

R E Q U E S T F O R P R O P O S A L

(This request for proposal consists of 5 pages)

CITY OF AUSTIN POLICE RETIREMENT FUND

Introduction

The City of Austin Police Retirement Fund (hereinafter, the "Plan"), a defined benefit public employees retirement system, is seeking proposals from qualified bidders to provide investment consulting services to the Plan.

The Plan is a defined benefit retirement system serving active and retired public safety employees of the City of Austin, Texas. The Plan is managed by a Board of Trustees consisting of elected and appointed members. It is governed by Article 6243n-1 of Vernon's Texas Civil Statutes. The Board and its Investment Committee oversees approximately \$500,000,000 of Plan assets. The Board currently employs Consulting Services Group, Inc. as its general investment consultant, utilizing a diversified portfolio of stocks, bonds, international securities, real estate, time, private equity and hedge funds.

A copy of the current investment allocation and list of managers is attached as Exhibit 'A'.

The successful bidder will be asked to sign a written agreement setting forth the terms of the parties' relationship. The agreement will be subject to cancellation by the bidder on 90 days written notice to the Board and on 30 days written notice by the Board to the bidder.

Qualifications

In order to be considered a qualified bidder, an applicant must meet the following requirements:

1. Be an investment advisor registered with the Securities and Exchange Commission under the Investment Advisor's Act of 1940. The consultant SHALL be a fiduciary of the Fund in accordance with the provisions of Texas law. The consultant will not be expected to render legal, accounting, or actuarial advice, nor to prepare any such documents.
2. Provide services on a flat-fee basis.
3. Not be associated in any manner with any of the money managers for the pension fund.
4. Have substantial experience (at a minimum 5 or more years) working in the public sector.

Responsibilities

In order to be considered a qualified bidder, an applicant must be able to provide the following services:

1. Provide a designated employee to regularly attend all monthly investment and Board meetings, and other special meetings as requested by the Board.
2. Evaluate the performance of any existing professional money manager and make recommendations to the Board regarding the selection of money managers for the next investment term. Provide a review and analysis of rates of return and other pertinent data with respect to the investment portfolio of the Fund. Full investment manager evaluation reports will be expected on a quarterly basis, and investment manager updates will be expected on a monthly basis. The full report shall detail the beginning and ending balance of each investment manager's portfolio as designated by the Board, detailing the beginning value, the ending value, and the percentage rate of return. The quarterly report should also contain an analysis of the Fund as a whole, and separate analyses of common stocks, long-term fixed income, convertible securities, and short-term investments. The consultant will also be expected to provide a continuing overview of the current investment environment with comments on the present investment strategy and recent performance. The consultant will be expected to assist the Board in monitoring the investments to make certain that they meet the investment policy as set by the Board. The consultant will be asked to assist the Board in developing an investment policy, including manager selection and asset allocation.
3. Reconcile and verify custodial trading confirmations with reports from the investment manager(s); arrange for quarterly reporting by the investment manager.
4. Coordinate with the Board's legal counsel on such legal matters as may arise from time to time.
5. Assist the actuary in the timely gathering of data for the required actuarial valuation.
6. Provide timely assistance to retirement system staff for preparation of the annual financial statement.
7. Perform such other duties as the trustees may require.

Proposal

Your response to the RFP should be in writing and provide the following information:

1. Corporate name.
2. Name of any parent or subsidiary company.
3. Names and experience of the person(s) to be assigned to this account.
4. A description of your company including the number of employees; relevant public pension experience; and your plan for implementing consulting services.
5. State what you believe distinguishes your consulting services from your competitors. Describe any services of your organization that may not be offered by other consultants.
6. Provide a list of 3 current public fund clients with assets greater than \$250 million for whom work similar to that requested in this RFP has been performed by your firm. Include name, contact person, telephone number, asset value, number of years they have been a client of the firm, and the services provided. The Plan may contact any of these clients as references. If you require advance notice of the Plan's intent to make inquiries, please so indicate.
7. Attach the declarations page for any fidelity bond and professional liability insurance. The Board requires a \$500,000 minimum fidelity bond and a \$3 million minimum professional liability policy. If no such bond and insurance are maintained, provide an explanation of your company's ability to protect the Plan from any act or omission on your part.
8. The location of the office from which the contract services will be performed.
9. Within the last five years, has your organization or an officer or principal been involved in litigation, SEC investigations, or other legal proceedings relating to your investment consulting arrangements? If so, please provide an explanation and indicate the current status or disposition. The term "litigation" includes any claim made and settled, whether or not suit was filed.
10. Has your firm ever been censured by any regulatory body? If so, please describe the situation.
11. Advise the Board whether any employee or officer of the company has been charged (whether or not convicted) with any offense involving fraud, theft or dishonesty.

12. Explain in detail any potential for conflict of interest that may be created by your firm's providing services to the Plan.
13. Does your firm or an affiliate manage money for clients? Include also whether your firm or its parent or an affiliate is a broker/dealer. Do you trade for your client accounts through your own broker/dealer? Does your firm accept soft dollars as a method of payment for services provided? Do you use soft dollars to make payment for services rendered? What percentage of your clients has soft dollar arrangements with your firm?
14. Describe how conflicts of interest among your consulting functions are prevented if your firm also provides portfolio management or brokerage services, or if your firm also provides consulting services to investment management companies.
15. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.
16. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?
17. Does your firm maintain an in-house database of investment managers? If not, from what vendor do you purchase the database?
18. How many traditional managers and how many products are included in the database your firm uses?
19. With regard to "Alternative Assets" (broadly defined as real estate, private equity and hedge funds), describe your firm's research facility for each area.
20. Provide a detailed fee proposal. The fee proposal should address the above-described services on both a soft dollar and hard dollar, fixed fee basis. The fee proposal should also address the applicable cost if the Trustees add an additional money manager. If there is a separate cost for conducting a manager search, asset allocation search, or any other service, that cost should be specified. In addition, any reimbursable cost claimed by the consultant should be set forth.

Twenty (20) copies of the response to the RFP should be sent to:

Sampson K. Jordan, CEO

Austin Police Retirement System

2520 S. IH-35 South, Suite 100

Austin, Texas 78704

(512) 416-7672

The envelope should be clearly marked "Response to RFP - Investment Consulting Services."

No telephonic communication should be made with any member of the Board. All inquiries concerning the RFP should be sent to:

Sampson K. Jordan, CEO

RFP's are due not later than 5:00 p.m. on: January 4, 2013

The Board will conduct interviews at a time and place to be determined.

The Board reserves the right to reject any or all responses to the RFP in its sole and exclusive discretion. Submission of the lowest bid is no guarantee of selection. By submitting a response, a service provider agrees to be bound by the Board's determination in this matter and waives any claim against the Board, its trustees and their agents for any matter connected with this request.

**CITY OF AUSTIN POLICE RETIREMENT FUND
CURRENT HOLDINGS AT MARKET
AS OF OCTOBER 31, 2012**

INVESTMENT MGR % OF ACCT TOTAL	CASH	EQUITIES	FIXED INCOME	R.E. & TIMBER	ALTERNATIVES	TOTALS	% OF TOTAL FUND
DELAWARE INVESTMENTS (2012)	1,168,968.51	22,624,799.21	0.00	0.00	0.00	23,783,767.72	4.57%
% OF ACCOUNT TOTAL	4.87%	95.13%	0.00%	0.00%	0.00%	100.00%	
NTGI COL S&P 500 Fund - NL (2012)	0.00	72,455,271.22	0.00	0.00	0.00	72,455,271.22	13.93%
% OF ACCOUNT TOTAL	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	
THORNBURG-GLOBAL VALUE (2008)	1,756,677.77	35,937,196.11	0.00	0.00	0.00	37,693,873.88	7.25%
% OF ACCOUNT TOTAL	4.66%	95.34%	0.00%	0.00%	0.00%	100.00%	
WELLINGTON ENERGY FUND (2004)	0.00	45,372,104.89	0.00	0.00	0.00	45,372,104.89	8.72%
% OF ACCOUNT TOTAL	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	
KBI ECO WATER FUND (2007)	0.00	13,579,571.91	0.00	0.00	0.00	13,579,571.91	2.61%
% OF ACCOUNT TOTAL	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	
CB ELLIS S.S. FND (2009)	178,149.30	0.00	0.00	8,596,493.00	0.00	8,774,642.30	1.69%
% OF ACCOUNT TOTAL	2.03%	0.00%	0.00%	97.97%	0.00%	100.00%	
NORTHERN TRUST-STIF (1988)	17,483,527.50	0.00	0.00	0.00	0.00	17,483,527.50	3.36%
% OF ACCOUNT TOTAL	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
GUIDANCE CAPITAL HFOF (2010)	0.00	0.00	0.00	0.00	1.00	1.00	0.00%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
ASHMORE - TOTAL RETURN FD (2012)	0.00	0.00	38,257,687.14	0.00	0.00	38,257,687.14	7.36%
% OF ACCOUNT TOTAL	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	
ASHMORE - MULTI_STRATEGY (2004)	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
% OF ACCOUNT TOTAL	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
BRANDES-GLOBAL VALUE (1993)	0.39	0.00	0.00	0.00	0.00	0.39	0.00%
% OF ACCOUNT TOTAL	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
ASHMORE - CORPORATE HY (2008)	0.00	0.00	0.00	0.00	0.00	0.00	0.00%
% OF ACCOUNT TOTAL	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	
CLINTON GROUP (2008)	0.00	0.00	0.00	0.00	13,623,997.21	13,623,997.21	2.62%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
CAPITAL POINT PARTNERS (2007)	1.52	0.00	0.00	0.00	7,878,295.00	7,878,295.52	1.51%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
SMH CAPITAL ADVISORS (2007)	1,264,292.15	4,992.00	18,836,861.85	0.00	0.00	20,106,146.00	3.87%
% OF ACCOUNT TOTAL	6.29%	0.02%	93.69%	0.00%	0.00%	100.00%	
NEW BOSTON FUND - R.E. FUND (2001)	0.00	0.00	0.00	2,733,253.00	0.00	2,733,253.00	0.53%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
VEF ADVISORS FND-R.E. FUND (2002)	0.00	0.00	0.00	4,303,799.39	0.00	4,303,799.39	0.83%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
SENTINEL REALTY-APTS. (1992)	0.15	0.00	0.00	7,732,353.00	0.00	7,732,353.15	1.49%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
EDISON LP-APTS. (1996)	0.18	0.00	0.00	6,349,477.00	0.00	6,349,477.18	1.22%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
CB ELLIS STRG. PTN. RE (2000)	0.00	0.00	0.00	6,234,299.00	0.00	6,234,299.00	1.20%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
ROCKSPRING REAL ESTATE (2003)	0.00	0.00	0.00	25,580,692.00	0.00	25,580,692.00	4.92%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
GE ASSET MANAGEMENT (2006)	0.00	0.00	0.00	744,000.00	0.00	744,000.00	0.14%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
JPMORGAN INTL RE FUND (2007)	0.00	0.00	0.00	3,408,683.00	0.00	3,408,683.00	0.66%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
WORLD CLASS CAPITAL RE (2009)	0.00	0.00	0.00	18,685,774.00	0.00	18,685,774.00	3.59%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
VISION CAPITAL RE (2008)	0.00	0.00	0.00	3,663,055.00	0.00	3,663,055.00	0.70%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
INVESCO RE (2005)	1.26	0.00	0.00	8,688,633.00	0.00	8,688,634.26	1.67%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
FWAR INVESTORS RE (2012)	0.00	0.00	0.00	3,187,922.00	0.00	3,187,922.00	0.61%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
POLICE RET. BLD.-KTCW (1993)	0.00	0.00	0.00	592,085.05	0.00	592,085.05	0.11%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
GLOBAL FOREST RE (1997)	0.00	0.00	0.00	8,383,483.00	0.00	8,383,483.00	1.61%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	

**CITY OF AUSTIN POLICE RETIREMENT FUND
CURRENT HOLDINGS AT MARKET
AS OF OCTOBER 31, 2012**

INVESTMENT MGR % OF ACCT TOTAL	CASH	EQUITIES	FIXED INCOME	R.E. & TIMBER	ALTERNATIVES	TOTALS	% OF TOTAL FUND
REGIONS BK-TIMBERLAND (1996)	0.00	0.00	0.00	16,551,007.00	0.00	16,551,007.00	3.18%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
TIMBERLAND INVST RESRCS. (2004)	0.00	0.00	0.00	16,697,960.00	0.00	16,697,960.00	3.21%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
TIMBERVEST (2008)	0.00	0.00	0.00	5,721,293.00	0.00	5,721,293.00	1.10%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%	
W R HUFF ENERGY FUND (2006)	0.00	0.00	0.00	0.00	14,813,130.00	14,813,130.00	2.85%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
CAPITAL SPRING FNDS (2008)	7.04	0.00	0.00	0.00	12,963,008.00	12,963,015.04	2.49%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
EXCELSIOR HF (2008)	0.00	0.00	0.00	0.00	1,641,591.62	1,641,591.62	0.32%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
SAIL VENTURE PTNRS PE (2008)	0.00	0.00	5,453,821.00	0.00	9,749,155.00	15,202,976.00	2.92%
% OF ACCOUNT TOTAL	0.00%	0.00%	35.87%	0.00%	64.13%	100.00%	
INTERCONTINENTAL CAP HFOF (2010)	0.00	0.00	0.00	0.00	8,202,970.00	8,202,970.00	1.58%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
XTREME POWER (2011)	0.23	0.00	5,041,666.66	0.00	0.00	5,041,666.66	0.97%
% OF ACCOUNT TOTAL	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%	
DRIEHAUS CAP MGMT (2012)	0.00	10,586,206.92	0.00	0.00	0.00	10,586,206.92	2.04%
% OF ACCOUNT TOTAL	0.00%	100.00%	0.00%	0.00%	0.00%	100.00%	
RETIREE DEATH BENEFIT FND (2003)	579,201.01	0.00	0.00	0.00	0.00	579,201.01	0.11%
% OF ACCOUNT TOTAL	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%	
DOUBLE EAGLE CAP MGMT (2010)	0.00	0.00	0.00	0.00	12,771,858.00	12,771,858.00	2.46%
% OF ACCOUNT TOTAL	0.00%	0.00%	0.00%	0.00%	100.00%	100.00%	
TOTALS	\$ 22,420,827.01	\$ 200,560,142.26	\$ 67,590,036.66	\$ 147,854,261.44	\$ 81,644,005.83	\$ 520,069,273.19	100.00%
% OF ACCOUNT TOTAL	4.31%	38.56%	13.00%	28.43%	15.70%	100.00%	

**CITY OF AUSTIN
POLICE RETIREMENT FUND
ASSET ALLOCATION
AS OF OCTOBER 31, 2012**

ASSET	MARKET VALUE	% OF TOTAL ASSETS	INV. POLICY TARGET	INV. POLICY RANGE
Equity	203,470,796.93	39.12%	45.00%	20-65%
Large Cap US Equity	60,555,987.32	11.64%		0-55%
Small Cap US Equity	36,726,156.62	7.06%		0-30%
International/Global	47,236,976.18	9.08%		0-35%
Special Situations	58,951,676.80	11.34%		0-30%
Fixed Income	68,859,321.03	13.24%	15.00%	10-70%
Investment Grade*	10,495,487.89	2.02%		0-50%
High Yield	20,106,146.00	3.87%		0-25%
International/Global	38,257,687.14	7.36%		0-30%
Private	0.00	0.00%		0-25%
Real Estate	148,032,412.33	28.46%	22.50%	0-40%
Opportunistic	44,614,994.30	8.58%		0-30%
Value Added	22,703,985.65	4.37%		0-30%
Core	33,359,689.38	6.41%		0-30%
Timber	47,353,743.00	9.11%		0-15%
Alternatives	81,644,014.39	15.70%	15.00%	0-30%
Private Equity	45,403,596.56	8.73%		0-20%
Hedge Funds	36,240,417.83	6.97%		0-30%
Cash - STIF	17,483,527.50	3.36%	2.50%	0-5%
Retiree Death Benefit Fund	579,201.01	0.11%	0.00%	
Total Assets	\$ 520,069,273.19	100.00%	100.00%	

Cash held in managers' accounts is included in their respective asset classes, not cash, as it is their decision when to invest the residual cash.