



Los Angeles County Employees Retirement Association

Risk and Analytics System, and ESG Research Services Search

March 2024

TABLE OF CONTENTS

I.	Background Information.....	3
II.	Scope of Services.....	3
III.	Requirements and Instructions for RFP Response	5
	A. Proposal Deadline	5
	B. Format and Content.....	5
	C. Questions Relating to this RFP	6
IV.	Evaluation Process	6
V.	Tentative Timetable	7
VI.	Notice to Respondents Regarding the Public Records Act and Ralph M. Brown Act ..	7
VIII.	Responses become LACERA Property	9
IX.	Contract Negotiations	9
X.	Contract Terms and Conditions.....	9
XI.	Reservations by LACERA.....	10

RFP ATTACHMENTS

A – Intent to Respond	A1
B – Total Fund Strategic Asset Allocation & Benchmarks	B1
C – OPEB Trust Strategic Asset Allocation & Benchmarks	C1
D – Minimum Qualification Certification – Risk/Analytics	D1
E – Minimum Qualification Certification – ESG Research	E1
F – Proposal Questionnaire	F1
G – LACERA’s IT Security Controls Form	G1
H – Investment Vendor Service Agreement	H1
I – Diversity, Equity & Inclusion (DEI) Questionnaire	I1
J – DEI Attributes Template	J1

March 2024

Dear Potential Provider:

The Los Angeles County Employees Retirement Association ("LACERA") is requesting proposals from qualified Firms ("Firm" or "Bidder") for a comprehensive, multi-asset class, investment risk and analytics provider to assess, monitor, and report on investment portfolio risk and analytics, including ESG factors, for LACERA's Total Fund and Other Post Employment Benefits ("OPEB") Master Trust. LACERA's risk and ESG service provider contracts will expire in July 2025 and February 2025, respectively. 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, on Monday, April 22, 2024**, as well as your completed proposal by **3:00 PM PST, on Friday, May 17, 2024**, to:

Ms. Esmeralda del Bosque
Principal Investment Officer
LACERA
PM.Analytics@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, on Friday, April 26, 2024**.

Thank you for your interest in providing actuarial services to LACERA. We look forward to your response.

Sincerely,
Ms. Esmeralda del Bosque
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 manager 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 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. The day-to-day management of LACERA's investment portfolio is delegated to a Chief Investment Officer appointed by the BOI.

LACERA administers a Pension Plan and an OPEB Master Trust of approximately \$75.9 billion and \$3.5 billion in assets, respectively, as of December 31, 2023. The Pension Plan has a 56% target allocation to public markets and a 44% target allocation to private markets. The OPEB Master Trust has an 80% target allocation to public markets and a 20% target allocation to private markets.

LACERA maintains various service providers to help monitor investment risks, analytics, and exposures: MSCI BarraOne for total Fund risk measurement and MSCI ESG, S&P Trucost, and Morningstar Sustainalytics for specialized ESG research and analytics, including climate-related data. The risk and ESG service provider contracts will expire in July 2025 and February 2025, respectively.

A copy of LACERA's strategic asset allocation and corresponding policy benchmarks are included as **Attachments B and C**. 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". A copy of LACERA's Investment Policy Statement ("IPS") can also be found on our website under "Investments". LACERA invites qualified Firms to respond to this RFP.

II. Scope of Services

Description of Services Sought

The purpose of this RFP is to select a comprehensive, multi-asset class, investment risk analysis software system to assist in systematically identifying, assessing, monitoring, and reporting on portfolio risk and analytics, including environmental, social, and governance ("ESG") factors, for the Total Fund and OPEB Trust. The solution must cover all the major asset classes within the Total Fund and OPEB Trust, and enable a comprehensive view of aggregate total and active risk across the portfolios and within each asset class. The software system should inform LACERA's analysis of the performance of existing external asset managers as well as potential new external asset managers.

LACERA is requesting separate proposals from qualified Firms for their risk and analytics system, and ESG research and analytics services. Although LACERA may contract with one Firm for the risk and analytics system and another Firm(s) for ESG

research and analytics, LACERA encourages qualified Firms who qualify to submit two (2) proposals, one for risk and analytics and another for ESG research and analytics.

Components of Scope of Services

A. Risk and Analytics System

A broad framework of the project is listed below:

1. Data Management and System Administration

- Source, aggregate, and incorporate data from multiple sources including custodian, investment managers, fund of funds, and various service providers. Reconcile data to ensure accuracy, comparability, and consistency.
- Integrate manager holdings and benchmark information across all asset classes, including public and private markets.

2. System Capabilities

- Value at Risk (VaR) and additional risk statistics: The ability to measure risk and calculate ex-ante and ex-post statistics.
- Portfolio exposures: Identify and measure LACERA's exposure to various risk factors, such as equity, credit, interest rates, etc. and the ability to provide detailed investment analytics.
- Stress testing and scenario analysis: Measure potential losses given certain historical or prospective events.
- Record, classify, and calculate cashflows and commitments at the fund level.
- Provide risk budgeting capabilities.

3. Monitoring and Reporting

- Deliver monthly and quarterly reports that include benchmarks, risk exposures, measures of return, performance multiples, transaction summaries, and peer comparisons.
- Track and analyze energy transition, climate, and other ESG exposures data.
- Reporting: Produce detailed reports at the manager, asset class, and portfolio level covering desired system capabilities.
- Ability to create and run custom reports.

B. ESG and Climate-Related Services

The selected Firm will provide LACERA with the following scope of services as an overview:

1. Data and Analytics

- Provide public and private market environmental, social, and governance and climate-related data, research, metrics, key performance indicators, and analytics where available.
- Provide tools for modeling and scenario analysis as applicable.
- Provide research to enable ongoing implementation of Board-approved economic substitution policies related to public market exposures regarding Iran, Sudan, and tobacco.

2. Reporting Capabilities

- Provide asset level detailed reports, portfolio level reporting, and aggregate portfolio level reporting.

III. Requirements and Instructions for RFP Response

A. Proposal Deadline

The completed proposal must be delivered by **3:00 PM PST, May 17, 2024**. Any proposal delivered after the proposal deadline will not be considered. Faxed transmissions are not acceptable. Completed proposals are to be emailed to the attention of:

Ms. Esmeralda del Bosque
Principal Investment Officer
LACERA
PM.Analytics@lacera.com

Also email **one 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 7920 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, the private markets covered, the specific team that will be working on the LACERA account, including the lead consultant on the team, and proposed fee structure.

2. Minimum Qualification Certification

Your Firm must certify, by completing and signing **Attachment D and/or Attachment E**, 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 F**). 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" section¹.

5. Attachments

Respondents seeking consideration as LACERA's actuarial consultant or actuarial auditor must provide all information requested to be included as Exhibits to the completed Questionnaire.

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 Esmeralda del Bosque no later than **3:00 PM PST, April 26, 2024** by e-mail (PM.Analytics@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 PST, May 6, 2024**.

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 April 26, 2024, 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

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

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.

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 and Professional Staff (25%)
2. Data Management and System Administration (25%)
3. Risk System and Reporting Capabilities (40%)
4. Fee Proposal (10%)

If advanced beyond round one of the evaluation phases, 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 29, 2024
Submission – Letter of Intent	April 22, 2024
Submission – RFP Questions Deadline	April 26, 2024
LACERA Response to Written Questions	May 6, 2024
Submission – RFP Response Deadline	May 17, 2024
Invitations to Interview, as Warranted	Q3 2024
Final Selection and Approval	Q4 2024

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 7920, 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 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. 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 able 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 in LACERA's sole discretion.

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.