

ATTACHMENT E



REAL ESTATE CONSULTANT QUESTIONNAIRE

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**REAL ESTATE
CONSULTANT QUESTIONNAIRE**

I. SUMMARY DATA

Firm

Name:

Main Address:

Primary Contact at Firm for this RFP

Name:

Title:

Phone Number:

E-Mail Address:

II. CHECKLIST

_____	Exhibit A	Form ADV (Part I & II and accompanying schedules)
_____	Exhibit B	Audited Financial Statements and Management Letter
_____	Exhibit C	Diversity and Inclusion Questionnaire (Attachment G)
_____	Exhibit D	Client Relationships (Table 1)
_____	Exhibit E	Employee Information (Table 2)
_____	Exhibit F	Proposed LACERA Consulting Team Information (Table 3)
_____	Exhibit G	Contractor Information (Table 4)
_____	Exhibit H	Employee Turnover Information (Table 5)
_____	Exhibit I	Funds in Firm Database (Table 6)
_____	Exhibit J	Sample Due Diligence Report(s)
_____	Exhibit K	Investment Manager/Fund Recommendations (Table 7)
_____	Exhibit L	Authored White Papers
_____	Exhibit M	Internal Compliance and Control Regime
_____	Exhibit N	Code of Ethics
_____	Exhibit O	Policies and Procedures related to Conflicts of Interest
_____	Exhibit P	Allocation Policy
_____	Exhibit Q	Client Portfolio Structure Report
_____	Exhibit R	Discretionary Account(s) Investment Performance (Table 8)
_____	Exhibit S	Example Risk Reports
_____	Exhibit T	Sample Operational Due Diligence Report
_____	Exhibit U	Fee Proposal
_____	Exhibit V	References (Table 9)



III. ORGANIZATION

1. Indicate your firm's fiduciary classification:

___ Bank

___ Insurance Company

___ Registered Investment Adviser
(Investment Advisors Act of 1940)

___ Affiliate of Fiduciary
(Name and Classification): _____

___ Other: _____

2. Please provide the month and year of your firm's organization. Please provide the month and year of SEC 1940 Act registration. Please provide a copy of the firm's most recent Form ADV (Part I & II and accompanying schedules) and attach as **Exhibit A** to your response.
3. Will your firm act as a fiduciary (as defined by the Employee Retirement Income Security Act of 1974) to LACERA for the services sought in this RFP? Please explain if your firm will not act as a fiduciary.
4. Describe the financial stability of your organization, including whether your firm can meet its expected financial obligations. Is your firm (i) in breach of or in default under any agreement, or (ii) aware of the occurrence of any facts which, with the passage of time or the giving of notice, could result in a breach of or default under any such agreement. Please provide copies of the firm's most recent audited financial statements and auditor's management letter attached as **Exhibit B** to your response.
5. For the past ten years ending June 30, 2020, has your organization or any of its affiliates or parent, or any officer or principal been involved in any business litigation, investigations, regulatory or legal proceedings, including involving the SEC? For officers and principals, this includes any of these instances that occurred at their previous employer during the period noted above. If so, provide a detailed explanation and indicate the current status. Please include any anticipated litigation, investigations, regulatory or legal proceedings known at this time.
6. Describe the levels (U.S. dollar amounts) of coverage for employee errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries. Supply proof of insurance from the firm's various insurance carriers, outlining the extent of liability coverage and errors and omissions coverage.



7. Do you have a plan and arrangements in place for an alternative worksite should your facilities become inoperative because of fire, earthquake, etc.?
8. Please provide the locations of all of your firm's offices, the primary functions performed at each of these locations, and the number of employees that work at each of these locations.
9. Please describe your firm's history, covering any material developments (changes in ownership, personnel, business, etc.) over the past five years ending June 30, 2020, in detail. Include any planned or anticipated material developments known at this time.
10. Please describe your firm's five to ten-year horizon business plan/strategy, including your firm's reinvestment in the firm, as measured by your firm's overall commitment for enhancements/improvements.
11. For the firm's past five fiscal years, please list your firm's lines of business and contributions, expressed in dollars and percentages, of each business to your firm's total revenue.
12. Please describe the ownership of the firm, including but not limited to, affiliations, subsidiaries, and employee ownership. List all owners and represent ownership by percentage. Describe the process for decision-making as it relates to firm governance and strategy.
13. Provide an organizational chart of the firm and describe the relationship between each component and the consulting group. The chart should include the positions and functions of all professionals in the organization.
14. Please complete the Supplemental Diversity and Inclusion Questionnaire in **Attachment G** of the RFP and attach as **Exhibit C**. Responses to the **Section II** are voluntary. If your firm chooses not to respond, please explain why.
15. Is your firm a signatory to the United Nations-affiliated Principles for Responsible Investment and/or other responsible investment associations?
16. Does your firm outsource any aspect of your investment advisory/consulting services? If so, please describe in detail the names of the third-party providers, the services they perform, and business arrangement.
17. Does the firm have a written code of conduct or a set of standards for professional behavior? Has the firm adopted the CFA Code of Ethics and Standards of Professional Conduct? How is employee compliance monitored? Please describe the findings of the most recent compliance review. Include a copy of the firm's written code of conduct if the CFA Code is not used.
18. What are the firm's specialties and strengths? What differentiates the firm from its competitors? What are the firm's limitations? Why should LACERA hire the firm rather than its competitors? Whom does the firm consider to be their top five (5) competitors?



19. Please complete **Table 1** as of March 31, 2020 concerning **real estate** advisory/consulting client relationships, and attach as **Exhibit D**.
20. List the names of consulting clients lost during the past three (3) years ending June 30, 2020, including consulting assets under management (AUM) or assets under advisement (AUA). Provide the firm name, contact person and title, phone number, and reason for termination.

IV. **PROFESSIONAL STAFF**

21. Please explain how the firm will structure the team dedicated to LACERA.
22. Please complete **Table 2** as of March 31, 2020, providing all employees within the firm's real estate team and attach as **Exhibit E**.
23. Please complete **Table 3**, providing the names of the proposed LACERA consulting team, including the lead real estate consultant(s), their back-up, and support services staff and attach as **Exhibit F**.
24. Do any members of the proposed LACERA consulting team(s) named in the firm's preceding response have responsibilities in other asset categories or have outside duties/responsibilities? If so, please list which asset categories and/or their respective external duties.
25. Describe the firm's succession plan in the event the key personnel in this assignment should leave the firm, are unable to serve, or are able to serve in a reduced capacity? How does the firm consult with the client for their input when considering replacements?
26. Does your firm engage contractors to fulfill analytical, investment, or research-related functions? If so, please describe how and why and complete **Table 4** as of June 30, 2018 and attach as **Exhibit G**.
27. Please complete **Table 5** as of June 30, 2020 to describe employee turnover and attach it as **Exhibit H**.
28. As of June 30, 2020, please indicate your firm's client to advisory/consulting staff coverage ratio. How is the ratio calculated? Does the firm have a limit on this ratio as well as a limit on the number of accounts per individual consultant? Provide this ratio for each member of the proposed LACERA account and include the names of clients currently being served by these individuals.
29. Describe the compensation and incentive program for your firm's professionals. How are they evaluated and rewarded? What incentives does the firm provide to attract and retain superior individuals?
 - Identify the percentage of compensation by title, which earns a base salary, performance bonus, performance bonuses, and/or other.



- Do you offer direct ownership, phantom stock, profit sharing?
 - Who is eligible to participate?
 - On what basis are these incentives determined? Is compensation tied to success factors such as account growth, performance, or other factors?
30. Given your knowledge of LACERA and its governance structure, please describe what you think would be an optimal way of working with the LACERA Board of Investments and Staff, including communication method and frequency, availability to meet in Pasadena, California, and overall approach to information sharing. Please compare and contrast your proposed operating approach with that of models in-place with three of your existing clients.

V. TECHNOLOGY

31. Describe your firm's technological capabilities and relate them to your consulting services or products. Describe your firm's capabilities of working on Argus, Yardi, Excel, PowerPoint, and other relevant software. How flexible is your system in customizing reports?
32. In the past three years, has your firm made any significant enhancements to its real estate technology?

VI. RESEARCH

33. Describe the firm's philosophy and experience investing in real estate. Please provide the firm's view of the current real estate markets.
34. What are the current risk-return expectations for real estate? Based on the expectations, what is the near term investment thesis?
- a. Real Estate
- i. Office
 - ii. Retail
 - iii. Industrial
 - iv. Multi-family
 - v. Other strategies
35. Please describe the firm's process for sourcing real estate opportunities.
36. Comment on the way the firm tracks its universe of real estate managers.
37. Please provide the number of managers of real estate in the firm's database(s) by strategy as categorized in the tab in **Table 6** and attach as **Exhibit I**.
38. Real Estate Manager Investment Due Diligence Process:
- a) What aspects of the investment process are examined during an investment due diligence? Please list and describe them fully.



- b) Which individuals are responsible for conducting investment due diligence?
 - c) How has this process evolved?
 - d) Explain any unique methods utilized during the process.
 - e) Does the process result in certain styles/strategies/sub-strategies that you are likely to target or avoid?
39. Please attach as **Exhibit J** a sample real estate manager due diligence report.
40. Manager Leverage:
- a) Please explain the firm's philosophy of minimum, maximum, and average levels of leverage for real estate.
 - b) Describe your definition of leverage and elaborate if different measures or levels are used for different strategy types.
41. Does the firm advocate allocation of capital to first-time funds or new funds?
42. Does the firm have a position on the use of separate accounts with select managers?
43. Describe the firm's capacity and resources to research and assess environmental, social, and governance (ESG) factors that may be material to specific investment strategies and mandates. How does the firm evaluate the materiality of ESG factors? What staffing resources does the firm utilize? What research sources does the firm use to assess ESG factors?
44. For the past ten years ending June 30, 2020, provide a list of real estate managers that have failed (e.g., ceased operations as a result of financial issues, operational issues, or fraud, or returned capital to investors due to unprofitability) after your firm investing in the manager and/or recommending the manager to your client(s). What lessons were learned?
45. For the years from 2010 through 2019, please complete **Table 7** to list all of your firm's **real estate** investments/funds recommended to your clients, with corresponding allocations. Attach as **Exhibit K**.
46. Please provide examples of white papers authored by the firm, if any, related to **real estate**. Attach as **Exhibit L**. If white papers authored by the firm are posted online, please provide the website location.

VII. CONFLICTS OF INTEREST

47. Attach a detailed summary of your firm's compliance regime and internal control structure as **Exhibit M**. Identify senior or key personnel in the firm's compliance process.
48. Does your firm have a written Code of Ethics? If so, please attach as **Exhibit N**.
49. Does your firm have any written policies or procedures to address conflicts of interest? If so, please attach as **Exhibit O** to your response.

50. Does your firm have a personal trading policy for employees? If so, please describe it.
51. Does your firm have a policy on receiving gifts from investment managers? If so, please describe it.
52. Are there any circumstances specifically related to your investment advisory activities, under which your firm, its officers, or employees receive direct or indirect compensation from investment managers or general partners? If so, describe.
53. Does your firm manage funds or fund-of-funds? Has or would your firm evaluate a "competing" fund or fund-of-funds managed by another firm?
54. If your firm seeds managers, how does your firm manage the conflicts between seeding the managers and recommending those managers to your clients?
55. Please attach your firm's allocation policy for strategies with limited capacity for which you have preserved capacity for your clients as **Exhibit P**.
56. Does your firm receive carried interest on any of its discretionary accounts? If so, how much and above what hurdle(s), if any?
57. How has your firm used third-party placement agents in the past, and what are your plans for their use? Include comments on any third party relationships disclosed in LACERA's placement agency disclosure.
58. Does your firm hold or sponsor investment manager or client conferences? If so, please describe the type of conferences held and whether the costs of such conferences are borne by the firm or event attendees.
59. Describe in detail any potential conflicts of interest your firm may have in providing the services sought by LACERA. Include any activities of affiliated or parent organizations, brokerage activities, or any past or current relationships with Board members and staff. Include any other pertinent activities, actions, or relationships not specifically outlined in this question.

VIII. REAL ESTATE CONSULTING EXPERIENCE (includes portfolio advisement, risk management, and operational due diligence)

Portfolio Advisement

60. How does the firm go about analyzing a client's existing or desired real estate portfolio and determining a course of action?
61. Client portfolio construction process:
 - a) What fundamental, qualitative, and quantitative inputs do you use in your investment process? Please include descriptions of each aspect of the process.



- b) Who is involved in the portfolio construction process?
 - c) Who developed and maintains the model(s)?
 - d) How do you measure its effectiveness?
 - e) Provide a sample of an analysis of a client's portfolio structure report and attached as **Exhibit Q**.
62. Investment Committees:
- a) Does your firm use an Investment Committee Structure?
 - b) Who are its members?
 - c) Describe its role in the investment process.
63. What is roughly the number of managers you would envision for a real estate portfolio? How do you guard against 1) concentration and 2) over-diversification at the portfolio level?
64. How does your firm respond to "atypical" fundraising processes, such as relatively short due diligence timeframes or limited access to data through conventional channels, i.e., datarooms?
65. Are your firm's recommended investments specific to individual clients or the same for all similar clients?
66. Do clients participate in your investment process? How and at what stages?
67. Would LACERA have access to the firm's analytics (e.g., manager research, risk) to run its reports, or would the firm run queries for LACERA? Does your firm have a client portal?
68. For the proposed fee, what is the maximum annual number of opportunities on which due diligence would be conducted on behalf of LACERA for those managers not currently on your approved manager list?
69. Describe your firm's ability to negotiate more favorable transparency or fee terms with the managers. How much value does this add to your client's portfolios?
70. Briefly describe how a new client would transition to the firm? Does the firm backload transaction and/or investment performance data? Please describe any problems the firm has encountered in transitioning a new client from their previous consultant?
71. If your firm manages a discretionary real estate portfolio, please complete **Table 8**. Provide the name of the fund(s), strategy(ies), and historical returns/performance, and submit as **Exhibit R**.



Risk Management

72. Risk Management Process:
- Discuss the various types of risks inherent in real estate.
 - How do you help your clients measure, monitor, and manage those risks?
 - Which portfolio-level exposures do you monitor for your clients, and how frequently are they measured?
73. Risk Management Systems:
- Please describe the firm's risk management systems and technology.
 - Are these proprietary or provided by third parties?
 - How is it incorporated into recommendations for your client's portfolio decisions?
 - Please comment on the level of the firm's expenses dedicated to technology.
74. Risk Management Staffing:
- Who is primarily responsible for risk management?
 - Is staff dedicated exclusively to risk management, or is it part of another function?
 - Explain any steps taken to separate the risk function from the investment decision-makers.
75. Transparency of real estate:
- How you define transparency?
 - Comment on the level of transparency the firm believes is adequate from managers.
 - How does your firm use the transparency it receives?
 - How does the firm aggregate the risk of a client's portfolio with varying levels of transparency?
76. Manager Monitoring:
- Describe the process for ongoing manager monitoring.
 - How frequently is the manager monitored?
 - How does your firm monitor and address style drift of underlying managers?
77. Case Study Question:
- Provide one brief case study of a fund that your firm recommended for termination after investment due to reasons identified in your firm's ongoing investment monitoring process.
 - Provide one brief case study of a fund that your firm recommended for termination after investment due to reasons identified in your firm's ongoing operational monitoring process.
78. List the type of risk reports that LACERA could expect to receive and provide examples in **Exhibit S**. What level of disclosure would you expect to provide to LACERA? Are these reports customizable?

Operational Due Diligence

79. Please describe your firm's operational due diligence process and capabilities.
- What aspects of the fund manager's organization and operations are examined during an operational due diligence review? Please list and describe them fully.
 - How has this process evolved?
 - Describe in detail how your firm's operational due diligence process examines the potential for fraud, rogue trading, or other unethical activities at a real estate fund. What are the key factors your firm focuses on to assess the probability for an operational or fraudulent failure to occur?
 - Describe the way the firm interacts with the underlying managers' service providers.
 - What weight does the process play in the overall decision to invest with a manager?
 - How often is operational risk formally reviewed after the initial investment in a fund?
80. Which individuals from your firm are responsible for conducting operational due diligence?
- Are any third parties used to assist in operational due diligence?
 - Please estimate the amount of time spent on operational due diligence.
 - How has this changed in recent years?
 - How many managers is each operational due diligence specialist responsible for?
81. Provide at least one example of an operational due diligence report for each mandate your firm is responding to. Please attach as **Exhibit T**.

IX. FEE PROPOSAL

82. Please submit a one-page fee proposal for a non-discretionary real estate consulting relationship based on the Scope of Services described in this RFP. Please also indicate if the firm passes through costs to the client on client requested manager due diligence, outside third party services, client access to firm's risk/research technology, background investigations of investment manager personnel, or other associated services. Attach as **Exhibit U**.

X. REFERENCES

83. Provide a list of three (3) public fund clients with target commitments or investments of at least \$500 million to which the firm provides real estate investment consulting services in **Table 9** and include in **Exhibit V**. LACERA may contact any of these clients for reference purposes.

