



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

**CONSULTANT SEARCH FOR
REAL ESTATE CONSULTANT**

August 12, 2020

TABLE OF CONTENTS

I.	Background Information	4
II.	Scope of Work.....	4
	A. Description of Consulting Services Sought	4
	B. Common Components of Scope of Work and Deliverables	5
III.	Requirements and Instructions for RFP Response	8
	A. Proposal Deadline	8
	B. Format and Content.....	8
	C. Questions Relating to this RFP	9
	D. Evaluation of Responses and Additional Conditions.....	10
IV.	Evaluation Process	10
V.	Contract Terms and Conditions.....	10
	A. Fiduciary Responsibility	10
VI.	Tentative Timetable.....	11
VII.	Notice to Respondents Regarding the Public Records Act	11
VIII.	Responses become LACERA Property	12
IX.	Contract Negotiations.....	12
X.	Reservations by LACERA	13

RFP ATTACHMENTS

A – Intent to Respond	A1
B – LACERA Real Estate Holdings	B1
C – LACERA Investment Policy Statement	C1
D – Minimum Qualification Certification	D1
E – Questionnaire	E1
F – Supplemental Questionnaire (Microsoft Excel file)	F1
G – Supplemental Diversity & Inclusion Questionnaire	G1
H – Investment Consulting Services Agreement	H1

August 12, 2020

Dear Potential Provider:

The Los Angeles County Employees Retirement Association ("LACERA") is requesting proposals from qualified firms interested in providing non-discretionary advisory/consulting services for real estate investments. The specific services requested via this Request for Proposal ("RFP") are contained in Section II, Scope of Services.

If you are interested in responding, please submit your Intent to Respond (**Attachment A**) by **3:00 PM, PST, Friday, September 11, 2020**, as well as your completed proposal (email and hard copies) by **3:00 PM, PST, Friday, September 18, 2020**, to:

Mr. John McClelland
Principal Investment Officer
LACERA
300 North Lake Avenue, Suite 850
Pasadena, CA 91101
Consultantsearch@lacera.com

Detailed instructions for proposal submission are included in Section III of this RFP. Questions concerning the RFP must be submitted in writing by **3:00 PM, PST, Friday, August 21, 2020**.

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

Sincerely,
John McClelland
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 management 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 Real Estate 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.

LACERA administers a pension fund of approximately \$58.2 billion in assets. LACERA's current long-range asset allocation plan has set an allocation to real estate of 9% of total assets. As of March 31, 2020, LACERA's real estate portfolio was valued at \$5.4 billion, and real estate represented 9.2% of total assets. A listing of each asset holding in the portfolio is included as **Attachment B**. For additional information about LACERA, please refer to LACERA's Comprehensive Annual Financial Report ("CAFR"), which is posted on the LACERA website, www.lacera.com, under the tab "Investments".

Four firms currently provide investment consulting services to LACERA. One firm serves as LACERA's general consultant and has primary responsibility to serve as an advisor on matters related to asset allocation, investment policy, and the public markets portfolio (including global public equities and fixed income) as well as LACERA policy implementation and oversight. The other three firms provide investment consulting services for private equity, real estate, illiquid credit, hedge funds and real assets.

The services requested in this RFP for real estate are currently provided by The Townsend Group. Existing service providers are permitted to submit a response to this RFP.

II. Scope of Work

A. Description of Consulting Services Sought

The purpose of this RFP is to select a consultant to provide consulting services for direct investments by LACERA in real estate, by making such investments through limited partnerships, separate accounts, funds of one, commingled vehicles and other investment structures.

LACERA will consider proposals for a real estate consultant. The proposal must demonstrate that the consultant is capable of providing advice and recommendations for the service category(ies) proposed. Proposals must specifically identify the scope of services offered under appropriate descriptive headings and any asset categories, strategies, or vehicles excluded from the services offered.

Firms are invited to submit proposals for real estate consulting services described above.

B. Common Components of Scope of Work and Deliverables

Regardless of the scope of services proposed or the category, class or type of investments proposed, the proposal must address each of the components listed below. LACERA will consider additional components of work explained in the proposal that a respondent believes to be necessary or advantageous to LACERA.

Strategic Consulting

- Provide recurring recommendations concerning long-term investment policy, objectives, and strategy for real estate that is consistent with LACERA's Investment Policy Statement. The consultant will provide an opinion to the Board on the Investment Policy Statement outlining any concerns or concurrence.
- Prepare special analyses and research, as requested, to optimize portfolio structure and monitor portfolio risk, and model program cash flow/commitment pacing/liquidity scheduling.
- Collect, aggregate and maintain historical information, including but not limited to, all cash flow, net asset values, commitments (total, funded, and unfunded), fee payments, cost basis, and leverage by separate account and fund. Reconcile portfolio data periodically or as necessary with LACERA's 3rd party real estate fund administrator.
- Coordinate with LACERA's real estate valuation provider as necessary.
- Assist the Board and staff in conducting searches for real estate investment managers and co-investments.
- Provide list of high conviction core, value-add and opportunistic real estate commingled funds in both open-ended and closed-ended commingled fund structures by sub-strategy and geography.
- Provide comprehensive analysis for real estate, including risk analysis, manager evaluations (including organizational and structural changes, key personnel changes, and client turnover), and an action plan if necessary.
- Provide performance attribution analysis including reasons for over/under performance compared to the benchmark on an as needed basis.
- Provide quarterly performance reports on the total portfolio as well as each manager's sub-portfolio. Each manager's performance is to be compared to the returns of the other managers and the total portfolio. The portfolio returns are to be compared to the real estate benchmark. Calculate performance metrics including internal rate of return, time weighted returns, and multiple calculations. The quarterly report should include an outline of significant events and market overview. On an annual basis, the consultant will present and provide a full review of the real estate portfolio to the Board.

- Conduct and prepare comprehensive written research, analysis, and advice on specific investment issues, special projects or other activities, as requested, including but not limited to environmental, social, and governance matters relevant to real estate.
- The consultant will respond to inquiries between meetings in an appropriate and timely manner, and is expected to communicate with and be available to LACERA Board as needed.
- Attend meetings with staff, in order to provide advice and counsel on matters related to real estate, as needed.
- Provide information and research regarding significant changes in the real estate investment management industry, including trends and major events.

Sourcing and Due Diligence

- Conduct independent evaluations and provide recommendations on real estate investment opportunities as requested by the Board or staff. Recommendations will include a detailed memorandum outlining the results of the due diligence, strategic considerations, and fit within the LACERA portfolio, as well as merits and concerns of the investment.
- Develop a proactive, structured process to: (i) analyze the full universe of available investments; and (ii) efficiently identify investments most advantageous to LACERA. This process will include detailed analysis of prospective investments identified by staff.
- Conduct operational due diligence that includes an evaluation of a prospective fund or manager's governance, organization, back office, accounting, external relationships, risk systems, cash controls, and valuation methodologies. Due diligence should incorporate environmental, social, governance, diversity and inclusion factors that may impact the value of the investment strategy during its investment time horizon.

Physical Presence at Meetings

- Attend Board of Investments meetings, annual off-site meeting and Real Assets- Real Estate Sub-committee meetings as required. The Board of Investments generally meets the second Wednesday of each month at LACERA's offices or virtually beginning at 9AM. Committees of the Board generally meet the same day, with one Committee meeting beginning at 8 AM, the second immediately following the Board meeting. In addition, consultants should attend meetings related to investment manager searches and site visits (as needed). LACERA may elect to conduct meetings virtually.

Collaboration with Board and Staff

Consultant must:

- Provide educational workshops to the Board on specific issues designated by LACERA and recommended by the consultant.
- Provide comments and analysis on proposed federal and state legislation affecting real estate.
- Meet with staff quarterly, or as may be necessary from time to time, to review the relevant portfolio(s), update staff regarding the current market/new issues, and advise regarding improvements to the relevant portfolio(s).

Collaboration with General Consultant Regarding Formulation and Review of Investment Goals, Objectives, Policies, and Procedures

- The consultant(s) shall collaborate with LACERA's general consultant in regards to providing ongoing advice and technical support in the establishment and refinement of portfolio strategic asset allocation, investment goals and objectives, and Investment Office policies and procedures. The consultant(s) will use asset allocation models, as requested by staff, to determine the influence of differing asset mixes and investment style strategies on the projected return to LACERA and the projected risk resulting from differing asset mixes and strategies.
- LACERA periodically engages the services of the general consultant and actuary to conduct an asset/liability modeling study. While the general consultant will take the lead on asset liability studies, the real estate consultant shall assist in any matter necessary and applicable. A consultant selected for this assignment must have demonstrated capabilities in this area.

Other

- The Board will review and evaluate the consultant annually to ensure that services and communications provided by the consultant are clear, effective, and meaningfully aligned with the Board's overall policy objectives, and that the Board is receiving the quality services envisioned at the time of the consultant's engagement. The consultant will provide the Board with the necessary information to conduct an annual assessment, including but not limited to, a completed self-assessment questionnaire, a list of projects and status of completion, and changes recommended by the Board at the prior evaluation, and the status of implementing those specific changes.

LACERA will select one or more consultants following the Selection Criteria contained in Section III-D of this RFP.

III. Requirements and Instructions for RFP Response

A. Proposal Deadline

The completed proposal (email and hard copies) must be delivered by **3:00 PM, PST, Friday, September 18, 2020**. Any proposal delivered after the proposal deadline will not be considered. Faxed transmissions are not acceptable. The **email transmission and an original (unbound) and six copies (bound) of the completed proposal** are to be sent to the attention of:

Mr. John McClelland
Principal Investment Officer
LACERA
300 North Lake Avenue, Suite 850
Pasadena, CA 91101
consultantsearch@lacera.com

Also send one *unbound* 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 VI 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 D**, 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 E**). 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) under the "RFP Opportunities" section.

5. Attachments

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

Please submit Tables 1, 2, 3, 4, 5, 6, 7, 8, and 9 in Microsoft Excel file (**Attachment F**) format by completing the templates provided in Microsoft Excel and attaching as the requested Exhibits.

If the firm elects to respond to the optional Diversity and Inclusion Questionnaire (**Attachment G**), please 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, PST, Friday, August 21, 2020** and should be emailed to (consultantsearch@lacera.com). All questions received and responses thereto will be posted on LACERA's website (www.lacera.com) under the "RFP Opportunities" section on or about **3:00 PM PDT, Friday, August 28, 2020**.

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 August 28, 2020 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 seven 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** – Diversity, Primary consultant, experience, turnover, compensation, 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. **Research Capabilities** – Research philosophy, commitment to research, fund and manager evaluation tools, depth and breadth of manager strategy research, research department structure, including but not limited to capacity to incorporate material environmental, social, and governance factors into research and due diligence.
5. **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.
6. **Real Estate Consulting** – List of services, performance measurement, and competitive advantages.
7. **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, question #82. 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 Board will make the final evaluation and selection.

V. Contract Terms and Conditions

A. Fiduciary Responsibility

The Real Estate 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 hedge funds, illiquid credit, and real assets advisory/consulting services. All dates are subject to modification by LACERA.

LACERA RFP Issued	August 14, 2020
Submission – RFP Questions Deadline (Firm)	August 21, 2020
Submission – Letter of Intent (Firm)	September 11, 2020
LACERA Response to Written Questions	August 28, 2020
Submission – RFP Response Deadline	September 18, 2020
Notification of Firms Past First Round (Tentative)	October 9, 2020
Notification of Advancement (Tentative)	October 30, 2020
Board of Investments Interviews (Tentative)	December 9, 2020
Selection Announced (Tentative)	December 9, 2020

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 enter into negotiations with the approved firm(s) to enter into a consulting services agreement. 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 H**. 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 in a position 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.