



Los Angeles County Employees Retirement Association

**OPEB Master Trust
Private Markets Investments
Search**

March 2022

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March 2022

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 OPEB Master Trust Private Markets Investments Program (the "Program"). 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 Friday, March 25, 2022**, as well as your completed proposal by **3:00 PM Friday, April 15, 2022**, to:

Mr. Jude Pérez
Principal Investment Officer
LACERA
opeb.pm.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 Monday March 28, 2022**.

Thank you for your interest in providing services to assist LACERA in the implementation of its Private Markets Program for the OPEB Trust, and we look forward to your response.

Sincerely,
Mr. Jude Pérez
Principal Investment Officer

I. Background Information

The Los Angeles County Employees Retirement Association (“LACERA”) has been appointed as the Investment Manager for the Los Angeles County’s, LACERA’s, and Los Angeles County Superior Court's Other Post-Employment Benefit Trusts, which are Participating Trusts under the LACERA Master OPEB Trust (the “Trust”). As the Trustee of the Trust, the Board of Investments for LACERA (the “Board”) has the responsibility to oversee investment of the Trust assets. The Board adopted its most recent strategic asset allocation for the Trust in June 2021 to invest approximately 20% of the Trust’s assets in private markets, across asset categories of equity, credit, real estate, and infrastructure.

The OPEB Trust was established in its current form in July 2016. The Board adopted the most recent strategic asset allocation in June 2021, included as **Attachment B**. For additional information about LACERA and the Trust, please refer to LACERA's Comprehensive Annual Financial Report ("CAFR"), which is posted on the LACERA website, www.lacera.com, under the tab "Annual Reports."¹ As of December 2021, the \$2.6 billion OPEB Trust portfolio consisted primarily of passive public market investments across growth, credit, real assets and inflation hedges, and risk reduction and mitigation.

This RFP is to solicit proposals from qualified organizations to provide multi-asset mandate separate account or manager-of-managers investment services for the OPEB Trust. The purpose of the search is to provide the Trust exposure to private market investments. The BOI selected an outsourced strategy as the most effective way to implement the Trust’s private market allocation because of the resources required to manage it.

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

II. Scope of Services

LACERA seeks one or more multi-asset mandate separate account or manager-of-managers to invest in private markets. Selected manager(s) will provide LACERA with the following scope of services:

1.	Source, Diligence, and Select Investments
	Identify investments, conduct independent evaluation, and select investment opportunities that align with the OPEB Trust investment policy statement and strategic initiatives (including ESG and LACERA's T.I.D.E.); Negotiate terms and conditions
2.	Portfolio Construction
	Construct multi-asset class private markets portfolio; Monitor investments and rebalance to policy weights
3.	Accounting and Trade Allocation
4.	Reporting
	Ability to report accounting and performance at the total OPEB Trust, participating trust, and investment levels.
5.	Research
	Provide research regarding significant changes in the alternative investments industry, including best practices, trends, and major events

¹ <https://lacera.com/accountability/annual-reports>.

III. Requirements and Instructions for RFP Response

A. Proposal Deadline

The completed proposal must be delivered by **3:00 PM, Friday, April 15, 2022**. Any proposal delivered after the proposal deadline will not be considered. Faxed transmissions are not acceptable. The completed proposal are to be sent to the attention of:

Mr. Jude Pérez
Principal Investment Officer
LACERA
opeb.pm.rfp@lacera.com

-and-

Mr. Timothy Filla
Managing Principal
Meketa
Tfilla@Meketa.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 Sections 6250 et seq.) (described in Section VII 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 D**, 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 E**). Excluding the requested Exhibits, your response must not exceed 50 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" section².

5. Attachments

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

Please submit Tables A, B, C, D, E, F, G, H, and I in Microsoft Excel file (**Attachment F**) format by completing the templates provided in Microsoft Excel and attaching as the requested Exhibits.

Please complete the Diversity and Inclusion Questionnaire (**Attachment G**) and Diversity and Inclusion Questionnaire Table (**Attachment H**) and 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

Direct all questions, inquiries, and requests for additional information concerning this RFP to Jude Pérez no later than **3:00 PM March 28, 2022** by e-mail (oheb.pm.rfp@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 April 4, 2022**.

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 March 28, 2022, 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

² <https://lacera.com/who-we-are/business-opportunities>

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.

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 & Professional Staff
2. Global Multi-Asset Class Private Market Portfolio Construction
3. Investment Process
4. Operations and Operational Due Diligence
5. Performance and Risk Management
6. Fees

If advanced beyond round one of the evaluation phase, 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	March 18, 2022
Submission – Letter of Intent	March 25, 2022
Submission – RFP Questions Deadline	March 28, 2022
LACERA Response to Written Questions	April 4, 2022
Submission – RFP Response Deadline	April 15, 2022
Invitations to Interview, as Warranted	2Q-3Q 2022
Board of Investments Deliberation/Selection	3Q-4Q 2022

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 Section 6250, 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 I**. 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. 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 Transition Management Service Provider 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.