



## REQUEST FOR PROPOSAL

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Stanislaus County Employees' Retirement Association

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[www.stancera.org](http://www.stancera.org)

***Private Markets Investment Consultant  
Search Services***

***October 2024***

## Introduction

This Request for Proposal (RFP) is issued by the Stanislaus County Employees' Retirement Association (StanCERA) for the purpose of soliciting proposals from qualified companies to provide comprehensive private markets investment consultant search services.

The selected search consulting company will work closely with StanCERA staff and the Private Markets Consulting Services committee formed by the Board of Retirement. The committee is seeking professional search consulting services to achieve the overall goal and specific RFP objectives adopted by the committee listed below:

### Overall Goal:

- Procure a highly qualified private markets consultant that can meet StanCERA's specific needs and investment objectives.

### Specific RFP Objectives:

- Cost Effectiveness: Balance cost with quality and service when evaluating potential vendors.
- Stakeholder Engagement: Gather information from relevant stakeholders to ensure all needs and perspectives are considered.
- Competition & Innovation: Solicit a wide variety of vendors to bid to encourage innovative responses and a competitive bidding process.
- Compliance: Ensure a fair and open process in compliance with regulations and internal policies.

The selected company will demonstrate extensive experience and superior capability in providing private markets investment consultant search services for institutional investors. The selected search consultant will be expected to design, develop, and manage the search process for a Private Markets Investment Consultant. Knowledge of current and developing implementation methods available to institutional investors is expected to be an important factor driving the design of the RFP.

## Proposed Timeline

The following is a best estimate of the schedule for the review and analysis of the proposal in response to the RFP. The schedule can be adjusted as necessary by StanCERA. Each company will be notified of changes to the proposed schedule.

October, 2024	RFP posted to StanCERA website: <a href="http://www.stancera.org">www.stancera.org</a>
November 28, 2024	Deadline for submission of proposals, inquires, and any additional documents
December, 2024	Evaluation completed and finalist companies selected
December, 2024	Finalists' Interview with Staff and/or Committee
January, 2025	Contract negotiation and final Board approval

## **Proposal Submission**

The deadline for submission of the proposal is *November 28, 2024*, at 4:30 p.m. PST. Please submit one complete electronic copy of the proposal to:

Stan Conwell  
Investment Officer  
Stanislaus County Employees' Retirement Association  
832 12<sup>th</sup> Street, Suite 600  
Modesto, CA 95354  
retireops@stancera.org

## **Background**

### **Stanislaus County Employee's Retirement Association**

The Stanislaus County Employees' Retirement Association (StanCERA) is a cost-sharing multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Stanislaus and of the following employers: Stanislaus County Superior Court, City of Ceres, Hills Ferry Cemetery District, East Side Mosquito Abatement District, Keyes Community Services District, Salida Sanitary District, Stanislaus Regional Transit Authority, and the Stanislaus Council of Governments.

StanCERA is administered by a Board of nine trustees and one alternate trustee. Four of the nine trustees are appointed by the County's governing body. One trustee, the County Treasurer, an ex-officio member, is elected by the County electorate, while the remaining four trustees and alternate trustee are elected by Plan members. The Board has exclusive management responsibility for the control and investment of Plan assets.

StanCERA has been in existence since 1948 and administers retirement benefits for over 10,000 participants. As with most other government pension plans, StanCERA has evolved from a very young system with no assets and no retirement liabilities to a mature system with about \$2.9 billion in plan assets. As the plan has grown in size, the proportion of the total portfolio allocated to private market assets has also grown. The selection of a highly qualified private markets consultant is critical to the continued success of the plan.

## **Investment Program**

StanCERA is governed by the County Employees' Retirement Law (CERL) of 1937 (1937 Act) and the California Constitution, article XVI, section 17, which provide for prudent expert administration of the Plan and investment of its funds.

For more information on StanCERA's investment program please see StanCERA's Investment Policy Statement and Private Markets Investment Policy Statement at [www.stancera.org](http://www.stancera.org).

The fund has an approximate market value of \$2.9 billion as of June 30, 2024, and is managed by outside investment managers. StanCERA is currently contracted with NEPC for general investment consulting services including private real assets (real estate and infrastructure). Verus is contracted for private equity and private credit investment consulting services. All investment consulting services are currently conducted on a non-discretionary basis. StanCERA makes direct commitments to all its private markets funds and does not currently utilize a fund of funds or fund of one implementation model to access private market investments.

The Board has adopted the following strategic asset allocation:

Asset Class	Benchmark	Allocation		
		Min	Target	Max
<b>Liquidity Sub-Portfolio</b>		<b>4%</b>	<b>8%</b>	<b>14%</b>
Cash	30 Day T-Bills	0%	1%	4%
Cashflow-Matched Bonds	Bloomberg Barclays US Gov't/Credit Intermediate	4%	7%	10%
<b>Growth Sub-Portfolio</b>		<b>60%</b>	<b>73%</b>	<b>80%</b>
US Large Equity	Russell 1000	10%	14%	18%
US Small Equity	Russell 2000	0%	4%	7%
Private Equity	Russell 3000 + 3%	0%	5%	8%
Non-US Equity	MSCI ACWI ex-USA Gross	12%	18%	24%
Core Real Estate	NCREIF Property	0%	6.5%	10%
Value Add Real Estate	NCREIF Property + 2%	0%	6%	10%
Infrastructure	CPI + 5% 1 Qtr lag (Unadjusted)	0%	7.5%	12%
Private Credit	Morningstar LSTA Leveraged Loan Index + 2%	0%	8%	10%
Public Credit	50% Bloomberg US Corp Inv Grade/25% Bloomberg US Corp High Yield/25% Morningstar LSTA US Leveraged Loan Index	0%	4%	6%
<b>Risk-Diversifying Sub-Portfolio</b>		<b>15%</b>	<b>19%</b>	<b>24%</b>
US Treasury	Bloomberg Treasury 7 - 10 year	4%	6%	8%
US Short Duration TIPS	Bloomberg US TIPS 0-5 Year	2%	4%	6%

Risk Parity	60% MSCI ACWI / 40% Bloomberg Global Aggregate	0%	4%	8%
Liquid Absolute Return	30 Day T-Bills + 4%	0%	5%	7%
<b>Total Allocation</b>			<b>100%</b>	

## Investment Managers

StanCERA currently utilizes the following externally managed funds to execute its strategic asset allocation:

<b>Asset Class</b>	<b>Investment Manager</b>
Large Cap Equity	BlackRock Russell 1000 Growth BlackRock Russell 1000 Value Dodge & Cox Stock Fund
Small Cap Equity	Attucks Asset Management
International Equity	FIAM International Growth LSV International Large Cap Value
Domestic Fixed Income	Insight Investment NTAM US TIPS NTAM Intermediate Bond NTAM Long Term Bond BlackRock ICE BofA US High Yield Master II Constrained*
Real Estate	Morgan Stanley Prime Property Fund PGIM Real Estate US Debt Fund American Strategic Value Fund Greenfield Acquisition Partners VII Grandview Property Partners I Grandview Property Partners II TA Realty Value Fund XIII KSL Credit Opportunities IV
Private Credit	Abry Senior Equity VI Ares Sr Direct Lending Fund III Blue Owl First Lien Fund Callodine Loan Fund II LP Comvest Credit Partners VII Crestline Opportunity Fund IV Monroe Private Credit IV Raven Asset-Based Opportunity Fund III, L.P. Upwelling Capital White Oak Pinnacle

Private Equity	Audax Private Equity Fund VII-A, L.P. Blue Wolf Capital Fund V-A, L.P. Clayton, Dubilier & Rice Fund XI, L.P. Genstar Capital Partners X, L.P. Great Hill Equity Partners VIII Gridiron Capital Fund V, L.P. Gryphon Partners VI, L.P. Insight Partners XI, L.P. Northern Trust Russell 3000* Sole Source Partners II GP LLC Vista Foundation Fund IV, L.P.
Infrastructure	Carlyle Renewable and Sustainable Energy Fund II IFM Global Infrastructure Fund JP Morgan IIF Hedged LP MS Infrastructure Partners II Northern Trust Infrastructure Fund* Palistar Communications Infrastructure Fund II
Risk Parity	AQR Global Risk Premium PanAgora Risk Parity Multi-Asset
Liquid Absolute Return	Graham Proprietary Matrix Wellington Global Macro Fund

\* Private Market Proxy funds.

**Scope of Services**

StanCERA is seeking a qualified firm to provide comprehensive search consulting services. The selected company will demonstrate extensive experience and superior capability in providing private markets investment consultant search services for institutional investors. The selected firm and its consultants will offer advice to the Committee and Board that is solely in the interest of the plan participants and beneficiaries of StanCERA.

**Core Services**

1. Needs Assessment and Requirements Gathering
  - a. Conduct in-depth meetings with Staff and/or the Private Markets Consulting Services committee to fully understand the client's investment goals, strategy, and specific needs related to private markets (e.g., private equity, private credit, real estate, infrastructure).
  - b. Gather input on existing private markets exposure, future allocation plans, and specific challenges.

- c. Work with staff to define and document the technical, financial, and operational requirements that the investment consultant must meet. Identify optional services that may also benefit StanCERA.
2. Market Research and Vendor Identification
  - a. Leverage industry connections and databases to compile a preliminary list of qualified private markets consultants.
  - b. Provide insights on current trends in private markets that may impact consultant selection. (e.g., implementation trends by institutional investors within private markets)
3. Customized RFP Design and Development
  - a. Develop a fully customized RFP that clearly outlines the StanCERA's objectives, investment policies, expectations, and criteria for evaluating private markets consultants.
  - b. Include a detailed questionnaire that will allow potential firms to demonstrate their experience providing private markets consulting services, particularly for private equity, private credit, real estate and infrastructure.
  - c. Design the RFP to drive a competitive bidding process that allows bidding firms to offer innovative solutions and the option to bid on services for some or all of the private markets asset classes within the portfolio.
  - d. Incorporate California specific private markets reporting requirements (AB2833, etc) and other state regulatory considerations into the RFP design.
4. Evaluation Criteria Development
  - a. Establish clear, objective criteria for evaluating responses to the RFP, covering factors like historical performance, work product quality, team expertise, client servicing, value-add services offered, fees/value and depth of resources.
  - b. Work with StanCERA to develop a scoring matrix to evaluate relevant criteria for private markets investment consulting.
5. Timeline and Project Management
  - a. Develop a detailed project timeline that sets milestones for drafting, distributing, collecting, and reviewing RFP responses.
6. Vendor Communication and Management
  - a. Manage communication with potential vendors throughout the RFP process, including answering questions, providing clarifications, and issuing addenda if necessary.
7. Proposal Review and Shortlisting
  - a. Conduct a thorough review of all submitted RFP responses, ensuring that they meet the outlined requirements.
  - b. Analyze and summarize each response, comparing consultants based on predefined evaluation criteria.

- c. Provide the Private Markets Consulting Services Committee with a shortlist of the top private markets investment consultants, offering detailed assessments of their strengths and weaknesses.
8. Facilitating Interviews and Final Selection
  - a. Organize and facilitate interviews or presentations with shortlisted consultants.
  - b. Assist in developing interview questions and conducting assessments during the interview process.
  - c. Provide support and guidance during the final selection process, ensuring the chosen consultant aligns with StanCERA's objectives and strategy.
9. Contract Negotiation Support
  - a. Offer advice and guidance during the contract negotiation process to ensure the terms align with the RFP and StanCERA's long-term interests.
  - b. Provide insights on typical contract terms in the private markets consulting space, such as performance-based fees and termination clauses.
10. Risk Mitigation and Compliance
  - a. Ensure that the RFP process and subsequent selection mitigate key risks, such as conflicts of interest, regulatory non-compliance, or misalignment with the client's investment goals.
  - b. Work with StanCERA's outside counsel to ensure the RFP addresses any regulatory requirements specific to private markets investments.
11. Final Reporting and Recommendations
  - a. Prepare a comprehensive report summarizing the RFP process, evaluation findings, and final recommendations.
  - b. Present the final recommendations to the Private Markets Consulting Services committee and potentially the full board, explaining the rationale behind the preferred consultant selection.

## **Minimum Qualifications**

As of September 30, 2024, the search consultant must have been in business for 7 years.

The primary search consultant assigned to work with StanCERA must be a senior member of the team with 5 years of search consulting experience working with clients to procure specialized institutional investment consulting services.

Proposer must carry a commercially reasonable level of errors and omissions coverage as determined by StanCERA.



## **Submission Requirements**

Please complete the questionnaire of this RFP. Any additional comments or information may be provided as an attachment to the completed questionnaire.

The Submission must contain the following:

- a. The Proposer's name, address, and telephone numbers.
- b. The Proposer's Federal Employer Identification Number and Corporate Identification Number, if applicable.
- c. The name, title or position, email address, and telephone number of the primary contact and/or account administrator.
- d. The completed questionnaire with any additional comments or information attached as an appendix.

## **Right to Reject Proposals**

1. Before the proposal due date and time listed in the timeline of the RFP, StanCERA may cancel the RFP for any or no reason. After the proposal due date and time listed in the timeline of the RFP, StanCERA may reject all proposals and cancel the RFP if StanCERA determines that: (i) the proposals received are not really competitive; (ii) the cost is not reasonable; (iii) the cost exceeds the amount expected; or (iv) awarding the contract is not in the best interest of StanCERA.
2. StanCERA may or may not waive an immaterial deviation or defect in a proposal. StanCERA's waiver of an immaterial deviation or defect shall in no way modify the RFP or excuse a Proposer from full compliance with RFP specifications. Until a contract resulting from this RFP is signed, StanCERA reserves the right to accept or reject any or all of the items in the proposal, to award the contract in whole or in part and/or negotiate any or all items with individual Proposers if it is deemed StanCERA's best interest. A notice of intent to award does not constitute a contract, and confers no right of contract on any Proposer.
3. StanCERA reserves the right to issue similar RFPs in the future. The RFP is in no way an agreement, obligation, or contract and in no way is StanCERA responsible for the cost of preparing the proposal.

## **Inquiries Regarding the RFP**

All questions regarding the intent or content of this RFP or the proposal process must be directed to Thomas Stadlemaier, Executive Director & Stan Conwell, Investment Officer, by email ([retireops@stancera.org](mailto:retireops@stancera.org)). StanCERA will publish for all bidders any clarifications provided through questions and answers.

### 1. Proprietary Questions:

- a. If your question contains proprietary info, email it to [retireops@stancera.org](mailto:retireops@stancera.org), labeled "CONFIDENTIAL," with an explanation of why it is sensitive.
- b. If StanCERA agrees that the question is proprietary, both the question and answer will be kept confidential.
- c. If StanCERA disagrees, the Proposer will be informed, and the question will not be answered confidentially.

### 2. General Questions/Requests:

- a. Proposers can submit general questions or requests for clarification/modification via email to [retireops@stancera.org](mailto:retireops@stancera.org) by the RFP submission deadline date.
- b. Requests for changes must include the suggested change and the reason for it.
- c. Questions submitted after the deadline will not be answered.

## **Proposal Evaluation Criteria**

The Evaluation Criteria will include, but is not limited to, the following:

### A. Organization

1. Stability of the firm, as measured by the quality of the organizational structure of the firm and the expected financial stability of the firm during the term of the Contract.
2. Experience of firm in providing independent search consulting services to institutional investors including pension funds, as measured by the firm's history of providing such services.
3. Absence of organizational issues, such as litigation or regulatory investigations; and absence of financial problems.
4. Quality and usefulness of the materials provided to StanCERA under this RFP.
5. Breadth and depth of resources available to StanCERA, as measured by the quality and coverage of the private market industry and ongoing developments in the institutional investment field.

### B. Personnel

1. Experience of the firm and Lead Consultant(s) in providing independent search consulting services, as measured by the length of time the firm and the Lead Consultant(s) have provided such services.
  2. Experience and abilities of key professionals in providing consulting services, as measured by the quality of work and length of time dedicated staff has provided such services.
- C. Client Relations and References
1. Quality of references from clients, as measured by responses relating to quality of consulting services; ability to anticipate issues as opposed to reacting to issues, quality of client services, and the knowledge and accessibility of the Lead Consultant(s).
  2. Quality of references from other industry sources, as measured by responses relating to the depth and expertise of personnel, analytical capabilities of the firm, perceived reputation and access to opportunities, and the overall quality of the firm.
- D. Project Management
1. Ability to set clear goals, create detailed project plans, and effectively allocate resources.
  2. Demonstrated problem solving skills and a successful track record of managing project on time and within budget.
- E. Fees
1. The fee proposals will be reviewed by staff and/or the Private Markets Consulting Services committee and will be considered as a factor in its selection of finalists. The selection of a firm to act as a search consultant to StanCERA will not necessarily be based on which firm submits the lowest fee proposal, as the fee proposal is only one of the evaluation criteria.
- F. Independence of Judgment and Freedom from Conflicts of Interest
1. The extent of a firm's reliance on revenues from sources which may have interests that conflict with StanCERA, including business activities other than consulting, the existence of contractual or other relationships between the proposer and money management and brokerage firms, or the sale of data or databases to money management firms.

## Questionnaire

### General Qualifications

1. Experience and Expertise
  - a. How many years of experience do you have in conducting searches and managing RFP processes for private markets investment consulting services?
  - b. Can you provide examples of similar searches you've conducted in the past (preferably within the last 3–5 years)?
  - c. How familiar are you with private markets asset classes (e.g., private equity, real estate, infrastructure, private credit), and how does this inform your approach to RFP development?
  - d. Indicate the number of professional staff that the company employs. How many employees directly support the search consulting services provided by your firm?
  - e. How many clients have contracted with your firm for investment consultant search services over the past 24 months?
  - f. Provide the following information on the lead consultant and, if applicable, the support consultant to be assigned to this account:
    - i. Name
    - ii. Title
    - iii. Role
    - iv. Years of investment search consulting experience
    - v. Years of search consulting experience
    - vi. Years with the company
    - vii. Education/qualifications
2. Industry Knowledge
  - a. What is your understanding of current trends and developments in private markets investing?
3. Client References
  - a. Can you provide client references, particularly from organizations that hired you for similar private markets consulting searches?
  - b. What types of outcomes did your previous clients achieve by using your services in the RFP process?
4. RFP Design and Execution Process
  - a. How do you customize the RFP process to fit the specific needs and objectives of your clients, particularly for private markets consulting services?

- b. What is your process for gathering information from internal stakeholders to ensure the RFP reflects our organization's priorities and investment goals?
  - c. Can you provide a sample of an RFP document (with confidential information redacted) that you have developed for a similar project?
- 5. Customization and Flexibility
  - a. How do you ensure the RFP is tailored to our unique investment goals, risk tolerance, and reporting requirements?
- 6. Project Management and Communication
  - a. How do you manage the overall timeline of the RFP process, including key milestones for drafting, reviewing, and finalizing the document?
  - b. How do you handle potential delays or unforeseen challenges in the RFP process to ensure deadlines are met?
- 7. Vendor Evaluation Criteria
  - a. How do you establish and prioritize evaluation criteria for assessing private markets consultants' capabilities (e.g., performance history, team expertise, risk management)?
- 8. Shortlisting Vendors
  - a. How do you help in shortlisting vendors based on their RFP responses, and what methodologies do you use to compare responses objectively?
- 9. Final Recommendation and Reporting
  - a. How do you present your final recommendations to stakeholders, and what types of reporting or analysis do you provide to support the decision-making process?
- 10. Contract Negotiation
  - a. Do you provide support during contract negotiations with the selected private markets investment consultant? If so, what aspects of the negotiation do you typically assist with?
- 11. Litigation and Insurance
  - a. Does the company, or any officer, principal, or employee of the company, have any lawsuits pending against it concerning the delivery of consulting or related services for any client? If yes, please explain.
  - b. Provide the level of insurance coverage that the company carries for errors and omissions and any fiduciary or professional liability.

12. Risk Mitigation

- a. How do you identify and mitigate risks during the RFP process, such as potential conflicts of interest or regulatory concerns?
- b. What processes do you have in place to ensure that all compliance requirements are met when selecting a private markets consultant?

13. Independence and Objectivity

- a. Do you have any relationships with private markets consultants or investment firms that could create a conflict of interest during the RFP process?
- b. How do you ensure your evaluation and recommendations are completely unbiased and independent?

**Fees**

The proposed fees shall be guaranteed for the duration of the contract, which shall be a period of no longer than 1 year from the effective date of the contract.

**The services listed in “Scope of Services” should form the basis for the proposed fees.**

The method of payment will be set forth in the contract. Once the consultant is selected, the fee may be negotiated further depending on the variance from other proposals received. In no case will the negotiated fee be higher than the fee contained in this proposal.

Use the following template as a guide in presenting your fee proposal:

**A. Core Scope of Work Fee:**

All-Inclusive Flat Fee

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**B. Additional Information:**

Please provide any additional information that may assist us in more clearly understanding your fee proposal.