Questions: On page 4 of the RFP document attached, it provides a list of Program Objectives, we’d like to clarify if this mandate: (a) limits investments only into PE managers that fit the definition as “Emerging Managers”; or (b) does it include directing capital to private equity that are traditionally overlooked by large institutional investors and accessing the small fund universe globally noting that some of them may not fit the EM definition.

Answers: This mandate seeks discretionary separate account investment services for private equity emerging managers defined as: managers raising their first, second, or third institutional fund with capital commitments between $300 million to $1 billion for buyout and growth equity funds and between $100 million and $400 million for venture capital funds.

Questions: Will you consider a Fund of One structure? Please clarify your definition of “Individual Contractor” from Table D of Exhibit F – Supplemental Questionnaire. Please clarify your Fee Schedule listed in Exhibit B – Attachment I of the IMA. Is the JPM Enhanced Cash Portfolio fee schedule attached as an expectation of adherence to those rates? Or is that to be used as an example of how to list the fee calculations?

Answers: The mandate will be for a separate managed account structure only. Examples of individual contractors include those that fulfill analytical, investment, or research-related functions for the firm. All exhibits, including the fee schedule, are for illustration purposes only.

Questions: Would LACERA consider a manager solely focused on North America? Or do you prefer a global partner? Is LACERA considering hiring more than one partner?

Answers: LACERA seeks one or multiple separate account manager(s) to invest in private equity emerging managers on a discretionary basis and achieve its program objective of obtaining access to emerging managers globally.

Questions: Would LACERA’s current RFP consider PE FoF managers who frequently invest with “emerging managers,” who are raising sub-billion dollar funds one/two/three, but are NOT focused on traditional strategies like buyouts, growth equity or venture? Would LACERA welcome a RFP response from a PE FoF manager who specializes in more esoteric strategies – delivering exposure to private market strategies focused on (for example): intellectual property, litigation finance, music royalties, wireless spectrum licenses, permanent crops, etc? Basically,
would a PE FoF manager who proposes to deliver zero exposure to buyouts, growth equity or venture GPs be considered under this search.

**Answers:** LACERA will consider all proposals that are in the best interest of LACERA with a preference for emerging managers with equity strategies, (e.g., buyouts, venture capital, etc.). LACERA’s private equity program guidelines do not include an allocation to credit strategies or real asset strategies, including infrastructure and commodities.

**Questions:** Could you please clarify if the mandate is US only or global (US, Europe, Asia)? Are Emerging Managers under consideration only US or also global (US, Europe, Asia)? The firm must have at least five institutional clients, with a minimum of two public pension funds, one of whom has a plan size of at least $10 billion. Should these public pension funds be US or can they be international?

**Answers:** The program’s objective is to access the global small fund universe. All public pension fund clients that are at least $10 billion in size qualify.

**Questions:** Do you contemplate including in this portfolio Emerging Manager Co-Investments and Secondaries in addition to fund investments? Would your definition of Emerging Managers include standalone Emerging Managers in addition to new strategies of more established funds? Can you please confirm what parts of the proposal can be kept confidential given FOIA requirements to make information public? Will the information provided be posted to your website or just provided on specific request? Would you prefer we provide 12/30/20 data (for a clean cut year-end representation) or 3/31/21 data (most recent available)? We won’t have the requested 6/30/21 performance data available yet at submission date. Regarding Table H, would you prefer us to provide our full PE platform vintage year performance or just the performance of funds that meet the EM criteria provided by LACERA, or provide both? We see that you currently have been re-upping your Emerging Manager program with JPM since 2008. Will JPM be considered in this search or are you looking for a complementary manager/managers?

**Answers:** One of the program goals is to generate co-investment and secondaries deal flow for LACERA. All co-investment and secondary opportunities sourced from the emerging manager program should be presented to LACERA for a direct investment.

The spirit of the emerging manager program is to invest with relatively newer firms that are raising first-, second-, or third-time institutional quality funds.

Please refer to item VII of the RFP document for information regarding the Public Records Act and Ralph M. Brown Act.

Table G from the Supplemental Questionnaire may include performance data (Net IRR, Net MOIC, and Net DPI) as of March 31, 2021, if June 30, 2021 is not available.
Provide the full private equity vintage year track record in Table H.

JPMorgan will be considered if they respond to the RFP.

**Questions:** Is there any consideration to awarding this mandate(s) by geography? That is, U.S. and globally? For Minimum Qualification 3, is the requirement of at least two (2) public pension fund clients hard and fast, or can this requirement be met with other large sophisticated institutional investors, such as sovereign wealth funds, foundations, and endowments?

**Answers:** The mandate will consider multiple separate account managers. Firms that do not meet the Minimum Qualifications are welcome to respond, as LACERA reserves the right to grant exceptions if doing so is deemed to be in the best interest of LACERA.

**Questions:** Is JPM the sole provider of the emerging manager program? What is LACERA’s appetite to invest in Europe and Asia? Does LACERA expect to hire one separate account manager or more than one for this mandate? Does LACERA have a minimum commitment amount for the underlying emerging funds below which you won’t be prepared to go or will that decision be left to the Separate Account Manager?

How much is LACERA currently paying JPM – management fee, carried interest, etc. - for the emerging manager program? Is there a scale whereby the pricing adjusts over time? Can LACERA provide a detailed listing of the underlying funds to which JPM has committed to on behalf of LACERA as part of the emerging manager separate account? How much co-investment activity has JPM participated in as part of the SMAs in place? Can LACERA provide any summary information around the exposures of each SMA regarding amount of exposure to venture capital, growth capital, buyouts, Europe, Asia, and the US? Will LACERA require a GP commitment for the vehicle? Does JPM provide a GP commitment? If so, how much as a percent of capital have they provided?

**Answers:** JPMorgan is currently the sole service provider for the emerging manager program. LACERA is a global investor and open to hiring multiple separate account managers for this mandate if that is deemed to be in the best interest of LACERA. The minimum underlying emerging manager fund commitment size will be part of the program’s investment parameters agreed to with LACERA.

Responses to this RFP mandate should be independent of JPM’s current terms and portfolio management strategy/underlying funds.

LACERA anticipates the following maximum exposures by committed capital for this emerging manager mandate:
Buyout: Up to 85%
Venture Capital and Growth Equity: Up to 30%
Co-investments and Secondaries: Up to 15%

The mandate does not require a GP commitment to the separate account vehicle.

Questions: RFP, Section IX, Contract Negotiations: Should the Bidder wish to modify or add terms to Attachment I (Investment Management Agreement), could you please indicate the preferred method to identify items, provide modifications, and offer rationale (e.g., track changes)? For example, would you accept a red-line IMA for contract exceptions and open considerations? Attachment E Questionnaire, Section III, Question 5: Would LACERA accept a brief summary in response to Section III, Question 5 with a detailed attachment to address a 10-year history.

Answers: Red-lines with track changes would be preferred for proposed IMA changes. Complete transparency and detailed information will be helpful in assessing the items in the questionnaire, including Question 5 in Attachment E.

Questions: With regard to the fee proposal, is there a certain commitment size either overall, or per annum, or AUM ranges respondents should consider? We reviewed the pricing schedule in the Sample IMA, however wanted to confirm if those ranges are applicable to this program as well. In terms of allocation is there a target for venture commitments? And more broadly is there a target geographical split? Would LACERA like the manager to also consider co-investment in-scope of the emerging manager mandate, or would co-investments sourced from these managers be executed elsewhere at LACERA? As it relates to the diversity attachment is there a Table 3 to be included?

Answers: Each respondent should suggest a fee proposal that is a best fit for the proposed mandate and their respective firm. Any ranges or pricing in the Sample IMA are purely for illustration purposes only.

The anticipated maximum emerging manager strategy exposures by committed capital are as follows:
Buyout: Up to 85%
Venture Capital and Growth Equity: Up to 30%
Co-investments and Secondaries: Up to 15%

The mandate’s geographical target allocation will be determined with the manager(s), but LACERA may consider up to 50% of committed capital in non-U.S. opportunities.

All co-investment and secondary opportunities sourced from the emerging manager program should be presented to LACERA for direct investment. Any opportunities declined by LACERA may be considered for investment in the emerging manager program.
Diversity attachment Table 3 shown below and the associated Excel spreadsheet have been updated in the “Ownership” tab within Attachment H of the RFP documents. (https://www.lacera.com/Opportunities/RFP/private_equity_advisor/index.html).

LACERA invites disclosure of any diversity attributes among your firm’s ownership (where applicable) and the percentage of ownership of each individual. LACERA takes a broad view of diversity (inclusive of gender, race and ethnicity, sexual orientation, gender identity, disability, and other attributes). We invite you to describe how your firm defines diversity in your ownership profile below.

U.S. firms are also requested to provide the baseline demographic information of the firm’s owners, consistent with EEO-1 categories, in Table 3.

Questions: Regarding all tables in Attachment F – Supplemental Questionnaire, if data is not available as of the date requested by LACERA, would you like respondents to provide the most recent data they have available? Regarding Table B of Attachment F – Supplemental Questionnaire (and other areas where LACERA asks firms to provide information about their Private Equity clients and commitments), would LACERA prefer respondents to include only discretionary relationships, or should we also include data for non-discretionary relationships? Our firm also has significant “assets under supervision” where we act in an advisory capacity for private equity clients, and/or perform only monitoring and reporting of client private market investment portfolios. Table B of Attachment F – Supplemental Questionnaire includes a
footnote that defines the strategies LACERA would like to have included as “private equity” AUM. Typically, our firm will exclude investments in credit and real assets from our designation of Private Equity. Would you like us to adjust our categorization of Private Equity throughout the RFP to match the strategies listed by LACERA (Buyout, Venture Capital, Growth Equity, Distressed for Control and Turnaround Strategies)? Regarding Tables G & H of Attachment F – Supplemental Questionnaire, can LACERA please confirm if this performance should be limited to just primary fund investments (as requested in Table F) or if this analysis should include other investment types (such as secondaries, direct/co-investments)? Regarding Table H of Attachment F – Supplemental Questionnaire, our firm generally does not provide non-discretionary performance figures, given the clients have ultimately made the decision to invest, regardless of whether our firm may have provided research and a recommendation. Will respondents who do not provide non-discretionary performance be at a disadvantage in the LACERA evaluation process?

Regarding Question 43 of the Attachment E – Questionnaire, our standard, firm-approved designation of an Emerging Manager differs somewhat from LACERA’s. Would you prefer that respondents use their proprietary/firm-approved definition and historical performance of Emerging Managers, or tailor our analysis and RFP responses to match the LACERA definition?

Can LACERA please confirm they would like all requested Exhibits mailed out with the eight (8) total hard copy proposals we plan to send? We are happy to send multiple hard copies of all documents LACERA would like to receive, but certain files are very large so we wanted to clarify and avoid mailing them to you unnecessarily. One specific example is Part 1 of our Form ADV, which is available at the Investment Adviser Public Disclosure website at adviserinfo.sec.gov.

**Answers:** Yes, notate any differences in reporting dates for Attachment F. Please differentiate between discretionary and non-discretionary relationships in Table B of Attachment F. Assets that are managed in an advisory capacity should be included in the non-discretionary totals. Non-investment relationships such as reporting should be excluded from the tables.

Private Equity is defined as buyout, venture capital, growth equity, distressed for control, and turnaround strategies. Passive credit-oriented strategies (trading), infrastructure, and real asset (including energy) strategies should not be included in Private Equity AUM. These non-Private Equity strategies should be included in the Portfolio AUM and delineated in column N. Table G should be limited to primary fund investments only while Table F could include other investment types such as secondaries and co-investments.

All requested investments should be included to provide full transparency for the evaluation process. The evaluation will be based on LACERA’s definition of Emerging Managers. All responses to the RFP should be complete and follow the Submission Requirements with the exception of Part 1 of Form ADV. All respondents have the option to include an internet URL link to their Part 1 of Form ADV in their submission if they elect not to provide the paper version.
Questions: File F – Supplemental Questionnaire – Table B: can you elaborate on columns H, J, K and M? they all seem to reference AUM but in different cuts. File F – Supplemental Questionnaire – Table G: how far back should we go for the listed investments?

Do you have additional context around how you anticipate LACERA’s involvement will work in practice as an advisory board member for multiple underlying partnerships? Are there any anticipated guidelines/restrictions on geography exposure? In the RFP the program objectives include “access the small fund universe globally”. Are there any anticipated guidelines/restrictions on venture vs. non-venture exposures?

Is there any additional detail on the “definition of acceptable co-investments”?

The Scope of Services notes that LACERA is seeking one or multiple separate account FoF managers. If the mandate is split, will both mandates/managers simply be a reduced size of same guidelines, style, etc.?

B. Investment Monitoring section of RFP overview doc – each Form Process Letter, in addition to the one page investment opportunity summary, now includes required investment diligence report, ODD report, allocation process, and legal documentation. Are you looking for actual diligence materials to be provided for each investment or to confirm these items/reviews have taken place? B. Investment Monitoring – required to provide weekly separate account pacing report, manager fundraise updates, and summary of GP co-investment offerings. Is there a desired level of detail or template you have in mind for this report? Is it expected to be a file sent each week, or will there also be a weekly call? DEI metrics – tracking requirement. Is there an anticipated frequency for post-recommendation tracking? The RFP only notes “at set intervals”.

E – Questionnaire – requests % comp by title broken out by base salary, performance, and equity incentive. Our firm does not allow us to share some of the detail of this information. Are we able to provide background on the 4 categories of comps: salary, bonus, performance fees and our employee co-investment plan? E – Questionnaire – Section VI Transparency and Collaboration – asked to describe an optimal way of working with the Board and staff, including communication frequency, etc. and contrast with other client models in place. There is also an outline with requirements for meeting and information sharing in the RFP, so can we assume this is the model LACERA wants?

Answers: Columns H-I are at inception and Columns K-M are at the earlier of termination of the portfolio or June 30, 2021. Table G should be completed for primary fund investments committed to from January 1, 2013 through June 30, 2021.

One of LACERA’s strategic initiatives is to maximize capital stewardship and ownership rights. To meet the objective, LACERA seeks advisory board seats for partnerships in the emerging manager program.
The anticipated maximum emerging manager strategy exposures by committed capital are as follows:
Buyout: Up to 85%
Venture Capital and Growth Equity: Up to 30%
Co-investments and Secondaries: Up to 15%

All co-investment and secondary opportunities sourced from the emerging manager program should be presented to LACERA for direct investment. Any opportunities declined by LACERA may be considered for investment in the emerging manager program.

The mandate will be allocated based on LACERA’s needs, but the aggregate total is expected to be the same size.

LACERA seeks full transparency and collaboration with its investment partners. All diligence materials are expected for completed investments.

Specific templates may be finalized upon award of the mandate, but LACERA expects maximum granularity and transparency from its managers. Pipeline reports are expected weekly, and calls will be at least monthly with the option to expand the frequency. DEI metrics will be surveyed at least annually on a timeframe set by LACERA.

All questions, including those related to compensation, are expected to be answered with complete transparency. If any of the requested information cannot be shared, provide an explanation and any alternative substitutes that may help bridge the missing data. The outlined requirements in the RFP are the minimum expectations from the mandate’s manager(s). Any additional methods and processes that enhance transparency and communication are highly encouraged and will be viewed positively.