REQUEST FOR PROPOSALS

INVESTMENT CONSULTING SERVICES

SPECIALIST CONSULTANT IN PRIVATE MARKETS

GOVERNMENT OF NEWFOUNDLAND AND LABRADOR

DEPARTMENT OF FINANCE

June 6, 2014
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1.0 INTRODUCTION

The Department of Finance, Government of Newfoundland and Labrador, invites proposals for the provision of investment consulting services, specifically for investing in private markets including infrastructure and private equity.

In keeping with Government policy, it is the intention of the Department of Finance to employ, to the extent feasible, the practice of requesting multiple proposals when obtaining investment consulting services.

2.0 BACKGROUND

On July 1, 1980 the Province of Newfoundland and Labrador Pooled Pension Fund (the Fund) was created under the authority of the Pensions Funding Act for the purpose of providing for the funding of pension plans administered by the Province. These plans include the Public Service Pension Plan, the Teachers’ Pension Plan, the Uniformed Services Pension Plan, the Members of the House of Assembly Pension Plan, and the Provincial Court Judges’ Pension Plan.

The Fund operates in accordance with the Newfoundland and Labrador Pension Benefits Act, 1997 and the Income Tax Act. The affairs of the Fund are managed by the Minister of Finance, as Trustee of the Fund and the Minister has appointed the Pension Investment Committee (PIC) to review, monitor, administer and supervise all investment activities of the Fund. All investments are managed by external providers and monitored by internal staff and the PIC.

As detailed in the Fund’s financial statements, the market value of the Fund as of December 31, 2013, was $7.9 billion. Custodial and administrative services for the Fund are performed by CIBC Mellon Global Securities Services, as agent for the Trustee.

The table below outlines the current asset mix of the Fund, as well as the target long-term asset mix policy. The target asset mix policy was approved recently with a goal to build this strategy out over the next three to five years.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Current Asset Mix</th>
<th>Target Asset Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canadian Equities</td>
<td>35%</td>
<td>25%</td>
</tr>
<tr>
<td>Global Equities</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Global Infrastructure</td>
<td>-</td>
<td>5%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>-</td>
<td>5%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

The Pension Investment Committee’s annual reports and the Fund’s financial statements can be accessed through the following link: http://www.fin.gov.nl.ca/fin/publications/
3.0 DEFINITIONS

“PIC” means the Pension Investment Committee.
“Department” means the Department of Finance.
“Fund” means the Province of Newfoundland and Labrador Pooled Pension Fund.
“Respondent” means each firm which responds to this Request for Proposals.
“Proposal” means the documentation submitted by the Respondent which incorporates all the requirements called for in this Request for Proposals.

4.0 TIMING AND CONDITIONS

The timetable for this Request for Proposals (RFP) process is as follows:

- **RFP release date**: June 6, 2014, 9:00am (NDT)
- **Intent to Respond email submission**: June 13, 2014, 4:00pm (NDT)
- **Deadline for Respondents to submit questions**: June 16, 2014, 4:00pm (NDT)
- **Deadline for Department to respond to questions**: June 20, 2014, 4:00pm (NDT)
- **Proposals to be received by (closing date)**: June 27, 2014, 12:00pm (NDT)
- **Finalists’ interviews**: July 16-17, 2014

Submission of a Proposal in response to this invitation indicates acceptance of the terms and conditions contained herein. Proposals shall remain firm for ninety days from the closing date.

The Department of Finance reserves the right to reject any or all Proposals, to select a Proposal that is not scored the highest or does not have the lowest cost, and to refuse any Proposal that does not meet the specifications, as determined by the Department’s Evaluation Committee. The Department may cancel this Request for Proposals at any time after issuance and will not reimburse Respondents for any costs incurred in the preparation and/or presentation of a Proposal.

All information, including this Request for Proposals, supplied to Respondents by the Department of Finance shall remain the sole and exclusive property of the Department. Respondents shall treat all information supplied in a confidential manner and shall use it solely for the purpose of responding to this Request for Proposals.

Should the Department of Finance deem it necessary to augment, modify or clarify this Request for Proposals, all Respondents will be notified and will receive written addenda. As well, the Department reserves the right to seek, either orally or in writing, explanations and/or additional information concerning any of the Proposals.

5.0 MANDATORY CRITERIA

The successful Respondent must meet the required criteria and possess the necessary knowledge, skills and experience to supply Investment Consulting services in private markets. The required criteria include the following:

1. The proposal must be received no later than June 27, 2014. Refer to Section 8.0 for location.
2. The Respondent must have provided investment consulting and implementation services in private markets to other pension plans / investment funds that have a similar-sized allocation (in dollars) to
infrastructure and private equity as the Newfoundland and Labrador Pooled Pension Fund.

3. The Respondent must have at least three years of experience providing the specified services and the senior executives must have a minimum of five years of relevant investment experience in both infrastructure and private equity.

4. The Respondent must be a business operation with physical office facilities, a diversified client portfolio, research database and staff of at least five people.

5. The Respondent must provide a minimum of three client references.

6.0 NATURE AND SCOPE OF SERVICES

6.1 Private Markets Planning & Advisory Services

The successful Respondent will conduct a strategic review of the private equity and infrastructure asset classes on behalf of the Fund and develop program guidelines and objectives including diversification targets and limitations. This review must be performed from the Fund’s specific perspective and take into consideration its allocation size and nascent program status. The Pension Investment Committee is also interested in receiving market overviews, current and prospective investment opportunities, as well as any issues or concerns with investing in these asset classes from a Canadian institutional client perspective (i.e. structuring and tax considerations).

Key services to be provided on an ongoing basis may include but are not limited to:

- Research, analysis, and assistance in creating the strategy framework, core beliefs and guidelines, diversification targets and investment objectives;
- Development of the Fund’s investment pacing schedule and analysis related to the achievement of the Fund’s target allocation (on an invested basis) in a timely manner;
- Assistance to the Fund in establishing appropriate benchmarks with which to assess the overall performance of the private equity and infrastructure programs. This may include a review of the approaches taken by other similar institutional plans with an emphasis on Canadian pension plans;
- Providing research and developing presentations, where requested, on private equity and infrastructure market intelligence to assist the Fund in information gathering and education for the Department staff, the PIC, etc.;
- Providing support in establishing the Fund’s internal policies and procedures including back office administration and reporting to manage and monitor private equity and infrastructure programs including estimates of expected cost, and
- Providing support in hiring other external advisors including tax advisors and legal counsel.

6.2 Private Markets Implementation

The successful Respondent will assist with implementation of the Fund’s private markets program in both infrastructure and private equity. Key services may include but are not limited to:

- Possess and keep current a robust, active database on potential partners, fund managers and market participants;
- Provide research, analysis and ideas on potential combinations of strategic partners, direct / co-investment opportunities and fund commitments;
- Provide summaries and a brief report with respect to funds that have been reviewed for which the Respondent is recommending an investment by the Fund;
- Provide recommendations to the Fund regarding investment with various investment partners.
- Develop and negotiate directly with investment partners / providers on behalf of the Fund to finalize investment structures that meet the Fund’s objectives.
6.3 Private Markets Monitoring and Administration

The successful Respondent will monitor all private market investments and analyze performance. Key services may include but are not limited to:

- Prepare annual and quarterly performance reports of the private markets portfolio in aggregate, and the portfolios individual investments by fund, co-investment or other relevant category.
- Work with the Fund’s custodian to facilitate performance reporting for the overall Fund investments
- Interact with the Fund’s investment partners
- Provide back-office administrative support
- Oversee and verify accuracy of capital calls and distributions

7.0 RESPONSE REQUIREMENTS

It is important that Respondents provide complete information with their proposal so it can be readily understood and evaluated. Respondents are requested to provide the information set out in this section in the format set out below. Qualifying proposals are those that clearly demonstrate a thorough understanding of the RFP, and its stated requirements and criteria. The Department may disqualify proposals that do not demonstrate this understanding and do not specifically address requirements and criteria as specified throughout. All proposals will be treated in a strictly confidential manner.

Your response should be provided in the same sequence of topics as below. Refer to Section 8.0 for Contact information.

1. Cover Letter
   Identify the RFP description. Identify your company’s name, address, telephone number, fax number and email address. Identify the company representative responsible for your proposal. The letter must confirm that your company is in compliance with the Personal Information Protection and Electronic Documents Act, SC 2000, c.5, and Regulations thereto, as amended. The letter must be dated and signed.

2. Response to Relevant Categories
   Please include a Table of Contents and address the questions below using a concise form or presentation.

3. References
   Provide a minimum of three (3) reference letters with appropriate contact information as evidence of previous experience providing similar services. References may be for contracts currently being performed or where work has been completed. References will be contacted as part of the review process. The list of references should exclude any references from the Department of Finance.

7.1 Background of the Consulting Firm (2 page maximum)

1. Briefly describe your firm’s background, history, and ownership structure, including any parent, affiliated or subsidiary company, and any business partners or joint ventures.

2. Describe the services your firm provides and give the percentage of revenue derived from investment consulting. Of your affiliate group, what percentage of total revenues for that group is derived from investment consulting?
3. Provide an organizational chart of your firm and describe the relationship between each component and your consulting group. For key personnel and senior management, please include a summary of years with the firm and prior experience, and also the names, titles and time with firm of those that have left over the past three years.

4. Within the past three years, have there been any significant developments in your organization such as changes in ownership, restructuring, personnel reorganizations, terminations, or investigations? Do you anticipate future significant changes in your organization?

5. Does your firm act as a fiduciary with respect to the work that it performs?

6. Indicate which regulatory registrations your firm holds.

7. List the address of your main corporate office and indicate which office(s) will service the Department.

8. As part of an ongoing business relationship, does your firm offer training of Department staff or the PIC as it relates to fiduciary responsibilities and general investment knowledge. If so, describe the type of training available.

7.2 Standards of Conduct (1 page maximum)

1. Does your firm have a written code of conduct or a set of standards for professional behavior? If so, how are they monitored and enforced?

2. Has your firm adopted the CFA Institute’s Code of Ethics and Standards or Professional Conduct? If so, how is employee compliance monitored?

3. How are consultants’ recommendations to clients reviewed and monitored by your organization? Does your firm adhere to a level of consistency in consultant recommendations?

4. Please describe any material litigation, including parties, subject matter and resolution of the litigation to which your firm or any key personnel have been a party within the last five years and describe any actions which are in progress, pending or threatened.

5. Has your firm ever been required to pay damages or penalties or trade or relinquish something of value under any of its existing or past contracts as it relates to services similar to those contemplated by this RFP? If so, describe the situation.

7.3 Conflicts of Interest (1 page maximum)

1. Are there any actual, perceived or potential conflict of interest issues your firm would have in servicing the Department? If so, describe them.

2. How does your firm identify and manage conflicts of interest?

3. List and describe any professional relationship you have had with the Department during the past three years.

4. Are there any circumstances under which your firm or any individual in your firm receives compensation, finder’s fees or any other benefit from investment managers or third parties? Are there
any circumstances under which your firm, or any individual in your firm pays compensation, fees or any other benefit to investment managers or third parties? If yes, please describe in detail.

7.4 Consulting Team *(2 page maximum)*

1. How many investment consultants does your firm have? Discuss the ways you manage growth, including any limits to the client/consultant ratio.

2. Describe how your professionals are compensated and any incentives used to enhance the likelihood that these individuals will continue employment with the firm.

3. Identify those professionals who will work directly on the Department’s account. For each professional, provide a biographical sketch including title, functional responsibility at the firm and for this assignment, experience (particularly as it relates to the services to be performed under this RFP) and academic background. Describe the current responsibilities of each professional, including number of accounts/funds that are being managed, client responsibilities, etc. You may include biographies for all consultants listed in your proposal.

4. State whether the individuals assigned to the work have any responsibilities other than providing consulting service, and if so, specify such responsibilities.

5. Describe your firm’s succession planning in the event that key personnel in this assignment should leave the firm or become incapacitated.

6. Describe your approach to client service and provide examples of how current or previous clients with similar needs to the Fund are serviced. Include in this description your firm’s procedure for ongoing presentations and communicating with clients, indicating how often you would meet and what types of issues would be discussed.

7.5 Private Markets Investment Consulting and Experience *(2 page maximum)*

1. Please explain your firm’s goals, plans and desires for expansion in the private markets investments area, particularly how such goals pertain to accepting new client business and the quality of service to all clients. Is there a limit to the number of new clients your firm will accept? At what point will your firm need to add additional staff to perform private market advisory mandates?

2. Describe your investment consulting philosophy as it relates to private markets investing services. Include your approach to the development of a client’s investment strategy and implementation plan. Please address your firm’s decision making process and the titles and responsibilities of the various individuals involved at each stage of this process. In particular, address the key differentiating aspects of your service model and your key competitive advantages for the mandate that is being proposed.

3. Provide a description of your firm’s ability and experience in providing strategic investment advice for private equity and infrastructure programs to institutional investors similar to the Fund. In particular, describe your experience in providing services to Canadian institutions that have only recently made an allocation to alternative assets.

4. Describe the process for developing a client’s private equity and infrastructure investment principles and strategy including objectives and guidelines that would be recommended for use in analyzing investment opportunities. This should include, but not be limited to how your firm would assist a client
in developing its guidelines as they relate to investment risk/return objectives, and diversification targets (i.e. investment sectors, geographical focus, etc.). Provide an expected timeline for the development process.

5. Describe your experience with incorporating co-investments and secondary fund opportunities into a client’s private equity or infrastructure strategy. For which type of clients do you recommend the inclusion of these strategies and to what degree?

6. Describe your approach to benchmarking private equity and infrastructure investments and what benchmarks you find useful.

7. Please describe the team’s ability and experience to educate the PIC and Department staff on private equity and infrastructure investment matters, and the ability to answer detailed or complex questions around strategy development and program implementation.

7.6 Private Markets Program Implementation (6 page maximum)

The questions below may be addressed separately for infrastructure and / or private equity, if applicable.

1. Provide the total number of your firm’s infrastructure and private equity consulting clients (current & former) including a breakdown by size of organization, type of client (e.g. public, private etc.) and by geographic region.

2. How many infrastructure and / or private equity strategy and implementation plans, or similar assignments, has the firm conducted over the last five years? Please describe the scope of service and which consultant(s) provided the service.

3. How many infrastructure and / or private equity manager searches and due diligence assignments has the firm conducted over the last five years and how large were the commitment amounts? Provide a breakdown by year and geographic region.

4. Describe your organization’s private equity and infrastructure market research capabilities, indicating what research you conduct internally and externally and how you keep track of industry and fund manager developments. Please provide a sample research report for recent work.

5. Outline the three major issues which you consider are having greatest impact in the infrastructure and private equity investment universe at the current time. How do you seek to resolve/address these issues in the context of your investment philosophy and through your investment process?

6. Describe your firm’s process for determining portfolio allocations, establishing investment strategies and structuring portfolios, including a sample outline for a portfolio plan and implementation report. Describe, in detail, what areas are addressed when formulating a portfolio and implementation plan.

7. Describe your firm’s process for the evaluation and recommendation of infrastructure and private equity investment managers for a client, including a sample due diligence report. Describe, in detail, what areas are addressed when conducting such due diligence.

8. Has your firm conducted due diligence or advised on infrastructure co-investments, direct investments or secondary investments? If so, please provide details for each including number of clients, commitment amounts and geographic region of the investment.

9. Outline your organization’s process for monitoring and reporting on private markets investment
portfolios. Include a description of key monitoring items and examples of post-close reporting.

10. Do you calculate performance independently of the custodian? If so, do you reconcile your calculated performance with investment managers’ and custodians’ reports? If yes, please describe and if possible please provide a sample aggregate performance report.

7.7 Fee Schedule (1 page maximum)

The fee proposal should include all costs and expenses for providing the services described in the RFP for the next three to five years, and should include all travel and out-of-pocket expenses. The actual fee structure may be subject to negotiation.

1. Please provide your fee structure for this account. Describe in detail how the fee structure is applied and whether it depends on asset size, capital committed, or capital invested.

2. Does your firm’s proposed fee arrangement consist of any incentive or contingent payments? If so, describe the manner of calculation in detail.

3. If your firm provides optional “add-on” services such as education sessions, or legal reviews, please provide fee proposals for the optional services.

8.0 SUBMISSION AND OPENING OF PROPOSALS

One electronic, one signed original and three copies of the Proposal must be received by the Department of Finance at its Pensions Administration Division no later than 12:00 pm (NDT) on Friday, June 27, 2014.

The Proposal, marked Proposal for Investment Consulting Services - Confidential, should be addressed to:

Ms. Natasha Trainor
Manager of Pension Investments
Pensions Administration Division
Department of Finance
Main Floor, Confederation Building, East Block
P.O. Box 8700
St. John’s, NL A1B 4J6

Proposals received after this closing time or via facsimile (fax), e-mail, or other electronic formats will not be considered.

All proposals will be opened at the Department of Finance Board Room at 2:00 pm (NDT), Friday, June 27, 2014. The opening is intended to publicly record proposals received. Information within proposals will not be made public.

8.1 Inquiries and Communications

If your organization intends to provide a Proposal to Department of Finance, please email your Intent to Respond to the e-mail address natashatrainor@gov.nl.ca by the deadline date specified in Section 4.0.

All inquiries and other communications with respect to this RFP are to be directed ONLY to the e-mail address: natashatrainor@gov.nl.ca.
Written inquiries and requests for clarification will be accepted up to 4:00 pm (NDT) on the questions deadline date specified in Section 4.0. Inquiries and requests for clarification received after this date, including inquiries regarding RFP status, will not be addressed. To the extent that the Department considers that the answer to a question may assist in the preparation of a proposal, the Department will share such questions and responses with all Respondents who have e-mailed their Intent to Respond.

Verbal information or representations shall not be binding upon Government or the Department. Only changes, alterations, modifications or clarifications approved by the Department in writing are binding. In order to be valid, all such changes, alterations, modifications or clarifications shall be issued in the form of addenda and all such addenda shall become part of this RFP.

All addenda that have been issued in relation to this RFP will be available on the Government Procurement website at [www.gpa.gov.nl.ca/availabletenders.stm](http://www.gpa.gov.nl.ca/availabletenders.stm), or by contacting the Government Purchasing Agency. Proponents are responsible for ensuring that they have received all addenda pertaining to this RFP and shall be deemed to have received them through their submission of a Proposal in Response to this RFP.

### 9.0 EVALUATION OF PROPOSALS

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>Maximum Points</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. Demonstrated ability to perform the scope of services described in Section 6.0</strong></td>
<td></td>
</tr>
<tr>
<td>- The Evaluation Committee will determine what business model and investment philosophy is most desirable for the Fund</td>
<td>25</td>
</tr>
<tr>
<td>- Respondents providing the greatest collaborative approach, flexibility and ability to provide customization will be scored highest</td>
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</tr>
<tr>
<td><strong>2. Relevant investment consulting experience of the firm and the individual consultants proposed for the Fund</strong></td>
<td>25</td>
</tr>
<tr>
<td>- Respondents and personnel with a strong knowledge base in the creation of infrastructure and private equity investment portfolio will be scored highest</td>
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</tr>
<tr>
<td>- Experience in both conducting due diligence on fund managers and underwriting investments will be evaluated</td>
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</tr>
<tr>
<td><strong>3. Ability to provide administrative support and adequate resources</strong></td>
<td>25</td>
</tr>
<tr>
<td>- The Evaluation Committee will assess the Respondent’s ability to provide ongoing monitoring and performance reporting</td>
<td></td>
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<tr>
<td>- Respondents will be assessed on their ability to gain access to top performing investments and partnerships</td>
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</tr>
<tr>
<td><strong>4. Fees for performance of the required services</strong></td>
<td>25</td>
</tr>
<tr>
<td>- It is assumed that fees will vary considerably based on the business model each Respondent utilizes</td>
<td></td>
</tr>
<tr>
<td>- Fees will be evaluated based on their reasonableness relative to each model of service</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td>100</td>
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</table>
Proposals received in response to this invitation will be evaluated by the Department of Finance’s Evaluation Committee. The evaluation of Proposals will be based on the mandatory criteria, as described in Section 5.0 and the evaluation criteria as shown in the table above.

Upon evaluation of the proposals based on these criteria, the top three scoring Respondents will be required to address the Evaluation Committee through an oral presentation. It is expected that the presentation would be delivered by the personnel who would have primary responsibility for servicing the Department of Finance account. Other senior members of the team may be introduced at this time.

On completion of the oral presentations, the Evaluation Committee will make the final selection.

An agreement satisfactory to the Department shall be entered into with the successful Respondent. If the Respondent is an extra-provincial corporation, the Respondent may be required to register in the Province of Newfoundland and Labrador in accordance with the Corporations Act (NL).

10.0 TERM OF ENGAGEMENT

It is expected that the successful Respondent would be engaged for an initial period of five years, subject to annual evaluations.

-END OF DOCUMENT-