

**ATTACHMENT E**



**OPEB MASTER TRUST  
PRIVATE MARKET INVESTMENTS SEARCH QUESTIONNAIRE**

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# OPEB MASTER TRUST PRIVATE MARKET INVESTMENTS SEARCH QUESTIONNAIRE

## I. SUMMARY DATA

**Firm**

Name:

Main Address:

**Primary Contact(s) 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	Firm Ownership (Table A)
_____	Exhibit D	Private Market Client Relationships (Table B)
_____	Exhibit E	Employee Information (Table C)
_____	Exhibit F	Individual Contractor Information (Table D)
_____	Exhibit G	Investment Staff Turnover Information (Table E)
_____	Exhibit H	Supplemental Diversity and Inclusion Questionnaire
_____	Exhibit I	Supplemental Diversity and Inclusion Questionnaire Table
_____	Exhibit J	Proposed LACERA Team
_____	Exhibit K	Investment Process Diagrams
_____	Exhibit L	Number of Private Market Due Diligences (Table F)
_____	Exhibit M	Sample Due Diligence Report(s)
_____	Exhibit N	ESG Sample Report (if applicable)
_____	Exhibit O	Sample Operational Due Diligence Report
_____	Exhibit P	Sample Pipeline Report Output
_____	Exhibit Q	Internal Compliance and Control Regime
_____	Exhibit R	Policies and Procedures related to Conflicts of Interest
_____	Exhibit S	Allocation Policy
_____	Exhibit T	Sample White Papers Authored (if applicable)
_____	Exhibit U	Commitments to Private Market Investments (Table G)
_____	Exhibit V	Client Private Market Investment Performance (Table H)
_____	Exhibit W	Firm Private Market Investment Performance (Table I)
_____	Exhibit X	Fee Proposal
_____	Exhibit Y	Client References
_____	Exhibit Z	Terminated Accounts

_____	Exhibit AA	Primary Fund Managers Reference List
_____	Exhibit BB	Unrelated Managers Reference List
_____	Exhibit CC	Sample Monthly and Quarterly Report Package

### 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 the term is defined by the Employee Retirement Income Security Act of 1974) to LACERA with respect to 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 has the ability to 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 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 and attach as **Exhibit B** to your response.
5. For the past ten years ending December 2021, 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? 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 your firm's offices, the primary functions performed at each of these locations and the number of full-time investment professionals based in each office.
9. Please describe your firm's history, covering any material developments (changes in ownership, personnel, business, etc.) over the past five years ending December 2021, 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 or calendar years, whichever is applicable, 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 describe ownership by percentage in **Table A** and attach as **Exhibit C**.
13. Describe the process for decision-making as it relates to firm governance and strategy.
14. Is your firm a member of the Institutional Limited Partnership Association? How does your firm manage potential difference of opinions on the Institutional Limited Partnership Association's "ILPA Principles" between your clients and private fund managers?
15. 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 or CAIA Association Code of Ethics? 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 or CAIA Code is not used.
16. 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.
17. Has your firm ever violated a client guideline, policy, procedure, etc.? If so, please describe the violation and the resolution.
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 B** as of December 2021, with respect to private market investing services, and attach as **Exhibit D**.
20. Does your firm have a personal trading policy for employees? If so, please describe it.
21. Does your firm have a policy on receiving gifts from investment managers? If so, please describe it.
22. Are there any circumstances under which your firm, its officers or employees receive direct or indirect compensation from investment managers or general partners? If so, describe.
23. Please provide examples of the firm's experience providing training and education to clients.
24. 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 two of your existing clients.
25. Please indicate the number of years your firm has been performing OPEB services similar to those that you potentially seek to provide to the plan. Is there a dedicated team for OPEB plan services?

#### **IV. PROFESSIONAL STAFF**

26. Please explain how the firm will structure the team dedicated to LACERA.
27. Please complete **Table C** as of December 2021, providing employee information for the private markets team and attach as **Exhibit E**.
28. Does your firm engage contractors to fulfill analytical, investment, or research-related functions? If so, please describe how and why and complete **Table D** as of December 2021, and attach as **Exhibit F**.
29. Please complete **Table E** as of December 2021 to describe employee turnover and attach as **Exhibit G**.
30. Please complete the Supplemental Diversity and Inclusion Questionnaire in **Attachment G** and attach as **Exhibit H** and the Supplemental Diversity and Inclusion Questionnaire Table in **Attachment H** and attach as **Exhibit I**. Responses to **Table 2** of **Attachment H** are voluntary. If your firm chooses not to respond, please explain why.
31. Describe the compensation and incentive program for your firm's professionals. How are they evaluated and rewarded? What incentives are provided to attract and retain superior individuals?
  - a. Identify the percentage of compensation by title which is:

- i. Base salary
    - ii. Performance bonus
    - iii. Equity incentives
  - b. Other
    - i. Do you offer direct ownership, phantom stock, profit sharing, and/or performance bonus?
    - ii. Who is eligible to participate?
  - c. On what basis are these incentives determined – is compensation tied to success factors such as account growth, performance, or other factors? Please list and indicate the weight of each in determining total compensation.
32. Please provide details on the key person(s) who would carry out the requested services for LACERA. Please be sure to all individuals who would be involved in investment due diligence and operational due diligence for the LACERA account. For each person on the dedicated LACERA team, please provide the following information (in the specified format). Please attach as **Exhibit J**.
  - Name:
  - Title:
  - Expected role:
  - Types of accounts being currently serviced (size and type):
  - Names of public pension plan(s) being currently serviced (if applicable):
  - Percent of time (expected) to be dedicated to LACERA:
  - Total amount of experience in Private Market investing:
  - Tenure with the firm:
  - Firm ownership percentage (if applicable):
  - Other responsibilities (outside of private market investing):
  - Biography including past experience and education.
33. Please describe how teams are expected to be staffed for a particular LACERA engagement. For monthly calls and board meetings with LACERA, which team members would be expected to attend on a regular basis?
34. 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?

**V. INVESTMENT PROCESS AND PORTFOLIO CONSTRUCTION**

35. Identify individual private markets for which you propose to provide manager services to LACERA among private equity, illiquid credit, private real estate, and private infrastructure.
36. Briefly summarize the services you are proposing to provide to LACERA.

37. Describe your firm's investment philosophy as it relates to constructing private market portfolios.
38. Describe the characteristics you believe make a private market manager an ideal candidate for an investor such as LACERA and the portfolio framework you are proposing.
39. Describe a portfolio framework that you envision for LACERA. A response may include sub-components such as diversification across strategies or years, approach to liquidity, or other characteristics you would focus on when constructing a portfolio.
40. Describe how your firm sources investment managers.
41. Describe your proposed approach to deployment.
42. To what extent do you negotiate more favorable fees and other terms to underlying funds than managers' standard fund terms? Identify areas where you are commonly successful in negotiating favorable investor terms and, where possible, be specific about terms achieved. Also, describe the allocation of fees concerning your firm's investment allocation policy, if applicable.
43. Describe your philosophy and approach to adjusting a private market portfolio over time in the interest of having allocations at or near target weights.
44. Please describe the firm's technology capabilities and relate them to the firm's use during the investment process. Do you provide any custom computer-based analytical tools to the firm's clients? If so, please elaborate.
45. Please describe the firm's primary fund, secondary fund, and direct investment processes. Provide diagrams to "map" each of these processes from sourcing to selection to monitoring, including estimated time requirement and resources used at each step of the process, whether technical (CRM or database) or human capital (staffing resources). Attach diagram(s) as **Exhibit K**.
46. Please provide the information requested in **Table F** for each year from January 2013 to December 2021 and attach as **Exhibit L**.
47. What qualifies as comprehensive due diligence within your firm?
48. Please attach as **Exhibit M** to your response a sample due diligence report. Please include one diligence report for a primary private fund (private equity, private debt, or real assets), and a secondary investment to the extent applicable.
49. Describe your coverage of U.S. vs. Non-U.S. private market investments.
50. 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. data rooms?

51. What is the firm's average aggregated investment and, separately, commitment amounts to (1) private equity funds (including growth, venture capital, and buyout), (2) private credit funds, (3) real assets, and (4) secondary funds?
52. Please describe the firm's process for sourcing private market opportunities.
53. Comment on the way the firm tracks its universe of private market managers.
54. Private market investment due diligence and monitoring 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 your firm is likely to target or avoid?
  - f. Describe the process for ongoing manager monitoring, including its frequency.
55. Manager Diligence and Portfolio Construction Process:
  - a. Is the research process specialized for different asset categories or types of private market managers? Describe and explain any difference regarding diligence or portfolio construction practices.
  - b. What fundamental, qualitative or quantitative inputs do you use in your manager diligence and investment selection process?
  - c. Does the process result in certain styles or sub-strategies that you are likely to target or avoid for particular private markets?
  - d. Considering the asset classes proposed for the OPEB portfolio, which do you consider to be your firm's specialties, strengths, and limitations?
56. For the past five years ending December 2021, please provide a list of private market funds in which your firm has made an investment that, to your knowledge, have either (a) been the subject of any action or regulatory proceeding that claimed or alleged fraud, violated securities or other applicable laws, (b) ceased operations as a result of accounting, operational issues or fraud or (c) been the subject of any civil action (or settlement in lieu thereof) brought by investors. What lessons were learned?
57. Please describe how the firm incorporates diversity, equity and inclusion analysis into investment due diligence. Does your firm collect data on specific demographics?
58. Does your firm have a policy that describes your approach to identifying and managing material environmental, social, or governance factors within your investment and portfolio management process (if applicable)? If so, please provide a copy. If not, please indicate whether the firm is developing such a policy.

59. If applicable, please briefly describe your approach to integrating ESG risks and opportunities during your due diligence process and how such due diligence impacts your investment decisions. How long has this integration process been in place? Please attach a sample report or reports that illustrate this approach. Attach as **Exhibit N**.
60. Are you a signatory to the United Nations-affiliated Principles for Responsible Investment and/or other responsible investment associations? If yes, please provide a copy of your latest PRI Transparency Report or other applicable report.

## **VI. OPERATIONS AND OPERATIONAL DUE DILIGENCE**

61. Describe any limitations when using a unitized structure. What alternatives are there to manage multiple plans without a unitization structure and when can this be used?
62. Describe the approach to verifying that an investment manager has institutional valuation practices, trade allocation practices and service providers.
63. Please describe your firm's operational due diligence process and capabilities.
- a. What aspects of the investment manager's organization and operations are examined during an operational due diligence review? Please list and describe fully.
  - b. Which individuals are responsible for conducting operational due diligence?
  - c. Describe in detail how your firm's operational due diligence process examines the potential for fraud, rogue trading, or unethical activities at a fund. What key factors does your firm focus on to assess the probability for an operational or fraudulent failure at the investment manager?
  - d. What role does the process play in the overall decision to invest with a manager?
  - e. Are any third parties used to assist in operational due diligence?
  - f. Describe how the firm reviews an investment manager's underlying service providers.
  - g. Please estimate the amount of time spent on operational due diligence for a new manager.
  - h. How many managers is each operational due diligence specialist responsible for monitoring?
  - i. How often is operational risk formally reviewed after an initial investment?
64. Please describe the number and type of background checks used for each manager diligence.
65. What types of audits does your firm perform to ensure there are proper internal controls, accounting oversight, and compliance monitoring within the manager's organization?
66. How does your firm evaluate the completeness of a manager's disaster recovery plans and the adequacy of protections in place to prevent theft of data?

67. Comment on the level of transparency the firm seeks from its underlying managers. Describe how frequently this level of transparency is provided to clients such as LACERA.
68. Please discuss responses to and communications with clients and managers regarding COVID and the Ukraine situation.
69. Please provide one recent example of operational due diligence report prepared by your firm. Attach as **Exhibit O**.
70. Use of Third-Party Service Providers:
  - a. Please describe the firm's operations which are conducted internally and those that are conducted by third parties.
  - b. Supply the firm name, address, contact information, and the year the engagement began for all independent auditors, third party administrators, custodians, external legal firms, and any other third-party service providers used by currently implemented portfolios.
71. What controls are in place to separate duties for compliance and investments?
72. Verification/Reconciliation/Valuation:
  - a. How does your firm verify the assets or exposures reported by the underlying fund managers? To what extent are third parties used?
  - b. Describe the systems and procedures used to reconcile fund positions with underlying investment managers and other third parties.
  - c. Describe any performance or NAV verification process. Does it use third parties?
  - d. Describe your experience with funds for which you identified valuation problems.
  - e. Are detailed explanations provided for tolerance breaches?
73. Will your firm be able to provide LACERA with a quarterly pipeline report of all investable opportunities known, including secondaries?
74. Please attach a sample of the pipeline report to be provided to LACERA as **Exhibit P**.
75. Describe how your firm provides Assembly Bill Number 2833 (AB 2833) services for clients.
76. Describe your firm's experience working with State Street Bank, LACERA's custodial bank, on behalf of your clients.
77. Please provide details of your process for rebalancing the portfolio. What is your recommended frequency of rebalancing?
78. Attach a detailed summary of your firm's compliance regime and internal control structure as **Exhibit Q**. Identify senior or key personnel in the firm's compliance process.

79. Does your firm have any written policies or procedures to address conflicts of interest? If so, please attach as **Exhibit R** to your response.
80. Please attach your firm's investment allocation policy as **Exhibit S**.
81. Please provide examples of white papers authored by the firm, if any, related to private markets. Attach as **Exhibit T**. If white papers authored by the firm are posted online, please provide the website location.

## **VII. PERFORMANCE, RISK MANAGEMENT, & REPORTING**

82. Please complete **Table G** to indicate, for primary fund investments committed from January 2013 through December 2021. Attach as **Exhibit U**.
83. Please complete **Table H** to show performance across client performance as of December 2021. Attach as **Exhibit V**.
84. Describe any investment products (commingled funds, separate accounts, etc.) your firm offers. Provide since inception "net-net" IRR, DPI, and TVPI for each vehicle as of December 2021 by completing **Table I** and attaching as **Exhibit W**.
85. Describe the performance systems used for the PS. Specify what systems are proprietary.
86. Do you provide clients with look-through holdings information? If so, how is the information distributed? How many business days after month end are the holdings available?
87. Describe your process for accommodating ad-hoc requests from investors. Please give specific examples of ad-hoc requests and your responses. What is the turnaround time and do clients have access to data?
88. For investment managers that report performance with a lag, what is your process for lagging or not lagging performance if desired by the client?
89. Describe the level to which your firm can calculate performance. Down to the security level?
90. Describe in detail your performance calculation methodology. Walk through an example using a private equity capital call.
91. What solutions exist for blended benchmarks? For custom benchmarks (e.g., absolute return, 'BM + bps' benchmarks)? For lagged benchmarks? PME's?
92. Describe your composite structure. Does your firm create composite of composites for the Total Fund or Composite of accounts?
93. Describe how you reconcile performance. How will discrepancies between your firm and the client's custodian/investment managers be investigated and resolved?

94. Discuss the types of analytics you can provide clients. Is your system proprietary? Describe it.
95. Describe the types and levels of attribution you can provide. How granular is your attribution? What is the calculation methodology used?
96. Do you provide universe/peer comparison metrics?
97. Do you provide portfolio characteristics, style analysis, and ex-post risk statistics?
98. Describe your process of restating portfolio returns.
99. Risk Management Process:
- a. Discuss the various types of risk inherent in a portfolio of private market mandates and managers.
  - b. How are those risks measured, monitored, and managed?
  - c. How is guideline compliance measured and monitored?
  - d. Describe the procedures for managing and accessing risk at the underlying fund level.
100. Risk Management Staffing:
- a. Who is primarily responsible for risk management?
  - e. Is staff dedicated exclusively to risk management or is it part of another function?
101. Is the service fully integrated or are there separate modules/systems for:
- Accounting
  - Valuation
  - Performance
  - General fee calculation
  - Incentive fee calculation
  - Compliance
  - Others
102. Is there an online portal where clients can access fund documents (monthly statements, performance reports, estimates, contracts, side letters, etc.) that is gathered and maintained for each investment?
103. Describe what is included in a client reporting package. How many business days after month end are monthly/quarterly reports available? Please provide a sample monthly report. Attach as **Exhibit CC**.
104. How many new client on-boardings have you completed over the past 24 months? How many of these were for clients comparable in size to the presumed size of LACERA? What is the typical timeframe for on boarding a client?

105. How would you support LACERA in an exit strategy should we wish to convert portfolios off of your platform? What format would you provide that information to LACERA?
106. Describe the minimum technical requirements for a client to virtually use your platform? Does the software have any dependencies like Java? Do you use a plug-in? If so, are they required to operate the system?
107. Describe where LACERA data is held and how it is secured. Is the data storage US-based? Who owns the encryption rights to LACERA's data?
108. What is the data infrastructure - on premise, cloud, or hybrid?
109. Is core development US-based? Do you use 3rd party developers?
110. Does the client need two-factor authentication to log-in to your platform?
111. Has your firm experienced a significant data breach in the last three years? If so, please describe. Does your firm conduct annual penetration tests?
112. What are the hours of client support? 24/7?

#### **VIII. FEE PROPOSAL**

113. Please submit a one-page fee proposal for a private market investments manager relationship based on the Scope of Services described in this RFP. Please also indicate if the firm passes through costs to the client of outside third-party services, legal fees, background investigations of investment manager personnel, or other associated services. Attach as **Exhibit X**.

#### **IX. OTHER REFERENCES**

114. Provide the client name, address, phone number, contact name, title, and account type (e.g., defined benefit, defined contribution, endowment) of two clients most comparable to LACERA and who have engaged your firm for private market manager services that can be contacted as references. Also indicate the length of your relationship for each reference. Attach as **Exhibit Y**.
115. Identify all clients that have terminated accounts with respect to private market manager services over the past three fiscal years ending December 2021, including assets under management. Provide the firm name, contact person and title, phone number, and reason for termination. Include in **Exhibit Z**.
116. Provide three fund managers that (1) fit the proposed LACERA program; and (2) that your Firm invested in. Provide the name of the fund manager, name of contact person, address, and telephone number. Include as **Exhibit AA**.

117. Provide three fund managers with which you have passed on the investment opportunity after completing the due diligence. Provide the name of the fund manager, name of contact person, address, and telephone number. Include as **Exhibit BB**.