

SBCERS

Santa Barbara County Employees' Retirement System

DATE: January 22, 2025

TO: SBCERS Board of Retirement

FROM: SBCERS Investment Staff

RE: **Issuance of Private Equity and Private Real Return Discretionary Consultant Services Request for Proposals (RFP)**

Recommendation

That the Board of Retirement:

- A. Authorize the issuance of Request for Proposals (“RFP”) for Private Equity and Private Real Return Discretionary Consultant Services and
- B. Take other action as appropriate.

Summary

SBCERS Investment Staff recommends the issuance of joint Request for Proposals (RFP) for Private Equity and Private Real Return Discretionary Consultant Services. Since September 2006 and August 2014, respectively, SBCERS has employed Hamilton Lane as its discretionary consultant for the Private Equity and Private Real Return allocations. An RFP was conducted for Private Equity in 2021, and the Private Real Return contract was extended in 2019. Hamilton Lane has been the consultant since the inception of both portfolios. As of September 30, 2024, Hamilton Lane has discretionary authority for 34.43% of the SBCERS portfolio. The joint Request for Proposals represents 24.31%. The below table shows the actual and target amounts for each of the asset classes administered by Hamilton Lane:

Asset Class	Sub-Asset Class	9/30/24 Value	Actual Portfolio Weight	Target Portfolio Weight
Private Real Return	Private Natural Resources	\$200,442,447	4.36%	4.50%
	Private Infrastructure	\$328,441,193	7.15%	6.75%
	Total	\$528,883,640	11.51%	11.25%
Private Real Estate		\$464,779,997	10.12%	10%
Private Equity		\$587,918,507	12.80%	10%

Staff recommends running the joint Request for Proposals as two separate mandates with the option to bundle or unbundle the contract award depending on the responses received. Respondents

will have the option to respond to either mandate independently or both mandates together. The joint Request for Proposals questionnaire will be divided into Firm and Strategy sections, enabling efficient responses from firms responding to both Requests for Proposals. SBCERS Investment Staff believes this format will attract the best respondents to both mandates.

These joint Request for Proposals are important given the overall combined portfolio weight of the mandates. The SBCERS staff members involved in the joint Request for Proposals are Chief Executive Officer Gregory Levin, Assistant Chief Executive Officer Brian Richard, Investment Officer Rebecca M. Valdez, and Investment Analyst James Hu. Mr. Levin, Mr. Richard, and Mrs. Valdez will be traveling with the Ad Hoc Committee for on-site interviews. Below is a tentative schedule of key events for the joint Request for Proposals:

Date of RFP issuance	March 3, 2025
Deadline for written questions to SBCERS	March 14, 2025
Deadline for submission of Proposals	5:00 pm PST, April 4, 2025
On-site Interview Dates	June 2 – June 13, 2025
Finalist(s) presentation to Board	August 27, 2025

The RFP project is expected to run from March through August 2025. This is a reasonable timeline given the joint mandates for Private Equity and Private Real Return. The Ad Hoc Committee is responsible for reviewing finalists recommended by staff and attending the on-site due diligence trip accompanied by staff in June 2025 based on tentative timeline.

Fiscal Impact

The fees currently charged by Hamilton Lane are as follows:

Consultant	Quarterly Fee	Annual Total Fees for Period Ending 9/30/2024
Private Equity	\$162,500	\$650,000
Private Real Estate	\$87,500	\$350,000
Private Real Return	\$37,500	\$150,000
Total Hamilton Lane Advisors	\$287,500	\$1,150,000

The table on the following page shows the Request for Proposal timelines for all of the organizations employed by SBCERS under the Investment Team’s purview.

	RVK	Hamilton Lane			Bank of New York Mellon
Function	General Investment	Private Equity	Private Real Return	Private Real Estate	Custodian
Type	Non-Discretionary	Discretionary	Discretionary	Discretionary	N/A
Start of Relationship	6/1/2016	9/18/2006	8/13/2014	8/10/2010	8/1/2004
Last RFP	2016 (<i>last contract renewal: 2021</i>)	2021	2014	2017	2023
Next RFP (proposed)	2026	2025	2024	2027	2033

Attachments

- None