

SamCERA Consultant RFP Questions & Responses

June 5, 2025

1. Is the scope for this mandate the same as what the existing consultant is working under? Is the RFP intended to fill any gap in current services?

The scope in the RFP document is generally consistent with the current consultant's contract. If the proposer believes that SamCERA could gain from a service that is currently not being utilized or is unavailable, they are welcome to include it in their proposal.

2. Over the last three years, how many private equity, private credit, private real assets, and real estate managers have you committed to annually?

	2024	2023	2022
Private Equity	3	7	1
Private Credit	2	0	3
Private Real Assets	1	3	1
Real Estate	0	1	0

3. What do you expect to commit to private equity, private credit, private real assets, and private real estate on an annual basis over the next three years? How many funds do you expect to commit to annually?

Assuming SamCERA's current asset allocation, SamCERA expects to commit to approximately 6-7 private equity funds, 2-3 private real asset funds, 1-2 private real estate funds and 1-2 private credit funds on an annual basis over the next three years.

4. What is motivating this search and what are the most important variables as you consider potentially making a consultant change?

With respect to the first question, see the response to #5 below. With respect to the second question please refer to Section VIII. Proposal Selection Process and Evaluation of the RFP document, which states the evaluation criteria and the process that will be used in the evaluation of proposals.

5. What prompted your desire to conduct a search at this time?

Periodically, the Board undergoes a competitive process on the selection and retention of its general investment consultant.

6. How did you decide to include [REDACTED] in SamCERA's search for a consultant?

SamCERA distributed the consultant RFP to consulting firms that participated in its most recent RFP process.

7. How many firms received the RFP?

SamCERA distributed the RFP to consulting firms that participated in its most recent RFP process as well as uploaded the RFP on its public website for any additional consulting firms interested in SamCERA's RFP process.

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8. How many firms will be interviewed for the finals process?

This determination will be made as part of the RFP Process based on the proposals received.

9. Is the current consultant being considered as part of this process?

The current investment consultant has been invited to participate in the RFP process.

10. Do you have any specific issues in regards to your current consultant?

This question does not pertain to a clarification of the intent or content of the RFP, or of the competitive proposal process. SamCERA refers proposers to its Investment Policy Statement which reflects the Board's investment objectives, investment beliefs and policies.

11. What are the annual fees for the existing contract that the SamCERA is paying to its current consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?

The retainer fee that SamCERA pays its current investment consultant is \$600,000 per annum adjusted by a factor of $(1+CPI)$ times the prior year fee. This fee covers both generalist consulting and alternative consulting fees (private equity, private real assets, private real estate, private credit). Additional fees apply to projects that have received approval from SamCERA.

12. What do you think is the single most important characteristic of an investment consulting firm?

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13. In your review process, what investment consulting firm characteristics will you be emphasizing?

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14. How many Board, Investment Committee, and Special meetings per year are anticipated?

The Board is scheduled to meet ten times a year. The Investment Committee does not typically meet separately. Special meetings are infrequent and are conducted on an as needed basis. In addition, SamCERA holds annual reviews for each existing public fund

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manager in an in-person meeting at SamCERA's offices. They are held periodically throughout the year, one or two days a month with multiple managers per day grouped by asset category, with each review typically lasting approximately 1 hour. Staff and consultant lead these due diligence meetings, and then report to the Board following these meetings.

15. [REDACTED] is not a public company and as such does not produce an annual report; however, we would be happy to share our audited financial statements in the event we are hired. Will this be sufficient?

The consulting firm's audited financial statements are sufficient but need to be provided to SamCERA for review prior to the execution of the consulting agreement.

16. When was the last time SamCERA performed a liability-based asset allocation study? What is the funded status of the defined benefit fund?

SamCERA most recently performed a liability-based asset allocation study in February 2023. The current funded status of the defined benefit fund is 87.6% as of June 30, 2024, using SamCERA's assumed earnings rate of 6.25%.

17. Do you anticipate making any changes to the asset allocation of the fund? Are you considering any new asset classes?

SamCERA anticipates beginning an ALM Study immediately after a new investment consultant contract goes into effect. During the ALM study we would evaluate potential new asset classes/changes to SamCERA's asset allocation.

18. What is the most important investment issue your fund is currently facing?

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19. What issues are under current consideration by the Staff and/or Board? What strategic decisions are currently pending that the new consultant, should you determine to make a change, would likely become involved with? Are there any specific issues that the Board considers as current hot buttons? (Liquidity management, re-balancing, opportunistic investing, fixed income impairment, securities lending, etc.)

One strategic area SamCERA has been focused on is the impact of the plan becoming more mature. The Board has had several educational sessions over the years regarding this, culminating with the addition of a cash-flow match portfolio. Next on the horizon is analyzing our asset allocation glidepath as we get closer to fully funded. In addition, the Board will be assessing the international equity manager structure with regards to global equity and China exposure.

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20. How large is your internal Investment Staff and can you briefly describe their key investment responsibilities and whether they have any non-investment duties as well?
SamCERA has an in-house Chief Investment Officer who advises the board, and two investment analysts on staff. The Chief Investment Officer works closely with the investment consultant, advises the board, and helps guide the strategic goals of the investment program. The investment analysts conduct the day-to-day operations of SamCERA's investment program.
21. What is your governance structure? To what extent does the Board & Investment Committee delegate authority on investment decisions to Staff?
SamCERA is administered by a Board of Retirement consisting of nine trustees: four appointed by the County's governing body, the County Treasurer who is an ex-officio member, and the remaining four who are elected by plan members. SamCERA was organized pursuant to the County Employees' Retirement Law of 1937 ("CERL"), and operates in compliance with the California Constitution, the CERL, and the Public Employees' Pension Reform Act ("PEPRA"), and other applicable federal and state law. SamCERA refers proposers to Section 2.0 "Management of the Fund" of its Investment Policy Statement, which details both the roles and principal duties of the various parties, and the investment portfolio management process used in hiring, monitoring, and terminating managers.
22. Does your current consultant calculate performance independently or match performance numbers provided by the custodian?
The current consultant calculates performance independently from the custodian.
23. We understand that there are current allocations to alternative investments (hedge funds and private investments) in the policy portfolio. Can you elaborate more on the Board's current thinking regarding the use and role of alternatives?
SamCERA's use of alternatives is like that of any other investment, and it really depends on the role for each. For example, absolute return hedge funds reside in our Diversifying bucket and should provide an attractive return stream with less beta to public equities, while the role of private equity is to provide higher returns above that offered in public equity.
24. Are there any particular philosophical preferences among the Board & Staff (e.g., regarding direct access to alternative investments vs. fund-of-funds; active vs. passive management; etc.)?
The Board has favored direct access to alternative investments. In terms of philosophical preferences, SamCERA refers proposers to its Investment Policy Statement (specifically Section 4.0 and Section 5.0), which reflects the Board's investment objectives, investment beliefs and policies.

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25. Are hedge fund recommendations included in the scope of general consulting?
Yes, hedge fund recommendations are included in the scope of general consulting.
26. Can you please describe the nature of the Due Diligence meetings in Item 8 on page 9? Are these meetings held in person with staff or virtually? Is there a typical cadence that is followed to arrange these meetings?
SamCERA holds annual reviews for each existing public fund manager in an in-person meeting at SamCERA's offices. They are held periodically throughout the year, one or two days a month with multiple managers per day grouped by asset category, with each review typically lasting approximately 1 hour. Staff and consultant lead these due diligence meetings, and then report to the Board following these meetings.
27. Can you please confirm the expectation for Board meeting attendance? Is attendance required in person for each Board meeting?
SamCERA expects the consultant or firm representative from the consulting firm attend every Board meeting in person.
28. Can you please describe the Board's appetite for co-investments in each of the private credit, private equity, private real assets, and private real estate portfolios?
SamCERA has not historically participated in co-investments in any private credit, private equity, private real assets, or private real estate portfolios. However, SamCERA may be open to the possibility if the perfect opportunity arises.
29. Could you please provide any additional information on SamCERA's approach to risk management and risk control? Is there appetite for further risk or illiquidity in the portfolio? How do you view the current risk of the portfolio while maintaining strong liquidity position? We note the emphasis on cash and cashflow matching and saw in 2024 annual report that benefit payments are funded through 2027.
SamCERA refers proposers to its Investment Policy Statement (specifically Section 3.0 "Investment Objectives", Section 4.0 "Investment Beliefs", Section 5.0 "General Investment Policies", and Section 6.0 "Asset Allocation & Portfolio Structure") for general information on SamCERA's approach to risk management. Generally speaking, SamCERA is a risk-balanced plan that focuses on diversification and risk-adjusted returns. Regarding the appetite for further risk while maintaining a strong liquidity position, this is top of mind for SamCERA. It is anticipated that this will be one of the primary issues investigated during the upcoming ALM Study. SamCERA has over the past five years been adding incrementally to private markets and to its overall risk posture.
30. Could you please confirm if question 97 is across both public and private positions?
This question was intended to ask the firm's capabilities to consolidate all underlying positions across public positions, however, if the firm has the capability to quantify concentrated risks across both public and private positions, please indicate so.

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31. What attribute or attributes does the Staff value the most in the existing consultant?

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