

Request for Proposals

Unconstrained ("Absolute Return") Fixed Income Strategy

Firefighters' Retirement System of Louisiana

Blackout Period: Other than the RFP response itself and questions allowed according to the RFP document, any further communication with FRS board members or staff is strictly prohibited from October 16, 2017 until after selection of the finalist. Marketing emails are prohibited. You must be proactive. It is your responsibility to contact your marketing and client service offices to ensure that FRS board or staff are not included on any email lists. Any violation of this standard may be grounds for elimination from the search.

SECTION I: OVERVIEW

The Firefighters' Retirement System ("FRS" or "System") is soliciting proposals from Unconstrained ("Absolute Return") Fixed Income managers, the benchmark for which is LIBOR + 3% - 6%. The System's total allocation to the selected manager will be approximately \$60 million. The System anticipates hiring a single investment manager from this search as a complement its existing core fixed income managers (i.e., Barclays Aggregate benchmarked).

A. Overview of the Funds

FRS is a cost sharing, multiple-employer governmental defined benefit pension plan that provides retirement, disability, and survivor benefits for over 6,000 members employed by 125 different cities, parishes, and fire protection districts. Created on January 1, 1980, the System now has approximately \$1.6 billion in assets.

B. Scope of Services

FRS is seeking one firm to provide investment management services in an unconstrained ("absolute return") fixed income strategy. The services sought include:

1. Discretionary investment of plan assets
2. Discharge of duties solely in the interest of the plan's participants and beneficiaries
3. Compliance with all board policies including the investment policy statement as adopted
4. Attend board meetings if requested by the FRS Board of Trustees
5. Provide on-going education to trustees and staff if requested

Firefighters' Retirement System of Louisiana hereby reserves the right to: 1) Discontinue the RFP in whole or in part, 2) Reject any and all proposals, 3) Waive minor irregularities in any proposal, 4) Request clarification of information submitted, and 5) Request additional information from any proposer.

SECTION II: MINIMUM ELIGIBILITY REQUIREMENTS

At the time of submission of the proposal, the submitting proposer must provide a written cover letter (a template for which is provided in Section V) from its presiding officer confirming that the respondent meets all of the minimum criteria set forth below. If your firm does not meet all of the criteria, the proposal may not be considered. In addition to confirming that all of the minimum criteria are met, please disclose any campaign contributions and/or contractual business the firm or any employee of the firm may have with any FRS trustee or staff member. If you have nothing to disclose, please state that also.

Please provide 2 signed original paper copies of the cover letter (a template for which is provided in Section V) to Michael Becker at the address below. In addition, please provide one paper copy of the letter to David Barnes at the address below. Paper copies of cover letters must be received by the deadline established in Section III. Any letters received after the deadline will have their responses eliminated from consideration.

Michael Becker
FRS Chief Investment Officer
3100 Brentwood Drive
Baton Rouge, LA 70809
Email: mbecker@ffret.com
Phone: (225) 925-4060
Fax: (225) 925-4062
2 Originals

David Barnes, CFA, CAIA
NEPC Senior Consultant
400 Galleria Parkway, Suite 1960
Atlanta, GA 30339
Email: dbarnes@nepc.com
Phone: (678) 433-4410
Fax: (678) 433-4401
1 Copy

The following criteria are the minimum qualifications.

1. As of September 30, 2017, the named firm has, at a minimum, \$500 million of invested capital for the specific unconstrained ("absolute return") fixed income strategy you are proposing.
2. As of September 30, 2017, no individual client makes up more than 50% of the assets of the total strategy being proposed.
3. As of September 30, 2017, the named firm has a minimum three-year performance record for the specific strategy that you are proposing. The track record must be calculated in full compliance with the CFA Institute's Global Investment Performance Standards (GIPS). Simulated or backtested returns of any kind will not be accepted.
4. Liquidity for the product being proposed should be at least monthly.
5. Your organization is a Registered Investment Advisor with the SEC or is an exempt entity as indicated in the FRS Investment Policy Statement (IPS).
6. **The named firm must agree to be governed by the Fiduciary standards set forth in the Louisiana Revised Statutes, Title 11, Sections 264, 264.7, and 269.**
7. The named firm must agree to comply with all board policies including the FRS Investment Policy Statement as adopted (IPS is available on the FRS website - <http://www.ffret.com/investment>).
8. The named firm must agree to the following terms regarding governing law and jurisdiction-

Governing Law

This Request for Proposal ("RFP") and any communications relative thereto shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

In matters solely between RFP respondent or entity represented by RFP respondent and FRS, any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent, including but not limited to any Investment Management Agreement, Limited Partnership Agreement, LLC Membership Agreement, or Trust Agreement, shall be governed by the laws of the State of Louisiana, notwithstanding the principles of conflicts of laws or the place where any such Agreement is executed by any party or location of any office relative thereto.

Jurisdiction

RFP respondent agrees that the exclusive jurisdiction for any dispute regarding this Request for Proposal ("RFP") shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

The exclusive jurisdiction regarding any dispute relative to any Agreement entered between FRS and RFP respondent or any entity represented by RFP respondent in which FRS and RFP respondent or entity represented by RFP respondent are the sole initial parties, shall be the 19th Judicial District Court, East Baton Rouge Parish, Louisiana, or the United States District Court, Middle District of Louisiana, whichever is appropriate as determined by the foregoing named court or courts. For avoidance of doubt, RFP respondent understands and agrees that the provisions of this term excludes jurisdiction by any other court in this world.

SECTION III: TIMELINE AND SELECTION PROCESS

The following schedule has been established by the FRS Board and may be changed by the Board if necessary. If the schedule changes, all changes will be reflected on the NEPC search website at http://www.nepc.com/investment_managers/advertised_searches.

Action	Date
RFP issuance and advertisement period	October 16 – November 24, 2017
Deadline for submission of written questions	November 10, 2017
Responses to RFP questions posted	November 17, 2017
Deadline for submission of cover letter	November 24, 2017
Finalists selected for board interview	January 11, 2018
Finalists interviews	February 5, 2018
Contract awarded	As soon as practical following finalist selection and completion of contract negotiation

A. Question and Answers

In an effort to clarify any issues in this RFP, FRS or NEPC will only respond to questions that are presented in writing and received by mail or e-mail. Questions should be addressed to Michael Becker and David Barnes at the contact information provided in Section II. All questions and answers will be consolidated into a single document and posted on the NEPC search website. The source of questions may not be disclosed in the document.

Blackout Period: Other than the RFP response itself and questions allowed according to the RFP document, any further communication with FRS board members or staff is strictly prohibited from October 16, 2017 until after selection of the finalist. Marketing emails are prohibited. You must be proactive. It is your responsibility to contact your marketing and client service offices to ensure that FRS board or staff are not included on any email lists. Any violation of this standard may be grounds for elimination from the search.

B. Proposal Submission

Respondent's firm, strategy, product and performance will be analyzed through the use of a third-party database. The database is provided by *eVestment* and is located on the web at www.eVestment.com. As such, all fields must be updated in the *eVestment* database to be considered for this RFP.

Populating the *eVestment* database with firm and product information (updated with data and information as of September 30, 2017) is essential to the completion of the RFP process. If the database is not fully populated, responses may be considered incomplete and may be grounds for discontinuing consideration of proposals and products for this search. Fields must not be left

blank, and must not contain *0, none, or N/A* unless necessary. Respondents will not be contacted by FRS' consultant or any FRS representative to fill in missing fields. Respondents should use additional comment fields provided to make qualifying notes as applicable.

If your firm does not already utilize the *eVestment* database, you can participate by sending an email with your contact information to: getmanager@evestment.com. A representative from eVestment will call you to establish the firm in the database. There is no charge for supplying data to the database. **All data must be as of September 30, 2017 and must be entered into the eVestment database by November 24, 2017.** Data submitted after this date may not be considered.

C. Evaluation and Selection Process

Proposals will be evaluated by the FRS staff, the FRS investment consultant, and the FRS Board of Trustees. All firms selected as finalists will be required to appear at the February 8, 2018 board meeting for oral interviews. No additional material will be allowed to be provided during interviews. Interviews will be strictly based on RFP responses.

SECTION IV: PROPOSAL CONTENT

The proposal will consist of the cover letter as described in Section II and the data submitted to the *eVestment* database as described in Section III. The database is located on the web at: www.eVestment.com.

The data fields include but are not limited to the following:

1. Firm name, address, and year founded
2. Firm ownership structure including percentage employee owned, publicly held, parent owned
3. Is the firm a registered investment advisor
4. Total firm assets under management and number of accounts
5. Asset size and number of accounts by client type
6. Vehicle breakdown: number of assets / accounts in separate accounts, commingled funds, and institutional/retail mutual funds
7. Number of accounts and dollars gained and lost for previous 5 years
8. Team description including bios of key team members, as well as number of portfolio managers, research analysts, traders and average years of experience
9. Employee turnover for previous 5 years
10. Product name, product description, product inception date, and primary equity capitalization and style emphasis
11. Product assets under management and number of accounts
12. Current number of issues
13. Typical number of issues
14. Average quality issue
15. Minimum quality issue
16. Average maturity
17. Effective duration
18. Maturity and duration distribution
19. Breakdown of country allocations
20. Breakdown of sector allocations
21. Performance compared to the benchmark for a trailing 1, 3, 5, 7, and 10 year time period as well as calendar year returns for the previous ten years
22. Risk and regression analysis including but not limited to: standard deviation, correlation coefficient, R-Squared, Beta, etc. for the trailing 1, 3, 5, 7, and 10 year time period as well as for each calendar year for the previous 10 years
23. Efficiency measures including but not limited to: Sharpe Ratio, Treynor Ratio, Sortino Ratio, Tracking Error, and batting average for the trailing 1, 3, 5, 7, and 10 year time period as well as for each calendar year for the previous 10 years
24. Strategy snapshot including current cash position, use of cash, and annual turnover
25. Policy limits for cash positions, maximum position size, maximum sector exposure, maximum industry exposure, maximum country or regional exposure

26. Investment philosophy description
27. Research and screening process description
28. Portfolio construction and risk control methodology
29. Buy/sell discipline description
30. Trading strategy description
31. Security of assets and securities lending practices
32. Redemption terms
33. Use of derivatives
34. Firm financial information
35. Corporate governance policies
36. Firm internal control systems
37. Listing of 3rd party service providers
38. Firm disaster recovery plans
39. Insurance coverage
40. Fee schedules

Respondents should use additional comment fields provided to make qualifying notes as applicable. All responses should be direct and clear.

SECTION V: Cover Letter

Firefighters' Retirement System of Louisiana (FRS) Unconstrained ("Absolute Return") Fixed Income Manager Search

The Firefighters' Retirement System ("FRS" or "System") is soliciting proposals from Unconstrained ("Absolute Return") Fixed Income managers, the benchmark for which is LIBOR + 3% - 6%. The System's total allocation to the selected manager will be approximately \$60 million. The System anticipates hiring a single investment manager from this search as a complement its existing core fixed income managers (i.e., Barclays Aggregate benchmarked).

[Insert firm name] is hereby submitting notification to participate in the above stated proposal process. [Insert firm name] is submitting information for its proposed product - [insert specific fund name – exactly as it appears in the eVestment database] - for the purposes of this Request for Proposal.

[Insert firm name] has read, understands, and agrees to abide by the proposal process as outlined in the complete Request for Proposal document.

Please disclose below any conflicts of interest or potential conflicts of interest that the submitting firm or its principals may have with NEPC, LLC or its principals. If you have nothing to disclose, please state so immediately below:

Conflict of interest with NEPC, LLC disclosure:

Please disclose below any campaign contributions and/or any contractual business with any Firefighters' Retirement System of Louisiana trustee or staff member. If you have nothing to disclose, please state so immediately below:

Campaign contribution disclosure:

Please disclose immediately below if the investment management firm of the proposed strategy or the ultimate parent of the investment management firm of the proposed strategy is a foreign (non-US domiciled and/or headquartered) entity.

Ownership disclosure:

MINIMUM CRITERIA

1. As of September 30, 2017, does [insert firm name] have, at minimum, \$500 million of invested capital for the specific unconstrained ("absolute return") fixed income strategy proposed?

YES ____ NO ____

2. As of September 30, 2017, does any individual client make up more than 50% of the assets of the strategy being proposed?

YES ____ NO ____

3. As of September 30, 2017, does [insert firm name] have a minimum three-year performance record for the specific strategy being proposed? The track record must be calculated in full compliance with the CFA Institute's Global Investment Performance Standards (GIPS). Simulated or backtested returns of any kind will not be accepted.

YES ____ NO ____

4. Is liquidity for the product being proposed at least monthly?

YES ____ NO ____

5. As of September 30, 2017, is [insert firm name] a Registered Investment Advisor with the SEC or an exempt entity as indicated in the FRS IPS?

YES ____ NO ____

6. Does [Insert firm name] agree to be governed by the Fiduciary standards set forth in the Louisiana Revised Statutes, Title 11, Sections 264, 264.7, and 269?

YES ____ NO ____

7. Does [Insert firm name] agree to comply with all board policies including the investment policy statement as adopted (IPS is available on the FRS website - <http://www.ffret.com/investment>)?

YES ____ NO ____

8. Does [Insert firm name] agree to the following terms regarding governing law and jurisdiction-

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YES____ NO____

The undersigned certifies that above statements are true and correct.

Signature

Date

Primary RFP Contact Information

[Insert primary RFP contact name]

[Insert primary RFP contact mailing address]

[Insert primary RFP contact email address]

[Insert primary RFP contact phone number]