

RFP Questions and Answers for LACERA.com

Note: LACERA responses in blue

The following are answers to your questions:

- Does “investors” refer to individual plans managed by LACERA? If so, please advise the number of plans and the desired length of historical plan-level allocations LACERA is interested in converting. (Question 49)
No.
- Please confirm if you are referring to a portfolio perspective, from the investors (plan) perspective or both? (Question 61)
Both.
- Does LACERA charge fees to any of their investors (plans)? (Question 74)
No.
- Is the LACERA custodian also acting as a nominee for the purpose of filling out subscription docs? (Question 83)
No.
- Can you please confirm if this is from the perspective of (i) LACERA being an investor in an underlying fund, or (ii) investors (plans) investing into LACERA’s portfolio? (Questions 88-92)
(i) LACERA being an investor in an underlying fund
- For the purpose of providing a fee quote for wire processing can you please provide the following volumes (Question 93):
 - Number of monthly cash movements by type
 - Wire transfers
 - Expense Payments
 - Investment funding**This will be supplied as we move through the diligence process.**
- How many banking relationships are in scope for wire processing? (Question 93)
2-3
- What is the expectations of reporting frequency? Is it monthly/quarterly? Please confirm that there is no daily requirements. (Question 120)
Mostly monthly/quarterly, however, for some assets/transactions, we may need a daily snapshot.
- Could you please elaborate on the need to “evaluate” IRRs? Is this the ability to perform the calculations, expose the underlying data elements and/or qualitatively opine on the IRRs for specific investments? (Question 128)
Yes, with the ability to slice and dice the data.

- Please clarify what you mean by a dedicated managed account platform? This is typically a product provided by an advisor, not an administrator. Is the question with reference to a dedicated administration team that services managed account platforms? (Question 139)

http://www.lacera.com/Opportunities/RFP/dedicated_managed_account_svcs/index.html

- In order to provide a more accurate fee proposal, please provide more information with reference to the following volume metrics:
 - Could you please provide volumes for the following (Question 142):
 - Number of held fund positions for:
 - Private Equity
 - Real Estate
 - Real Assets
 - Hedge Fund (share class level)
 - Number of monthly trades for:
 - Private Equity
 - Real Estate (excluding separate accounts)
 - Real Assets
 - Hedge Fund (share class level)
 - Number of K1s

This will be supplied as we move through the diligence process. Provide fee estimates to the best of your ability.

- What is the need to have Auto-Liability? (Service Agreement Section 18c)

This is a standard contractual requirement for LACERA.

- Regarding the need for the firm and its staff 'Assuming Office Statement, can you please elaborate on the compliance impact here on firm's staff? (Service Agreement Section 19r)

This will be addressed as we move through the diligence process.

- The language of the Compliance Form seems to be geared towards an Investment Manager. Given our proposed role as Administrator, is the Compliance Form required to be completed by the firm?

The form will be modified to reflect an Administrator service model.

- Can you provide the number and total commitment amounts for the Hedge Fund, Private Equity, and Real Asset Funds/Deals that LACERA is invested in?

This will be supplied as we move through the diligence process.

- What is the vintage/inception date/year for each asset class (RE, Hedge, PE)?

RE – 1985; PE – 1986; RA - 2018; Hedge Funds - 2011

- Please provide a list of investments for all asset classes that are in scope
This will be supplied as we move through the diligence process.
- LACERA quoted \$6 Billion in PE, is this the market value or total commitments? If MV, could you provide your current total commitments?
Market Value; est. \$12bb for commitments
- LACERA quoted \$2bn in Hedge Funds, please describe the type of holdings in Hedge Funds – investment in underlying Hedge funds, and or direct investments in equities, bonds, derivatives, and bank debt.
All of the above.
- Does LACERA currently use different Administrators and Custodians for each asset class (PE, RE, Real Assets and Hedge Funds). If yes, how many admins and custodians?
Two
- What accounting system/s does LACERA currently use? Does it differ by asset class?
n/a
- How will LACERA transmit the historical data and transactions to the Administrator?
To be discussed at a later date
- Does LACERA require historical documents to be saved on a platform?
Yes
- Does your data require historical reconciliation (unfunded balances, etc)? Will LACERA require ongoing reconciliation with Custodians, investment advisors and/or LACERA records?
Historical reconciliation of historical backloads; on-going reconciliation, yes.
- Can LACERA comment if there are any ongoing historical reconciliations projects for transaction, valuation or performance returns?
Yes, there is currently a historical reconciliation for one asset class underway.
- Does LACERA require look through reporting for underlying investments or is the requirement on the portfolio / investment funds level only? Does this differ by asset class?
Ideally, look through. And this may differ by asset class.
- For public securities and foreign exchange, what pricing vendors/sources are currently used? For NON-USD investments what is the current LACERA policy for FX: USD Cash equivalent, Platform/System Rate, Vendor Rate
Custodian is the source
- Please share the valuation policy for Hedge Fund investments
N/A
- Real Estate investments are held through SPE/SPVs that hold title to real estate investments – What level of granular information is maintained for the SPE/SPVs and real estate investments and is detailed reporting required for property level expenses and performance?
Detailed information is maintained, and detailed reporting is a requirement.

- Please provide valuation timelines/requirements and a reporting calendar for all asset classes
To be discussed at a later date
- How does LACERA expect investment-related activity and valuations to be provided to the Administrator?
To be discussed at a later date
- What is LACERA's current procedure for validation of investment fees and is this limited to management fee or does it include other fees as well?
Includes all fee types and asset classes. We conduct internal and manager reporting/proofs, and AB2833 reporting.
- Please provide a detailed breakdown of the required program level compliance for each asset class. Please provide the current terms, conditions and policy. What is LACERA's current process for compliance monitoring?
This will be supplied as we move through the diligence process.
- Does LACERA require a granular GAAP breakdown on transactions, such as ROC, Gain/Loss for distributions and Investment, Mgmt Fees, etc. for capital calls?
Yes.
- Does LACERA require the validation of ownership percentage for each cap call / distribution?
Yes.
- Please provide a comprehensive listing of the types of "fees" required to be validated by the Administrator.
This will be supplied as we move through the diligence process.
- What if any performance return benchmarking will be required from the Administrator (please provide specific indexes)? Please distinguish by asset class.
This will be supplied as we move through the diligence process.
- Will the Administrator need to review property level information in detail (e.g. review of actual to budget statement of operations, capital expenditure variances, etc.)?
We expect a certain level of detail on property level information, we can discuss more as the process moves on.
- What business day do you close the books at month-end? Quarter-End? Year-end? Does this differ by asset class?
There is accounting and performance close; slight differences by asset class.
- What accounting/performance reporting services do you require that LACERA doesn't currently receive?
Refer to the Scope of Work.
- Does LACERA have access to generate performance reports from a Custodian, Consultant or Advisor platform for any of the asset classes?
Yes.
- Please confirm the term "property" to be consistent with real estate investment holding. (Question 78)
Yes.
- Are "Investors" in this context the Investment Managers (GPs) with whom you invest? If no, please clarify who the investors are. (Question 83)
Both.

- Will Hedge Fund reporting be limited to the Hedge Fund daily NAV provided by the administrator? Or would detailed tracking of the daily underlying holding portfolios of the Hedge Funds be required as well? (Question 140)

To the extent transparency is available for the manager, that would be the preference.