

# SBCERS

Santa Barbara County Employees' Retirement System

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**DATE:** February 26, 2025

**TO:** SBCERS Board of Retirement

**FROM:** SBCERS Investment Staff

**RE:** **Issuance of Private Equity and Private Real Return Discretionary Consultant Services Ad Hoc Committee**

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## Recommendation

That pursuant to SBCERS Bylaw 706, the Board of Retirement:

- A. Establish an ad hoc committee to oversee the Private Equity and Private Real Return RFP for consultant services process; and
- B. That the Chair of the Board of Retirement appointment members to the Private Equity and Private Real Return ad hoc committee; or
- C. Take other action as appropriate.

## Summary

At the January 2025 meeting, the Board of Retirement approved the issuance of a Request for Proposal (RFP) for Private Equity and Private Real Return Discretionary Consultant Services. This request is for the formation of an ad hoc committee, with a composition of two to four Board of Retirement Trustees that would oversee the review of proposals and accompany SBCERS' staff during on-site finalist visits. It is anticipated that the commitment of the ad hoc committee will run through the duration of the RFP, from February 26<sup>th</sup> to August 27<sup>th</sup>, 2025. During this period, it is expected that the ad hoc committee participate in approximately 4-6 meetings, on-site finalist interview travel, and final recommendation to the Board of Retirement.

The SBCERS staff members participating in the joint RFPs 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 following is a summary of the historical context of the Request for Proposal. 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 of 34.43% of the SBCERS portfolio. The joint Request for Proposals, which does not include private real estate, represents 24.31% of the portfolio. 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%

#### *Fiscal Impact*

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

Included with this memo is a reprint of the Request for Proposal timeline for the organizations employed by SBCERS under the Investment Team's purview.

	<b>RVK</b>	<b>Hamilton Lane</b>			<b>Bank of New York Mellon</b>
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

