choice of a lead account consultant and may terminate the contract if a lead account consultant acceptable to the Board cannot be made available by the firm.

Scope of Services

ERFC is searching for a qualified investment consulting firm to assist the Board by providing advice and expertise with respect to the investment and management of the assets of the Fund, including providing oversight of the private markets program discretionary investment manager. Responding firms must demonstrate extensive experience and superior capability for providing those investment consulting services that are critical to the success of a public pension plan investment program. The selected consultant will regularly report to the Board and will be expected to attend Board meetings when requested, as well as any special Board or Committee meetings when necessary. Regular Board



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meetings are currently held approximately seven to eight times per year, with a two-day meeting in June in Falls Church, Virginia. At the discretion of the Board, and dependent upon the qualifications of the firm selected, the Consultant may perform all of the following services:

1. Advise on the development, implementation, and/or revision of investment policies and guidelines.
2. Analyze and advise on the capabilities of investment managers, including the analysis of an investment manager's personnel, investment philosophies and processes, internal and risk controls, risk-adjusted performance, and performance relative to mutually agreed on appropriate benchmarks and peers.
3. Review the performance of investment managers through various methods, including interviews and on-site visits.
4. Provide annual asset allocation reviews and recommendations.
5. Advise on portfolio structure (e.g., active vs. passive, investment style mix).
6. Provide up-to-date research and reports on various investment and risk management topics, and provide educational presentations to the Board or Staff, as requested.
7. Conduct manager searches and assist and advise the Board with respect to investment manager selections, watch list placements, and terminations.
8. Perform quarterly performance analysis by manager, asset class, and total fund, including peer universe comparisons at the asset class and total fund levels, and provide and present quarterly reports (and monthly reports, if requested) at Board or Committee meetings on same, as well as reports of general economic conditions and forecasts of capital markets, interest rates, inflation, and all applicable risks relative to returns for all asset classes.
9. Monitor and oversee the existing private markets portfolio managed by the discretionary private markets investment manager, and report to the Board on performance, commitments, capital calls, diversification, and redemptions.
10. Promptly assist Staff in all investment inquiries and back-office support, including rebalancing, custodial, banking, accounting, and operational questions and signature ready forms as requested by Staff.
11. Report, in a timely manner, any significant changes in the investment manager organizational structure, staffing, regulatory proceedings, and litigation.



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Questionnaire

Respond fully to each of the following questions.

Organizational History and Structure

1. Please provide firm and primary contact information with respect to this RFP.

Name of the firm: _____

Primary RFP Contact	Title	Address	Phone and Email

2. Indicate your office location(s). Provide the number of employees located in each office location and describe the general function(s) of each office.

Office Location	Number of Employees	Office Function

3. Please describe your firm’s history and current ownership structure. Include the year your firm was established and the year you began to provide investment consulting services to defined benefit pension clients. List the owners of the firm from largest to smallest percentage ownership. If any changes to the firm’s organizational structure are known or anticipated, please describe. Make sure to include the information in the table provided below (as of December 31, 2024).

Year founded	
# of firm employees (in total)	
# of investment professionals (in total)	
# of investment professionals projected to be assigned to ERFC	
% of firm owned by employees	
Location (city and state)	
Parent Company (or equivalent)	



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4. Provide information on organizational control/decision-making interests by your parent organization and other affiliated parties that could affect your firm’s governance or decision-making independence (i.e., board seats, compensation structure, equity participation, and other ongoing concerns, etc.).
5. Provide an organization chart of your firm and describe the relationship between the investment consulting group and any other components of the firm.
6. For the year ended December 31, 2024, please list all services provided by the firm and the percentage of total income that such services represent. If the firm has an ultimate parent company, please list the percentage of total income that the firm’s services represent to the ultimate parent company.

Type of Service	% of Total Firm Revenue	% of Total Parent Revenue

7. Please complete the table below with respect to client resource research.

Question	Answer
Does your firm provide research on pension and investment issues?	
Percent of total revenue spent on research in the last 3 years.	
Types of publications available to clients. (Please describe)	

8. Please provide a copy of the firm’s most recent Form ADV Parts I and II.



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Personnel and Experience

9. Who will be the lead consultant and any other consultants to be assigned to this client? Provide the following contact information for each: name, title, phone, email, and address.

	Name/Title	Phone	Email	Address
Lead Consultant				
Consultant				

10. Please breakdown your professional staff for your investment consulting business, based on the table below as of December 31, 2024.

Category	Number
Lead Consultants	
Other Consultants	
Analysts	
Firm Management	
Economists	
Marketing	
Technical/Systems	
Other	
Total Professional Staff	
Total Number of CFA/CAIAs	
Ratio of CFA/CAIAs to total professional staff	

11. Provide biographies of personnel to be assigned to the ERFC relationship, including educational qualifications, years of institutional investment experience, years of institutional investment consulting experience, and total years with the firm. Also provide the total number of accounts assigned to each individual and include the name, plan type, length of relationship, and size of the top four of each assigned client account.



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Education	Consultant #1	Consultant #2	Consultant #3	Client Service
Institutional investment experience				
Institutional investment consulting experience				
Years with firm				
Number of accounts assigned				
Account #1				
Plan type				
Relationship length				
Account size				
Account #2				
Plan type				
Relationship length				
Account size				
Account #3				
Plan type				
Relationship length				
Account size				
Account #4				
Plan type				
Relationship length				
Account size				

12. Calculate the turnover rate in senior level staff in each of the last five years. Indicate the number of people lost in the following areas.

Consultants

Year	Annual Turnover Rate	Number of Consultants Lost	Total Number of Consultants
1 (2024)			
2 (2023)			
3 (2022)			
4 (2021)			
5 (2020)			



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Analysts, Economists, and Practitioners

Year	Annual Turnover Rate	Number of Individuals Lost	Total Number of Individuals
1 (2024)			
2 (2023)			
3 (2022)			
4 (2021)			
5 (2020)			

Administration Personnel (Back Office)

Year	Annual Turnover Rate	Number of Staff Lost	Total Number of Staff
1 (2024)			
2 (2023)			
3 (2022)			
4 (2021)			
5 (2020)			

13. For investment consulting services, please provide the number of institutional clients and assets under advisement the firm has serviced at the end of each of the last five calendar years.

Year	Number of Investment Consultant Clients	Assets Under Advisement
1 (2024)		
2 (2023)		
3 (2022)		
4 (2021)		
5 (2020)		



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14. For discretionary investment management services, please provide the number of institutional clients and assets under advisement the firm has serviced at the end of each of the last five calendar years.

Year	Number of Discretionary Investment Management Clients	Assets Under Advisement
1 (2024)		
2 (2023)		
3 (2022)		
4 (2021)		
5 (2020)		

15. For each of the last five calendar years, please provide the name and dollar amount of assets advised for every investment consulting client that terminated their relationship with the firm. Provide the reason for each termination.

Year	Client Name(s)	Amount of Assets Advised
1 (2024)		
2 (2023)		
3 (2022)		
4 (2021)		
5 (2020)		

16. Please list the number of institutional clients and assets under advisement the firm has serviced on a project basis over the last five years. Please describe the types of projects for which you were retained.

Year	Number of Project Clients	Assets Under Advisement	Type of Project
1 (2024)			
2 (2023)			
3 (2022)			
4 (2021)			
5 (2020)			



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17. List at least three references for current defined benefit pension fund clients, one of which must be a public pension fund, with assets each in excess of or close to \$1 billion for the Lead Consultant and Co-lead Consultant to be assigned to the ERFC account. For each reference include client name, contact person, address, telephone number, email address, and services provided in the table below:

Active Clients			
	1	2	3
Client Name:			
Contact Person:			
Address:			
Telephone Number:			
Email Address:			
Services Provided:			

18. Provide the number of new defined benefit pension clients added in the last five years and the number of defined benefit pension clients that terminated services in the last five years.

Investment Philosophy and Process

19. Describe the firm’s philosophy with respect to investment consulting with a broad private markets portfolio, managed by a discretionary manager. What key strengths and competitive advantages does the firm possess that generate superior performance and service to pension plan clients?

Philosophy with respect to investment consulting for defined benefit public plan clients:



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Strengths and advantages:

Philosophy with respect to oversight of discretionary investment manager with a broad private markets portfolio:

Strengths and advantages:

20. In your view, how should a client measure and monitor its investment consultant's performance? Please explain. How does the firm measure its own performance?

Client measurement and monitoring of consultant's performance:



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Consultant's own measure of performance:

21. Discuss the theory and methodology of the asset allocation models the firm utilizes. Describe your process for establishing asset class risk and return assumptions, particularly for asset classes such as real estate, private equity, hedge funds, and other alternatives. What asset classes are included in the model? How frequently does the firm review its capital markets expectations?

Theory and methodology of asset allocation models:

Process for asset class risk and return assumptions:

Process risk and return assumptions for real estate, private equity, hedge funds, and other alternatives:



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Asset classes included in model:

Frequency of capital markets expectations review:

22. Describe the firm's process for assisting clients with investment policy guideline development and review. What specifically would the firm do to develop or review the policies of ERFC? How would ERFC be involved in the process?

Process for investment policy guideline development and review:

Specific actions for development or review of current ERFC policies:



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ERFC involvement:

23. Please describe the firm’s manager research database. Is the database proprietary or purchased from an outside vendor? Are managers charged for inclusion? How many managers are tracked? What is the method for gathering information on the investment managers? How often is the data updated?

Manager research database description:

Proprietary or purchased	
Managers charged for inclusion	
Number of managers tracked	
Method for information gathering	
Frequency of data update	

24. Do you have a full-time dedicated team responsible for conducting manager research? If yes, please complete the table below.

Number of Manager Research Staff	Number of Other Staff Involved in Manager Research and Due Diligence	% of Time Spent on Research by Other Staff



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25. Please describe the firm’s manager search process. How does the firm initially screen managers? What criteria are emphasized in the latter stages of a search? How many manager searches did the firm perform in 2024?

Initial screening process:
Criteria emphasized in latter search stages:
Searches performed in 2024:

26. Please provide further detail in the table below with respect to the investment manager searches your firm performed in 2023 and 2024.

Asset Class	2023	2024
Domestic Equities		
Domestic Fixed Income		
International and Global Equities		
Global Bonds		
Alternative Assets		
Synthetic Strategies		
Other		

27. Does the firm use some form of pre-approved manager list? Why is this practice superior or inferior? Please attach a complete list of your firms pre-approved managers—including private markets managers if applicable.

Use pre-approved manager list (yes/no)?
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Defense of, or argument against, pre-approved manager lists:



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28. Please describe the firm's experience and capability for analyzing manager structure. What influence does a client's current manager roster have on the selection of a new manager?

Experience and capability for analyzing manager structure:

Influence of client's current manager roster on new manager selection:

29. Please describe how the firm monitors investment managers. Please include the firm's experience and capability for assessing an investment manager's total performance. Besides investment returns, what key criteria does the firm consider in the review of an investment manager? At what point would the firm recommend terminating an investment manager?

Method of monitoring of investment managers:



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Experience and capability for assessing performance:

Criteria in review of investment manager (besides returns):

Termination point:

30. For the firm’s investment consulting business, what is the percentage of investment manager turnover across all institutional client portfolios over the last five years?

Year	Investment Manager Turnover Rate
1 (2024)	
2 (2023)	
3 (2022)	
4 (2021)	
5 (2020)	



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31. How are consultants' recommendations to clients reviewed and monitored by your organization?

Recommendation Type	Method for Monitoring

32. Does the firm adhere to a level of consistency in consultant recommendations?

33. Please provide the aggregated and weighted 5-, 10-, and 15-year annualized performance results of your public retirement clients with assets between \$1-\$5B as of December 31, 2024. (We understand that it may be difficult to attribute client's investment performance given potential board and staff dynamics and other factors.)

Metric	5-Year	10-Year	15-Year
Total Fund Return			
Asset Mix Policy Return			
Excess Return			
Volatility of Total Fund Return			
Number of Funds			

Standards of Conduct

34. Please list the revenue derived from investment consulting services as a percentage of total firm revenue over the last five years (all clients and public pension fund clients).

Year	% of Revenue From Investment Consulting	% Revenue From Investment Consulting Public Pension Funds
1 (2024)		
2 (2023)		
3 (2022)		
4 (2021)		
5 (2020)		



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35. Please provide insurance coverage levels.

Type of Coverage	Coverage Amount
Errors and Omissions	
Professional Liability	
Fiduciary Liability	
Directors and Officers Liability	
Other (Please Identify)	
Other (Please Identify)	

36. Has the firm, its principals, or any affiliate in the last ten (10) years (a) been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state, or self-regulatory body or organization; (b) been a party to any litigation concerning fiduciary responsibility or other investment related matters; or (c) submitted a claim to your errors and omissions, professional liability, fiduciary liability, and/or fidelity bond insurance carrier(s)? If yes to any, please provide details.

	Details
SEC/Federal/State/Other Inquiry	
Fiduciary responsibility or investment related litigation	
Errors & omissions, professional liability, fiduciary liability, or fidelity bond claim	

37. What percentage of clients pay some or all of their consulting fees through soft dollar arrangements?

38. Does the firm have a written code of conduct or set of standards for professional behavior? If yes, attach a copy and state how are they monitored and enforced.



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39. Has the firm adopted the CFA Code of Ethics and Standards of Professional Conduct? If yes, how is employee compliance monitored?

CFA Code Adopted	Compliance Monitoring Method

40. How does the firm identify and manage conflicts of interest?

41. Has your organization or any officer or principal of your organization been involved in litigation related to consulting activities in the last ten (10) years? If yes, provide a brief explanation and indicate the current status of the proceedings in the table below:

Date and Location	Litigation Caption	Briefly Describe Allegation	Outcome

42. Does the firm retain any clients for whom it provides both general investment consulting services and specialized private market consulting services? If yes, please explain how your firm avoids conflicts of interest, i.e., long-term marketing advantages, competitive advantages, asset allocation bias, etc.

43. Within the last five years, has the firm or an officer or principal derived any remuneration from any third-party investment manager; and if yes, please identify with particularity the manager, the amount of remuneration, and the consideration you provided in exchange for the remuneration.

Manager	Remuneration Amount	Consideration Provided

Data Security and Artificial Intelligence

44. Please describe your firm's data security protocols and measures in place to protect sensitive client information, particularly related to pension fund assets, including any relevant certifications, encryption practices, and access controls. How do you ensure compliance with industry standards and regulatory requirements for data protection?



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45. Please outline your firm's current use of artificial intelligence (AI) in investment analysis, decision-making, or portfolio management. Additionally, describe any plans or strategies you have for integrating AI technologies into your services in the future, including potential benefits and challenges you anticipate in doing so.

Fees

46. Please provide the flat annual fee your firm would charge for providing all of the requested services.

47. Indicate any additional categories of consulting work not listed in the Scope of Services that would be considered to be “special projects” that would not be included in the flat annual fee quoted in response to Question 46 (services not listed are assumed to be part of the flat annual fee engagement). Define specifically how “special projects” would be billed.

Project Category	Billing Method

Exhibits

48. Please include as exhibits sample copies of the following:
- a. Manager search book
 - b. Manager due diligence report
 - c. Research report (Macro)
 - d. Monthly and Quarterly performance review
 - e. Capital markets projections
 - f. List/sample of client resource tools (Dashboard)
 - g. Alphabetical client list segregated by
 - i. Type of client, i.e., endowment, public fund, etc.
 - 1. Educational, government, corporate, etc.
 - h. Private market resources, segregated by type, i.e. RE, PE, PC, NR, Infra.
 - i. Team/expertise
 - ii. Firms last 5 years of deal flow volume