

SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM
REQUEST FOR PROPOSALS (RFP)
FOR
DISCRETIONARY PRIVATE EQUITY CONSULTANT SERVICES

TIMELINE

Date of RFP issuance	July 27, 2020
Deadline for written questions to SBCERS	August 10, 2020
Deadline for submission of Proposals	August 21, 2020
Tentative interview dates	October 28, 2020

Delivery of Proposals

Proposals are to be delivered as follows:

Three (3) printed copies, one (1) electronic version to be delivered to:

Ms. Lauren Thompson
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, CA 93117
investments@sbcers.org

Note that both the electronic copy and the paper copy shall include signatures as required by this RFP. The electronic copy shall be emailed to investments@sbcers.org

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SECTION I: BACKGROUND & NATURE OF SERVICES REQUIRED

A. Introduction

The Santa Barbara County Employees' Retirement System (SBCERS) is soliciting proposals from qualified professional private equity consulting firms for a discretionary mandate. Consultants should have private equity consulting experience in the institutional, and preferably, public pension fund area.

B. Santa Barbara County Employees' Retirement System (SBCERS)

SBCERS was established on January 1, 1944. It has assets of approximately \$3.1 billion and is administered by the Board of Retirement to provide service retirement, disability, death, and survivor benefits for County employees and contracting districts under the California State Government Code §31450 et seq., (County Employees' Retirement Law of 1937). Members include all permanent full and part-time employees of the County of Santa Barbara, the Santa Barbara County Courts, and the following nine districts:

- Carpinteria, Goleta, Oak Hill and Santa Maria Cemetery Districts
- Carpinteria-Summerland Fire Protection District
- Mosquito & Vector Management District of Santa Barbara County
- Santa Barbara County Air Pollution Control District
- Santa Barbara County Association of Governments
- Summerland Sanitary District

The Board of Retirement is responsible for establishing policies governing the administration of the retirement plan and managing the investment of the System's assets under authority granted by the California State Constitution.

The Board consists of nine members and two alternates. The County Board of Supervisors appoints four members of the Retirement Board; six are elected by the membership (two by general members, two by safety members including one alternate, and two by retirees including one alternate); and the County Treasurer is an ex-officio member.

The Board retains a Chief Executive Officer responsible for the organization who oversees the investment division, managed by the Assistant Chief Executive Officer along with investment staff.

SBCERS employs a General Investment Consultant with 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 Trust policy implementation and oversight. In addition, SBCERS employs two firms that provide discretionary investment consulting services for the Private Markets portfolio (including private equity, real estate, private natural resource, and private infrastructure). The Bank of New York Mellon serves as custodian for the assets of the Trust.

C. Investment Program

Please refer to SBCERS' Investment Policy Statement under Appendix B: Private Equity Portfolio Investment Guidelines. The policies can be found on the SBCERS website:

<https://www.sbcers.org/board-of-retirement/board-policies/>

D. Private Equity Portfolio

SBCERS has approximately \$311M invested in private equity as of June 30, 2020. Currently private equity is 9.9% of the total fund and the target allocation for private equity is 10%. A list of SBCERS current private equity managers can be found in Appendix I.

E. Scope of Services

Consultant shall provide discretionary private equity consulting advice and services. Consultant will report to the Board and functionally work closely with the Board of Retirement, CEO, Assistant CEO, and investment staff.

The services required include, but are not limited to the following:

1. Full-service discretionary Private Equity services:

- a. Review and act on recommendations for SBCERS' Private Equity investments strategies, including the review of appropriate asset class goals and objectives, asset allocation, cash flow forecasting, and investment pacing.
- b. Prepare an annual strategic plan for the Private Equity investments programs, including a discussion of target sub-strategies, markets and diversification.
- c. Evaluate and periodically recommend updates to SBCERS' Private Equity Portfolio Investment Guidelines as well as manager selection guidelines and criteria (for reference see Section C. Investment Program in this document).
- d. Evaluate investment opportunities, including meeting with investment managers and reviewing their qualifications and track records, reviewing, evaluating and negotiating key partnership terms, comparing the investment opportunities' attributes to SBCERS' selection criteria and identifying any significant issues (including investment risks and concerns) to be addressed during the course of due diligence.

- e. Conduct full and independent due diligence reviews of potential investments. Each review will be customized to address the pertinent issues concerning the particular investment opportunity and how it would fit within SBCERS' existing portfolio. Due diligence procedures should include but not be limited to:
 - i. Reviewing the investment manager's investment strategy and organizational resources for the successful execution of the strategy.
 - ii. Evaluating the quality, depth and stability of the investment manager's team, including conducting interviews with the key principals.
 - iii. Assessing the investment manager's investment sourcing, due diligence, structuring, value-add, monitoring and reporting capabilities.
 - iv. Reviewing and evaluating the investment manager's compensation and incentive structure as well as economic commitment to the partnership.
 - v. Visiting and touring the investment manager's key offices.
 - vi. Reviewing relevant documents, including offering materials, the limited partnership agreement, and financial statements; requesting and reviewing other information, supplied in writing, relevant to the investment review that might otherwise not be provided by the investment manager, such as data supporting portfolio valuations, investment performance and relevant investment experience.
 - vii. Analyzing and independently verifying investment performance and track record.
 - viii. Conducting extensive third party due diligence, including reference and background checks on key principals and interviews with prior and present investors and former employees; interviewing senior executives of past portfolio companies to gauge their assessment of the investment manager's strengths and weaknesses.
 - ix. Reviewing and evaluating the proposed terms, conditions and structure of the investment opportunity, negotiating fees in the best interest of SBCERS', and identifying, if appropriate, any terms or provisions that can or should be improved.
 - x. Maintaining complete, written records of all due diligence items and procedures.
- f. Prepare and furnish to SBCERS a written investment report that includes investment actions and documents the results of the due diligence review. The report will contain a summary of the investment and describe:
 - i. The general partner/manager's background, track record, and organization;
 - ii. The investment strategy;
 - iii. The terms of the investment;
 - iv. The expected rate of return;

- v. The merits of the investment; any issues and concerns surrounding the investment and how they might be resolved;
 - vi. Issues and provisions that should be subject to negotiation;
 - vii. Appropriateness of the investment for SBCERS.
- g. The candidate will be responsible for reviewing key business terms of investment opportunities and reviewing of the transaction documentation to ensure that such terms are properly implemented and reflect key elements sought by sophisticated limited partners in today's marketplace, both for initial investments as well as proposed amendments to partnership agreements.
 - h. Prepare and conduct overview presentations or educational workshops on the Private Equity investment asset classes that include a macro view of key managers, types of investments, trends, strategies, and key success factors.
 - i. Prepare updates regarding market conditions as well as industry trends and developments that could affect the prospects, terms and structure of Private Equity investments.
 - j. Perform periodic interim due diligence analysis on existing investments, taking into consideration the basis of the original recommendation, as well as changes which have taken place at SBCERS, the investment managers, and in the market.
 - k. Provide access to a database of Private Equity investment managers that includes data on investment strategies, firm organization, investors and performance; manager information should be available for a wide range of Private Equity managers including but not limited to domestic and international firms including those in core, value-added, opportunistic and co-investment strategies.
 - l. Provide ongoing support and assistance in managing the Private Equity investments portfolio (including advising on any proposed modifications on partnership agreements) via quantitative and qualitative analyses, research and due diligence at the request of SBCERS.
 - m. Attend SBCERS' Retirement Board meetings as requested by SBCERS.
 - n. Perform other services which may be required to ensure a successful Private Equity investment program as needed or at the request of the Board, or staff

2. Private Equity investments portfolio monitoring services:

- a. Review and analyze each Private Equity investment capital call received by SBCERS and certify in writing the accuracy and conformance thereof to the terms of the underlying limited partnership agreement prior to SBCERS' funding of such capital call.
- b. Review and analyze each distribution notice received by SBCERS and certify in writing the accuracy and conformance thereof to the terms of the underlying limited partnership agreement.

- c. Provide wire notifications to Bank of New York Mellon (custody bank), staff and any other relevant parties.
- d. Reconcile all cash flows, net asset values, and portfolio company information for Private Equity investments partnerships with SBCERS' custodian bank on a quarterly/monthly basis (as determined by SBCERS); such reconciliation will be furnished to SBCERS within thirty days of completion.
- e. Provide quarterly Private Equity investments portfolio reports that include information and analytics for each investment manager, fund partnership, strategy and the total portfolio; information should include vintage year, SBCERS commitment, total fund commitments, contributions, distributions, market values and performance measures (IRR, etc.); comparisons to relevant Benchmark Indices should be included.
- f. Prepare and provide SBCERS with two comprehensive Private Equity investments monitoring reports per year, one following the end of each calendar year (ending December) and one following the end of each fiscal year (ending June). Each report will be presented at a scheduled meeting of the Retirement Board and shall contain: 1) material portfolio developments; 2) Private Equity investments portfolio market value and funding status; 3) investment performance results and comparison versus relevant benchmarks; 4) portfolio composition / diversification by vintage year, investment sub-strategy, investment managers, industry sectors, and geography; and 5) other relevant information as the SBCERS Retirement Board, investment team, and Consultant deem appropriate for monitoring of the Private Equity investments portfolio.
- g. Provide access to a database of Private Equity investment managers that includes data on investment strategies, firm organization, investors and performance; manager information should be available for a wide range of Private Equity managers including but not limited to domestic and international firms.
- h. Provide ongoing monitoring, performance measurement and cash flow analyses of the Private Equity investment portfolio and partnerships; provide portfolio monitoring reports on portfolio partnerships as requested by SBCERS
- i. Structuring and negotiation of provisions to be incorporated in the terms of a limited partnership agreement that specifically relate to monitoring, including those provisions which govern the format, frequency, and scope of reports provided by general partners to SBCERS, as a limited partner.
- j. Provide ad-hoc reporting at the request of SBCERS.
- k. Perform other services which may be required to ensure a successful Private Equity investment program.

F. Minimum Qualifications for Proposal

The Proposer must meet all of the following minimum qualifications as of December 31, 2020, to be given further consideration.

1. The firm must have been in business at least five (5) years providing services similar to those described in the Scope of Services section.
2. At least one key professional member of the firm assigned to SBCERS' account must have a minimum of ten (10) years of experience (three (3) of which have been with the current firm) recommending investing in Private Equity investment programs for institutional clients.
3. At least one key professional member of the firm assigned to SBCERS' account must have a minimum of five (5) years analyzing and monitoring the results of Private Equity partnerships for institutional clients.
4. At least one key professional member of the firm assigned to SBCERS' account must have a minimum of five (5) years of experience in reviewing partnership agreements, and other legal documents associated with investment partnerships for institutional clients.
5. The firm must maintain, or have unrestricted access to, a database of sufficient size and scope to complete the analysis of the returns of a significant number of Private Equity investment partnerships by structure, size, industry, geography, type, and stage of development.
6. The organization must have been providing investment management services for Private Equity investment transactions for five or more years and have at least two pension fund or other major institutional fund clients with a minimum of \$3 billion in total assets.
7. The firm must carry Errors and Omissions Insurance coverage or must have applied for such coverage by the submission date of the RFP. E&O insurance will be required throughout the duration of the contract.
8. The firm currently serves as a fiduciary as defined by the laws of the State of California. The firm is willing to commit to serving in a fiduciary capacity under the applicable law of the State of California, including without limitation the County Employees Retirement Law of 1937.
9. The firm must provide or retain counsel, at its own expense, to review and negotiate fund documentation, including the negotiation of side letter provisions pertaining to SBCERS' unique legal status as a California public pension plan.

G. Evaluation Criteria

SBCERS intends to evaluate the proposals relative to each other generally in accordance with the criteria and weighting percentages itemized below.

Component

1. Organization, Personnel and Clients
2. Investment Selection and Due Diligence Practice
3. Strategic and Tactical Investment Planning
4. Monitoring, Performance Measurement and Reporting
5. Fee Proposal

H. Frequently Asked Questions (FAQ)

1. What prompted the search?

In keeping with best practices and the Board's fiduciary duty to its members, the Board is undertaking a genuine search for a private equity consulting firm that will best meet the needs of SBCERS for the future.

2. Who is the incumbent investment consultant?

SBCERS' incumbent private equity consultant is Hamilton Lane.

3. Will the incumbent consultant be invited to rebid?

Yes, the incumbent private equity consultant is invited to rebid.

4. What strategic projects are likely to be undertaken by the new consultant at the outset of the engagement?

SBCERS is not considering any new strategic projects at this time, but will consider any recommendations in this regard by the private equity consultant.

5. What is the Board's schedule with respect to monthly meetings that the investment consultant would be expected to attend?

The private equity consultant is expected to attend a minimum of four Board meetings annually. The investment-oriented meetings are generally held on the fourth Wednesday of every month, with the exceptions in March, November, and December.

SECTION II: PROCESS FOR SUBMITTING PROPOSAL

A. Submission of Proposal

The deadline for submission of the proposal is **5:00 pm PST, August 21, 2020**. Each proposing firm must submit seven (3) printed copies, and one (1) electronic version to:

Ms. Lauren Thompson
Santa Barbara County Employees' Retirement System
130 Robin Hill Road, Suite 100
Goleta, CA 93117
lthompson@sbcers.org

Note that both the electronic copy and the paper copy shall include signatures as required by this RFP.

B. Timeline for Search and Selection Process

July 27, 2020	RFP published and posted on website
August 10, 2020	Deadline for submission of questions concerning the RFP, <i>and</i> intent to respond
August 21, 2020	Deadline for submission of proposals
October 28, 2020	Tentative interview dates

SBCERS will make best efforts to follow the above timeline but reserve the right to amend it as necessary.

C. Intent to Respond

Firms intending to respond to this RFP are asked to send an e-mail to **Ms. Lauren Thompson, SBCERS** at lthompson@sbcers.org by August 10, 2020. Failure to do so shall not preclude firms from nevertheless submitting a proposal.

D. Quiet Period, Questions and Communication Regarding the RFP

The Board has designated a “quiet period” for the duration of the private equity consultant search and selection process, during which time Trustees may not knowingly communicate

with consultant candidates, except for official search-related interviews, due diligence and ongoing business with the current consultant.

To assist the Board and SBCERS staff in implementing this quiet period, all questions regarding the intent or content of this RFP or the proposal process must be directed in writing to **Lauren Thompson** by e-mail at lthompson@sbcers.org on or before **August 10, 2020**.

Please refer to Appendix II for the full SBCERS Quiet Period Policy.

E. Addenda to Request for Proposals

SBCERS may modify this RFP, prior to the proposal due date, by issuing written addenda. Addenda will be posted on SBCERS' website at <https://www.sbcers.org/>. The Proposer shall be responsible for ensuring that its proposal reflects any and all addenda issued by SBCERS prior to the proposal due date regardless of when the proposal is submitted. Therefore, SBCERS recommends that Proposers review the SBCERS website frequently, including shortly before the proposal due date, to determine if they have received all addenda.

F. Ambiguity and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are asked to promptly notify SBCERS, in writing, if the Proposer discovers any ambiguity, discrepancy, omission, or other errors in this RFP. Modifications and clarifications will be made by addenda as provided above.

G. Preparation of the Proposal

1. Format of Proposal

The proposal must be sequentially page numbered, organized and indexed in the following format:

- (a) Letter of Transmittal
- (b) Response to Questionnaire
- (c) Fee Proposal
- (d) Additional Documents and Materials

Please note: Signatures of principals or officers authorized to bind the Proposer are required in the Letter of Transmittal and the Fee Proposal.

2. Response to Questions and Requests for Information

Respond to all questions, and requests for information, in the order that they are presented in Section III of this RFP. Documents and materials requested in Section III: Part C shall be included as Exhibits to the Proposal, as specified therein.

Be clear and succinct. Ensure that each response is specific to the question asked or information requested. Unnecessary or superfluous information will be disregarded. Incomplete or misleading responses may lead to the rejection of the proposal and elimination of the firm from the search process.

At any time during the proposal evaluation process, SBCERS may require a Proposer to provide oral or written clarification of its proposal. However, SBCERS reserves the right to make an award without further clarifications of proposals received.

3. Revision of Proposal

A Proposer may revise a proposal on the Proposer's own initiative at any time before the deadline for submission of proposals. The Proposer must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date.

In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any Proposer.

4. Errors and Omissions in Proposal

Failure by SBCERS to object to an error, omission, or deviation in the proposal will in no way modify this RFP or excuse the Proposer from full compliance with the specifications of this RFP or any contract awarded pursuant to this RFP.

SBCERS reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions prior to the final evaluation of the proposal, and to ask for clarification on any issues, or to take any other measures with respect to this RFP in any manner necessary to serve the best interests of SBCERS and its beneficiaries.

5. Financial Responsibility and Ownership of Documents

Any cost incurred in the preparation, submission or presentation of proposals shall be borne solely by the proposing firm. Responses to this RFP and associated materials will become the property of SBCERS and may be returned only at SBCERS' option.

6. Governing Law

This procurement and any agreement with Proposers that may result shall be governed by the laws of the State of California. Submission of a proposal constitutes acceptance of this condition.

7. California Public Records Act

Materials contained in proposals are subject to the California Public Records Act (Cal. Gov. Code Sections 6250 et. seq., "The Act"), and, after a contract has been awarded, may be viewed and copied by any member of the public, including news agencies and competitors. If any portion of a proposal is believed to be exempt from public disclosure under the Act, such portion must be marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY", as applicable, and made readily separable from the rest of the proposal. Proposals marked in their entirety with a confidential designation, or other designation indicating exemption from public disclosure will not be considered confidential or exempt from disclosure under The Act, and SBCERS will not deny public disclosure of all or any portion of such proposals. By submitting a proposal with material marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY", the proposing firm 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 the proposing firm may be required to justify in writing why such material should not, upon request, be disclosed by SBCERS under the Act.

If SBCERS denies public disclosure of any portions so designated, by submission of a proposal the proposing firm agrees to reimburse SBCERS for, and to indemnify, defend and hold harmless SBCERS, its officers, fiduciaries, employees and agents from and against: (a) 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 SBCERS' non-disclosure of any such designated portions of a proposal; and (b) any and all Claims arising from or relating to SBCERS' public disclosure of any such designated portions of a proposal if SBCERS reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

H. Cancellation of the RFP

SBCERS reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP if it is in SBCERS' best interest. This RFP in no manner obligates SBCERS to the procurement of services until a written contract is entered into, negotiation of which may be terminated at any time by SBCERS. If negotiations fail, SBCERS may accept another submitted proposal, at its option. SBCERS may terminate negotiations at any time prior to the signing of a contract.

SECTION III: INFORMATION TO BE PROVIDED

Part A: Letter of Transmittal

The Proposal must include a Letter of Transmittal or cover letter signed by one or more individuals who are authorized to bind the firm contractually. The Letter of Transmittal shall be considered an integral part of the Proposal and must contain the following:

1. The Proposer's name, address, and telephone number.
2. The name, title or position, telephone number and email address of the individual signing the cover letter.
3. A statement indicating the signature is authorized to bind the Proposer contractually.
4. A statement to the effect that the proposal is a firm and irrevocable offer good for six (6) months.
5. A statement expressing the Proposer's availability of staff and other required resources for performing all services and providing all deliverables specified within.
6. A statement that the proposing firm meets the Minimum Qualifications for the Proposal set out in Section I.F of this RFP.
7. A statement confirming that if selected the firm is prepared to enter into a contract stipulating that it has a fiduciary obligation in providing investment consulting services to SBCERS.
8. A statement that the firm acknowledges that all documents submitted pursuant to this RFP will become a matter of public record, except those portions which are claimed and determined to be exempt from disclosure under The Act, as set forth in Section II.G above.

Part B: Questionnaire

Introduction and Executive Summary

Submit a letter of introduction and executive summary of the proposal. A person authorized by your firm to obligate your firm to perform the commitments contained in the proposal must sign the letter. Submission of the letter will constitute a representation by your firm that your firm is willing and able to perform the commitments contained in the proposal.

The proposer should attach all requested documents and respond to all questions. When not specified please provide numbers as of Quarter Ending December 31, 2019.

A. Minimum Qualifications

1. The firm has been in business at least five (5) years providing services similar to those described in the Scope of Services section (indicate Yes or No).
2. At least one key professional member of the firm assigned to SBCERS' account has a minimum of ten years of experience recommending Private Equity investment programs for institutional clients, three of which have been with the current firm (indicate Yes or No).
3. At least one key professional member of the firm assigned to SBCERS' account has a minimum of five years analyzing and monitoring the results of Private Equity partnerships for institutional clients (indicate Yes or No).
4. At least one key professional member of the firm assigned to SBCERS' account has a minimum of five years of experience in reviewing partnership agreements, and other legal documents associated with investment partnerships for institutional clients (indicate Yes or No)
5. The firm maintains or has unrestricted access to a database of sufficient size and scope to complete the analysis of the returns of a significant number of Private Equity investment partnerships by structure, size, industry, geography, type, and stage of development (indicate Yes or No).
6. The organization has provided investment management services for Private Equity investment transactions for five or more years and have at least two pension fund or other major institutional fund clients with a minimum of \$3 billion in total assets.
7. The firm carries Errors and Omissions Insurance coverage or must have applied for such coverage by the submission date of the RFP. The firm will maintain E&O insurance throughout the duration of the contract (indicate Yes or No and describe the type of coverage).

8. The firm currently serves as a fiduciary as defined by the laws of the State of California (indicate Yes or No).
9. The firm is willing to commit to serving in a fiduciary capacity under the applicable law of the State of California, including without limitation the County Employees Retirement Law of 1937 (indicate Yes or No).
10. The firm will provide or retain counsel at its own expense in order to review and negotiate fund documentation, including the negotiation of side letter provisions pertaining to SBCERS' unique legal status as a California public pension plan (indicate Yes or No).

B. Organization

11. Please provide the following information about your organization:

Organization Information	
Year firm established	
Year discretionary separate account Private Equity investments established	
Location of firm headquarters	
Number of Private Equity investment professionals	
Total discretionary separate account commitments	
Ownership structure (include parent company and/or affiliates, joint ventures, or strategic partnerships)	
Percentage Employee Owned	
Organizational structure (include all operating divisions within the firm)	
Anticipated changes to organizational structure in the next 2 years	
Significant developments/changes to organizational structure within the last three years	

12. Please list the dollar revenue received by the firm for each of the past 5 years, grouped by:

	2015	2016	2017	2018	2019
Discretionary Consulting Services					
Non-Discretionary Consulting Services					
Asset Management					

Other Sources of Revenue					
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13. If the firm has an ultimate parent company, please list the percentage (%) of total income that the firm’s consulting services represent to the ultimate parent company for each of those years:

2015	2016	2017	2018	2019

14. Please provide the 2019 information for the following:

	Amount	Source of Compensation
Non-cash or in-kind compensation from investment managers and/or general partners		
Materially beneficial relationships that the firm or any affiliate of the firm engages in with investment manager or general partner relationships		
Financial relationships with placement agents		

15. In addition to the attached copy of the Firm’s Conflict of Interest Policy and/or Code of Ethics (Attachment 4), please provide the following information regarding potential conflicts of interest with SBCERS:

	Yes/No	Explanation
Does the firm have any existing or potential conflicts between your consulting activities and any other firm’s or client’s activities?		
Does the firm or employee of the firm invest their own capital in investment opportunities that they also recommend for clients?		
Does the firm serve as an investment manager for clients?		

Does the firm sponsor funds or fund of funds?		
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16. How does the firm limit conflicts of interest and the likelihood that SBCERS would receive investment advice that is not completely objective?
17. Please acknowledge in writing the following legal requirement: our organization is a person, firm, or corporation registered as an investment advisor under the Investment Advisor Act of 1940
 - a. If yes provide a copy of the latest Form ADV Parts I and II (Attachment 5)
 - b. If no please explain why your firm is exempt from registration
18. Within the last five years, has your organization, employees, officers, or principals been involved in any business litigation or other legal proceeding relating to your consulting/advisor activities? In addition, has your organization been investigated by federal or state licensing or regulatory authorities? If so, provide an explanation and indicate the current status.

C. Personnel

19. List and provide biographies and resumes for all lead investment professionals, key professional employees, and others who will be assigned to this account. Please be sure to include the following information for each individual:

Investment Professional Information
Name:
Title:
Office Location:
Role and/or Function:
Number of years of experience in Private Equity:
Number of years of experience in investment consulting:
Number of years with the firm:
Educational degrees:
Spoken and written language proficiencies:
Professional designations:
Number of clients as Lead Consultant:

Investment Professional Information
Number of clients as Secondary Consultant:
Names of clients for whom Consultant serves as Lead Consultant:
Equity ownership in the firm (%):

20. Provide an estimate of the percentage of time the lead consultant, as well as other dedicated consultants, will spend on SBCERS account and describe succession plans in the event of a lead or secondary consultant departure.
21. Explain how the team dedicated to the SBCERS' account would function, including primary consultants, back up, research, due diligence, monitoring, etc. Please include the primary office location that will service the SBCERS account.
22. Please describe the team's ability to educate trustees on Private Equity investment matters. What experience do the individuals have conducting educational workshops? Please provide examples of educational materials utilized for client presentations.
23. Please indicate the turnover of Private Equity asset professional staff over the past five years as follows:

Name	Position	Years with the Firm	Date Left	Reason for Leaving

24. Discuss the procedures for managing the loss of any of the key investment professionals assigned to this account.
25. How many Private Equity manager relationships and fund investments would your team expect to introduce/propose to SBCERS? Please discuss in terms of risk versus return.

D. Client

26. Please provide the following information about the firm's Private Equity asset clients over the past four years:

Client Profile	2015	2016	2017	2018	2019
Total Non-Discretionary Retainer Clients					

Total Non-Discretionary Assets under Advisement					
Total Discretionary Separate Account Retainer Clients					
Total Discretionary Separate Account Assets under Advisement					

27. Please provide the following client information, by plan size and plan type, of those clients for which the firm currently serves in a discretionary basis. Please list the client by total plan size, not by allocation to Private Equity assets.

Plan Type	Less than \$1 Billion	\$1 Billion to \$5 Billion	\$5 Billion to \$25 Billion	Over \$25 Billion	Total
Public Employees Retirement					
Union/Taft-Hartley					
Corporate					
Endowment					
Foundation					
Hospital					
Insurance					
Other					
Total					

28. Please identify three clients as references for whom your firm has provided discretionary Private Equity investment consulting services. Please provide contact information, number of years as a client, and size and type of Private Equity investment program. Assume these clients will be contacted.

29. Provide the following information about clients of a similar size to SBCERS (\$1 to \$5 billion) for which the firm currently consults on an advisory basis or has discretionary management authority (excluding fund-of funds).

Name of Client	Client Type	Date Retained (Mo/Year)	Non-Discretionary/Discretionary	Assets Under Management (\$Million)	Investment Focus	Partnerships/Direct

30. Please list clients lost in the last 5 years (excluding fund-of-fund clients). Please explain the reason behind the departure.

Name of Client	Client Type	Date Left (Mo/Year)	Non-Discretionary/Discretionary	Reason Left

E. Investment Process/Due Diligence

31. What is your firm's competitive advantage in providing Private Equity investment consulting services to SBCERS?

32. Please describe your firm’s philosophy and approach to private equity as it applies to a client’s total portfolio, broad asset allocation targets, alternative investments, risk, and return. Please include in your discussion a comment on the factors listed below, and how you might develop a target allocation to various sub-sectors as well as an overall model portfolio for the SBCERS Board.

- a. Geographic Targets
- b. Sub-sector Targets (Mega/Large Cap/Mid Cap/Distressed/Growth)
- c. Industry Targets
- d. Investment Manager Diversification
- e. Vintage Year Diversification

33. In addition to the attached sample due diligence report (Attachment 6) please describe your firm’s due diligence and decision making process for Private Equity Investments. Be sure to discuss the following:

- a. Criteria used in evaluating each prospective investment (and the relative importance of each piece of criteria)
- b. The process of portfolio construction
- c. Risk control considerations

34. Please describe your firm’s internal *and* external Private Equity research capabilities and resources. Be sure to include the following:

- a. How the firm sources and monitors investments inside and outside the U.S.
- b. How many funds, managers, and years of performance are maintained in the firm’s database

35. Describe your co-investment sourcing process and pipeline. Identify the number of co-investment deal flow sourcing by source (i.e. GP, investment banks, project developers, institutional investors, etc.).

36. List and describe Private Equity co-investment deal flow.

Timeframe	Deal Names	Return (or expected return)
Completed within the past two years		
Projected for the next two years		

37. Please provide the information in the table below describing your experience in Private Equity.

# of Partnerships Reviewed	# Clients Assisted	\$ Amount of Capital Deployed	# of Partnerships Monitored for Performance Reporting

38. How does your organization identify top tier firms? Be sure to include the following:

- a. A list of top tier managers your organization monitors
- b. The criteria for being a “top tier” firm
- c. Your clients’ success in gaining access to these funds
- d. Your relationship with these groups

39. Explain your organization’s ability to identify first time/nascent/emerging funds. If your firm has a policy regarding emerging management firms, please describe in detail.

40. What would be an annual estimated commitment pacing for a customer of SBCERS’ size?

41. Describe how investment opportunities are allocated among clients and/or fund of funds sponsored by your firm. Please include:

- a. Allocations among non-discretionary advisory clients, discretionary advisory clients, and fund-of-funds
- b. Whether any clients or funds have preference or priority
- c. Whether prior relationships factor into the firm’s allocation policy and if so, how they impact allocation policy and investment prioritization
- d. Whether the firm maintains an investment queue and if so provide details on how the queue functions

42. Please list your 10 largest general partner relationships on behalf of the firm’s clients and separately list all the funds you have recommended in the past two years:

General Partner Relationships (Largest to Smallest)	Funds Recommended (2018 and 2019)

F. Strategic and Tactical Investment Planning

43. In addition to the Firm’s two attached research reports (Attachment 7), please outline your process for monitoring and reporting on market trends and discuss your firm’s market outlook for the Private Equity Investment markets.

44. Describe the firm’s experience in analyzing and recommending the following types of Private Equity investments:

Investment Type	Years of Experience	Additional Commentary
Venture/Growth Buyouts		
Mega Buyouts		
Large Cap Buyouts		
Mid Cap Buyouts		
Distressed/Turnaround/ Value-Oriented Buyouts		

45. Describe the key factors by which the firm would recommend diversifying a Private Equity asset investment program (i.e. industry, geography, investment vehicle, vintage year, etc.).

46. Discuss your firm’s opinion regarding risk and expected returns for Private Equity investments, risk, and expected returns. Please describe your experience and abilities with long-range forecasting for expected performance of private equity.

47. Discuss your firm’s experience and philosophy regarding direct investments or co-investments in Private Equity investments.

48. Discuss your experience in creating specialized investment vehicles within the Private Equity investment asset classes.

49. Describe the manner in which you will assist SBCERS in developing, memorializing, and monitoring the following:

- a. Investment policy
- b. Objectives and strategies
- c. Risk assumptions

- d. Asset mix and permitted ranges for each sub-asset class
- e. Rebalancing policies
- f. Qualitative and quantitative portfolio oversight procedure

G. Monitoring, Performance Measurement, and Reporting

50. In addition to the attached example of due diligence material (Attachment 8), describe your partnership monitoring philosophy and process for GP's; please answer the following:
- a. What criteria is evaluated?
 - b. How often does the firm meet with GP's or officers of the company (in the case of direct investments)?
 - c. How frequently are current client investments reviewed?
51. How is compliance with terms of the limited partnership agreement ensured?
52. How do you verify information provided by the fund managers?
53. Provide a detailed description of the peer universe to which a client such as SBCERS would be compared (include number of public funds, the total number of funds, the range of public and non-public fund assets, the mean and median public fund assets, as well as any other relevant details).
54. Describe how benchmarks are chosen or developed for clients and how performance is compared to similar portfolios.
55. Please attach a sample of your typical quarterly and annual performance reports (Attachment 9) and explain your quarterly reconciliation process. How soon are quarterly reports and IRRs available after the end of each quarter?
56. Provide performance data, net of investment management fees, for the top five best performing discretionary investments and the bottom five worst performing discretionary investments.
- a. Provide aggregate vintage year returns for all discretionary dollars.
 - b. Performance data should include discretionary fund-of-fund accounts (includes commingled funds) and discretionary separate accounts.
 - c. Indicate Private Equity sub-asset class sectors
57. Are your return calculations audited? If so, please provide documentation as Attachment 10.

H. Fee Proposal

58. Please confirm in writing that:
- a. The fee information provided below is *inclusive* of all legal expense

- b. The firm accepts responsibility to provide or retain counsel at its own expense, for purposes including the review and negotiation of fund documentation and side letter provisions pertaining to SBCERS' unique legal status as a California public pension plan.

59. List and provide the following information regarding the firms' legal team:

Legal Team
Type of Counsel (in-house or outside):
Firm Name (if outside counsel):
Office Location:
Leading Members of Legal Team:
Years of Experience in Private Equity:
Number of Years with the Firm:
Number of Lawyers on Legal Team:

60. Please provide a fee quote, in hard dollars, for the services requested in the Scope of Services. Please indicate whether this fee includes travel and other out-of-pocket expenses. The actual fee paid by SBCERS will not exceed the amount proposed in your response. Please break down the cost of consulting and monitoring/reporting services. Use the format on the following page.

Fee Proposal	
Annual management fee for discretionary separate account private equity management services	
Preferred Return	
Carried Interest on Primary Partnership Investments	
Carried Interest on Secondary Investments	
Carried Interest on Direct Investments	

Initial Expenses in basis points (breakout by type: legal, audit, tax, etc.) Please detail organization and admin expenses.	
Annual Expenses in basis points (breakout by type: legal, audit, tax, etc.) Please detail organization and admin expenses.	
Other Costs	
All-In Average Expected Annual Cost (in basis points, including fees & expenses, excluding set up costs and carried interest) Assume a 15 year fund term.	
Cost to monitor and administer The Board's existing private equity portfolio (if any). Please detail cost per fund.	
List other services that can be provided that would add value to the management of private equity that are not included above, and indicate the fee for each.	

61. In addition to the detailed fee information provided below please attach a copy of a California AB2833 compliant annual fee report for a client of similar size to SBCERS (Attachment 11).

62. Are there any tasks/services you expect SBCERS to retain and pay for? If so, describe each item specifically.

63. Provide quotes for any additional services (e.g. hourly billing rates, by position classification, for special projects or services).

64. Will the firm confirm that it will not propose increases in the proposed fee structure for the next five years?

Signature by Authorized Officer

Name of Firm

By

Title

Signature

Date

Part C: Additional Materials and Documents

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:

Attachments	
Attachment 1	A recently produced Annual Report
Attachment 2	The firm's Mission Statement
Attachment 3	A copy of the Equal Employment Opportunity Employer Information Report Form EEO-1 on Workforce Composition (Section D)
Attachment 4	The firm's Conflict of Interest Policy and/or Code of Ethics
Attachment 5	A copy of the firm's latest Form ADV Parts I and II
Attachment 6	A sample due diligence report prepared by your firm on a recent investment
Attachment 7	Two recent Private Equity market research reports generated by your firm
Attachment 8	Due diligence material on a partnership which was held by a client and reviewed during an interim period
Attachment 9	A sample of your typical quarterly and annual performance reports
Attachment 10	Documentation showing audit of return calculations
Attachment 11	A California AV2833 compliant annual fee report for a client of similar size to SBCERS

APPENDIX I: LIST OF CURRENT MANAGERS

SBCERS Current Private Equity Managers as of December 31, 2019

Investment	Vintage Year	Capital Committed
Actis Global 4, L.P	2012	7,500,000
Advent International GPE IX, L.P.	2019	10,000,000
Advent International GPE VIII-B, L.P.	2016	8,500,000
American Securities Partners VII, L.P.	2016	10,000,000
American Securities Partners VIII, L.P.	2019	10,000,000
Apollo European Principal Finance Fund (Feeder), L.P.	2010	7,504,432
Apollo Investment Fund IX, L.P.	2018	10,000,000
Apollo Investment Fund VII, L.P.	2008	10,000,000
Apollo Investment Fund VIII, L.P.	2013	10,000,000
Ascribe Opportunities Fund II, L.P.	2010	10,000,000
Ascribe Opportunities Fund III, L.P.	2014	10,000,000
Ascribe Opportunities Fund IV, L.P.	2020	15,000,000
Avenue Europe Special Situations Fund II, L.P.	2011	6,975,727
Avenue Europe Special Situations Fund, L.P.	2008	3,195,310
BCP Special Opportunities Fund II, L.P.	2020	10,000,000
Blackstone Capital Partners VII, L.P.	2016	10,000,000
Blackstone Capital Partners VIII, L.P.	2020	10,000,000
Blackstone Energy Partners II, L.P.	2015	10,000,000
Blackstone Energy Partners, L.P.	2011	10,000,000
Cinven Seventh Fund	2019	8,593,443
CVC Capital Partners VI, L.P.	2013	10,235,877
CVC Capital Partners VII, L.P.	2017	10,454,854
CVC European Equity Partners V, L.P.	2008	9,409,834
Energy Capital Partners II, L.P.	2009	10,000,000
Energy Capital Partners III, L.P.	2014	7,500,000
Enhanced Equity Fund II, L.P.	2010	5,000,000
First Reserve Fund XII, L.P.	2008	10,000,000
Gilde Buyout Fund IV L.P.	2011	4,345,032
Gridiron Capital Fund II, L.P.	2012	10,000,000
Gridiron Capital Fund III, L.P.	2015	10,000,000
Gridiron Capital Fund IV, L.P.	2019	10,000,000

Hamilton Lane Venture Capital Fund, L.P. (Series 2010)	2010	3,850,000
Hamilton Lane Venture Capital Fund, L.P. (Series 2011)	2011	5,000,000
Hamilton Lane Venture Capital Fund, L.P. (Series 2014)	2014	7,500,000
Hamilton Lane Venture Capital Fund, L.P. (Series 2015)	2015	5,000,000
Hamilton Lane Venture Capital Fund, L.P. (Series 2016)	2016	10,000,000
Hamilton Lane Venture Capital Fund, L.P. (Series 2017)	2017	7,000,000
Hellman & Friedman Capital Partners IX, L.P.	2019	7,500,000
Hellman & Friedman Capital Partners VII, L.P.	2011	10,000,000
Hellman & Friedman Capital Partners VIII, L.P.	2016	7,500,000
High Road Capital Partners Fund II, L.P.	2013	5,000,000
Kelso Investment Associates IX, L.P.	2015	15,000,000
Kelso Investment Associates X, L.P.	2018	10,000,000
Kohlberg Investors VI, L.P.	2007	10,000,000
Kohlberg Investors VII, L.P.	2012	7,500,000
Kohlberg Investors VIII, L.P.	2017	10,000,000
KPS Special Situations Fund III, L.P.	2007	10,000,000
KPS Special Situations Fund IV, L.P.	2014	10,000,000
KPS Special Situations Fund V, L.P.	2020	10,000,100
Lexington Capital Partners VI, L.P.	2005	30,000,000
Montreux Equity Partners IV, L.P.	2007	5,000,000
OHA Strategic Credit Fund IB, L.P.	2009	5,000,000
OHA Strategic Credit Fund II, L.P.	2017	10,000,000
Platinum Equity Capital Partners III, L.P.	2012	7,500,000
Platinum Equity Capital Partners IV, L.P.	2016	10,000,000
Platinum Equity Capital Partners V, L.P.	2019	10,000,000
Platinum Equity Small Cap Fund, L.P.	2018	9,750,000
Providence Equity Partners VI, L.P.	2007	10,000,000
Providence Equity Partners VII, L.P.	2012	7,500,000
Roark Capital Partners IV, L.P.	2016	10,000,000
Saw Mill Capital Partners II, L.P.	2016	10,000,000
Secondary Investment SPV-1 L.P.	2012	1,996,865
Secondary Investment SPV-2 L.P.	2012	5,850,312
Secondary Investment SPV-4, L.P.	2013	2,231,943
SSG Capital Partners II, L.P.	2012	6,365,714

SSG Capital Partners III, L.P.	2014	7,500,000
SSG Capital Partners IV, L.P.	2017	10,000,000
TCV IX, L.P.	2016	10,000,000
TCV VII, L.P.	2008	5,000,000
TCV VIII, L.P.	2014	5,000,000
TCV X, L.P.	2019	10,000,000
Tennenbaum Opportunities Fund V, LLC	2007	5,000,000
The Rise Fund, L.P.	2017	6,000,000
Thoma Bravo Fund XIII, L.P.	2018	5,000,000
TPG Growth II, L.P.	2011	5,000,000
TPG Growth IV, L.P.	2017	4,000,000
TPG Tech Adjacencies, L.P.	2018	10,000,000
Waterton Precious Metals Fund II Cayman, L.P.	2013	5,000,000
ZMC III, L.P.	2020	9,019,166

APPENDIX II: QUIET PERIOD POLICY

1. The Board, through the CEO, will initiate a "quiet" period when:
 - a. The earlier of (i) when the Board is presented with a list of potential candidate firms for consideration in a search process, or (ii) when an RFP or RFI is released to potential candidates in a search process; or
 - b. A current service provider is placed on an official "watch status" signifying that the service provider's performance has fallen below expectations or other issues have arisen that warrant closer scrutiny; or
 - c. The Board deems it is in the best interest of SBCERS to require that, for a limited period of time, communications between trustees and specified service providers be restricted to Board and committee meetings only.
2. The CEO or designated staff will normally report to the Board at a regularly scheduled meeting that a quiet period is to be instituted. Should urgent action be required, the CEO may institute a quiet period between meetings of the Board, in which case the CEO will notify all trustees immediately and report to the Board on the matter at its next regularly scheduled meeting.
3. During quiet periods, Board members shall not communicate with the specified service providers on matters pertaining to SBCERS, except (i) during Board or committee meetings, (ii) as part of scheduled due diligence meetings, or (iii) within the regular course of business with respect to incumbent service-providers. Furthermore, during quiet periods, individual Board members or groups of Board members will not meet with specified service providers for entertainment or social purposes. Exceptions may be made in the case of industry conferences such as SACRS, where SBCERS Board members may socialize with specified service providers during open social events that are also attended by trustees or staff of other systems, provided SBCERS Board members do not discuss matters pertaining to SBCERS business.
4. Board members who need to communicate with such service providers for reasons unrelated to SBCERS business agree to disclose such need in writing to the CEO and the Board prior to undertaking such communications. Disclosure to the Board shall be made in writing at a meeting of the Board. If time does not permit timely disclosure to the Board, the Board member shall then also provide disclosure of the intended communication to the Chair, or to the Vice-Chair if the Board member in question is the Chair.
5. For the purpose of quiet period provisions, communications include, but are not limited to, in person interaction, telephone conversations, letters, text messages, social media and e-mail.
6. Quiet periods will cease when:

- a. The Board authorizes staff or the investment consultant to negotiate a contractual arrangement with a successful bidder, or the search process is otherwise ended by the Board; or
 - b. When the quiet period is otherwise ended by the Board or CEO.
7. All SBCERS service providers shall be provided with a copy of the Quiet Period policy provisions and shall be asked to agree in writing to comply with its provisions.
8. All RFPs shall include the Quiet Period policy provisions and require that prospective service providers comply with its provisions during the selection process.
9. At the time a Board committee or the full Board meet to deliberate regarding the selection or retention of a service provider, or a decision materially effecting the compensation of a service provider, all Board members shall disclose any material contacts or communications with any of the service providers being considered, other than in the normal course of SBCERS' business with its current service providers, that have occurred in the preceding 12 months, irrespective of whether such contacts occurred before, during or after a quiet period.