



Los Angeles County Employees Retirement Association

**REAL ASSETS EMERGING MANAGER DISCRETIONARY
SEPARATE ACCOUNT MANAGER SEARCH**

January 2023

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January 2023

Dear Potential Provider:

The Los Angeles County Employees Retirement Association ("LACERA") is requesting proposals from qualified firms interested in providing discretionary separate account management services to implement the Real Assets Emerging Manager Program (the "Program") covering Real Estate and Real Assets. 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 Wednesday, February 8, 2023**, as well as your completed proposal by **3:00 PM Friday, March 3, 2023**, to:

Mr. Pushpam Jain and Ms. Cindy Rivera
LACERA Investments
ra.emp.rfp@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 Friday February 10, 2023**.

Thank you for your interest in providing services to assist LACERA in the implementation of its Real Assets Emerging Manager Program, and we look forward to your response.

Sincerely,
Mr. Pushpam Jain
Ms. Cindy Rivera
LACERA Investments

I. Background Information

The Los Angeles County Employees Retirement Association (“LACERA”) Board of Investments (“BOI”) approved the structure reviews for Real Estate in January 2022 and Real Assets in February 2022, which included a provision for emerging manager programs (the “Programs”). The goal of the Programs, in alignment with LACERA’s Towards Inclusion Diversity and Equity (“T.I.D.E.”) initiative, is to increase the prospects for better risk-adjusted returns through exposure to smaller, private investment managers in real estate and real assets, including infrastructure and natural resources. The Programs will have a target allocation of up to 8-10% of the Real Estate and Real Assets expected commitment pacing in the asset classes over the next three years, with allocation amounts of up to \$400 million for each of the two categories.

The search will be jointly conducted for Real Estate and Real Assets, and the Programs could be managed by a single manager or could be split between Real Estate and Real Assets across two different managers. Staff believes the potential for a single manager for both real estate and real assets warrants conducting the search jointly.

This RFP is to solicit proposals from qualified organizations to provide Real Assets and/or Real Estate emerging manager program mandate separate account(s) services. A key objective of the emerging manager program in private markets is to position LACERA as a significant investor to firms and funds early in their organizational development, which in Real Estate and Real Assets can help foster graduation into the core programs.

LACERA is currently undertaking the Search through the issuance of this RFP, with the proposed timeline described in Section V, Tentative Timetable.

II. Scope of Services

LACERA seeks a single manager for a Real Estate and Real Assets emerging manager program, or two distinct managers for Real Estate and Real Assets. The mandate is to lead a separate account in a manager-of-managers structure to invest in funds led by emerging managers. Selected manager(s) will provide LACERA with the following scope of services:

A. Identify and Select High-Quality Emerging Managers

- Conduct independent evaluations of investment opportunities and provide detailed written recommendations, including results of investment and operational due diligence

B. Investment Monitoring

- Monitor and report on investments in collaboration with LACERA’s custodian bank, as well as meet all reporting requirements under California and other applicable laws
- Assess the general partner’s commitment to diversity, equity, and inclusion (“DEI”) and provide DEI metrics
- Evaluate the general partner’s environmental, social, and governance (“ESG”) policy and provide ESG metrics

C. Collaboration with LACERA

- Provide educational workshops and periodic Separate Account updates

- Collaborate with staff in investment diligence opportunities and future initiatives
- Facilitate LACERA's direct access and maximum allocation to co-investment and secondary opportunities offered by general partners in the emerging manager program

D. Favorable Terms

- Make best efforts to obtain an advisory board seat for LACERA in each fund contained in the Program
- Negotiate favorable terms in current funds, and position LACERA for favorable terms in future funds including items such as management fees, carry rates including preferred rate and catchup structure, capacity rights, and potential revenue share

III. Requirements and Instructions for RFP Response

A. Proposal Deadline

The completed proposal must be delivered by **3:00 PM, Friday, March 3, 2023**. Any proposal delivered after the proposal deadline will not be considered. Faxed transmissions are not acceptable. The completed proposal is to be sent to the attention of:

Mr. Pushpam Jain
Ms. Cindy Rivera
LACERA Investments
ra.emp.rfp@lacera.com

Also send **one electronic 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 §7920.000 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 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 summarize the services the firm will perform for LACERA and the private markets covered, experience providing the proposed services, and proposed fee structure.

2. Minimum Qualification Certification

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

3. Table of Contents

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

4. Questionnaires

Provide your response to the enclosed Questionnaire (**Attachment C**). Excluding the requested Exhibits, your response must not exceed 15 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 "Business Opportunities" section.¹

5. Attachments

Respondents seeking consideration as a LACERA Real Assets Emerging Manager Program discretionary separate account manager must provide all information requested to be included as Exhibits to the completed Questionnaire.

Please submit Tables I, II, III, and IV in Microsoft Excel file (**Attachment D**) format by completing the templates provided in Microsoft Excel and attaching as the requested Exhibits.

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

Direct all questions, inquiries, and requests for additional information concerning this RFP to Pushpam Jain and Cindy Rivera no later than **3:00 PM February 10, 2023** by e-mail (ra.emp.rfp@lacera.com). All questions received and responses thereto will be posted on LACERA's website (www.lacera.com) under the "Business Opportunities" section on or about **3:00 PM February 16, 2023**.

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 February 10, 2023, 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.

¹ <https://www.lacera.com/who-we-are/business-opportunities>

IV. Evaluation Process

An evaluation committee consisting of LACERA staff members will review the RFP responses. An initial screen and assessment will be conducted to both ensure that minimum qualifications are met and that proposals align with the objectives of the search.

Responses that meet minimum qualifications and are fit for purpose shall be subject to evaluation and scored on the following categories by the review committee:

1. Organization
2. Professional Staff
3. Investment Process
4. Operational Process
5. Transparency and Collaboration
6. Performance and Risk Management
7. Fees

If advanced beyond round 1-A of the evaluation phase, invitations to proceed and web-based and/or in-person interviews with LACERA may be scheduled. Finalists may be asked to make oral presentations to the Board of Investments and the final selection(s) will be made by the Board of Investments.

V. Tentative Timetable

The following is a tentative schedule for this search. The evaluation and staff recommendation phases are subject to modification by LACERA.

LACERA RFP Issued	January 30, 2023
Submission – Letter of Intent to Respond (Attachment A) Deadline	(firm) February 8, 2023
Submission – RFP Questions Deadline	(firm) February 10, 2023
LACERA Response to Written Questions	February 16, 2023
Submission – RFP (including Attachments B-E) Response Deadline	March 3, 2023
Invitations to Advance and Interview, as Warranted	1Q-2Q 2023
Board of Investments Deliberation/Selection	3Q 2023

VI. Notice to Respondents Regarding the Public Records Act and Ralph M. Brown Act

The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code §7920.000, et. seq., 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. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Act, the respondent must provide a full explanation and mark such portion “TRADE SECRETS,” “CONFIDENTIAL” or “PROPRIETARY,” and make it readily separable from the balance of the response. Proposals marked “TRADE SECRETS,” “CONFIDENTIAL” or “PROPRIETARY” in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked “TRADE SECRETS,” “CONFIDENTIAL” or “PROPRIETARY,” a respondent represents it has a good faith belief that the material is exempt from disclosure under the Act; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by LACERA under the Act. Fee and pricing proposals are not considered “TRADE SECRET,” “CONFIDENTIAL” or “PROPRIETARY”.

If LACERA receives a request pursuant to the Act for materials that a respondent has marked “TRADE SECRET,” “CONFIDENTIAL” or “PROPRIETARY,” and if LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will either notify the respondent so that it can seek a protective order at its own cost and expense, or LACERA will deny disclosure of those materials. LACERA will not be held liable, however, for inadvertent disclosure of such materials, data, and information or for disclosure of such materials if deemed appropriate in LACERA’s sole discretion. LACERA retains the right to disclose all information provided by a respondent.

If LACERA denies public disclosure of any materials designated as “TRADE SECRETS,” “CONFIDENTIAL” or “PROPRIETARY”, the respondent agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. 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 of any such designated portions of a proposal; and
2. All Claims arising from or relating to LACERA’s public disclosure of any such designated portions of a proposal if LACERA determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If LACERA staff recommends any respondent to the Boards for hiring, such recommendation, the reasons for the recommendation and the relevant proposal(s) will appear on a publicly posted agenda and in supporting materials for public meetings of the Boards.

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

VII. Principles for Responsible Investment

On November 19, 2008, LACERA's Board of Investments adopted the Principles for Responsible Investment ("PRI" or "Principles," www.unpri.org/principles). The Principles were created by the United Nations to provide investors with a global structure for integrating environmental, social, and governance ("ESG") criteria into investment decision-making processes to realize better long-term returns. As a result, LACERA is requesting that prospective investment managers consider becoming a PRI signatory and incorporating the Principles into the firm's investment process, as long as making such a commitment is consistent with your fiduciary responsibilities and does not result in any additional costs.

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 manager 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 mandate set forth in this RFP is attached as Attachment E. 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 such as adding, modifying, or deleting terms as needed to accommodate this specific mandate.

X. Contract Terms and Conditions

The winning bidder will be required to comply with applicable California law and LACERA's Investment Policy Statement, including without limitation the following:

A. Fiduciary Responsibility

The Respondent 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 same field.

B. Conflicts and Economic Interests

The Real Assets Emerging Manager Program manager will affirm that it will report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct, by filing and submitting to LACERA California State Fair Political Practices Commission Form 700 – Statements of Economic Interests by key personnel on an annual basis.

XI. Reservations by LACERA

In addition to the other provisions of this RFP, LACERA reserves the right to: Cancel or modify this RFP, in whole or in part, at any time.

Make such investigation as it deems necessary to determine the respondent's ability to furnish the required services, and the respondent agrees to furnish all such information for this purpose as LACERA may request.

Reject the proposal of any respondent who has failed to comply with the requirements of this RFP, or 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 or for any other reason in LACERA's sole discretion.

Waive 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.

Award a contract, if at all, to the firm which will provide the best match to the requirements of the RFP and the service needs of LACERA in LACERA's sole discretion, which may not be the proposal offering the lowest fees or achieving the highest score.

Request additional documentation or information from respondents. 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.

The right to choose to not enter into an agreement with any of the respondents to this RFP or negotiate for the services described in this RFP with a party that did not submit a proposal.

Determine the extent, without limitation, to which the services of a successful respondent are or are not actually utilized.

Defer selection of a winning bidder to a time of LACERA's choosing.

Consider information about a respondent in addition to the information submitted in the response or interview.

Add terms and conditions during contract negotiations.

The information that a respondent submits in response to this RFP becomes the exclusive property of LACERA. LACERA will not return any proposal or reimburse proposal preparation expenses.

LACERA shall not be liable for any costs respondents incur in connection with the preparation or submission of a proposal.