



Los Angeles County Employees Retirement Association  
300 North Lake Avenue  
Suite 850  
Pasadena, CA 91101

## **GENERAL INVESTMENT CONSULTANT SEARCH**

September 10, 2021

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**RFP ATTACHMENTS**

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September 10, 2021

Dear Potential Provider:

The Los Angeles County Employees Retirement Association ("LACERA") is requesting proposals from qualified firms interested in providing general investment consulting services for the Pension Plan and OPEB Master Trust portfolios. The specific services requested via this Request for Proposal ("RFP") are contained in Section II, Scope of Work.

If you are interested in responding, please submit your Intent to Respond (**Attachment A**) via email by **3:00 PM PDT, Friday, October 1, 2021**, as well as your completed proposal (email and one hard copy) by **3:00 PM PDT, October 15, 2021** to:

Mr. Jude Pérez  
Principal Investment Officer  
LACERA  
300 North Lake Avenue, Suite 850  
Pasadena, CA 91101  
[generalconsultantsearch@lacera.com](mailto:generalconsultantsearch@lacera.com)

Detailed instructions for proposal submission are included in Section III of this RFP. Questions concerning the RFP must be submitted via email by **3:00 PM PDT, September 17, 2021**.

Thank you for your interest in providing general investment consulting services to LACERA, and we look forward to your response.

Sincerely,  
Jude Pérez  
Principal Investment Officer

## **I. Background Information**

LACERA is a public pension fund established pursuant to the County Employees Retirement Law of 1937. In addition to providing service to its members, LACERA acts as fiduciary agent and manager of the portfolio.

LACERA is governed by two nine-member Boards: the Board of Retirement ("BOR") and the Board of Investments ("BOI"). The BOR is responsible for the administration of the retirement system. The BOI, to which the General Investment Consultant reports, is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the fund. The day-to-day management of LACERA is delegated to a Chief Executive Officer appointed by both Boards. The day-to-day management of LACERA's investment portfolio is delegated to a Chief Investment Officer appointed by the BOI.

LACERA administers a pension fund and an OPEB Master Trust of approximately \$71 billion and \$2.3 billion in assets, respectively. The purpose of this RFP is to select a general investment consultant to provide consulting services for the Pension Plan and OPEB Master Trust portfolios. The general investment consultant's scope of work includes consulting responsibilities over the public markets' portfolios of the Pension Plan and entire portfolio of the OPEB Master Trust. The full scope of work for this mandate is detailed in the next section below.

LACERA's Pension Plan's current long-range asset allocation plan has set an allocation to public market investments as follows: global equity of 32%, liquid credit of 4%, investment grade bonds of 7%, and 8% of US government bonds. As of June 30, 2021, LACERA's public market investments in the aforementioned categories was valued at approximately \$43 billion. The OPEB Master Trust is currently 100% invested in public market securities.

In 2021, the Board of Investments approved new strategic asset allocations for the Pension Plan and OPEB Master Trust. The new strategic asset allocation targets for both portfolios are included in **Attachment B**. The general investment consultant is expected to advise on the glide path for both portfolios towards the new targets for the portfolio components under the responsibility of the general investment consultant.

For additional information about LACERA, please refer to LACERA's Annual Financial Report, which is posted on the LACERA website, [www.lacera.com](http://www.lacera.com), in the "Investments" section.

The services requested in this RFP for general investment consulting are currently provided by Meketa Investment Group. Existing service providers are permitted to submit a response to this RFP.

## **II. Scope of Work**

The consulting scope of services required by LACERA are described below:

### **A. Asset-Liability Study**

- Work closely with LACERA's actuaries and investment staff to prepare a comprehensive asset-liability study that requires an analysis of the Pension Plan's and

OPEB Master Trust’s funded status and projected required contributions under various return environments and different asset mix scenarios. LACERA generally has an asset-liability study conducted every three to five years. Consultant will provide both educational information and report the asset-liability results to the Board.

## **B. Strategic Consulting**

- Carry out LACERA’s strategic goals and initiatives and report directly to the Board.
- Assist LACERA on “big-picture” Pension Plan and OPEB Master Trust investment policy and structure issues. This includes topics such as analyzing new investment strategies and asset classes, as well as identifying industry trends.
- Provide recurring recommendations concerning long-term investment policy, objectives, and strategy for LACERA’s Pension Plan and OPEB Master Trust that are consistent with LACERA’s Investment Policy Statement and/or with regards to updating LACERA’s Investment Policy Statement.
- Review applicable investment policies and objectives prepared and established by LACERA and recommend any changes or modifications as may be appropriate in light of changes in the Pension Plan and OPEB Master Trust portfolios, public market investments (global public equities, investment-grade fixed income, high-yield bonds, liquid credit, etc.) landscape, and global capital markets.
- Advise on structure reviews of LACERA’s public markets portfolio, recommend any changes or modifications as may be appropriate, and provide an opinion on each structure review outlining any concerns or concurrence. Structure reviews are periodic, forward-looking reviews performed by staff regarding portfolio construction and investment plan for the public markets portfolios.
- Provide information and comprehensive research regarding significant changes in the public market investments, including best practices, trends, and major events.
- Present and provide a full review of the Pension Plan and OPEB Master Trust portfolios’ structure and performance to the Board on at least an annual basis.

## **C. Performance Analytics and Reporting**

- Produce a quarterly performance book for both LACERA’s Pension Plan and OPEB Master Trust.
- Provide independent performance calculations both time-weighted and money-weighted (IRR), computed at the manager, sub-composite, composite, and total fund levels.

- Provide independent calculation of custom composite and benchmark performance. Custom composite and custom benchmark building and reporting will be necessary on an ad-hoc basis.
- Coverage to include all accounts, both public, and alternative.
- Conduct an evaluation of fees relative to performance annually and provide a report.
- Performance reports for LACERA’s Pension Plan and OPEB Master Trust should include:
  - Both gross and net of fee returns, lagged and unlagged returns, consistent with CFA Institute's Global Investment Performance Standards (GIPS)
  - Performance reconciliation
  - Benchmark and market index returns
  - Market commentary
  - Universe comparisons for the total fund, composites, and managers
  - Performance attribution relative to standard and custom benchmarks for the total fund, composites, and managers
  - Portfolio and benchmark characteristics and statistics, with metrics such as beta, market capitalization, duration, yield, sector breakdown, etc.
  - Factor-based style analysis and measurements of manager consistency
  - Risk reporting using a variety of ex-post risk-adjusted return information and statistics such as standard deviation, tracking error, Sharpe ratio, and information ratio

#### **D. Sourcing, Due Diligence, and Monitoring**

- Provide LACERA with all Consultant-generated public market investments and market/industry research and make Consultant’s research staff available to LACERA as requested.
- Evaluate and provide written recommendations on any amendments to investment management agreements proposed by a manager of an investment in which LACERA is an investor, including, without limitation, amendments regarding investment restructurings, fee waivers, term extensions, and investor liquidity options.

- Report to LACERA on changes with existing investment managers that could reasonably be expected to materially and negatively affect the performance of the investment in which LACERA is an investor, including any organizational, structural, or key personnel changes, or client turnover.
- Notify LACERA of any identified material issues that may impact investment performance and recommend a course of action to enhance returns or mitigate risk.
- Assist LACERA in providing detailed attribution analysis on the public markets portfolio, including reasons for over/underperformance compared to applicable benchmarks.
- Provide other reasonably requested consulting services ancillary to identification, analysis, and evaluation of goals, strategies, and objectives of the public markets portfolios.
- Specific to the OPEB Master Trust, the Consultant is expected to perform all functions noted above in this section and for the private markets' portfolio as well. The OPEB Master Trust currently has a 0% allocation to private markets. In May 2021, the Board of Investments approved an 18% target allocation to private markets. The Consultant is expected to assist with a glide path along with private markets investment opportunities over the next several years with the objective of reaching the 18% target allocation.

#### **E. Environmental, Social, and Governance (ESG) Integration**

- Identify, assess, and integrate financially relevant ESG factors into capital market research, analysis, return assumptions, and portfolio design. Matters may include but are not limited to, climate change, demographic trends, and technological innovation.
- Assist in the assessment and monitoring of public markets portfolio and external manager ESG integration risks and opportunities, consistent with LACERA's investment policies.
- Conduct specialized research on ESG topics and integration strategies, as requested.

#### **F. Meeting Attendance**

- Consultant's representatives will be required to attend:
  - One Board of Investments meeting per month (typically the second Wednesday);
  - All committee meetings;

- Annual Board off-site meeting (typically 2-3 days in July); and
- Meetings as requested by LACERA to (i) present research, analyses, written reports, and recommendations, and (ii) respond to questions relating to the public markets portfolio, Pension Plan, OPEB Master Trust, or market in general.

#### **G. Collaboration with Board, Staff, and Specialist Consultants**

- Collaborate with LACERA’s specialist Consultants to provide ongoing advice and technical support in the establishment and refinement of portfolio asset allocation, investment goals and objectives, and investment policies and procedures.
- Assist with special projects as requested by LACERA and participate in ad hoc workshops on specific issues.
- The Consultant may also be asked to provide other services on a time and materials basis as required by LACERA.
- Periodically provide educational presentations to the Board on specific issues.

### **III. Requirements and Instructions for RFP Response**

#### **A. Proposal Deadline**

The completed proposal (email and one hard copy) must be delivered by **3:00 PM PDT, October 15, 2021**. Any proposal delivered after the proposal deadline will not be considered. Faxed transmissions are not acceptable. The **email transmission and one copy (bound) of the completed proposal** are to be sent to the attention of:

Mr. Jude Pérez  
Principal Investment Officer  
LACERA  
300 North Lake Avenue, Suite 850  
Pasadena, CA 91101  
[generalconsultantsearch@lacera.com](mailto:generalconsultantsearch@lacera.com)

Also email one PDF copy marked “REDACTED”. The redacted copy should exclude all material from your proposal that you believe in good faith is exempt from disclosure under the California Public Records Act (Cal. Gov. Code Sections 6250 et seq.) (described in Section VII of this RFP). Redactions should appear as blacked out material or blank page(s) with the word “REDACTED” or “PROPRIETARY” inserted.



## **B. Format and Content**

Proposals are to address all the questions posed by LACERA in the order in which they appear in this RFP. All requested information must be provided in the format and order described below. Answers are to be succinct in a 12-point font and single-sided page limit maximums (as indicated below) are to be complied with.

### **1. Cover Letter**

A cover letter (1 page) shall be signed by the individual(s) who is (are) authorized to bind the respondent contractually. The letter shall contain a statement to the effect that the respondent is not currently under investigation by any regulatory agency, state or federal, for any reason. The letter should identify your firm's competitive advantage, the specific team that will be working on the LACERA account, including the lead consultant on the team, and the reasons why the firm should be selected.

### **2. Minimum Qualification Certification**

Your firm must certify, by completing and signing **Attachment C**, that it meets the minimum qualifications required.

### **3. Table of Contents**

The response must contain a table of contents (1 page) that identifies the major sub-sections of the Questionnaire.

### **4. Questionnaire**

Provide your response to the enclosed Questionnaire (**Attachment D**). Excluding the requested Exhibits, your response must not exceed **40 pages**. Responses shall be in the prescribed format. The RFP and Attachments have been made available for review and download via LACERA's website ([www.lacera.com](http://www.lacera.com)) under the "Business Opportunities" section (follow on the website: About LACERA/Who We Are/Business Opportunities).

### **5. Attachments**

Respondents seeking consideration as a General Investment Consultant must provide all information requested to be included as Exhibits to the completed Questionnaire.

Please complete the Diversity, Equity, and Inclusion Questionnaire; Diversity, Equity, and Inclusion Questionnaire Firm Demographics Tables; and the Firm Ownership Profile Questionnaire Table (**Attachment E**) and include your response as an Exhibit.

The Exhibits do not contribute to the Questionnaire page limit as outlined in the previous section; however, please do not include additional Exhibits or Attachments in your response beyond what is requested in the Questionnaire, as they will not be considered in this evaluation.

## **C. Questions Relating to this RFP**

All questions, inquiries, and requests for additional information concerning this RFP should be received no later than **3:00 PM PDT, September 17, 2021**, and should be emailed to [generalconsultantsearch@lacera.com](mailto:generalconsultantsearch@lacera.com). All questions received and responses

thereto will be posted on LACERA's website (www.lacera.com) under the "Business Opportunities" section (follow on the website: About LACERA/Who We Are/Business Opportunities) on or about **3:00 PM PDT, October 8, 2021**.

#### **Additional Information**

Please note that during this evaluation process LACERA staff will not answer any questions related to the RFP except as set forth in the above paragraph. After **September 17, 2021**, if a question appears unclear to you, please state your interpretation of the question and answer it accordingly.

To ensure that prospective service providers responding to this RFP have equal access to information regarding the RFP and communications related to the RFP are consistent and accurate so that the selection process is efficient and fair, a quiet period will be in effect from the date of issuance of this RFP until the selection of one or more respondents is completed and announced. During the quiet period, respondents are not permitted to communicate with any LACERA staff member or Board member regarding this RFP except through the point of contact named herein. Respondents violating the quiet period may be disqualified at LACERA's discretion. Respondents who are existing LACERA service providers must limit their communications with LACERA staff and Board members to the subject of the existing services provided by them.

#### **D. Evaluation of Responses and Additional Conditions**

All responses received shall be subject to evaluation on the following eight categories by a committee.

1. **Organization** – Ownership structure, lines of business, global staffing and office location, company management, firm evolution since inception, and signatory status to the Principles for Responsible Investment.
2. **Professional Staff** – Primary consultant, experience, turnover, compensation, diversity, equity, and inclusion, contingency plan, and alignment.
3. **Technology** – Approach and efficacy in the use of technology such as proprietary databases, research analytics, and portfolio and manager risk analytics.
4. **Investment/Market Research Capabilities** – Research philosophy, commitment to research, fund and manager evaluation tools, depth and breadth of manager strategy research and sourcing, research department structure, including but not limited to capacity to incorporate diversity, equity and inclusion considerations, environmental, social, and governance (ESG) factors. Investment and operational due diligence capabilities and quality of due diligence reports.
5. **ESG Research Capabilities** – Capacity and sophistication in identifying, assessing, and integrating financially-relevant environmental, social, and governance (ESG) factors that may impact capital market research, returns assumptions, portfolio construction, and manager monitoring into the general

investment consultant’s services, including—but not limited to—climate change, demographic trends, and technological innovation.

6. **Service Model** – Make-up of team providing services, succession planning, level of service to be provided, performance reporting, training and education to staff.
7. **Conflicts of Interest** – Policies and procedures in place to manage identified conflicts of interest between varying business activities, i.e., discretionary asset management and advisory services.
8. **Fees** - Please submit a one-page fee proposal based on the Scope of Services described in this RFP. Indicate if the firm passes through any costs to the client as described in the RFP questionnaire. Attach as an Exhibit to your proposal.

**IV. Evaluation Process**

If advanced beyond round one of the evaluation phase, respondents may be asked to complete a subsequent questionnaire, hold telephonic or in-person committee interviews or on-site visits by LACERA. Finalists will make oral presentations to the Board of Investments. The BOI will make the final evaluation and selection.

**V. Contract Terms and Conditions**

The General Investment Consultant will acknowledge that it is a fiduciary under the contract and, as a fiduciary shall perform its duties with the standard care, skill, prudence, and diligence that apply to other reputable experts practicing in the investment consulting field.

**VI. Tentative Timetable**

The following is the tentative time schedule for LACERA's search for firms to provide non-discretionary general investment consulting services. All dates are subject to modification by LACERA.

LACERA RFP Issued	September 10, 2021
Submission – RFP Questions Deadline	September 17, 2021
Submission – Letter of Intent	October 1, 2021
LACERA Response to Written Questions	October 8, 2021
Submission – RFP Response Deadline	October 15, 2021
Invitations to Interview, as Warranted	Q4 2021/Q1 2022
Board of Investments Deliberation/Selection	Q1/Q2 2022

**VII. Notice to Respondents Regarding the Public Records Act**

The information you submit in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (Cal. Gov. Code Sections 6250, et. seq., the “Act”) in the sole discretion of LACERA based on its interpretation of its legal obligations under the Act. The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff chooses to recommend your firm to the Board of Investments for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for a public meeting of the Board

of Investments in accordance with the Ralph M. Brown Act (Cal. Gov. Code section 54950, et seq.), and parts or all of your proposal may be included in the agenda packet that is available to the public generally. If it is included in the agenda packet, your proposal will not be exempt from disclosure under the Act.

If you believe that any portion of your response to this RFP is exempt from public disclosure under the Act and should not be included as part of any public agenda packet, you must mark such portion “TRADE SECRETS”, “CONFIDENTIAL” or “PROPRIETARY” and make it readily separable from the balance of your response and offer a brief explanation for the exemption under the Act. Responses marked “TRADE SECRET”, “CONFIDENTIAL” or “PROPRIETARY” in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of responses so marked. By submitting a response with material marked “TRADE SECRET”, “CONFIDENTIAL” or “PROPRIETARY,” you represent you have a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive.

You may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act and should not be included in the agenda packet. Fee and pricing proposals are not considered “TRADE SECRET,” “CONFIDENTIAL,” OR “PROPRIETARY”. LACERA may also in its sole discretion produce any information in your response, including information marked “TRADE SECRET,” “CONFIDENTIAL,” or “PROPRIETARY,” in response to a Public Records Act request if LACERA believes it is required by law to do so.

If a request is made pursuant to the Act for materials you have marked “TRADE SECRET”, “CONFIDENTIAL” or “PROPRIETARY” and LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will either notify you so you can seek a protective order at your own cost or expense, or LACERA will deny disclosure of those materials. If LACERA denies public disclosure, then by submitting your proposal you agree to reimburse LACERA for, and to indemnify, defend, and hold harmless LACERA, its officers, fiduciaries, employees, and agents from and against any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs, and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, “Claims”) arising from or relating to LACERA's non-disclosure. By submitting your proposal, you also agree to indemnify, save, and hold LACERA harmless from and against any and all Claims arising from or relating to LACERA’s public disclosure of any such designated portions of your response if LACERA reasonably determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Nothing in this RFP requires LACERA to withhold any documents from production under the Act.

#### **VIII. Responses become LACERA Property**

The information you submit in response to this RFP will become the exclusive property of LACERA. Your response will not be returned to you, and LACERA will not reimburse you for response preparation expenses.

**IX. Contract Negotiations**

If LACERA's Board of Investments so authorizes, staff will negotiate a consulting services agreement with the approved firm. LACERA may terminate negotiations, at its sole discretion, if it believes a satisfactory agreement cannot be negotiated. LACERA reserves the right to award a contract based upon proposals received. You should not rely upon the opportunity to alter your proposal (e.g., fees, services to be provided) during contract negotiations.

The contract negotiated, if any, must allow LACERA to terminate (a) for its convenience upon not more than 30 days notice, (b) if funds are not appropriated for the services to be provided, and (c) for default.

The general form of the contract LACERA intends to use for the investment consulting services set forth in this RFP is attached as **Attachment F**. By submitting a proposal without comment on the contract, you will be deemed to have agreed to each term in the contract, and to not seek any modifications to the contract. If you object to a term in the contract, or wish to modify or add terms to the contract, your proposal must identify each objection, and propose language for each modification and additional term sought, including the rationale for the change. LACERA reserves the right to make changes to the contract prior to execution, including material changes.

**X. Reservations by LACERA**

LACERA reserves the right to cancel this RFP, in whole or in part, at any time before the closing date.

LACERA is not liable and will not reimburse you for any costs you incur in connection with the preparation or submission of any proposal.

If you submit a response to this RFP, LACERA reserves the right to make such investigations as it deems necessary to determine your ability to furnish the required services, and you agree to promptly furnish all such information for this purpose as LACERA may request.

LACERA also reserves the right to reject the proposal of anyone who is not currently able to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.

LACERA reserves the right to reject, in whole or in part, any and all proposals received; to waive minor irregularities; to negotiate in any manner necessary to best serve the public interest, and to make a whole award, multiple awards, a partial award, or no award.

LACERA reserves the right to award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the consulting services needs of LACERA, which may not be the proposal offering the lowest fees.

LACERA reserves the right to request additional documentation or information from each respondent. Requested information may vary by respondent. LACERA may ask questions of any respondent to seek clarification of a proposal or to ensure the respondent understands the

scope of the work or other terms of the RFP. LACERA reserves the right to terminate or modify this RFP.

LACERA reserves the right to submit the final agreement between LACERA and the respondent to the Board of Investments for approval.

This RFP is not an offer of a contract. Acceptance of a proposal does not commit LACERA to award a contract to any respondent, even if the respondent satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP.