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**REQUEST FOR PROPOSAL (RFP)
FOR
PORTFOLIO RISK ANALYTICS SYSTEM**

TIMELINE

Date of RFP issuance	December 22, 2022
Deadline for written questions to KCERA	January 23, 2023
Deadline for submission for proposal	February 10, 2023

DELIVERY OF RESPONSES

Proposals and questions are to be delivered electronically via email to:

Aimee Morton at aimee.morton@kcera.org

11125 River Run Boulevard □ Bakersfield, California 93311 □ www.kcera.org

Tel (661) 381-7700 □ Fax (661) 381-7799 □ Toll Free (877) 733-6831 □ TTY Relay (800) 735-2929

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Section I: Background and Critical Information

Introduction

The Kern County Employees' Retirement Association (KCERA) Board of Retirement (Board) is requesting proposals from qualified firms interested in providing a total Fund risk system that will identify, assess, monitor, and report on portfolio risk across the total Fund, and across and within individual asset classes.

Background

KCERA is a multi-employer, defined benefit pension plan in Kern County, California, governed by the County Employees Retirement Law of 1937 (CERL) and subject to the requirements of the California Public Employees' Pension Reform Act of 2013 (PETRA). KCERA is considered a "governmental plan," as defined in Section 414(d) of the Internal Revenue Code. KCERA administers benefits on behalf of approximately 20,400 active, deferred and retired members and their beneficiaries. KCERA retirement plan (Plan or Fund) assets stand at \$5.1 billion as of June 30, 2022. Additional information may be found on the KCERA website at www.kcera.org.

KCERA Strategic Long Term Asset Allocation and actual asset allocation are as follows:

Asset Class	Actual	Policy Target
Public Equity	34.9%	37%
Fixed Income	22.4%	24%
Core	11.9%	14%
Credit	6.1%	6%
Emerging Market Debt	4.3%	4%
Commodities	5.3%	4%
Hedge Funds	10.8%	10%
Alpha Pool	5.1%	5%
Midstream Energy	6.3%	5%
Core Real Estate	7.1%	5%
Private Real Estate	1.7%	5%
Private Equity	2.8%	5%
Private Credit	4.9%	5%
Opportunistic	3.3%	0%
Cash	-4.6%	-5%

Scope of Services

The purpose of this RFP is to select a comprehensive, multi-asset class, investment risk analytics system to assist in systematically identifying, assessing, monitoring and reporting on portfolio risk for the total Fund. The solution should cover all the major asset classes within the Fund and enable a comprehensive view of aggregate risk and active risk across the portfolio, and within each asset class and sub-asset class. The risk analytics system should also inform KCERA's analysis of investment funds.

The risk analytics system should support the following functionality:

- Aggregate KCERA specific data from various sources and service providers; which may include a managed solution offering by Respondent, or a data management tool utilized by KCERA
- Ability to measure ex-ante and ex-post risk at the manager/fund, sub-asset class, asset class, and total Fund levels on an absolute and relative to benchmark or policy basis, including but not limited to the following:

- Stress testing and scenario analysis: the ability to measure potential gains or losses given single factor shocks, historical events, or hypothetical scenarios
- Pro-forma analysis: the ability to generate the system's risk analytics on potential portfolio changes
- Allow KCERA to access and utilize the risk analytics system when needed

Submission of Proposal

Timeline

December 22, 2022	RFP published and posted on KCERA website
January 23, 2023	Deadline for submission of objections and questions concerning the RFP
February 10, 2023	Deadline for submission of proposals

KCERA will make best efforts to follow the above timeline but reserves the right to amend as necessary.

The deadline for submission of the proposal is 2:00 pm PST, February 10, 2023. Each proposing firm must submit an electronic version via email to:

Aimee Morton at aimee.morton@kcera.org

Format of Proposal

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

1. Responses to Section II, then Section III in numerical order

The response is to be submitted in Times New Roman, size 10 font, with margins of 1" each top, bottom, left, and right. Headings, titles, headers, and footers, as well as requested due diligence materials and sample reports are exempt from the formatting requirement.

Response to Questions and Response for Proposals

Be clear and succinct. Ensure that each response is specific to the question asked or information requested. Unnecessary information will be disregarded and will negatively impact the score of the responding firm (Respondent). Incomplete or misleading responses may lead to the rejection of the proposal and elimination of the Respondent from the search process. At any time during the proposal evaluation process, KCERA may require a Respondent to provide oral or written clarification of its proposal. However, KCERA reserves the right to make an award without further clarifications of proposals received.

No response to the Section II: Questionnaire should exceed twenty-five (25) pages in length in total. Requested sample reports are exempt from the not-to-exceed page limit.

Minimum Qualifications and Evaluation Criteria

A Respondent will not be evaluated and will be disqualified from further consideration if any of the following minimum qualifications are not met.

Minimum Qualifications

- Respondent's risk analytics system must be "returns-based," defined as:
 - Ability to produce ex-ante and ex-post risk analytics and support multi-factor risk modeling, using monthly time-series return data for an investment fund or equivalent; data for individual holdings should not be required.
 - Provide a methodology or approach to handle investments that produce returns less frequently than monthly

- The majority of the risk analytic system's functionality needs to be centered around a risk modeling approach that does not utilize individual security holdings
- The majority of Respondent's client returns data that is loaded into the risk analytic system does not consist of individual security holdings
- Respondent's returns-based risk analytic system must have been commercially available for at least 3 years on a stand-alone basis
- Fee proposals must not exceed \$100,000 annually

Evaluation Criteria

KCERA will evaluate the proposals in accordance with the evaluation criteria listed below. KCERA will hold conference calls and request system demonstrations as part of the evaluation process, and may request additional information. Proposals will be scored based on RFP responses, conference calls, system demonstrations, additional materials, and references.

Responses will be evaluated based on the following criteria:

- Data Management
- Firm Capabilities
- Price and Value
- Reporting
- System Capabilities
- System Usability

Section II: Questionnaire

Data for all question should be "as of" or "for the time period ended" September 30, 2022, unless otherwise indicated.

A. General Information

1. Provide detailed contact information relating to this RFP.
2. Provide the firm's name, address, telephone number, and website.
3. Provide a statement that the Respondent meets the Minimum Qualifications for the RFP, as outlined above.
4. Provide a statement acknowledging that all documents submitted pursuant to the RFP shall be subject to disclosure under the California Public Records Act as set forth in Section IV of the RFP.
5. Provide the following statement:
“(legal name of Respondent) agrees to reimburse, indemnify, defend and hold harmless the Kern County Employees' Retirement Association, its Board members, officers, agents and employees from and against (a) any and all requests, claims, damages, losses, liabilities, suits, judgements, fines, penalties, costs and expenses of any nature, specifically including without limitation, attorneys' fees, expenses, and court costs (collectively "Claims") arising from or in any way involving any materials or information in this proposal that (legal name of Respondent) has labeled as not subject to disclosure as a public record; and (b) any and all Claims arising from or relating to KCERA's public disclosure of any materials or information in this proposal if KCERA deems disclosure to be required by law or if disclosure is required by court order.”

B. Firm History, Ownership, and Professional Staff

6. Provide detailed information on the firm, including its history, its current ownership (equity ownership and parent/subsidiary structure), organizational structure, and businesses acquired and divested that are relevant to the risk analytics system. Include any other information,

including forward-looking information that would be reasonably expected to influence the selection process.

7. Provide the total number of firm employees, number of employees dedicated to the firm's risk analytics business, number of risk analytics business employees broken down by functional area.
8. Provide a list of firm office locations and number of employees by office.
9. Please list any key or senior departures from the firm's executive team or risk solutions business, over the past 5 years.
10. Provide a firm organization chart.

C. Business Risk and Independence

11. Describe the business continuity plan the firm has in place in order to permit it to continue to deliver the services and/or solutions described in the RFP, and to preserve all associated electronic records, in the case of a disaster.
12. Has the firm or anyone in the firm provided any gifts or other remuneration, or paid any unreimbursed expenses for travel, hotel, meals or entertainment for or on behalf of a Board member or KCERA employee during the past three years? If yes, indicate the amount, recipient, and purpose of the payments.

D. Implementation

13. Provide information on the team that would assist with implementation.
14. Provide an estimated timeline for implementation with key milestones.
15. Describe a typical implementation including roles and responsibilities.
16. Describe your support model provided to clients throughout implementation.
17. Explain how you measure implementation success.
18. Define what is in-scope and what is out-of-scope for a typical implementation.
19. How will you manage the production handoff of a new client and the transition from your implementation team to your support team?
20. Review Appendix I: KCERA Benchmarks, and indicate which benchmarks are included as part of the risk analytics solutions pricing proposal in Section III, and which benchmarks would require KCERA to acquire a separate license agreement.

E. Support

21. Provide information on the team that would assist with on-going support.
22. Describe your on-going support model post-implementation.
23. Describe the level of technical support (including any API usage) offered within the standard support contract and pricing proposal submitted.
24. How do you provide system documentation?
25. Describe any training you offer clients, and any additional costs associated with training.

F. Data

26. To what extent do clients load data in the system, versus your firm loading data?
27. Describe the file formats in which your system can accept data.
28. Does this system support ad hoc external data loading by clients?
29. Describe any data storage limitations (length of time, amount) and your approach to archiving data.
30. Who retains ownership and control of the client data loaded in your system?

G. System

31. Is the system cloud based, if so which platform?
32. If the system is not cloud based, what are the system requirements for local installation?
33. Describe how clients access the risk analytic system output, including 1) do clients have direct access to the system, 2) can clients manipulate the system inputs, outputs, parameters, and reports, 3) do clients have to access the system directly or indirectly through a client relationship manager?

34. Are there days/times when the system is unavailable? If so, when?
35. Is there an API to interface with Microsoft Excel? If so, explain the technology used.

H. Analytics

36. What are the limitations of the firm's risk analytics system?
37. What are the strengths and weaknesses of the firm's risk analytics system?
38. Describe the risk models and methodologies, including approach to factor modeling.
39. Provide a complete list of factors utilized by the risk model.
40. Describe any major enhancements planned to current functionality and anticipated timing of release.
41. In developing different forms of scenario analysis/stress test, (a) does this system allow users to select a user defined historic time period, (b) specify specific values/shocks for a single factor and/or combination of factors, and run Monte Carlo simulations for a single factor and/or combination of factors? Please describe these capabilities.
42. Do you have a historical backtesting tool that makes use of an optimizer and a risk model?

Section III: Fee Proposal, References, Signature, Additional Materials

I. Fee Proposal

43. Provide a one-page fee proposal for the proposed serviced based on the services described in the RFP.
 - i. Describe how fees are billed.
 - ii. Provide total annual cost, for five (5) years
 - iii. Provide any license costs, or assumptions made as part of the pricing proposal
 - iv. A statement to the effect that the proposal is a firm and irrevocable offer good for six (6) months
 - v. For the sake of pricing use the following: 4 users, \$5.5B, 12 asset classes, 90 investments/funds.
 - vi. KCERA's custodian bank is Northern Trust. Does the respondent have a relationship and/or provide a fee break?

J. References

44. Provide three institutional client references who have engaged the firm for Portfolio Risk Analytics, and that can be contacted for reference. Include the client name, address, contact name, title, phone number, e-mail address, client type (e.g. defined benefit, public pension, endowment), and length of relationship with the firm. **Failure to provide this data will result in the Respondent's proposal being dismissed from consideration.**

K. Signature

45. Provide a signature by an individual who is authorized to contractually bind the Respondent, attesting that all responses and information submitted are true to the best of signatories knowledge.

L. Additional Materials

46. Provide two (2) comprehensive sample risk analytics reports from the system, 1) a higher level summary report that would be appropriate for oversight at the policy level, i.e. an investment committee or board, and 2) detailed report for those with direct portfolio management responsibility i.e. investment staff

Section IV: Additional Information

About the RFP

How to Obtain the RFP

The RFP may be downloaded from the KCERA website at www.kcera.org, or may be requested from Aimee Morton at aimee.morton@kcera.org.

Addended to the RFP

KCERA may modify the RFP, prior to the proposal due date, by issuing written addenda. Addenda will be posted on the KCERA website at www.kcera.org. The Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by KCERA prior to the due date regardless of when the proposal is submitted. Therefore, KCERA recommends that Respondents review the KCERA website frequently, including shortly before the proposal due date, to determine if they have received all addenda.

Ambiguity and Omissions in the RFP

Respondents are responsible for reviewing all portions of the RFP. Respondents are asked to promptly notify KCERA, in writing, if the Respondent discovers any ambiguity, discrepancy, omission, or other errors in the RFP. Any such notification should be directed to KCERA promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided above.

Cancellation of the RFP

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

Communication During the RFP

Quiet Period, Questions, and Communications Regarding the RFP

The Board has designated an "evaluation period" for the duration of the risk system search and selection process, during which time Trustees and KCERA may not knowingly communicate with candidates, except for official search-related interviews, due diligence and ongoing business. To assist the Board and KCERA in implementing the evaluation period, all questions regarding the intent or content of the RFP must be directed in writing to Aimee Morton by e-mail at aimee.morton@kcera.org on or before January 23, 2023.

Procedure for Objections

Any objections as to the structure, content, or distribution of the RFP must be submitted in writing to the contact listed on the cover sheet of the RFP, prior to the submission deadline for objections and questions. Objections must be as specific as possible and identify the RFP section number and title and include a description of and rationale for the objection. All objections, questions and inquiries must be received on or before January 23, 2023.

RFP Award

Term of the Agreement

The anticipated term of the agreement is five years, with possible extensions.

Basis of Award

Award will be based on the overall highest ranked Respondent score in accordance with the evaluation criteria, as adjusted. Should the selected Respondent fail to provide post award documents required, the Board, in its sole discretion, may withdraw the award recommendation, and select the next highest ranked Respondent for award. The Board reserves the right to reject all offers.

Procedure for Protests

If an unsuccessful Respondent wants to dispute the award recommendation, the protest must be submitted in writing to KCERA's Chief Executive Officer no later than ten calendar days after announcement of the successful Respondent. Protests must detail the grounds and factual basis and provide all supporting information. Protests will not be considered for disputes of proposal requirements and specifications, which must be addressed in accordance with the above procedure for objections. Failure to submit a timely written protest to the contact listed below will bar consideration of the protest. The name and address for submitting protests is:

Dominic D. Brown, Chief Executive Officer
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

General Terms and Information

Revision of Proposal

A Respondent may revise a proposal on the Respondent's own initiative at any time before the deadline for submission of proposals. The Respondent 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 Respondent. If a revised proposal is submitted, the word REVISED shall be included on the cover page, in all cap, and bold font, along with the revision date.

Errors and Omissions in Proposal

Failure by KCERA to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the Respondent from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP. KCERA 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 the RFP in any manner necessary to serve the best interests of KCERA and the Plan's beneficiaries.

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 the RFP and associated materials will become the property of KCERA and may be returned only at KCERA's option.

Governing Laws

The process for evaluating the procurement and selection of services with Respondent that may result shall be governed by the laws of the State of California. Respondent agrees that the proper venue for any such action shall be the Superior Court of California located in the County of Kern or the U.S. federal court for the Eastern District of California located in the County of Kern. Submission of a proposal constitutes acceptance of this provision.

Public Nature of Proposal Materials

All correspondence with KCERA, including responses to the RFP will become the exclusive property of KCERA and shall be subject to public disclosure under the California Public Records Act (Cal. Gov. Code section 6250 et seq., "the Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under the Act. In addition, if KCERA staff chooses to recommend any Respondent(s) to the Board of Retirement for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for a public meeting of the Board of Retirement, pursuant to the Ralph M. Brown Act which governs open meetings for local government bodies (Cal. Gov. Code section 54950 et seq.).

If a Respondent believes that there are portion(s) of the Respondent's proposal, that are exempt from disclosure under the Public Records Act, those portions must be marked as "CONFIDENTIAL" and must include the specific provision in the Public Records Act that provides the exemption as well as the factual basis for claiming the exemption.

There are a limited number of exceptions to the disclosure requirement. Therefore, any proposal that contains language purporting to render all or significant portions of the proposal exempt from disclosure or fails to provide the exemption information described in this section will be considered a public record in its entirety subject to the procedures outlined in this section. Respondents should not mark an entire proposal as "CONFIDENTIAL".

By submitting information with portions marked as noted above, the Respondent represents that it has a good faith belief that such material is exempt from disclosure under the California Public Records Act and agrees to reimburse KCERA for, and to indemnify, defend and hold harmless KCERA, its officers, fiduciaries, employees, board members and agents from and against 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 any period of KCERA's non-disclosure of material designated as "CONFIDENTIAL".

Although the California Public Records Act recognizes that certain information may be protected from disclosure, KCERA may not be in a position to establish that the information Respondent submits is exempt from disclosure. In the event KCERA receives a request for inspection of any proposal submitted pursuant to this RFP, KCERA will review any material marked "CONFIDENTIAL" and determine whether the material is exempt from disclosure under the Act. KCERA will also provide the relevant Respondent(s) with reasonable notice to seek protection from disclosure by a court of competent jurisdiction. It is the responsibility of the organization whose "CONFIDENTIAL" material has been requested to assert any right of confidentiality that may exist. KCERA will not make that assertion on behalf of the Respondent(s) without an order of protection or court order.

Appendix I: KCERA Benchmarks

- MSCI ACWI IMI Index (net)
- MSCI USA IMI Index
- S&P 500
- Russell 2000 Value Index
- Russell 2000 Growth Index
- MSCI World ex U.S. IMI Index (net)
- MSCI Europe Index (net)
- MSCI World ex U.S. Small Cap Growth Index (net)
- MSCI Emerging Markets IMI Index (net)
- MSCI Emerging Markets Value Index (net)
- Bloomberg U.S. Aggregate Index
- ICE BofA U.S. High Yield Index
- Bloomberg U.S. High Yield Ba 2% Cap
- Bloomberg U.S. High Yield B 2% Cap
- Bloomberg U.S. High Yield 2% Cap
- JPM EMBI Global Diversified
- JPM GBI EM Global Diversified
- JPM Corporate EM Bond Index
- Bloomberg Commodity Index
- S&P GSCI Commodity Equal Weighted
- 90 Day T-Bill
- Alerian Midstream Energy Index
- ICE BofA U.S. Pipeline
- ICE BofA U.S. HY Midstream
- NCREIF ODCE

