



STATE OF ALASKA
Department of Revenue
Treasury Division
333 Willoughby Avenue, 11th Floor, State Office Building
PO Box 110405
Juneau, AK 99811-0405

Request For Proposals

RFP 15-003

Date of Issue: July 18, 2014

**Services to Conduct Independent
Audit of State Performance Consultants**

Respondents Are Not Required To Return This Form.

Important Notice: If you received this solicitation from the State of Alaska's "Online Public Notice" web site, you must register with the procurement officer listed in this document to receive subsequent amendments. Failure to contact the procurement officer may result in the rejection of your offer.

Name: Gary Bader, Chief Investment Officer
Judy Hall, ARMB Liaison Officer
Project Directors
Department of Revenue

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SECTION ONE GENERAL INFORMATION

1.1 INTRODUCTION & PURPOSE

This Request for Proposal (RFP) is issued by the Alaska Retirement Management Board (ARMB) for the purpose of soliciting proposals from qualified firms to provide an audit of the performance consultants. Alaska Statute 37.10.220(a)(11) requires that the Board contract for an independent audit of the state's performance consultant not less than once every four years.

The examination does not require the services or expression of opinion by a certified public accountant (CPA), but a demonstrated familiarity with the Global Investment Performance Standards (GIPS) of the CFA Institute is essential.

Respondents are expected to express an opinion regarding:

- The reasonableness, consistency and accuracy of the methods, factors and data used in the calculations of the investment returns, and
- The adequacy of report frequency, content and format of the investment returns.

An Evaluation Committee will score written proposals according to predetermined criteria. Proposal discussions as outlined in AAC 112.140(i) may occur as part of the evaluation process. ARMB reserves the right to reject all proposals, and/or not to award the contract.

1.2 ARMB ADDRESS AND TELEPHONE NUMBER

The ARMB address and telephone number for this RFP is:

Alaska Retirement Management Board
Alaska Department of Revenue, Treasury Division
PO Box 110405
Juneau, Alaska 99811-0405

Physical Address: 333 Willoughby Avenue, 11th Floor
State Office Building
Juneau, Alaska 99801

Project Directors: Gary Bader, Chief Investment Officer
Judy Hall, ARMB Liaison Officer

Phone: (907) 465-3749

Fax: (907) 465-2389

E-Mail: judy.hall2@alaska.gov

Subject: RFP # 15-003

ARMB assumes no liability for incorrect addresses, delivery of notices or RFP packages by public or private carriers.

1.3 CALENDAR OF EVENTS

RFP Issued	July 18, 2014 – Monday
Required Review and Questions Due	July 28, 2014 – Monday
Receipt of Proposals	August 18, 2014 – Monday
Open Proposals	August 19, 2014 – Tuesday
Evaluation Committee Meeting	September 17, 2014 – Wednesday
Committee Evaluation Results Presented to Board	September 18-19, 2014 –
Board Accepts Committee Recommendation	September 18-19, 2014
And Issues Notice of Intent to Award	September 22, 2014 – Monday
Contract issued	October 3, 2014
Draft Report for Staff Review	November 10, 2014
Work Complete – Report to Board	December 4-5, 2014 (TBD)

1.4 CONTRACT TERM, WORK SCHEDULE AND LOCATION

The contract term and work schedule represent ARMB's best estimate of the schedule that will be followed. If a component of the schedule outlined in Section 1.3 above is delayed, the remainder of the schedule will be shifted by the same number of days.

The total period of performance will be from the date of award, approximately October 3, 2014 to March 31, 2015.

There is no specific location for this work. The successful Respondent may be required to travel to Juneau, Alaska to confer with State of Alaska staff, and is required to make one trip to Alaska to present the final report to ARMB.

1.5 CONTRACT PRICING

The Respondent shall provide a fixed price for the review. If incidental costs are included in the proposal, such costs shall be clearly identified and segregated from actual engagement related costs. The Respondent shall provide hourly rates for professional staff for the time and material consulting portion of the engagement in the format outlined in Section 7.

1.6 PROPOSAL SUBMISSION

Proposals must be physically received by the Alaska Retirement Management Board, c/o Department of Revenue, Treasury Division, at the address shown in Section 1.2 above ***no later than 4:00 p.m. Alaska Prevailing Time, August 18, 2014.*** Failure to meet the deadline will result in disqualification of the proposal without review. ARMB is not liable for delays caused by any public or private mail carrier. Please be advised not all delivery services honor overnight delivery to Juneau and weather may delay flights. Should a severe or prolonged weather delay occur, the Project Director may make a determination to accept late delivery of a proposal where documentation indicates that the proposal otherwise would have arrived in a timely manner.

Respondents must submit an original and four (4) copies of their proposal [refer to Section 6.1] along with an electronic version on CD; proposals may be mailed or hand delivered directly to the above address. Faxed proposals are not acceptable. Proposals must be in a sealed envelope and clearly labeled as follows:

State of Alaska
Alaska Retirement Management Board
REQUEST FOR PROPOSAL IN RESPONSE TO:
ASPS #15-003
For: Performance Consultant Audit
Attention: Gary Bader, Chief Investment Officer
c/o Judy Hall, ARMB Liaison Officer
Project Directors

This proposal is submitted by:

(Responding Proposer's Name)

1.7 MODIFICATIONS, CORRECTIONS OR WITHDRAWALS OF OFFERS

Responses to this RFP may be modified, corrected or withdrawn in writing or by fax notice if received prior to the date specified for submission of proposals.

Modifications or corrections to or withdrawal of a proposal received after the date specified for submission of proposals will not be considered.

1.8 REQUIRED REVIEW

Respondents shall carefully review this RFP for defects and questionable or objectionable materials. Respondent's comments concerning defects and questionable or objectionable material in the RFP must be made in writing and received by July 28, 2014. This will allow time for an addendum to be issued if one is required. It will also help prevent the opening and the exposure of proposals upon which an award cannot be made. Respondent's comments shall be sent to the Project Director identified in Section 1.2 above by mail, fax or e-mail.

1.9 QUESTIONS RECEIVED PRIOR TO OPENING OF PROPOSALS

All questions regarding this RFP should be directed to the Project Director previously identified in this RFP. There are generally two types of questions. One involves directing the questioner to the specific section of the RFP where the answer may be found. The second type of question involves clarifying or interpreting parts of the RFP.

Respondents shall put these questions in writing and submit them to the Project Director by July 28, 2014.

All questions must be submitted in writing and may be mailed, faxed or e-mailed to the Project Director listed in Section 1.2. Responses to these types of questions shall be provided to all potential respondents in a written addendum to the RFP.

1.10 AMENDMENTS

Should ARMB consider it necessary to revise any part of this RFP significantly or lengthen or shorten the proposal deadline period, an addendum will be issued to all who were previously issued the RFP, and to those who have registered with the Project Director as having downloaded the RFP from the State of Alaska Online-Public Notice web site.

1.11 MULTIPLE OR ALTERNATE PROPOSALS

Respondents may only submit one proposal for evaluation. Alternate proposals (proposals that offer something different than what is asked for) will be rejected.

1.12 DISCUSSION FORMAT

As provided in 15 AAC 112.140 and as determined by the evaluation process, Respondents reasonably expecting award may be offered the opportunity to discuss their proposal with the Project Director or Evaluation Committee and the evaluation of a proposal may be adjusted as a result of the discussion.

1.13 RIGHT OF REJECTION

The Evaluation Committee reserves the right to and may declare any proposal nonresponsive that does not fully comply with and address all the terms and requirements of this RFP per 15 AAC 112.140. Proposals declared nonresponsive shall be rejected.

ARMB reserves the right to use any ideas presented in any response to the RFP. Selection or rejection of a proposal does not affect that right.

1.14 RFP RESPONSE COSTS

No costs incurred by the Respondent in preparation of the proposal, including travel and personal expenses, may be charged as an expense of performing the contract.

ARMB shall not be subject to payment for costs incurred for proposal preparation or contract preparation as a result of valid and legal termination of this RFP or termination of the contract resulting from the award of this RFP.

1.15 TAXES

ARMB is exempt from federal, and Alaska state and local taxes. ARMB will not be responsible for any taxes levied on the Respondent as a result of any contract resulting from this RFP.

1.16 CONFIDENTIALITY

All proposals and other material submitted become the property of ARMB and may be returned only at ARMB's option.

All proposal information will be held in confidence until the issuance of the Notice of Intent to Award. Thereafter, proposals will become public information.

1.17 SUBCONTRACTORS OR JOINT VENTURES

Subcontractors will not be allowed. Joint ventures will not be allowed.

1.18 CONFLICT OF INTEREST

Each proposal shall include a statement indicating whether or not the firm or any individuals working on the contract has a possible conflict of interest (e.g., including, but not limited to, employed by the State of Alaska) and, if so, the nature of that conflict. ARMB reserves the right to cancel the award if any interest disclosed from any source could either give the appearance of a conflict or cause speculation as to the objectivity of the program to be developed by the Respondent. ARMB's determination regarding any questions of conflict of interest shall be final.

1.19 INSPECTION

ARMB may request a site visit to a Respondent's main office of business to conduct due diligence to support the evaluation of the Respondent.

1.20 RFP SOLICITATION

Public notice has been provided in accordance with 15 AAC 112.140.

1.21 NEWS RELEASES

News releases related to this RFP will not be made without prior approval of ARMB.

1.22 ASSIGNMENT

The Respondent may not transfer or assign any portion of a contract resulting from this RFP without prior written approval of ARMB.

1.23 DISPUTES

Any dispute arising out of this agreement will be resolved under the laws of the State of Alaska. Any appeal of an administrative order or any original action to enforce any

provision of this agreement or to obtain relief from or remedy in connection with this agreement may be brought only in the Superior Court, First Judicial District, State of Alaska.

1.24 SEVERABILITY

If any provision of the contract or agreement is declared by a court to be illegal or in conflict with any law, the validity of the remaining terms and provisions will not be affected; and, the rights and obligations of the parties will be construed and enforced as if the contract did not contain the particular provision held to be invalid.

SECTION TWO: STANDARD PROPOSAL INFORMATION

2.1 AUTHORIZED SIGNATURE

All proposals must be signed by an individual authorized to bind the Respondent to the provisions of the RFP. Proposals must remain open and valid for at least 90-days from the opening date.

2.2 PRE-PROPOSAL CONFERENCE

No pre-proposal conference will be held.

2.3 DISCUSSIONS WITH RESPONDENTS

If the evaluation committee determines, as part of an evaluation conducted under 15 AAC 112.140(f), that a proposal is reasonably susceptible for award, the committee may offer the offeror of the proposal the opportunity to discuss the proposal with the evaluation committee. The evaluation committee may adjust or alter the evaluation of a proposal as a result of the discussion.

During a discussion under this subsection, (1) if there is a need for substantial clarification or change in the request for proposals, the evaluation committee shall amend the request for proposals to incorporate the changes; (2) the evaluation committee may limit discussion to specific sections of the request for proposals.

2.4 NOTICE OF INTENT TO AWARD

After completion of the evaluation process and selection by the Board, the ARMB will issue a Notice of Intent to Award to all Respondents. This notice will contain the name of the apparently successful Respondent, a statement of the proposed contract amount, and a brief description of the professional services that are the subject of the contract.

2.5 PROTEST

AS 36.30.560 provides that an interested party may protest the content of the RFP.

An interested party is defined in 2 AAC 12.990(a) (7) as "an actual or prospective bidder or offeror whose economic interest might be affected substantially and directly by the issuance of a contract solicitation, the award of a contract, or the failure to award a contract."

If an interested party wishes to protest the content of a solicitation, the protest must be

received, in writing, by the Project Director at least ten days prior to the deadline for receipt of proposals. AS 36.30.560 also provides that an interested party may protest the award of a contract or the proposed award of a contract.

If a Respondent wishes to protest the award of a contract or the proposed award of a contract, the protest must be received, in writing by the Project Director within ten days after the date the Notice of Intent to Award the contract is issued.

A protester must have submitted a proposal in order to have sufficient standing to protest the proposed award of a contract. Protests must include the following information:

- a. the name, address, and telephone number of the protester;
 - b. the signature of the protester or the protester's representative;
 - c. identification of the contracting agency and the solicitation or contract at issue;
 - d. a detailed statement of the legal and factual grounds of the protest including copies of relevant documents; and
- (b) the form of relief requested.

Protests filed by telex or telegram are not acceptable because they do not contain a signature. Fax copies containing a signature are acceptable.

The Project Director will issue a written response to the protest. The response will set out the Project Director's decision and contain the basis of the decision within the statutory time limit in AS 36.30.580. A copy of the decision will be furnished to the protester by certified mail, fax or another method that provides evidence of receipt.

All Respondents will be notified of any protest. The review of protests, decisions of the Project Director, appeals, and hearings, will be conducted in accordance with the State Procurement Code (AS 36.30), Article 8 "Legal and Contractual Remedies."

2.6 CONTRACT NEGOTIATION

After final evaluation and issuance of the Notice of Intent to Award, ARMB may negotiate with the Respondent of the highest-ranked proposal. Negotiations, if held, shall be within the scope of the request for proposals and limited to those items which would not have an effect on the ranking of proposals. If the highest-ranked Respondent fails to provide necessary information for negotiations in a timely manner, or fails to negotiate in good faith, the state may terminate negotiations and negotiate with the Respondent of the next highest-ranked proposal.

SECTION THREE: STANDARD CONTRACT INFORMATION

3.1 CONTRACT TYPE

This contract is a firm, fixed price contract. Invoices from the contractor will be based on hourly rate schedules for the various personnel who perform the work contemplated by this RFP.

3.2 CONTRACT APPROVAL

This RFP does not, by itself, obligate the state. The state's obligation will commence when the contract is approved by the Chair of the Alaska Retirement Management Board and the Commissioner of the Department of Revenue or the Commissioner's designee. Upon written notice to the contractor, the state may set a different starting date for the contract. The state will not be responsible for any work done by the contractor, even work done in good faith, if it occurs prior to the contract start date set by the state.

3.3 STANDARD CONTRACT PROVISIONS

The contractor will be required to sign and submit the attached State's Standard Agreement Form for Professional Services Contracts-and Appendix A [Attachment 9.1]. The contractor must comply with the contract provisions set out in this attachment. No alteration of these provisions will be permitted without prior written approval from the Department of Law. Objections to any of the provisions in Appendix A must be set out in the Respondent's cover letter.

3.4 PROPOSAL AS A PART OF THE CONTRACT

This RFP and the successful proposal will be incorporated into the contract.

3.5 ADDITIONAL TERMS AND CONDITIONS

The state reserves the right to add terms and conditions during contract negotiations. These terms and conditions will be within the scope of the RFP and will not affect the proposal evaluations.

3.6 INSURANCE REQUIREMENTS

The successful Respondent must provide proof of workers' compensation insurance prior to contract approval.

The successful Respondent must secure the insurance coverage required by the state. The coverage must be satisfactory to the Department of Administration Division of Risk Management. A Respondent's failure to provide evidence of such insurance coverage is a material breach and grounds for withdrawal of the award or termination of the contract.

Respondents must review form Appendix B2 [Attachment 9.1], for details on required coverage. No alteration of these requirements will be permitted without prior written approval from the Department of Administration, Division of Risk Management. Objections to any of the requirements in Appendix B2 must be set out in the Respondent's cover letter.

3.7 CONTRACT FUNDING

Approval or continuation of a contract resulting from this is contingent upon legislative appropriation.

3.8 PROPOSED PAYMENT PROCEDURES

The state will make payments based on a negotiated payment schedule. Each billing must consist of an invoice and progress report. No payment will be made until the progress report and invoice has been approved by the project director.

3.9 CONTRACT PAYMENT

No payment will be made until the contract is approved by the Commissioner of the Department of Revenue or the Commissioner's designee. Under no conditions will the state be liable for the payment of any interest charges associated with the cost of the contract. All costs associated with the contract must be stated in U.S. currency.

3.10 INSPECTION & MODIFICATION – REIMBURSEMENT FOR UNACCEPTABLE DELIVERABLES

The contractor is responsible for the completion of all work set out in the contract. All work is subject to inspection, evaluation, and approval by the project director. The state may employ all reasonable means to ensure that the work is progressing and being performed in compliance with the contract. The Project Director may instruct the contractor to make corrections or modifications if needed in order to accomplish the contract's intent. The contractor will not unreasonably withhold such changes.

Substantial failure of the contractor to perform the contract may cause the state to terminate the contract. In this event, the state may require the contractor to reimburse

monies paid (based on the identified portion of unacceptable work received) and may seek associated damages.

3.11 TERMINATION FOR DEFAULT

If the Project Director determines that the contractor has refused to perform the work or has failed to perform the work with such diligence as to ensure its timely and accurate completion, the state may, by providing written notice to the contractor, terminate the contractor's right to proceed with part or all of the remaining work.

This clause does not restrict the state's termination rights under the contract provisions of Appendix A [Attachment 9.1].

3.12 CONTRACT CHANGES – UNANTICIPATED AMENDMENTS

During the course of this contract, the contractor may be required to perform additional work. That work will be within the general scope of the initial contract. When additional work is required, the Project Director will provide the contractor a written description of the additional work and request the contractor to submit a firm time schedule for accomplishing the additional work and a firm price for the additional work. Cost and pricing data must be provided to justify the cost of such amendments per AS 36.30.400.

The contractor will not commence additional work until the project director has secured any required approvals necessary for the amendment and issued a written contract amendment, approved by the Commissioner of the Department of Revenue or the Commissioner's designee.

SECTION FOUR: BACKGROUND INFORMATION

4.1 Alaska Retirement Management Board (ARMB)

ARMB is the fiduciary of the State of Alaska retirement systems - a system with both defined benefit and defined contribution components. ARMB is housed in the Alaska Department of Revenue; the plan administrator is in the Alaska Department of Administration.

The Board's primary mission is to serve as the trustee of the assets of the state's retirement systems, the State of Alaska Supplemental Annuity Plan, and the deferred compensation program for state employees. Consistent with standards of prudence, the board has the fiduciary obligation to manage and invest these assets in a manner that is sufficient to meet the liabilities and pension obligations of the systems, plan, and program. ARMB consists of nine trustees, appointed by the Governor. *AS 37.10.210-390*

AS 37.10.220(b) provides that the Board may employ outside investment advisors and contract for other services necessary to execute the board's powers and duties. ARMB has a general investment consultant and a real estate consultant under contract to provide investment consulting and performance measurement services to ARMB and its staff.

The performance consultants (Consultants) for ARMB are Callan Associates, Inc. (Callan), currently under contract as the general investment consultant, and The Townsend Group (Townsend), currently under contract as the real estate consultant. Each consultant provides quarterly performance measurement reports, conducts external manager searches, and provides other expert assistance to ARMB and its staff. Each consultant also provides assistance with development of investment policies and procedures for the assets for which ARMB serves as fiduciary.

The following attachments provide additional background information:

Attachment 9.2	Plans, Staff and Assets Background
Attachment 9.3	Consultants' Contracts

SECTION 5. SCOPE OF SERVICES

5.1 GENERAL

ARMB seeks one qualified firm to perform an independent audit of the general performance consultant (Callan) and the real estate consultant (Townsend). The consultants provide services, including, but not limited to, the calculation of the investment returns for certain retirement funds (performance measurement); the comparison of these returns against similar funds, portfolios, or indices; and, analysis of investment management style, investment policies and objectives.

5.2 DETAILED SCOPE OF SERVICES

With respect to the audit of the performance consultants, the review shall include:

1. Investment Performance Reporting
 - A. reasonableness, consistency and accuracy of the methods, factors and data used in the calculations
 - B. format and presentation to Board

2. Performance Benchmarks
 - A. manager level
 - B. fund level

SECTION 6: PROPOSAL FORMAT AND CONTENT

6.1 GENERAL

ARMB discourages overly lengthy and costly proposals. Inclusion of advertising or promotional materials with responses is highly discouraged.

In order to evaluate proposals fairly and completely, Respondents must follow the format set out in this RFP and provide all information requested. All Respondents are required to format their proposals in a consistent manner as follows:

1. The Proposal cover letter should be in the form of a letter, as described in Section 6.2.
2. The proposal must be organized under the specific section titles as listed in Section 6.3; each item must be addressed or the proposal may be rejected.
3. The Project Directors may, at their discretion, allow all Respondents five (5) business days, from date of submission, to correct errors or omissions to their proposals. Should this necessity arise, the Project Directors will contact each Respondent affected. Each Respondent must submit written corrections to the proposal within five (5) business days of such notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected. Major errors or omissions, such as the failure to include prices, will not be considered and will result in disqualification of the proposal from further evaluation.

A complete proposal will include the following:

1. Hard copy submission of a Proposal cover letter (with the information described in Section 6.2)
2. Hard copy submission of a Proposal (with the information described in Section 6.3), including the Exhibits noted as follows:
 - Exhibit A – Timeline for Completion of Work
 - Exhibit B – A Recent Performance Review Audit Report
 - Exhibit C – Organization Chart Depicting Firm Organization
 - Exhibit D – Organization Chart Depicting Structure of Review Team
 - Exhibit E – Chart Depicting Key Executives and Professionals in Review Team
 - Exhibit F – Biographies of Primary and Secondary Professionals Providing Services to ARMB
3. Cost Proposal
4. Original, four (4) copies, and CD ROM of all submitted materials in pdf format

6.2 PROPOSAL COVER LETTER

The Proposal Cover Letter must address the following topics:

1. Identification of the RFP
2. Respondent's ability to supply the requested services
3. Respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP
4. Objections to the proposed contract format in Attachment 9.1, the Standard Agreement form, Appendix A and Appendix B

The Proposal cover letter must be signed by a person authorized to legally bind the company. Any other information the Respondent may wish to briefly summarize will be accepted.

6.3 PROPOSAL

The Proposal must contain the following items:

1. Understanding Scope of Services and Methodology
The Respondent should demonstrate in this section an ability to meet the requirements set forth in Section 5, Scope of Services, and should address in detail how it intends to complete each task as indicated in Section 6.4. The Respondent should also specify the extent of involvement required of State of Alaska staff, outlining the amount of time, skills and knowledge needed in order for the Respondent to meet the deliverables.
2. Organization and Experience
The Respondent must provide the information requested in Section 6.5 below.
3. Professional Qualifications and Experience of Staff
The Respondent must provide the information requested in Section 6.6 below.
4. Quality Assurance
The Respondent must identify and discuss how it controls cost, quality, timeliness and confidentiality of its services.
5. Fee Proposal
The Respondent is to submit an annual fixed fee proposal for all services outlined in the Scope of Services, with additional detail as indicated in Section 7.
6. Assumptions
The Respondent must identify and discuss all assumptions it has made in

preparing its cost proposals. Further, the Respondent must state that there are no other assumptions related to meeting the requirements of the RFP other than those enumerated in this section of the proposal. Any other assumptions elsewhere in the Respondent's proposal will not be recognized by ARMB.

7. Exceptions

The Respondent must affirm that it has read and understands the RFP and the terms and conditions included in the RFP. The Respondent must state any and all exceptions it takes with the requirements set forth in the RFP and/or with any terms and conditions contained in the RFP relating to the ensuing contract. Only the exceptions identified in this section of the proposal will be considered by ARMB; any other exceptions embedded elsewhere in the proposal will not be recognized by ARMB.

6.4 UNDERSTANDING SCOPE OF SERVICES / METHODOLOGY

1. Describe in detail your understanding of the work that is to be performed as described in Section 5 of this RFP.
2. Describe the specific methodology to be used for the required scope of services identified in Section 5 of this RFP.
3. Provide as *Exhibit A* a timeline for completion of the work identified in Section 5 of this RFP. Include proposed dates for each key stage or event of the project, indicate dates by which your firm must have specific input data from ARMB or its consultants, and indicate points in the project when your firm would plan to meet with ARMB staff at our office.
4. Provide as *Exhibit B* one recent performance review audit report.

6.5 ORGANIZATION AND EXPERIENCE

1. Provide the following information:
 - a. Date of Response
 - b. Name of Firm
 - c. Primary Project Director
 - d. Title
 - e. Address
 - f. Telephone Number
 - g. Facsimile Number
 - h. E-mail Address
2. Describe the background and ownership of the firm. Describe any material changes in

organization structure or ownership that have occurred in the past five years.

- a. Year firm was formed and began providing services to institutional clients.
 - b. The ownership structure. Indicate all entities that have an ownership stake in the firm (name and percentage).
 - c. Affiliated companies or joint ventures.
 - d. Recent or planned changes to the ownership or organization structure.
 - e. Transition plans for retirement of key executives.
 - f. Importance of the firm's services to your parent company's (if applicable) or your firm's overall business strategy.
3. Provide as *Exhibit C* one organization chart that diagrams the ownership of your firm and any interrelationships between the parent-subsidiary, affiliate, and joint venture entities.
4. Provide as *Exhibit D* another organization chart that depicts the structure of the review team and that identifies this group's key people and the people that will be involved in providing direct services to ARMB.
5. List the locations of each of the firm's offices from which services are provided. Indicate which office would be primarily responsible for servicing the ARMB account.
6. Discuss in general the firm's competitive advantage over other firms in the industry and in the audit service area. Why should ARMB hire your firm?
7. Over the past five years, has your organization or any officer or principal been involved in any business litigation or other legal proceedings related to any of the firm's business activities or auditing services? If so, provide a brief explanation and indicate the current status.
8. Has your firm, within the last ten years, been censured or fined by any regulatory body? If so, please indicate the dates and describe the situation.
9. Is the firm affiliated with any other firm(s) offering services that could represent conflicts of interest? If yes, briefly describe your firm's policies and procedures for doing business with these affiliates while safeguarding against conflicts of interest.
10. Do you, your parent company, or any affiliated company have any business relationships with Callan Associates, Inc. or the Townsend Group? If so, describe that relationship.
11. List and describe any professional relationship your firm or any of your staff have with any member of the Alaska Retirement Management Board, ARMB staff, or the State of Alaska.
12. Has anyone in your firm provided any gifts, travel expenses, entertainment, or meals

to any member of the ARMB or ARMB staff in the last twelve months? If yes, describe the expense and the purpose.

13. For all current public pension plan clients, state the client's name, the first year of your initial Contract with the plan, and their asset and membership size as of June 30, 2014. Designate by asterisk which of these clients are multi-employer plans.

14. Provide the name, title, address, and telephone number for the following THREE (3) client references for whom your firm has provided services similar to this mandate, as specified in each question:

- a. The client for whom your firm most recently completed an audit or review.
- b. The client that most recently terminated your firm's Contract.
- c. The client with the longest relationship with your firm.
- d. A multi-employer public pension plan client for whom your firm has provided services for at least three years.

6.6 PROFESSIONAL QUALIFICATIONS AND EXPERIENCE OF STAFF

1. How many professionals does your firm employ?

2. Describe in general the background of the professionals in the firm:

- a. Are they brought in from outside of the firm or promoted to their positions from within the organization?
- b. For those recruited from the outside, what prior experience and educational credentials are generally sought?

3. For the key executives and professionals, including those that would be assigned to ARMB, provide as *Exhibit E* that identifies the following information:

- a. Name
- b. Title
- c. Responsibilities within the firm. If a person has multiple responsibilities, indicate the percentage of time spent on each function in a footnote to the table
- d. Years of relevant experience
- e. Years with the firm
- f. Degrees and professional designations

4. For the Primary and all Secondary Professionals that will directly provide services to ARMB, provide biographies and label these as *Exhibit F*.

5. How long has the current group of key executives and professionals been together?

6. For the Primary and all Secondary Professionals that will directly provide services to ARMB, state the role each would play in providing the required ARMB services.

7. For the Primary and all Secondary Professionals, state whether any of these individuals are affiliated with any other business entity or activity that could pose a potential conflict of interest with their ARMB assignments. If so, provide details on the entity or activity.

SECTION SEVEN: COST PROPOSAL

7.1 FEES, BILLING AND COSTS

Describe how fees are determined for your firm’s services. How are fees billed (billing periods and prospective versus arrears)? The cost proposal should provide a breakdown of total time and expenses to conduct the work indicated under this RFP as outlined in the chart below:

		A	B	= A*B
Team Member Name	Position Title	Hours on project to be Billed	Hourly Billing Rate (includes overhead and profit)	Budgeted Expense
Total Labor and indirect Costs				_____
Travel Costs				_____
Supplies and All Other Expenses				_____
Total Proposed Fee				_____

7.2 GENERAL

The Respondent should anticipate a trip to Juneau, Alaska to meet with State of Alaska staff, and one trip to Anchorage, Alaska for presentation of the report to ARMB (estimated costs of trips to be included in the cost proposal). If necessary, ARMB staff may visit the Respondent's work site office to provide further background information, discuss issues, and review data.

SECTION EIGHT: EVALUATION CRITERIA AND SELECTION

8.1 EVALUATION OF PROPOSALS

The Chair of the Alaska Retirement Management Board will appoint an Evaluation Committee of no fewer than three members. The evaluation will be based only on the evaluation factors and values stated below. Evaluation factors not specified may not be considered (15 AAC 112.140).

The Evaluation Committee reserves the right to reject Respondents due to their noncompliance with the requirements of this RFP.

Proposals will be evaluated by the Evaluation Committee which will make a recommendation to the Board. One or more respondents may be requested to make an oral presentation to the committee and/or the Alaska Retirement Management Board.

8.2 EVALUATION FACTORS

The weighted factors listed below will be considered by the Evaluation Committee when evaluating submitted proposals:

Understanding Scope of Services and Methodology	20	Points
Overall Organization, Experience and Qualifications	30	Points
Professional Qualifications and Personnel Experience	30	Points
Cost Proposal	20	Points
Alaska Offeror's Preference	10	Points

The Cost Proposal shall be evaluated as follows:

$$\left(\frac{\text{Lowest Total Fee Proposal}}{\text{Total Fee of Proposal Under Consideration}} \right) \times _ = \text{Total Points to be Awarded}$$

SECTION NINE: ATTACHMENTS

9.1 Contract Forms

State of Alaska Standard Agreement Form with Appendix A and B2

9.2 Plan, Fund and Asset Background

9.3 Consultant Contracts

- a. Callan Associates, Inc.**
- b. Townsend Group**

**Attachment 9.1
STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES**

1. Agency Contract Number	2. ASPS Number 15-003	3. Financial Coding	4. Agency Assigned Encumbrance
5. Vendor Number	6. Project/Case Number	7. Alaska Business License Number	

This contract is between the State of Alaska,

8. Department of Revenue	Division Treasury, Alaska Retirement Management Board	hereafter the State, and
-----------------------------	--	--------------------------

9. Contractor	hereafter the Contractor
---------------	-----------------------------

Mailing Address	Street or P.O. Box	City	State	ZIP+4
-----------------	--------------------	------	-------	-------

10.

ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Service:

2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.

2.2 Appendix B2 sets forth the liability and insurance provisions of this contract.

2.3 Appendix C sets forth the services to be performed by the contractor.

2.4 Appendix D sets forth compensation

ARTICLE 3. Period of Performance: The period of performance for this contract begins _____, and ends _____.

ARTICLE 4. Considerations:

4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor in accordance with the provisions of Appendix D.

4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:

11. Department of Revenue	Attention: Division of Treasury
------------------------------	------------------------------------

Mailing Address PO Box 110405, Juneau, AK 99811	Attention: Gary Bader, Chief Investment Officer
--	--

12. CONTRACTOR	14. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm		
Signature of Authorized Representative		Date
Typed or Printed Name of Authorized Representative		
Title		

13. CONTRACTING AGENCY	Signature of Head of Contracting Agency or Designee	Date
Department/Division Revenue/Treasury	Date	

Signature of Project Director	Angela Rodell, Commissioner Department of Revenue
-------------------------------	--

Typed or Printed Name of Project Director Gary M. Bader	
---	--

Title Chief Investment Officer	Gail Schubert, Chair Alaska Retirement Management Board	Date
--	--	------

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in a signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, disability, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, disability, age, sex, marital status, changes in marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the Department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage or contingent fee.

Article 1. Indemnification

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2 Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.3 Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.4 Professional Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement. Limits required per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$300,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$500,000 per Occurrence/Annual Aggregate
\$500,000-\$999,999	\$1,000,000 per Occurrence/Annual Aggregate
\$1,000,000 or over	Refer to Risk Management

Attachment 9.2
Alaska Retirement Management Board
Background on Plans, Staff and Assets

Below is a list of plans for which ARMB serves as fiduciary. Those plans without an asterisk (*) are plans for which ARMB establishes an annual asset allocation. Those with an asterisk are participant-directed plans.

Public Employees' Retirement System

Defined Benefit Plan - Public Employees Retirement Trust Fund
Defined Benefit - PERS Retirement Health Trust
Defined Contribution Retirement Plan - Defined Benefit Component
 Occupational Death and Disability - PERS
 Occupational Death and Disability - PERS Police & Fire
Defined Contribution Retirement Plan
 Defined Contribution Retirement - PERS*
 Defined Contribution Retirement - Retiree Medical Plan - PERS
 Defined Contribution Retirement - Health Reimbursement Arrangement - PERS

Teachers' Retirement System

Defined Benefit Plan - Teachers Retirement Trust Fund
Defined Benefit - TRS Retirement Health Trust
Defined Contribution Retirement Plan - Defined Benefit Component
 Occupational Death and Disability - TRS
Defined Contribution Retirement Plan
 Defined Contribution Retirement - TRS*
 Defined Contribution Retirement - Retiree Medical Plan - TRS
 Defined Contribution Retirement - Health Reimbursement Arrangement - TRS

Judicial Retirement Plan

Defined Benefit Plan - Judicial Retirement Trust Fund
Defined Benefit - Judicial Retirement Health Trust

Military Retirement Plan

Defined Benefit Plan - Military Retirement Trust Fund

Supplemental Annuity Plan*

Deferred Compensation Plan*

Staff

The Portfolio Management Section includes the Chief Investment Officer and 14 professional staff. Portfolio staff will be the primary day-to-day contact with the successful Respondent. The Accounting Section is responsible for the accounting and safekeeping of the assets, ARMB's and Treasury's budgets and accounts payable functions and information technology support. State Street Bank and Trust is the sole master custodian for all assets handled by Treasury.

Assets

The market value of assets under the fiduciary responsibility of the ARMB as of May 31, 2014 was \$25.5 billion. The investment vehicles utilized include separate and commingled accounts. The ARMB employs two fund-of-fund managers to oversee the private equity investments. Additionally, staff has made direct investments in private equity partnerships. The ARMB employs three fund-of-fund managers to oversee the absolute return investments. Direct mortgages make up significantly less than 1% of these portfolios. The ARMB employs a separate consultant for real estate.

The underlying plans for which the ARMB establishes an asset allocation utilize the following asset classes: domestic equity, global equity ex-U.S., private equity, fixed income, real assets, absolute return and cash. The asset classes have been further classified into sub-asset classes as detailed in the table below:

ARMB Listing of Major Asset Classes and Sub-Asset Classes

Domestic Equity
Large Capitalization
Small Capitalization
Global Equity Ex-U.S.
Developed Markets
Emerging Markets
Private Equity
Fixed Income
Domestic Fixed Income
Domestic Investment Grade
Domestic High Yield
Taxable Municipal Bonds
International Fixed Income
Developed Markets
Emerging Markets (short-term)
Real Assets
Real Estate*
Farmland
Timber
Energy
REIT Equity
TIPS
Infrastructure
Absolute Return
Cash

*Real Estate returns provided to general consultant from real estate consultant.

Defined Benefit Pension Plans

Treasury currently pools the assets of the four defined benefit pension plans (other than direct mortgages) within asset and sub-asset classes. These plans own shares in those pools that have been selected to meet their specific asset allocation needs. One manager has a global mandate and is included in both the domestic equity and the global equity ex-U.S. pools.

The assets of the defined benefit pension plans are externally-managed with the exception of the following: Treasury's Portfolio Management Section invests the short-term pool,

the domestic fixed income pool, the U.S. Treasury inflation protected securities pool and a real estate investment trust equity pool. These investments are overseen by the Chief Investment Officer and 7 investment staff.

The Short-term Fixed Income Investment Pool (Short-term Pool) is managed directly by the Treasury Division's investment staff. This is the only one of the investment pools created in which money from the various retirement funds is co-invested with other State Treasury monies. All the very short-term investment requirements of the various retirement funds are met through this Short-term Fixed Income Investment Pool including: 1) the temporary investment of funds just received from participating employers or just awaiting disbursement to eligible beneficiaries and 2) the overnight investment of cash held by the retirement systems' internal and external managers.

The pool maintains the general characteristics of a money market pool. Treasury's income objective for the pool is to earn the highest possible income while meeting significant liquidity requirements and taking very low principal risk. The money Treasury invests in this pool has a short time horizon. Treasury invests the funds in this pool in a broad range of short-term fixed income investments. Treasury constructs the pool's portfolio with a low risk tolerance. Maturities (actual or expected average depending on the type of investment) are 14 months or less for fixed-coupon securities and three years for variable-coupon securities. Investments include instruments with a long-term credit rating of at least "A3" or equivalent and instruments with a short-term credit rating of at least "P1" or equivalent.

The Domestic Fixed Income Pool is administered by Treasury's investment staff. The money Treasury invests in this pool has a long time horizon and a limited need for liquidity, and requires some inflation protection. The interest rate risk for this pool, as measured by duration, approximates that of the Barclays Capital U.S. Intermediate Treasury Index. Treasury invests the funds in this pool in a broad range of fixed income investments.

The U.S. Treasury Inflation Protected Securities Pool is administered by Treasury's investment staff and is invested in fixed income inflation protected securities issued by the United States Treasury.

The Real Estate Investment Trust Equity Pool is administered by Treasury's investment staff and is invested in equities issued by real estate investment trusts. The pool is a component of the Real asset class and provides the opportunity to gain more liquid exposure to real estate.

Other Non-Participant-Directed Plans

Those plans other than the pension plans mentioned above are invested in externally-managed common trust funds. Treasury staff contemplates creating one set of pools into which these plans would be participants along with the four defined benefit pension plans.

Participant-Directed Plans

The following set of externally-managed investment options are provided for the participant-directed defined contribution, deferred compensation and supplemental annuity plans:

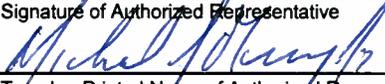
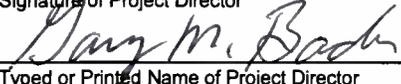
	DC	Deferred Comp	SBS
Cash			
Alaska Money Market Master Trust	X		
Interest Income Fund		X	
Stable Value Fund			X
State Street Institutional Treasury Money Market Fund	X	X	X
Domestic Equity			
T Rowe Price Small-Cap Stock Trust	X	X	X
S&P 500 Stock Index Fund	X	X	X
Russell 3000 Index	X	X	X
Allianz Socially Responsible Investment Fund	X	X	X
U.S. Real Estate Investment Trust Index	X	X	X
International Equity			
Brandes International Equity Fund Fee CL-1	X	X	X
World Equity Ex-U.S. Index	X	X	X
Domestic Bonds			
Government/Credit Bond Index Fund	X	X	X
Intermediate Bond Fund	X	X	X
Long U.S. Treasury Bond Index	X	X	X
U.S. Treasury Inflation Protected Securities Index	X	X	X
International Bonds			
World Government Bond Ex-U.S. Index	X	X	X
Balanced/Target Date			
SSgA Global Balanced Fund	X	X	X
Alaska Long-Term Balanced Trust	X	X	X
Alaska Balanced Trust	X	X	X
Alaska Target Date Retirement 2010 Trust	X	X	X
Alaska Target Date Retirement 2015 Trust	X	X	X
Alaska Target Date Retirement 2020 Trust	X	X	X
Alaska Target Date Retirement 2025 Trust	X	X	X
Alaska Target Date Retirement 2030 Trust	X	X	X
Alaska Target Date Retirement 2035 Trust	X	X	X
Alaska Target Date Retirement 2040 Trust	X	X	X
Alaska Target Date Retirement 2045 Trust	X	X	X
Alaska Target Date Retirement 2050 Trust	X	X	X
Alaska Target Date Retirement 2055 Trust	X	X	X
Multi-Strategy			
Goldman Sachs Retirement Portfolio Completion Fund	X	X	X

The underlying building blocks for the Global Balanced Fund are actively-managed funds benchmarked to the following indices: S&P 500, Russell 2000, MSCI EAFE, MSCI ACWI, Barclays Capital U.S. Aggregate Bond Index and the Citigroup World Government Bond Ex-U.S. Index.

The underlying building blocks for the Target Date and Balanced Funds are actively-managed funds benchmarked to the following indices: Russell 3000, MSCI ACWI ex-U.S., Barclays Capital U.S. Intermediate Aggregate, and the 3 Month Treasury Bill.

The Stable Value and Interest Income funds are actively-managed funds benchmarked to the Barclays Intermediate Aggregate Index.

STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES

1. Agency Contract Number 09-0019	2. ASPS Number 2009-0400-8404	3. Financial Coding	4. Agency Assigned Encumbrance
5. Vendor Number	6. Project/Case Number	7. Alaska Business License Number 107517	
This contract is between the State of Alaska,			
8. Department of Revenue	Division Treasury, Alaska Retirement Management Board	hereafter the State, and	
9. Contractor Callan Associates, Inc.			hereafter the Contractor
Mailing Address 1660 Wynkoop, Suite 950	Street or P.O. Box	City Denver	State CO ZIP+4 80202
10. ARTICLE 1. Appendices: Appendices referred to in this contract and attached to it are considered part of it.			
ARTICLE 2. Performance of Service:			
2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.			
2.2 Appendix B2 sets forth the liability and insurance provisions of this contract.			
2.3 Appendix C1 and C2 sets forth the services to be performed by the contractor.			
2.4 Appendix D1 and D2 sets forth compensation			
ARTICLE 3. Period of Performance: The period of performance for this contract begins July 1, 2009, and ends June 30, 2012, with two optional one-year extensions			
ARTICLE 4. Considerations:			
4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor in accordance with the provisions of Appendix D.			
4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:			
11. Department of Revenue	Attention: Treasury Division		
Mailing Address PO Box 110405	Attention: Gary Bader, Chief Investment Officer		
12. CONTRACTOR		14. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm Callan Associates, Inc.			
Signature of Authorized Representative 	Date 6/18/09		
Typed or Printed Name of Authorized Representative Michael J. O'Leary, Jr., CFA			
Title Executive Vice President			
13. CONTRACTING AGENCY		Signature of Head of Contracting Agency or Designee 	
Department/Division Revenue/Treasury	Date 6/18/09	Date 6/18/09	
Signature of Project Director 		Patrick Galvin, Commissioner Department of Revenue	
Typed or Printed Name of Project Director Gary M. Bader			
Title Chief Investment Officer		Gail Schubert, Chair Alaska Retirement Management Board	
		Date 6/18/09	

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in a signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, disability, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, disability, age, sex, marital status, changes in marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the Department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage or contingent fee.

APPENDIX B²
INDEMNITY AND INSURANCE

Article 1. Indemnification

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2 Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.3 Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.4 Professional Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement. Limits required per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$300,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$500,000 per Occurrence/Annual Aggregate
\$500,000-\$999,999	\$1,000,000 per Occurrence/Annual Aggregate
\$1,000,000 or over	Refer to Risk Management

Appendix C1

Agreement Between the State of Alaska, Department of Revenue Alaska Retirement Management Board

And

Callan Associates, Inc. As Performance Measurement and Investment Advisory Consultant

Section One: Appointment of Contractor. Callan Associates, Inc., hereinafter referred to as Contractor, is hereby appointed as Performance Measurement and Investment Advisory Consultant for the Alaska Retirement Management Board (ARMB), a board established in the Department of Revenue, State of Alaska (collectively referred to herein as the “State”). Contractor accepts such appointment and agrees to perform all required services set forth in this agreement.

Section Two: Required Services. Under the direction of ARMB, the services to be provided by the Contractor shall include, but not be limited to, the following:

A. Asset Allocation. At least annually, the consultant will:

1. Help ARMB establish long term goals and objectives that incorporate results from actuarial studies which ARMB will provide to the consultant,
2. Develop risk guidelines that offer an acceptable likelihood of achieving the objectives,
3. Develop forward-looking capital market assumptions,
4. Optimize the risk-return characteristics for the funds,
5. Document the entire asset allocation in a written formal report and present the report to ARMB at a regular meeting.

B. Manager Selection. As requested, the consultant will:

1. Help establish guidelines for ARMB to use in selecting managers,
2. Develop a list of recommended managers for any particular asset class,
3. Prepare and present these recommendations formally to ARMB at the staff, committee and or board level,
4. Assist in communicating the guidelines and the objectives to selected investment managers.

C. Performance Measurement. At least quarterly (and no later than 10 days after receipt of the real estate performance calculations from the separate real estate consultant), the Contractor will:

1. Prepare a report including the dollar-weighted, where appropriate, and

time-weighted annual and cumulative (annualized) rates of return of the component portfolios, the asset and sub-asset classes, and to the total investments for each of the funds.

- a. The time-weighted rates of return will be computed against the similarly measured returns of two separate universes – the first is a universe consisting of only public pension funds whose invested assets exceed \$1 billion, and the second is a universe consisting of a total universe of pension funds whose invested assets exceed \$1 billion – and against appropriate market indices.
- b. The rates of return will be based on the U.S. dollar market values of the portfolios and funds at the beginning and end of each time period (quarter or month within the quarter) adjusted to remove the effects of interim cash flows in or out of the portfolios or funds, and including the effects of futures or options contracts assigned to particular portfolios.
- c. The rates of return will be presented in tables and graphs, with accompanying narrative as needed, for the following time periods:
 - i. Last quarter
 - ii. Fiscal-year-to-date (the fiscal year begins on July 1 each year)
 - iii. Calendar-year-to-date
 - iv. 5 previous fiscal years
 - v. 5 previous calendar years
 - vi. Average annualized returns for the last one, three and five full fiscal and calendar years as well as the longest period for which ARMB has provided available historical information to the consultant.
2. The report should also include attribution analyses; market sensitivity analyses; measures of diversification, capital ratios, price-earnings ratios, turnover; comparisons by style of management and other comparisons or information that is relevant to the particular manager, pool or asset class.
3. Each report shall be furnished to ARMB electronically via email and/or on a CD-Rom in pdf format. Eight bound copies shall also be provided.
4. Oral presentations of the report to ARMB are expected 4 times per year.

D. General Consulting. The following are examples; general consulting is not limited to these:

1. Assist ARMB in evaluating new assets classes or types of investments.
2. Report to ARMB, as requested, on current developments in the financial markets, money management, or other pension fund investment-related topics.
3. Evaluate managers' compliance with portfolio objectives and guidelines.

Section Three: Standard of Care. Contractor shall exercise the highest standard of care and loyalty expected of a fiduciary with respect to its relationship to ARMB in fulfilling its obligations under this agreement.

Section Four: Indemnification. Contractor agrees to indemnify the State and hold the State harmless from and against any and all claims, losses, damages, or liabilities (including legal fees and expenses) resulting from or arising out of imprudence, negligence, willful misconduct, or breach of this agreement by Contractor's employees, agents or designees. Notwithstanding the foregoing, Contractor shall not be responsible for losses resulting from cause beyond its control if contractor employed the diligence and prudence of a professional investment advisory consultant acting as a prudent investment advisory consultant familiar with such matters in a like capacity, character, and aim.

Section Five: Notification of Certain Facts or Occurrences. If contractor, in accordance with industry standards, using the care and diligence of a professional investment advisory consultant, obtains information regarding any facts or occurrence which it believes might result in any significant risk or loss to the assets of ARMB, the Contractor shall, upon becoming aware of any such fact of occurrence, as soon as possible, and in no case more than twenty-four (24) hours later, notify the State of such fact of occurrence and the resulting risk.

Section Six: Key Person. Michael J. O'Leary, Jr., CFA, Executive Vice President, is considered as a designated "Key Person" to perform the Contractor's obligations under this agreement. As such, entry into this agreement and continuation of it is premised upon continued employment of Mr. O'Leary by Contractor.

Mr. O'Leary shall be the primary contact and is considered project manager for Contractor under this agreement and shall perform or be directly responsible for and specifically knowledgeable about all work performed by Contractor under this agreement. Mr. O'Leary shall attend board meetings required by this agreement unless a non-business emergency prevents his attendance.

Section Seven: Amendments. This agreement may not be amended or modified except by an instrument in writing signed by both Contractor and ARMB.

Section Eight: Reliance. Each of the parties to this agreement may rely on any documents or communications from the other which it reasonably believes in good faith to be genuine and valid.

Section Nine: Headings. Headings to this agreement are for convenience of reference only and shall not expand, limit, or otherwise affect the meaning of this agreement.

Section Ten: Assignment. Performance by Contractor of its duties under this agreement may not be delegated. This agreement may not be assigned by either party without written consent of the other and any purported assignment without such consent shall be null and void. Subject to the foregoing, this agreement shall be binding upon and inure to the benefit of each party to this agreement and its successors and permitted assigns.

Section Eleven: Waivers. Failure to exercise any right or remedy provided for in this agreement does not constitute a waiver thereof.

Section Twelve: Property Entitlement. All documents created or maintained by Contractor relating to its activities and obligations under this agreement shall be the property of the State.

Section Thirteen: Incorporation by Reference. Contractor understands and agrees that the State has materially relied upon Contractor's responses in the State selection process for a Performance Measurement and Investment Advisory Consultant. The State's Request for Proposal for Asset Allocation, Investment Manager Selection, Performance Measurement, and Other Investment Advisory and General Investment Consulting Services, ASPS 2009-0400-8404, and the Contractor's Response to the RFP dated March 26, 2009 are made a part of this agreement by this reference.

Section Fourteen: Representations and Warranties. The contractor warrants that the return calculations reported under Section Two(C) herein conform to Global Investment Performance Standards (GIPS).

Section Fifteen: Termination. This contract may be terminated by the State without cause at any time by written notice to the Contractor and by Contractor without cause after 30 days written notice to the State.

Appendix C2

Agreement Between the State of Alaska, Department of Revenue Treasury Division

And

Callan Associates, Inc. As Performance Measurement Consultant

Section One: Appointment of Contractor. Callan Associates, Inc., hereinafter referred to as Contractor, is hereby appointed as Performance Measurement Consultant for the State of Alaska, Department of Revenue, Treasury Division (collectively referred to herein as the “State”). Contractor accepts such appointment and agrees to perform all required services set forth in this agreement.

Section Two: Required Services. Under the direction of the State, the services to be provided by the Contractor shall include, but not be limited to, the following:

A. Performance Measurement. At least quarterly (and no later than 10 days after receipt of relevant information from the custodial bank and of the real estate performance calculations from the separate real estate consultant, if applicable in the future), the Contractor will:

1. Prepare a report including the dollar-weighted, where appropriate, and time-weighted annual and cumulative (annualized) rates of return of the component portfolios, the asset and sub-asset classes, and to the total investments for each of the funds.
 - a. The time-weighted rates of return will be computed against the similarly measured returns an appropriate endowment universe and against appropriate market indices.
 - b. The rates of return will be based on the U.S. dollar market values of the portfolios and funds at the beginning and end of each time period (quarter or month within the quarter) adjusted to remove the effects of interim cash flows in or out of the portfolios or funds, and including the effects of futures or options contracts assigned to particular portfolios.
 - c. The rates of return will be presented in tables and graphs, with accompanying narrative as needed, for the following time periods:
 - i. Last quarter
 - ii. Fiscal-year-to-date (the fiscal year begins on July 1 each year)
 - iii. Calendar-year-to-date
 - iv. 5 previous fiscal years
 - v. 5 previous calendar years
 - vi. Average annualized returns for the last one, three and five full fiscal and calendar years as well as the longest period for which Treasury

- has provided available historical information to the consultant.
2. The report should also include attribution analyses; market sensitivity analyses; measures of diversification, capital ratios, price-earnings ratios, turnover; comparisons by style of management and other comparisons or information that is relevant to the particular manager, pool or asset class.
 3. Each report shall be furnished to Treasury electronically via email and/or on a CD-Rom in pdf format. Eight bound copies shall also be provided.
 4. Oral presentations are not required.

B. General Consulting: General consulting on an as requested basis.

Section Three: Standard of Care. Contractor shall exercise the highest standard of care and loyalty expected of a fiduciary with respect to its relationship to the State in fulfilling its obligations under this agreement.

Section Four: Indemnification. Contractor agrees to indemnify the State and hold the State harmless from and against any and all claims, losses, damages, or liabilities (including legal fees and expenses) resulting from or arising out of imprudence, negligence, willful misconduct, or breach of this agreement by Contractor's employees, agents or designees. Notwithstanding the foregoing, Contractor shall not be responsible for losses resulting from cause beyond its control if contractor employed the diligence and prudence of a professional investment advisory consultant acting as a prudent investment advisory consultant familiar with such matters in a like capacity, character, and aim.

Section Five: Notification of Certain Facts or Occurrences. If contractor, in accordance with industry standards, using the care and diligence of a professional investment advisory consultant, obtains information regarding any facts or occurrence which it believes might result in any significant risk or loss to the assets of the Public School Trust Fund or the Alaska Children's Trust, the Contractor shall, upon becoming aware of any such fact of occurrence, as soon as possible, and in no case more than twenty-four (24) hours later, notify the State of such fact of occurrence and the resulting risk.

Section Six: Key Person. Michael J. O'Leary, Jr., CFA, Executive Vice President, is considered as a designated "Key Person" to perform the Contractor's obligations under this agreement. As such, entry into this agreement and continuation of it is premised upon continued employment of Mr. O'Leary by Contractor.

Mr. O'Leary shall be the primary contact and is considered project manager for Contractor under this agreement and shall perform or be directly responsible for and specifically knowledgeable about all work performed by Contractor under this agreement.

Section Seven: Amendments. This agreement may not be amended or modified except by an instrument in writing signed by both Contractor and the State.

Section Eight: Reliance. Each of the parties to this agreement may rely on any documents or communications from the other which it reasonably believes in good faith to be genuine and valid.

Section Nine: Headings. Headings to this agreement are for convenience of reference only and shall not expand, limit, or otherwise affect the meaning of this agreement.

Section Ten: Assignment. Performance by Contractor of its duties under this agreement may not be delegated. This agreement may not be assigned by either party without written consent of the other and any purported assignment without such consent shall be null and void. Subject to the foregoing, this agreement shall be binding upon and inure to the benefit of each party to this agreement and its successors and permitted assigns.

Section Eleven: Waivers. Failure to exercise any right or remedy provided for in this agreement does not constitute a waiver thereof.

Section Twelve: Property Entitlement. All documents created or maintained by Contractor relating to its activities and obligations under this agreement shall be the property of the State.

Section Thirteen: Incorporation by Reference. Contractor understands and agrees that the State has materially relied upon Contractor's responses in the State selection process for a Performance Measurement and Investment Advisory Consultant. The State's Request for Proposal for Asset Allocation, Investment Manager Selection, Performance Measurement, and Other Investment Advisory and General Investment Consulting Services, ASPS 2009-0400-8404, and the Contractor's Response to the RFP dated March 26, 2009 are made a part of this agreement by this reference.

Section Fourteen: Representations and Warranties. The contractor warrants that the return calculations reported under Section Two(A) herein conform to Global Investment Performance Standards (GIPS).

Section Fifteen: Termination. This contract may be terminated by the State without cause at any time by written notice to the Contractor and by Contractor without cause after 30 days written notice to the State.

Appendix D1

Compensation Agreement Between the State of Alaska Department of Revenue Alaska Retirement Management Board

And

Callan Associates, Inc.

The compensation schedule shall be:

A. Fixed Fee Services

1. Retainer.

The annual retainer will be billed at a flat fee of \$100,000 (billed pro-rata quarterly), subject to a 3% annual escalation rate after the first year.

2. Asset Allocation.

*There is **no charge** for annual asset allocation studies. The fee for a fully integrated asset liability study (billed quarterly in arrears) will be a flat fee of \$40,000 per plan (typically conducted every three to five years), escalated 3% annually after the first year.*

3. **Manager Search.** A manager search is defined as the process of researching and presenting a number of managers with like-mandates to ARMB for ARMB's review and subsequent selection of one or more of the managers to provide investment management for ARMB.

\$30,000 per publicly traded securities (domestic and international equity or fixed income) billed quarterly in arrears.

\$35,000 per private market and "fund of funds" manager search.

Manager search fees subject to 3% escalation each year after the first year.

4. Performance Measurement.

A. Plans for which ARMB Establishes an Asset Allocation:

1. Annual fee per fund for quarterly reports (14 funds * 4 reports/ year = 56 total reports)
2. Annual fee per pool for quarterly reports (22 pools * 4 reports/year = 84 total reports)
3. Annual fee per actively managed portfolio for quarterly reports (41

- portfolios * 4 reports/year = 140 total reports)
4. Annual fee per passively managed or commingled portfolio for quarterly reports (5 portfolios * 4 reports/year = 20 total reports)
 5. Annual fee for private equity annual asset class and manager review

Flat fee of \$250,000 (billed pro-rata quarterly) for services specified above, subject to a 3% escalator for each year after the first. There will be no charge for additional actively or passively managed options.

B. Participant Directed Plans: Annual fee per separate plan option (when the plans share the same option it will be considered one for fee purposes) (28 options * 4 reports/ year = 112 total). This work will require the Respondent to "build" performance measurement for the Alaska and Long-term Balanced Funds, the Global Balanced Fund and the Target Fund options described in Section 4 from the underlying component funds.

Flat fee of \$100,000 (billed pro-rata quarterly), subject to a 3% escalator for each year after the first.

5. General Consulting: For additional projects and consulting as requested, but not to include travel time.

\$350 per hour (billed quarterly in arrears) subject to a 3% annual escalation rate after the first year.

6. Travel: The State will not reimburse travel cost directly. All fees above include applicable travel.

Appendix D2

Compensation Agreement Between the State of Alaska Department of Revenue Treasury Division

And

Callan Associates, Inc.

The compensation schedule shall be:

A. Performance Measurement.

Base Fee of \$6,000 plus \$3,000 per Trust (billed pro-rata quarterly), subject to a 3% escalator each year after the first.

B. General Consulting. For additional projects and consulting as requested, but not to include travel time:

\$350 per hour (billed quarterly in arrears) subject to a 3% annual escalation rate after the first year.

C. Travel. The State will not reimburse travel cost directly. All fees above include applicable travel.

STANDARD AGREEMENT FORM FOR PROFESSIONAL SERVICES

1. Agency Contract Number	2. ASPS Number 09-0032	3. Financial Coding	4. Agency Assigned Encumbrance Number
5. Vendor Number	6. Project/Case Number	7. Alaska Business License Number 235294	

This contract is between the State of Alaska,

8. Department of Revenue	Division Treasury	hereafter the State, and		
9. Contractor The Townsend Group, Inc. hereafter the Contractor				
Mailing Address 601 Montgomery Street	Street or P.O. Box Suite 525	City San Francisco	State CA	ZIP+4 94111

10. **ARTICLE 1. Appendices:** Appendices referred to in this contract and attached to it are considered part of it.

ARTICLE 2. Performance of Service:

2.1 Appendix A (General Provisions), Articles 1 through 14, governs the performance of services under this contract.

2.2 Appendix B2 sets forth the liability and insurance provisions of this contract.

2.3 Appendix C sets forth the services to be performed by the contractor.

2.4 Appendix D sets forth compensation.

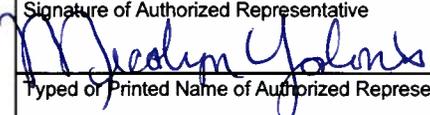
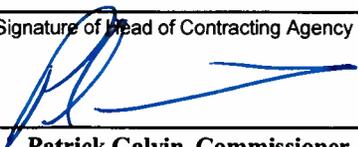
ARTICLE 3. Period of Performance: The period of performance for this contract begins **April 1, 2009**, and ends **June 30, 2012 with two optional one-year extensions**.

ARTICLE 4. Considerations:

4.1 In full consideration of the contractor's performance under this contract, the State shall pay the contractor in accordance with the provisions of Appendix D.

4.2 When billing the State, the contractor shall refer to the Authority Number or the Agency Contract Number and send the billing to:

11. Department of Revenue	Attention: Division of Treasury
Mailing Address P.O. Box 110405, Juneau, AK 99811-0405	Attention: Portfolio Management

12. CONTRACTOR		14. CERTIFICATION: I certify that the facts herein and on supporting documents are correct, that this voucher constitutes a legal charge against funds and appropriations cited, that sufficient funds are encumbered to pay this obligation, or that there is a sufficient balance in the appropriation cited to cover this obligation. I am aware that to knowingly make or allow false entries or alterations on a public record, or knowingly destroy, mutilate, suppress, conceal, remove or otherwise impair the verity, legibility or availability of a public record constitutes tampering with public records punishable under AS 11.56.815-.820. Other disciplinary action may be taken up to and including dismissal.	
Name of Firm The Townsend Group, Inc.			
Signature of Authorized Representative 	Date 3/13/09		
Typed or Printed Name of Authorized Representative Micolyn Yalonis			
Title Principal			
13. CONTRACTING AGENCY		Signature of Head of Contracting Agency or Designee 	Date 3/24/09
Department/Division Revenue/Treasury	Date 3/12/09	Patrick Galvin, Commissioner Department of Revenue	
Signature of Project Director 			
Typed or Printed Name of Project Director Gary M. Bader			
Title Chief Investment Officer			
		Gail Schubert, Chair	Date 3/24/09
		Alaska Retirement Management Board	

NOTICE: This contract has no effect until signed by the head of contracting agency or designee.

APPENDIX A

GENERAL PROVISIONS

Article 1. Definitions.

- 1.1 In this contract and appendices, "Project Director" or "Agency Head" or "Procurement Officer" means the person who signs this contract on behalf of the Requesting Agency and includes a successor or authorized representative.
- 1.2 "State Contracting Agency" means the department for which this contract is to be performed and for which the Commissioner or Authorized Designee acted in a signing this contract.

Article 2. Inspection and Reports.

- 2.1 The department may inspect, in the manner and at reasonable times it considers appropriate, all the contractor's facilities and activities under this contract.
- 2.2 The contractor shall make progress and other reports in the manner and at the times the department reasonably requires.

Article 3. Disputes.

- 3.1 Any dispute concerning a question of fact arising under this contract which is not disposed of by mutual agreement shall be decided in accordance with AS 36.30.620-632.

Article 4. Equal Employment Opportunity.

- 4.1 The contractor may not discriminate against any employee or applicant for employment because of race, religion, color, national origin, or because of age, disability, sex, marital status, changes in marital status, pregnancy or parenthood when the reasonable demands of the position(s) do not require distinction on the basis of age, disability, sex, marital status, changes in marital status, pregnancy, or parenthood. The contractor shall take affirmative action to insure that the applicants are considered for employment and that employees are treated during employment without unlawful regard to their race, color, religion, national origin, ancestry, disability, age, sex, marital status, changes in marital status, changes in marital status, pregnancy or parenthood. This action must include, but need not be limited to, the following: employment, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation, and selection for training including apprenticeship. The contractor shall post in conspicuous places, available to employees and applicants for employment, notices setting out the provisions of this paragraph.
- 4.2 The contractor shall state, in all solicitations or advertisements for employees to work on State of Alaska contract jobs, that it is an equal opportunity employer and that all qualified applicants will receive consideration for employment without regard to race, religion, color, national origin, age, disability, sex, marital status, changes in marital status, pregnancy or parenthood.
- 4.3 The contractor shall send to each labor union or representative of workers with which the contractor has a collective bargaining agreement or other contract or understanding a notice advising the labor union or workers' compensation representative of the contractor's commitments under this article and post copies of the notice in conspicuous places available to all employees and applicants for employment.
- 4.4 The contractor shall include the provisions of this article in every contract, and shall require the inclusion of these provisions in every contract entered into by any of its subcontractors, so that those provisions will be binding upon each subcontractor. For the purpose of including those provisions in any contract or subcontract, as required by this contract, "contractor" and "subcontractor" may be changed to reflect appropriately the name or designation of the parties of the contract or subcontract.
- 4.5 The contractor shall cooperate fully with State efforts which seek to deal with the problem of unlawful discrimination, and with all other State efforts to guarantee fair employment practices under this contract, and promptly comply with all requests and directions from the State Commission for Human Rights or any of its officers or agents relating to prevention of discriminatory employment practices.
- 4.6 Full cooperation in paragraph 4.5 includes, but is not limited to, being a witness in any proceeding involving questions of unlawful discrimination if that is requested by any official or agency of the State of Alaska; permitting employees of the contractor to be witnesses or complainants in any proceeding involving questions of unlawful discrimination, if that is requested by any official or agency of the State of Alaska; participating in meetings; submitting periodic reports on the equal employment aspects of present and future employment; assisting inspection of the contractor's facilities; and promptly complying with all State directives considered essential by any office or agency of the State of Alaska to insure compliance with all federal and State laws, regulations, and policies pertaining to the prevention of discriminatory employment practices.
- 4.7 Failure to perform under this article constitutes a material breach of the contract.

Article 5. Termination.

The Project Director, by written notice, may terminate this contract, in whole or in part, when it is in the best interest of the State. The State is liable only for payment in accordance with the payment provisions of this contract for services rendered before the effective date of termination.

Article 6. No Assignment or Delegation.

The contractor may not assign or delegate this contract, or any part of it, or any right to any of the money to be paid under it, except with the written consent of the Project Director and the Agency Head.

Article 7. No Additional Work or Material.

No claim for additional services, not specifically provided in this contract, performed or furnished by the contractor, will be allowed, nor may the contractor do any work or furnish any material not covered by the contract unless the work or material is ordered in writing by the Project Director and approved by the Agency Head.

Article 8. Independent Contractor.

The contractor and any agents and employees of the contractor act in an independent capacity and are not officers or employees or agents of the State in the performance of this contract.

Article 9. Payment of Taxes.

As a condition of performance of this contract, the contractor shall pay all federal, State, and local taxes incurred by the contractor and shall require their payment by any Subcontractor or any other persons in the performance of this contract. Satisfactory performance of this paragraph is a condition precedent to payment by the State under this contract.

Article 10. Ownership of Documents.

All designs, drawings, specifications, notes, artwork, and other work developed in the performance of this agreement are produced for hire and remain the sole property of the State of Alaska and may be used by the State for any other purpose without additional compensation to the contractor. The contractor agrees not to assert any rights and not to establish any claim under the design patent or copyright laws. The contractor, for a period of three years after final payment under this contract, agrees to furnish and provide access to all retained materials at the request of the Project Director. Unless otherwise directed by the Project Director, the contractor may retain copies of all the materials.

Article 11. Governing Law.

This contract is governed by the laws of the State of Alaska. All actions concerning this contract shall be brought in the Superior Court of the State of Alaska.

Article 12. Conflicting Provisions.

Unless specifically amended and approved by the Department of Law the General Provisions of this contract supersede any provisions in other appendices.

Article 13. Officials Not to Benefit.

Contractor must comply with all applicable federal or State laws regulating ethical conduct of public officers and employees.

Article 14. Covenant Against Contingent Fees.

The contractor warrants that no person or agency has been employed or retained to solicit or secure this contract upon an agreement or understanding for a commission, percentage, brokerage or contingent fee except employees or agencies maintained by the contractor for the purpose of securing business. For the breach or violation of this warranty, the State may terminate this contract without liability or in its discretion deduct from the contract price or consideration the full amount of the commission, percentage, brokerage or contingent fee.

**APPENDIX B2
INDEMNITY AND INSURANCE**

Article 1. Indemnification

The Contractor shall indemnify, hold harmless, and defend the contracting agency from and against any claim of, or liability for error, omission or negligent act of the Contractor under this agreement. The Contractor shall not be required to indemnify the contracting agency for a claim of, or liability for, the independent negligence of the contracting agency. If there is a claim of, or liability for, the joint negligent error or omission of the Contractor and the independent negligence of the Contracting agency, the indemnification and hold harmless obligation shall be apportioned on a comparative fault basis. "Contractor" and "Contracting agency", as used within this and the following article, include the employees, agents and other contractors who are directly responsible, respectively, to each. The term "independent negligence" is negligence other than in the Contracting agency's selection, administration, monitoring, or controlling of the Contractor and in approving or accepting the Contractor's work.

Article 2. Insurance

Without limiting Contractor's indemnification, it is agreed that Contractor shall purchase at its own expense and maintain in force at all times during the performance of services under this agreement the following policies of insurance. Where specific limits are shown, it is understood that they shall be the minimum acceptable limits. If the Contractor's policy contains higher limits, the state shall be entitled to coverage to the extent of such higher limits. Certificates of Insurance must be furnished to the Contracting Officer prior to beginning work and must provide for a 30-day prior notice of cancellation, nonrenewal or material change of conditions. Failure to furnish satisfactory evidence of insurance or lapse of the policy is a material breach of this contract and shall be grounds for termination of the Contractor's services. All insurance policies shall comply with, and be issued by insurers licensed to transact the business of insurance under AS 21.

2.1 Workers' Compensation Insurance: The Contractor shall provide and maintain, for all employees engaged in work under this contract, coverage as required by AS 23.30.045, and; where applicable, any other statutory obligations including but not limited to Federal U.S.L. & H. and Jones Act requirements. The policy must waive subrogation against the State.

2.2 Commercial General Liability Insurance: covering all business premises and operations used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.3 Commercial Automobile Liability Insurance: covering all vehicles used by the Contractor in the performance of services under this agreement with minimum coverage limits of \$300,000 combined single limit per occurrence.

2.4 Professional Liability Insurance: covering all errors, omissions or negligent acts in the performance of professional services under this agreement. Limits required per the following schedule:

Contract Amount	Minimum Required Limits
Under \$100,000	\$300,000 per Occurrence/Annual Aggregate
\$100,000-\$499,999	\$500,000 per Occurrence/Annual Aggregate
\$500,000-\$999,999	\$1,000,000 per Occurrence/Annual Aggregate
\$1,000,000 or over	Refer to Risk Management

THE STATE OF ALASKA
ALASKA RETIREMENT MANAGEMENT BOARD

and

The Townsend Group, Inc

Real Estate Consultant Contract

Contract 09-0032

April 1, 2009

Appendix C

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Appendix C

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APPENDIX C

This Real Estate Consultant Agreement (the "Agreement") is made and entered into as of the First day of April, 2009 by and between the Alaska Retirement Management Board ("ARMB") a Board established in the Department of Revenue, State of Alaska (collectively referred to herein as the "State") and The Townsend Group, Inc. (the "Consultant").

RECITALS:

- A. ARMB has, pursuant to AS 37.10.220, the authority to appoint the Consultant to provide service as it deems advisable in order to fulfill its duties with respect to the investment of certain assets of the Systems;
- B. ARMB, after conducting such investigation of Real Estate Consultants as required, has determined that it desires to appoint the Consultant as the Real Estate Investment Consultant to ARMB to provide services as outlined in Section 2 of this Agreement;
- C. The Consultant is willing to accept its appointment as Real Estate Investment Consultant in accordance with the terms of this Agreement;

NOW, THEREFORE, in consideration of the promises and the mutual covenants herein contained, ARMB and the Consultant do hereby agree, each with the other, as follows:

Section 1. Appointment of Consultant

ARMB hereby appoints Consultant as Real Estate Consultant and the Consultant accepts such appointment and agrees to perform all required services set forth in this agreement.

Section 2. Required Services

Under the direction of ARMB, the services to be provided by the Consultant on a timely basis shall include, but are not limited to, performance measurement, and the comparison of these returns against similar funds, portfolios, or indices; review of annual investment plan; participation in the annual review of separate account budgets and business plans; investment manager selection and on-going evaluation; and, analysis of real estate investment policies and objectives. Performance measurement services will be performed on a quarterly basis and all other services will be provided at the request of ARMB. The Consultant must recognize and acknowledge that prompt and timely responsiveness to requests from ARMB is a key and material requirement of this Agreement.

The services are outlined more specifically/detailed as follows:

A. Performance Measurement

The Consultant's return calculations must conform to the Global Investment Performance Standards (GIPS). At least quarterly,, the consultant will prepare a report including the dollar-weighted, where appropriate, and time-weighted annual and cumulative (annualized) rates of return of each manager's portfolio (or commingled fund) and of the total real estate investment portfolio as follows:

1. The rates of return will be based on the U.S. dollar market values of the individual manager's portfolios or commingled fund at the beginning and end of each time period (quarter or month within the quarter) adjusted to remove the effects of interim cash flows in or out of the portfolios or fund.
2. The rates of return will be presented in tables and graphs, with accompanying narrative as needed, for the following time periods:
 - a. Last quarter.
 - b. Fiscal-year-to-date (the fiscal year begins on July 1 each year).
 - c. Average annualized returns for the last one, three and five years as well as the longest period for which ARMB has provided available historical information to the Consultant.
3. The report should also include the following: attribution analyses; measures of diversification by consolidated Metropolitan Statistical Areas and NCREIF Region for core separate account properties; comparisons by style of management and other comparisons or information that is relevant to the particular manager, fund or asset class; and if requested, economic drivers for core separate account properties.
4. Consultant will provide ARMB with:
 - a. Performance Measurement Report (PMR) including all items specified in Section 2.-A1 and Section 2.-A2 within 45 days from quarter end, as of the most recent quarter end, for any portion of the portfolio for which manager data is received by Consultant within 35 days of quarter end.
 - b. Final Performance Measurement Report including all items specified in Section 2.-A1 and Section 2.-A2 for all investment managers. The target data for the final PMR is 60 days from quarter end recognizing some delay may occur from the commingled funds.
 - c. All remaining Performance Measurement items including those items specified in Section 2.-A3 and not already provided under Section

2.A4a and Section 2.-A4b to be received within 90 days from quarter end, as of the most recent quarter end.

- d. ARMB has notified managers that performance data must be submitted within 35 days after quarter end. Should a manager fail to submit the necessary data, Consultant will provide its best effort to prepare the reports on the schedule described above. Consultant must inform ARMB of any outstanding data on the 36th day following quarter end.
5. Provide the above return calculations as referenced in Section 2.-A1 and Section 2.-A2 to the Board's general consultant on the same schedule as to ARMB.
6. Each report shall be furnished to ARMB electronically via email and/or on a CD-Rom in an industry standard format.
7. Oral presentations of the report to the Committee or the full Board are expected annually.

B. Separate Account Manager Selection

As requested, the consultant will:

1. Help establish guidelines for ARMB to use in selecting managers.
2. Develop a list of recommended managers.
3. When necessary, Consultant will prepare and distribute an RFP to appropriate managers.
4. Prepare and present recommendations formally to ARMB at the ARMB Real Estate Committee (the "Committee") and/or Board level.
5. Assist in communicating the Board's guidelines and the objectives to selected investment managers.

C. Commingled Fund Selection

As requested, the Consultant will:

1. Help establish guidelines for ARMB to use in selecting commingled funds.
2. Develop a list of recommended commingled funds.
3. Prepare and present these recommendations formally to ARMB at the Committee and/or Board level.

D. General Consulting

Services provided under this General Consulting portion of this Agreement and within the retainer fee include:

1. Review of Annual Investment Plan as described in Section 2.-D4 and participation in the annual review of separate account budgets and business plans,
2. Annual Evaluation of existing Investment Managers, including the products described in Section 2.-D5, and
3. Consultation relying on Consultant general expertise and market knowledge relating to the ARMB portfolio, performance measurement, existing managers, potential managers, strategies, funds in the market and the real estate industry in general. The Retainer shall not include due diligence, the specific analysis of funds, managers or investments; or recommendations for investments to the Committee or Board. General consultation within the Retainer (as defined in Appendix D) is limited to a maximum of 8 hours per month.
4. Strategic Planning. On an annual basis, the Consultant will review and provide comment on the annual investment plan prepared by Staff. The Consultant will include, at a minimum:
 - a. An analysis of the economic drivers of ARMB's properties.
 - b. A comprehensive analysis of the real estate market conditions.
 - c. Recommendations, if any, to consider new areas of investment (e.g., by geographic area or property type).
 - d. Recommendations, if any, for changes, in investment strategy (e.g., core versus value).
 - e. Recommendations, if any, for changes to the policies, procedures and guidelines.
 - f. Recommendations, if any, for specific policy exception to be made because of unusual market conditions or other reason.
 - g. An assessment of whether the real estate portfolio is in compliance with ARMB's Real Estate Policies and Procedures.
5. Annual Manager Evaluation: Annually prepare a written evaluation of each manager and commingled fund including, but not limited to:
 - a. Discussion of returns relative to benchmarks and peers.

- b. Discussion of style drift, if any.
 - c. Significant changes in management, staff, or ownership of the organization.
 - d. A definitive recommendation to retain, place on or remove from the watch list, or terminate a manager.
6. Travel. All services shall include up to a total of two meetings in Alaska per calendar year unless classified as a Special Project under Section 2.-F in which case travel will be charged separately.

E. Other.

1. Report to ARMB, as requested, on current developments in the financial markets, money management, or other pension fund investment-related topics relevant to the real estate asset class.
2. As part of the annual planning process, assist ARMB in evaluating new types of real estate investments or strategies.
3. As part of the annual planning process, evaluate and recommend major changes to existing program structure.
4. Provide general consultative feedback to Board members and Staff on an as needed basis.

F. Special Projects.

From time to time the Board or Staff may request additional special projects in writing. The fee and other terms for these projects will be mutually agreed upon in advance between Consultant and ARMB. Special projects are defined as anything not included in the Retainer and will generally require product in the form of memos, white papers or presentation material to Staff and or the Board. These could include, but would not be limited to:

1. Assist in transition management (planning and execution of transfer of assets from a terminating manager to an existing or new manager).
2. Provide comparisons to the Board of other public funds policies and practices.
3. Provide special project research relating to technical real estate issues.
4. Perform due diligence and make recommendations on specific real estate investment opportunities at the request of Staff or Board (e.g., investigate a specific commingled fund opportunity that the Board wants further information on as opposed to performing a search for a type of commingled fund and

bringing forward several specific opportunities for the Board's selection).

5. Prepare analysis requiring the use of the Consultant's research department and/or use of a proprietary database for specific analysis not included as part of the quarterly Performance Measurement Report or Annual Plan.
6. Other requests from Staff and/or the Board which are outside of normal consulting practices.

Section 3. Standard of Care

Consultant shall exercise the highest standard of care expected of a fiduciary with respect to its relationship to ARMB in fulfilling its obligations under this Agreement.

Section 4. Indemnification

Contactoer agrees to indemnify the State and hold the State harmless from and against any and all claims, losses, damages, or liabilities (including legal fees and expenses) resulting from or arising out of imprudence, negligence, willful misconduct, or breach of this agreement by Consultant's employees, agents or designees. Notwithstanding the foregoing, Consultant shall not be responsible for losses resulting from causes beyond its control if Consultant employed the diligence and prudence of a professional real estate Consultant acting as a prudent real estate Consultant familiar with such matters in a like capacity.

The parties to this agreement recognize and agree that ARMB has no appropriation currently available to it to indemnify the Consultant under this provision and that enactment of an appropriation in the future to fund a payment under this provision remains in the sole discretion of the legislature and the legislature's failure to make such an appropriation creates no further liability or obligation of the ARMB.

Section 5. Notification of Certain Facts or Occurrences

If Consultant, in accordance with industry standards, using the care and diligence of a professional real estate consultant, obtains information regarding and facts or occurrence which it believes might result in any significant risk or loss to the assets of ARMB the Consultant shall upon becoming aware of any such facts or occurrence, as soon as possible, and in no case more than twenty-four (24) hours later, notify the State of such fact or occurrence and the resulting risk.

Contract shall promptly notify ARMB in the event of (1) any change in control of Consultant, and/or (2) any other material change in the nature of Consultant's principal business activities.

Section 6. Amendments

This Agreement may not be amended or modified except by an instrument in writing signed by both Consultant and the State.

Section 7. Reliance

Each of the parties to this Agreement may rely on any documents or communications from the other which it reasonably believed in good faith to be genuine and valid.

Section 8. Headings

Headings to this Agreement are for convenience of reference only and shall not expand, limit, or otherwise affect the meaning of this agreement.

Section 9. Assignment

Performance by Consultant of its duties under this Agreement may not be delegated. This Agreement may not be assigned by either party without the written consent of the other and any purported assignment without such consent shall be null and void. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of each party to this Agreement and its successors and permitted assigns.

Section 10. Waivers

Failure to exercise any right or remedy provided for in this Agreement does not constitute a waiver thereof.

Section 11. Property Entitlement

All documents created or maintained by Consultant relating to its activities and obligations under this Agreement shall be the property of the State and shall otherwise be subject to Consultant's normal retention policy.

Section 12. Incorporation by Reference

Consultant understands and agrees that the State has materially relied upon Consultant's responses in the State's selection process for Real Estate Consultant. The State's Request for Proposals for Real Estate Consultant ASPS 09-0032, the Consultant's Response to the Request for Proposal dated November 14, 2008 and ARMB's Real Estate Policies, Procedures and Guidelines are made a part of this Agreement by this reference.

Section 13. Form ADV

ARMB acknowledges that it has received from the Consultant, at least forty-eight (48) hours prior to entering into this Agreement, a copy of its current Form ADV Part II, as described in Securities and Exchange Commission Rule 204-3. The Consultant represents and warrants that it has provided a true and complete copy of the Consultant's Form ADV Part II. The Consultant shall deliver true and complete copies of changes to the Consultant's Form "ADV Part II" (or similar or successor form) promptly after any changes thereto.

Section 14. Termination

This Agreement may be terminated by ARMB, with or without cause, upon 30 days written notice to the Consultant. The Consultant may terminate this Agreement, with or without good cause shown, upon 60 days written notice to ARMB.

Section 15. Confidentiality

Consultant agrees not to release any information concerning ARMB's investments or the portfolio to any parties other than ARMB or its designees, except as may be required under the terms of this Agreement, without first obtaining the written permission of ARMB. Such information shall be treated by Consultant as strictly confidential. Consultant may furnish such information through legally required reports to or inspections by governmental authorities having regulatory or judicial jurisdiction over Consultant. In addition, ARMB acknowledges and agrees that Consultant may use the Account's investment performance on an undisclosed basis in its composite performance presentation.

Consultant also agrees not to use ARMB as a reference or to name ARMB in any publication or written material without ARMB's prior approval; provided however, Consultant may disclose the identity of ARMB and its client relationship with Consultant in response to requests for proposals, in presentations, and in other materials to clients or prospective clients of Consultant. Such requests will not be unreasonably withheld.

Section 16. Compensation of Consultant

ARMB shall compensate Consultant as provided in Appendix D hereof.

Section 17. Miscellaneous

1. This Agreement shall be governed by and construed in accordance with Alaska law.
2. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of each party hereto and its successors and permitted assigns.

THE STATE OF ALASKA
ALASKA RETIREMENT MANAGEMENT BOARD

and

The Townsend Group, Inc.

Real Estate Consultant Contract

Contract 09-0032

April 1, 2009

Fee Schedule

Appendix D

APPENDIX D

FEE SCHEDULE

- 1) **Retainer (Annual Fee):** \$50,000 per year, payable in quarterly installments. The Retainer includes maximum travel to Alaska of 2 times per calendar year.
 - When requested to attend a Board, Committee or staff meeting not otherwise provided for in this contract: \$2,500/event

- 2) **Investment Manager Search:**
 - Separate account manager search: \$30,000/search
 - Commingled fund manager search:
 - Closed-end Manager
 - Fund search where Townsend has declined or chosen not to perform extensive due diligence \$30,000/search¹
 - Fund search where Townsend is pursuing due diligence on behalf of other Townsend clients \$20,000/search
 - Open-end Core Manager: \$ 5,000/search

- 3) **Performance Measurement Reports:**
\$50,000 per year, payable in quarterly installments.

- 4) **Special Projects:**
Project costs for Special Projects will be charged at \$185/hour. Projects anticipated to require more than 16 hours will be negotiated at a rate to be determined at the time of assignment.

¹ Search fee reduced to \$20,000 if search results in an investment recommendation to other Townsend clients.

THE STATE OF ALASKA
ALASKA RETIREMENT MANAGEMENT BOARD

and

The Townsend Group, Inc.

Real Estate Consultant Contract

Contract 09-0032

April 1, 2009

Appendix E

APPENDIX E

ARMB SAMPLE PERFORMANCE MEASUREMENT REPORT

SECTION I (provided 45 days from end of quarter):

Page 1: Portfolio Performance

Page 2: Portfolio Performance Detail

Page 3: Portfolio Diversification

Page 4: Investment Cash Flows

SECTION II (provided 90 days from end of quarter):

Page 5: Diversification by CMSA

Page 6: Attribution Analysis

Page 7: Quartile Graphs (3 and 5 Year)

Section I

SAMPLE: Alaska Retirement Management Board

Portfolio Composition	\$	%
Total Plan Assets	14,760,638,138	
Allocation to RE:	1,476,063,814	10.0%
Beginning Market Value:	1,892,335,517	
Contributions:	76,564,318	
Distributions:	-14,369,778	
Withdrawals:	-3,674,152	
Ending Market Value:	1,886,594,980	12.8%
Unfunded Commitments:	247,316,126	1.7%
Market Value + Unfunded	2,133,911,106	
Remaining Allocation:	-657,847,293	-4.5%

Footnotes

* See Cashflows for Unfunded Commitments

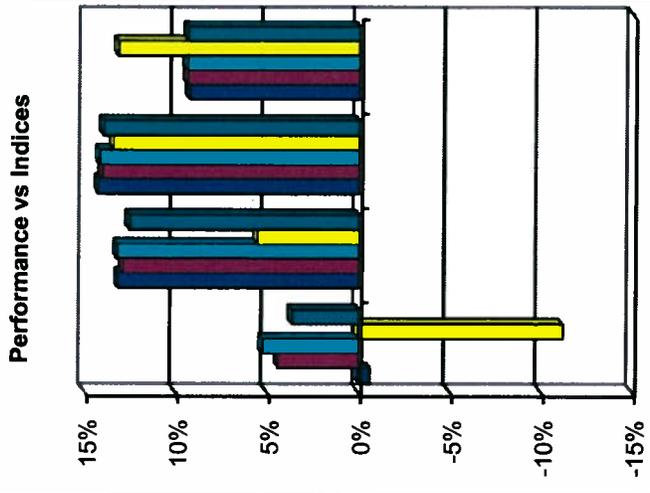
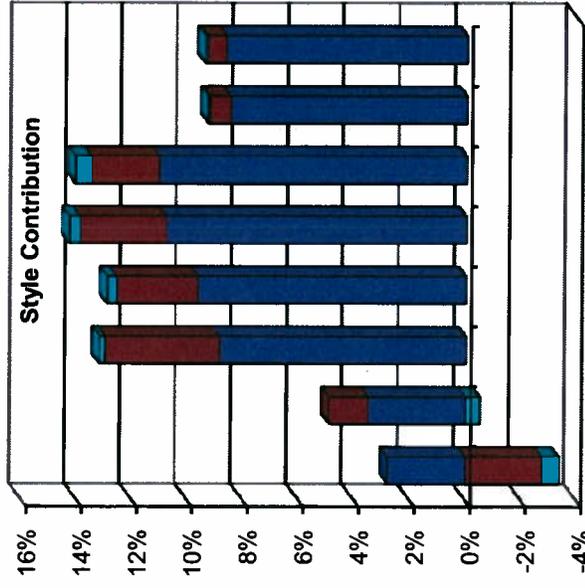
Diversification by Style

Core	69%
Non-Core	27%
Public Investments	4%
ARMB	100%

*Unfunded Commitments provided by managers and confirmed by TTG

**90% NPI/ 10% since 1/1/2005, 100% NPI back to inception

***Stylized index is based upon actual portfolio AIC weights.



1 Year 3 Year 5 Year Inception

ARMB Stylized Index
NPI NAREIT
ARMB Benchmark

Category	1 Year			3 Year			5 Year			Inception		
	Portfolio	Index	Index	Portfolio	Index	Index	Portfolio	Index	Index	Portfolio	Index	Index
Core Portfolio	4.5%	5.3%	13.3%	12.8%	13.3%	13.3%	14.1%	14.2%	14.2%	9.4%	9.4%	9.4%
Non-Core Portfolio	-9.7%	5.3%	13.3%	19.3%	13.3%	13.3%	18.0%	14.2%	14.2%	13.4%	9.4%	9.4%
Public Investments	-12.9%	-11.1%	5.6%	3.7%	5.6%	5.6%	5.3%	10.6%	10.6%	5.3%	10.6%	10.6%
ARMB	-0.6%	4.4%	12.9%	13.2%	12.9%	12.9%	14.3%	14.1%	14.1%	9.4%	9.4%	9.4%
Indices												
NPI		5.3%	13.3%		13.3%	13.3%		14.2%	14.2%		9.4%	9.4%
NAREIT		-11.1%	5.6%		5.6%	5.6%		13.5%	13.5%		13.2%	13.2%
GPI		4.9%	3.2%		3.2%	3.2%		3.4%	3.4%		3.5%	3.5%
Stylized Index***		4.4%	12.9%		12.9%	12.9%		14.1%	14.1%		9.4%	9.4%

SAMPLE: Alaska Retirement Management Board

	Ending Market Value	Quarter				1 Year				3 Year				5 Year				Inception				
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET			
Core Portfolio																						
Trumbull Property Fund (UBS - RESA)	\$96,598,442	1.2%	-0.9%	0.4%	0.1%	4.8%	-1.5%	3.2%	2.1%	10.9%	12.1%	10.9%	13.8%	12.6%	13.8%	12.6%	13.8%	12.6%	13.8%	12.6%	9.7%	8.7%
JP Morgan Strategic Property Fund	\$245,203,746	1.2%	-2.4%	-1.2%	-1.4%	5.0%	-1.5%	3.5%	2.6%	13.0%	13.0%	12.0%	14.8%	13.9%	14.8%	13.9%	14.8%	13.9%	14.8%	13.9%	12.8%	11.9%
UBS Realty I.M.A. - ARMB 1997	\$367,381,116	1.5%	-1.3%	0.2%	0.1%	6.0%	-2.0%	3.9%	3.3%	13.1%	13.1%	12.5%	14.3%	13.6%	14.3%	13.6%	14.3%	13.6%	14.3%	13.6%	11.7%	10.9%
Sentinel I.M.A.	\$123,240,233	1.2%	-4.2%	-3.0%	-3.1%	5.2%	-2.4%	2.6%	2.2%	11.1%	11.1%	10.6%	13.4%	12.8%	13.4%	12.8%	13.4%	12.8%	13.4%	12.8%	13.3%	12.7%
LaSalle I.M.A.	\$239,573,234	1.5%	-1.8%	-0.3%	-0.4%	6.2%	-0.2%	6.0%	5.4%	12.5%	12.5%	11.8%	12.8%	12.0%	12.8%	12.0%	12.8%	12.0%	12.8%	12.0%	12.8%	12.0%
Cornestone I.M.A.	\$221,084,172	1.2%	-2.1%	-0.8%	-0.9%	5.5%	1.0%	6.5%	6.0%	13.5%	13.5%	12.9%	14.1%	13.3%	14.1%	13.3%	14.1%	13.3%	14.1%	13.3%	14.8%	14.0%
Core Portfolio	\$1,293,080,942	1.3%	-2.0%	-0.6%	-0.8%	5.6%	-1.1%	4.5%	3.8%	12.8%	12.8%	12.1%	14.1%	13.3%	14.1%	13.3%	14.1%	13.3%	14.1%	13.3%	9.4%	8.2%
Non-Core Portfolio																						
Rothschild Five Arrows Fund IV	\$31,659,357	1.9%	0.0%	1.9%	1.3%	7.8%	8.5%	16.7%	12.8%	20.4%	20.4%	14.3%	18.2%	11.1%	18.2%	11.1%	18.2%	11.1%	18.2%	11.1%	18.2%	11.1%
Coventry Real Estate Fund II	\$59,924,222	0.1%	-6.6%	-6.6%	-6.9%	1.4%	-6.6%	-5.3%	-5.7%	11.3%	11.3%	8.4%	11.2%	4.8%	11.2%	4.8%	11.2%	4.8%	11.2%	4.8%	11.2%	4.8%
Low Hospitality Investment Partners	\$50,846,602	-0.8%	-0.5%	-1.3%	-1.5%	0.5%	1.3%	1.8%	1.0%	12.9%	12.9%	11.5%	6.2%	3.6%	6.2%	3.6%	6.2%	3.6%	6.2%	3.6%	6.2%	3.6%
Cornestone Rotational Venture ("CRV")	\$266,512	5.0%	0.0%	5.0%	5.0%	52.7%	-17.2%	31.5%	31.4%	51.4%	51.4%	50.4%	44.5%	43.4%	44.5%	43.4%	44.5%	43.4%	44.5%	43.4%	44.5%	43.4%
Clarion Development Ventures II	\$36,164,422	-4.5%	0.0%	-4.5%	-4.5%	3.4%	0.0%	3.4%	3.4%	11.9%	11.9%	11.9%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%	11.7%
Clarion Speyer Fund VI	\$76,407,026	0.0%	-19.7%	-19.7%	-15.9%	0.7%	-18.0%	-17.5%	-14.7%	24.5%	24.5%	19.2%	19.0%	14.7%	19.0%	14.7%	19.0%	14.7%	19.0%	14.7%	19.0%	14.7%
Lehman Brothers Real Estate Partners II	\$113,420,333	0.2%	-14.3%	-14.0%	-14.0%	1.6%	-10.4%	-9.0%	-9.0%	21.5%	21.5%	18.0%	21.5%	18.0%	21.5%	18.0%	21.5%	18.0%	21.5%	18.0%	21.5%	18.0%
LaSalle Medical Office Fund II	\$9,630,585	1.0%	-0.8%	0.2%	-1.0%	6.7%	2.8%	9.6%	3.8%	8.8%	8.8%	4.7%	8.8%	4.7%	8.8%	4.7%	8.8%	4.7%	8.8%	4.7%	8.8%	4.7%
Colony Investors VIII	\$26,977,645	0.1%	-26.1%	-26.0%	-26.8%	-5.8%	-55.8%	-58.4%	-61.1%	-58.4%	-58.4%	-61.1%	-58.4%	-61.1%	-58.4%	-61.1%	-58.4%	-61.1%	-58.4%	-61.1%	-58.4%	-61.1%
Cornestone Apartment Venture III	\$15,236,937	-0.7%	1.0%	0.3%	-0.1%	-1.4%	-6.4%	-7.4%	-8.8%	-7.3%	-7.3%	-8.6%	-7.3%	-8.6%	-7.3%	-8.6%	-7.3%	-8.6%	-7.3%	-8.6%	-7.3%	-8.6%
Blackrock Diamond Property Fund	\$75,463,202	0.1%	-3.2%	-3.1%	-3.4%	0.4%	-1.0%	-0.6%	-1.3%	9.2%	9.2%	7.7%	9.2%	7.7%	9.2%	7.7%	9.2%	7.7%	9.2%	7.7%	9.2%	7.7%
Rothschild Five Arrows Fund V	\$1,934,320	3.4%	1.5%	4.9%	1.2%					6.5%	6.5%	0.5%	6.5%	0.5%	6.5%	0.5%	6.5%	0.5%	6.5%	0.5%	6.5%	0.5%
Tishman Speyer Fund VII	\$7,998,000	1.7%	-30.7%	-29.1%	-30.3%					-42.7%	-42.7%	-44.3%										
Clarion Development Ventures III	-\$211,029																					
Lehman Brothers Real Estate Partners III	\$6,569,388	-3.2%	-31.1%	-34.3%	-34.3%					-34.3%	-34.3%	-34.3%										
Non-Core Portfolio	\$512,287,523	-0.2%	-10.4%	-10.6%	-10.2%	1.3%	-10.8%	-9.7%	-10.2%	19.3%	19.3%	15.5%	18.0%	14.4%	18.0%	14.4%	18.0%	14.4%	18.0%	14.4%	13.4%	11.4%
Public																						
ARMB REIT	\$81,226,515	1.3%	3.0%	4.3%	4.3%	5.3%	-17.6%	-12.9%	-12.9%	3.7%	3.7%	3.7%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%
Public Investments	\$81,226,515	1.3%	3.0%	4.3%	4.3%	5.3%	-17.6%	-12.9%	-12.9%	3.7%	3.7%	3.7%	5.3%									
ARMB Private Real Estate Portfolio	\$1,805,368,465	0.9%	-4.5%	-3.6%	-3.6%	4.3%	-4.1%	0.1%	-0.5%	13.7%	13.7%	12.4%	14.7%	13.4%	14.7%	13.4%	14.7%	13.4%	14.7%	13.4%	9.4%	8.1%
Total Portfolio																						
ARMB	\$1,886,594,980	0.9%	-4.2%	-3.3%	-3.3%	4.4%	-4.8%	-0.6%	-1.2%	13.2%	13.2%	11.9%	14.3%	13.1%	14.3%	13.1%	14.3%	13.1%	14.3%	13.1%	9.4%	8.1%
Indices																						
NPI		1.2%	-1.4%	-0.2%		5.2%	0.0%	5.3%		13.3%	13.3%		14.2%		14.2%		14.2%		14.2%		9.4%	
NAREIT				5.6%			-11.1%			5.6%	5.6%		13.5%		13.5%		13.5%		13.5%		13.2%	
ARMB Benchmark				0.4%			3.7%			12.6%	12.6%		14.0%		14.0%		14.0%		14.0%		9.4%	

NOTES:

- Does not include partial periods.
- Private real estate performance calculated quarterly. Public performance provided from State Street and calculated monthly.

*90% NPI/10% NAREIT since 1/1/2005, 100% NPI back to inception.

SAMPLE: Alaska Retirement Management Board

	Beginning M. Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending M. Value	Unfunded Commitments
Core Portfolio									
Trumbull Property Fund (UBS - RESA)	\$97,279,962	0	-772,625	0	1,186,200	258,692	-836,403	\$96,598,442	\$0
JP Morgan Strategic Property Fund	\$251,060,171	531,495	0	-2,880,847	3,009,682	531,495	-5,985,259	\$245,203,746	\$0
UBS Realty I.M.A. - ARMB 1997	\$371,201,769	464,000	-4,523,476	0	5,474,489	504,489	-4,731,177	\$367,381,116	\$26,077,529
Sentinel I.M.A.	\$87,473,853	41,000,000	-1,020,271	-430,000	1,508,915	146,549	-5,145,715	\$123,240,233	\$3,730,000
LaSalle I.M.A.	\$244,260,543	0	-3,610,780	0	3,569,412	358,093	-4,287,848	\$239,573,234	\$8,464,538
Cornerstone I.M.A.	\$225,436,338	0	-2,271,437	0	2,790,421	270,024	-4,601,125	\$221,084,172	\$318,410
Core Portfolio	\$1,276,712,636	41,995,495	-12,198,590	-3,310,847	17,539,118	2,069,343	-25,587,528	\$1,293,080,942	\$38,590,477
Non-Core Portfolio									
Rothschild Five Arrows Fund IV	\$29,180,339	2,543,809	-465,380	0	586,832	186,244	0	\$31,659,357	\$15,804,542
Coventry Real Estate Fund II	\$63,443,493	836,982	0	0	40,926	170,990	-4,226,190	\$59,924,222	\$0
Low Hospitality Investment Partners	\$50,961,985	657,895	0	0	-413,805	105,158	-254,315	\$50,846,602	\$313,455
Cornerstone Rotational Venture ("CRV")	\$253,701	0	0	0	12,811	0	0	\$266,512	\$0
Clarian Development Ventures II	\$35,960,066	1,830,000	0	0	-1,625,644	0	0	\$36,164,422	\$2,010,616
Tishman Speyer Fund VI	\$88,961,608	1,818,200	0	0	16,685	-3,387,328	-17,776,796	\$76,407,026	\$7,060,839
Lehman Brothers Real Estate Partners II	\$131,926,467	0	0	0	328,233	0	-18,834,367	\$113,420,333	\$0
LaSalle Medical Office Fund II	\$9,502,772	222,759	0	0	91,491	113,115	-73,322	\$9,630,585	\$19,906,547
Colony Investors VIII	\$18,664,385	16,967,060	0	0	30,300	272,100	-8,412,000	\$26,977,645	\$16,368,355
Cornerstone Apartment Venture II	\$7,495,084	8,283,333	-527,778	0	-111,724	54,085	152,107	\$15,236,937	\$34,300,000
Blackrock Diamond Property Fund	\$78,177,977	0	-36,729	0	41,270	226,083	-2,493,233	\$75,463,202	\$0
Rothschild Five Arrows Fund V	\$2,304,523	0	-32,787	-363,305	73,225	80,123	32,787	\$1,934,320	\$27,864,229
Tishman Speyer Fund VII	\$11,041,325	300,271	0	0	184,267	131,250	-3,396,613	\$7,998,000	\$15,097,066
Clarian Development Ventures III	-\$113,869	0	0	0	-97,159	0	0	-\$211,029	\$30,000,000
Lehman Brothers Real Estate Partners III	\$10,000,000	0	0	0	-324,054	0	-3,106,558	\$6,569,388	\$40,000,000
Non-Core Portfolio	\$537,759,857	33,460,309	-1,062,674	-363,305	-1,166,346	-2,048,181	-58,388,499	\$512,287,523	\$208,725,649
Public									
ARMB REIT	\$77,863,024	1,108,514	-1,108,514	0	1,049,005	0	2,314,487	\$81,226,515	\$0
Public Investments	\$77,863,024	1,108,514	-1,108,514	0	1,049,005	0	2,314,487	\$81,226,515	\$0
ARMB Private Real Estate Portfolio	\$1,814,472,493	75,455,804	-13,261,264	-3,674,152	16,372,772	21,162	-83,976,027	\$1,805,368,465	\$247,316,126
Total Portfolio									
ARMB	\$1,892,335,517	76,564,318	-14,369,778	-3,674,152	17,421,777	21,162	-81,661,540	\$1,886,594,980	\$247,316,126

SAMPLE: Alaska Retirement Management Board

	Property Type Diversification					Geographic Diversification									
	Apt	Office	Ind	Retail	Hotel	Other	NE	ME	ENC	WNC	SE	SW	Mtn	Pac	Int'l
Core Portfolio															
Trumbull Property Fund (UBS - RESA)	26.9%	33.4%	11.1%	22.3%	6.3%	0.0%	25.7%	12.4%	8.6%	1.2%	9.7%	9.8%	12.2%	20.4%	0.0%
JP Morgan Strategic Property Fund	19.4%	42.7%	12.7%	25.0%	0.0%	0.2%	18.6%	13.2%	7.3%	0.4%	14.1%	10.3%	5.9%	30.3%	0.0%
UBS Realty I.M.A. - ARMB 1997	29.3%	12.0%	44.7%	14.0%	0.0%	0.0%	13.5%	12.0%	7.8%	0.0%	13.1%	7.4%	16.2%	30.0%	0.0%
Sentinel I.M.A.	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	31.3%	0.0%	35.4%	33.2%	0.0%
LaSalle I.M.A.	0.0%	70.8%	7.2%	21.9%	0.0%	0.0%	0.0%	32.2%	0.0%	0.0%	9.4%	0.0%	12.8%	45.6%	0.0%
Comerstone I.M.A.	0.0%	47.2%	10.9%	41.9%	0.0%	0.0%	0.0%	0.0%	0.0%	10.9%	0.0%	0.0%	0.0%	89.1%	0.0%
Core Portfolio	23.5%	35.2%	19.2%	21.7%	0.5%	0.0%	9.1%	12.7%	4.2%	2.1%	11.8%	4.7%	12.4%	43.0%	0.0%
Non-Core Portfolio															
Rothschild Five Arrows Fund IV	0.0%	22.3%	0.0%	20.3%	19.0%	38.4%	31.8%	6.1%	0.7%	1.7%	40.2%	15.0%	1.1%	2.6%	0.7%
Covenry Real Estate Fund II	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	1.1%	1.7%	37.1%	9.1%	4.2%	17.1%	13.0%	16.6%	0.0%
Low Hospitality Investment Partners	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	34.1%	0.0%	0.0%	0.0%	14.7%	19.8%	0.0%	31.4%	0.0%
Comerstone Rotational Venture ("CRV")	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Clarian Development Ventures II	12.4%	32.6%	20.4%	2.5%	12.6%	19.5%	33.0%	0.0%	0.0%	0.0%	28.0%	8.0%	19.0%	12.0%	0.0%
Tishman Speyer Fund VI	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	26.4%	31.6%	4.7%	0.0%	5.5%	0.0%	0.0%	31.8%	0.0%
Lehman Brothers Real Estate Partners II	11.2%	22.0%	0.7%	5.0%	34.6%	26.6%	14.3%	4.3%	5.0%	0.0%	7.0%	6.7%	1.0%	0.6%	61.2%
LaSalle Medical Office Fund II	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	29.1%	8.3%	10.7%	0.0%	45.1%	0.0%	6.8%	0.0%	0.0%
Colony Investors VIII	2.2%	0.0%	0.0%	33.1%	0.0%	64.7%	5.6%	0.0%	0.0%	0.0%	0.0%	9.4%	32.9%	1.3%	50.8%
Comerstone Apartment Venture III	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	13.7%	24.3%	0.0%	0.0%	0.0%	0.0%	0.0%	62.0%	0.0%
Blackrock Diamond Property Fund	31.2%	49.4%	9.1%	9.5%	0.0%	0.7%	34.7%	13.9%	13.7%	0.0%	4.7%	2.6%	2.8%	27.6%	0.0%
Rothschild Five Arrows Fund V	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Tishman Speyer Fund VII	15.0%	85.0%	0.0%	0.0%	0.0%	0.0%	10.5%	4.4%	23.2%	0.0%	10.1%	0.2%	0.1%	51.6%	0.0%
Clarian Development Ventures III	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Lehman Brothers Real Estate Partners III	1.4%	45.0%	1.2%	11.8%	5.0%	35.6%	6.6%	0.8%	0.0%	0.0%	1.7%	3.7%	0.3%	1.3%	85.5%
Non-Core Portfolio	11.0%	36.0%	2.9%	18.2%	18.5%	13.4%	21.6%	9.3%	9.3%	1.6%	10.8%	7.8%	5.8%	17.9%	15.7%
Public															
ARMB REIT	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Public Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
ARMB Private Real Estate Portfolio	20.0%	35.4%	14.7%	20.7%	5.5%	3.7%	12.6%	11.8%	5.6%	2.0%	11.5%	5.6%	10.6%	36.1%	4.4%
Total Portfolio															
ARMB	20.0%	35.4%	14.7%	20.7%	5.5%	3.7%	12.6%	11.8%	5.6%	2.0%	11.5%	5.6%	10.6%	36.1%	4.4%

Section II

**Metropolitan Statistical Area Diversification
As of September 30, 2008**

Total Portfolio

ARMB Total Portfolio: Largest Metro Concentrations

MSA	% of Current NAV	NCREIF Weight
Santa Ana-Anaheim-Irvine, CA	19.1%	10.3%
Washington-Arlington-Alexandria, DC-VA-MD-WV	11.0%	9.2%
New York-White Plains-Wayne, NY-NJ	6.7%	13.6%
San Francisco-San Mateo-Redwood City, CA	5.5%	6.8%
Denver-Aurora, CO	4.4%	2.2%
International	4.4%	0.0%
Lake County-Kenosha County, IL-WI	3.9%	6.0%
Rockingham County-Strafford County, NH	3.9%	4.9%
Tacoma, WA	3.8%	3.0%
Fort Worth-Arlington, TX	3.8%	3.5%

IMAs Only

ARMB IMA Portfolio: Largest Metro Concentrations

MSA	% of Current NAV	NCREIF Weight
Fort Worth-Arlington, TX	23.8%	3.5%
Lake County-Kenosha County, IL-WI	12.7%	6.0%
Rockingham County-Strafford County, NH	7.9%	4.9%
San Francisco-San Mateo-Redwood City, CA	6.2%	6.8%
Santa Ana-Anaheim-Irvine, CA	5.5%	10.3%
Tacoma, WA	5.2%	3.0%
Washington-Arlington-Alexandria, DC-VA-MD-WV	4.6%	9.2%
West Palm Beach-Boca Raton-Boynton Beach, FL	4.3%	3.9%
Atlanta-Sandy Springs-Marietta, GA	4.0%	3.8%
Denver-Aurora, CO	3.4%	2.2%

Attribution Analysis
Private Core Real Estate Only
As of September 30, 2008

Attribution Analysis: Year Ending 9/30/08

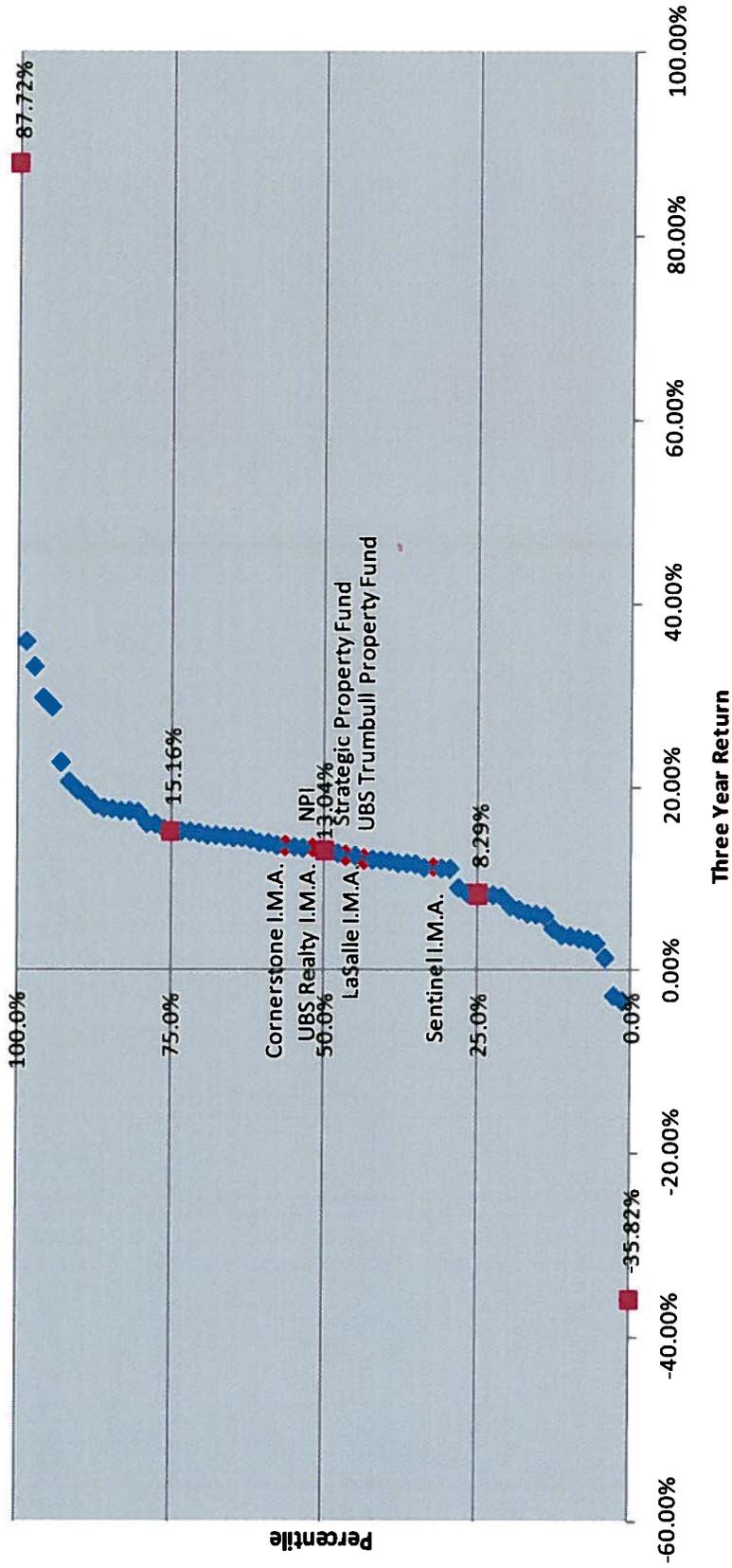
Type	Allocation	Selection	Cross	Total
Apartment	0.0083%	-0.0522%	0.0034%	-0.0404%
Hotel	-0.0021%	-0.0050%	0.0036%	-0.0035%
Industrial	-0.0023%	0.0423%	0.0146%	0.0546%
Office	-0.0066%	-0.1363%	0.0117%	-0.1312%
Retail	0.0025%	-0.0497%	-0.0023%	-0.0495%
Totals	-0.0003%	-0.2008%	0.0310%	-0.1700%

Attribution Analysis: Since Inception*

Type	Allocation	Selection	Cross	Total
Apartment	-0.0112%	0.0800%	0.0442%	0.1129%
Hotel	0.0040%	0.0165%	-0.0096%	0.0109%
Industrial	0.0000%	0.0190%	0.0035%	0.0225%
Office	0.0017%	-0.0263%	0.0039%	-0.0207%
Retail	-0.0124%	0.1361%	-0.0432%	0.0805%
Totals	-0.0179%	0.2252%	-0.0013%	0.2061%

* Since inception for attribution purposes is as of June 30, 1998, when the IMA program commenced
Attribution analysis only includes IMAs and core funds. Non-core funds are not considered

Quartile Analysis: Stable Return Universe Three Years Ending- 9/30/2008



Quartile Analysis: Stable Return Universe Five Years Ending- 9/30/2008

