

Private Equity Strategic Partner

Proposal Information

Technical Information

1. If you are having technical difficulties, please submit your questions to INVO_Solicitations&News@CalPERS.CA.GOV
2. Anything with a red asterisk is a mandatory field.
3. Your session will expire if the application is open for more than three hours.
4. You can save your proposal and finish it later. When you save your work, you'll receive an email link to your unfinished proposal. You'll be given unlimited access, until the Request for Information (Solicitation) closes, to complete and submit your proposal. After this time-frame, incomplete proposals will be deleted.
5. The Solicitation will be open from **December 21, 2017, through 5:00PM PST on January 19, 2018.**
6. When completing the Firm Information page, please update the Strategy/Opportunity Name field before proposal submission with the ***Submitting Firm's name*** (e.g. **ABC Investment Management**).
7. The process is very targeted, and will only be open to those that CalPERS invites to participate in the process. **Proposals must be submitted via the Investment Proposal Submission website.**
8. Hardcopies of proposals will not be accepted. Softcopies will not be accepted via e-mail.

General Information

1. Consistent with its nondiscrimination policies, CalPERS encourages expressions of interest from diverse respondents.
2. All costs for developing proposals and attending interviews at CalPERS headquarters are entirely the responsibility of the Proposer and shall not be chargeable to CalPERS.
3. CalPERS may reject any proposal if, based on its exclusive discretion, the proposal does not meet CalPERS needs.
4. If the respondent seeks to exempt certain pages or items from public inspection, respondent should clearly mark them as "PROPRIETARY INFORMATION." CalPERS will use reasonable efforts to exempt such pages or items from public disclosure, but makes no representations or warranties that such efforts will be successful. Please note that the entire response cannot be identified as proprietary information.
5. This Solicitation will be subject to subsection b of Government Code 20153 (Not subsection a). Respondents must comply with Government Code section 20153, as it exists and as amended by the Legislature and implemented by the Board of Administration from time to time, concerning restricted contact policies.
6. Respondents must comply with Government Code section 20152.5 which requires the disclosure of certain gifts and campaign contributions.
7. Respondents must comply with Placement Agent Regulation and Disclosure, Section 559, Article 2 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations. Respondents must provide a completed Placement Agent Disclosure form to the email address provided below. The completed disclosure should be received prior to the proposal submission deadline. Questions regarding Placement Agent Regulation may be directed to: PlacementAgentDisclosure@CalPERS.CA.GOV
8. CalPERS may request clarifications from Proposers at any phase of the evaluation process with the purpose of clarifying ambiguities in the information presented in the proposal. If deemed necessary by CalPERS, at its sole discretion, the following omitted and/or additional information may be collected:
 1. Signed copies of any form submitted without a signature.
 2. Data or documentation omitted from any submitted attachment or form.
 3. Information and material needed to clarify or confirm certifications or claims made by a Proposer.
 4. Information or material needed to correct or remedy an immaterial defect in the proposal.

Firm Information

Partner or Proposing Entity Name

Web site

Fax

Street - 255 character limit

City

State

Postal Code

Country

Organization Type

Federal Employer ID No. (FEIN)

Submitter Contact Information (Individual completing the submission form)

Title

Phone

Email

Firm Primary Contact Information (Person who will receive all communication regarding the decisions on this opportunity)

Title

Phone

Email

Does your firm, or the firm you represent, have an existing relationship with CalPERS?

Firm Inception Date

Assets Under Management (USD Millions- One billion entered as 1000)

Brief Firm History - 1000 character limit

Strategy/Opportunity Name

Diversity Definitions and Questionnaire

CalPERS Investment Office defines a Diverse Investment Management Business as a for profit enterprise, regardless of size, physically headquartered in the United States or its trust territories, which is owned and operated by women and/or minority group members.

Minority Group Members are United States citizens and permanent residents who are African American, Asian American, Hispanic American or Native American based on 2010 US Census classifications.

CalPERS will report on Diverse Investment Management Businesses in the following categories at the time of CalPERS investment:

- Substantially Diverse: A firm that is 25% to 49% women and/or minority group member owned
- Majority Diverse: A firm that is 50% or more women and/or minority group member owned

In private market asset classes such as private equity and real estate, Diverse Investment Management Businesses should determine employee ownership by women and/or minority group members based on carried interest participation in each of the funds managed by the business.

In public market asset classes such as global equity, global fixed income and hedge funds/absolute return strategies, Diverse Investment Management Businesses should determine employee ownership by minority group members and/or women based on participation in the investment advisor for each of the funds managed by the business.

Providing the following information relating to ethnicity, gender and race is for record keeping purposes, is voluntary, and will not be considered as a factor in any investment decision.

Please indicate if your firm meets the definition referenced above of a Diverse Investment Management Business.

Is your firm physically headquartered in the United States or its trust territories?

Percent of the firm owned by women employees

African American

Asian American

Hispanic American

Native American

Other

Total percent owned combining gender, race, and ethnicity

Introduction

About CalPERS

CalPERS was established by state law in 1932 to provide retirement and health benefits for California state employees. CalPERS pension fund serves more than 1.8 million members in the CalPERS retirement system and administers benefits for more than 1.4 million members and their families in the health program. CalPERS is the largest defined-benefit public pension in the US with a fund market value of approximately \$335 billion as of September 30, 2017.

Our Vision

A trusted leader respected by our members and stakeholders for our integrity, innovation and service

Our Mission

Provide responsible and efficient stewardship of the system to deliver promised retirement and health benefits, while promoting wellness and retirement security for members and beneficiaries

Our Values

Quality, Respect, Accountability, Integrity, Openness, Balance

For more information, visit www.calpers.ca.gov

Investment Organization

CalPERS Investment Office invests and manages CalPERS' assets. CalPERS invests in stocks, bonds, real estate, private equity, inflation-linked assets, and other public and private investment vehicles. The Mission of the Investment Office is to manage the CalPERS investment portfolio in a cost effective, transparent and risk-award manner in order to generate returns to pay benefits.

The CalPERS Board of Administration also serves as the Investment Committee and has adopted a set of beliefs that articulate CalPERS' views on the public pension design, funding, and administration. [CalPERS Investment Beliefs](#), along with [CalPERS Pension Beliefs](#), are a guide for making decisions that often require balancing multiple, inter-related decision factors. They provide context for CalPERS actions, reflect CalPERS values, and acknowledge CalPERS responsibility to sustain its ability to pay benefits for generations.

The primary role of the allocation to the CalPERS Private Equity (PE) Program is to enhance equity returns through an active, value-added approach with the major driver of returns achieved through appreciation. The PE Program invests globally across a broad spectrum of the private equity market including, but not limited to, buyout, growth and expansion capital, distressed for control, and venture capital. These investments currently include funds, separately managed accounts (SMAs), direct investments in PE firms, and co-investments. Globally, CalPERS PE Program is among the largest in size at \$40.2 billion, with \$25.9 billion in active private equity investments and \$14.3 billion unfunded commitments as of June 30, 2017.

CalPERS currently has, and intends to continue to have, a meaningful allocation to Private Equity. The existing target allocation to PE is 8%. Given the total market value of CalPERS assets, scale becomes an issue. Keeping a meaningful allocation to PE requires annual commitments to PE in the \$7-10 billion range.

To help achieve those commitment levels, CalPERS intends to significantly grow its co-investment portfolio. Annual allocations to co-investments could reach \$2 billion or more. Additionally, CalPERS expects to grow its SMAs and secondary participation by material amounts opportunistically. Deploying capital at that rate requires global resources that can be nimble and respond quickly to investment opportunities. To help meet these objectives, CalPERS is using this Solicitation to seek a strategic partner interested in collaborating very closely with the PE Program to expand its private equity investment capabilities to allow it to achieve the desired scale and to drive long-term cost advantages resulting in improved net returns for CalPERS.

It is important to note that with this strategic partnership initiative (Strategic Partnership or Partner) CalPERS

does not intend to create a standard “Fund of Fund” relationship or consider this to be an outsourcing of responsibility. Instead, CalPERS desires to create a collaborative partnership where the Partner has investment discretion, but works with CalPERS PE Staff in the development of an annual allocation plan that CalPERS will approve. The Partner is expected to act as an extension of CalPERS Staff and continuously dialogue with CalPERS PE Staff on the management of the Portfolio. CalPERS is open to any legal structure that will help it achieve these goals.

CalPERS Emerging and Transition Manager programs are not intended to be part of the Strategic Partnership. The full scope of the investment opportunities that will be included is still under review by the CalPERS Investment Committee. As a result, the responses to this Solicitation should include a proposal for a partnership that only covers co-investment opportunities as well as a proposal that would allow the partnership to invest in a full breadth of investment opportunities (funds, separately managed accounts, secondaries and co-investments).

A detailed review of the process CalPERS will follow is outlined below. At a very high level, CalPERS intends to allow the selected firms to have approximately one month to prepare a response to this Solicitation. After the filing deadline, CalPERS will begin a due diligence process which will last a minimum of 45 days. CalPERS will reserve the right to have one or all of the respondents present to the Investment Committee at CalPERS’ sole discretion. There is a possibility that no new mandate is awarded at the end of this process.

Schedule of Events

STEP	EVENT	DATE
1.	Solicitation Release Date	December 21, 2017
2.	Final Filing Date	January 19, 2018 at 5:00 PM, PST
3.	Preliminary Review	January 2018
4.	Evaluation of Proposals and Due Diligence Visits	January 2018 – March 2018
5.	Investment Committee Interviews	March 19, or April 16, 2018
6.	Decision Made	TBD
7.	Contracting and Negotiations	TBD
8.	Target Implementation	TBD

* Please note any and all or the dates above may be moved forward or pushed back at CalPERS’ sole discretion

Qualifications

Through a Strategic Partnership, CalPERS will build upon its existing global private equity portfolio.

CalPERS expects the “brand” of the partnership to be highly associated with CalPERS and not primarily with the Partner. CalPERS expects the Strategic Partnership to be long term in nature and to be adaptable to its changing needs over time. Additionally, the Partner should act as a fiduciary to CalPERS and avoid direct competition with CalPERS GPs. Any firm partnering with CalPERS would be expected to meet certain qualifications. Firms interested in the Strategic Partnership should have the following qualifications:

1. A minimum of ten (10) years’ experience relating to management of private equity portfolios (including funds, SMAs, co-investments). Activities include deal sourcing, analyzing, screening, due diligence, negotiating, and closing transactions, monitoring, and exiting investments, as well as the development of bespoke solutions.
2. The firm is a SEC Registered Investment Advisor.
3. Substantial experience and strong global, multi-strategy deal flow in various types of private market investment transactions.
4. Demonstrated track record and other measures of success of investing in private equity investments and working intimately with clients.
5. Broad industry network with developed relationships across key participants including GPs, capital market intermediaries and other industry advisors/service providers.
6. Deep and stable bench of investment professionals with relevant experience and track records of investing and managing private equity across strategies, sectors and regions located in offices around the world.
7. Integrated investment and back-office platform with strong accounting and reporting capabilities that will be accessible to CalPERS and can be integrated to serve CalPERS reporting needs.
8. Demonstrated culture of compliance and transparency towards investors.
9. A firm-wide commitment to advancing capital markets and individual company sustainability.
10. Strong alignment of interests between the Strategic Partner and those of CalPERS.

Requested Services

The Strategic Partner will be responsible for, but not be limited to, the following:

1. Investment discretion, within specified limitations, to make investments in accordance with an annual investment allocation plan as approved by CalPERS, augmented by a clear process to approve unexpected opportunities beyond the plan.
2. Preparing and presenting to CalPERS an onsite annual investment plan which identifies attractive investment markets, describes how the Partner and CalPERS will implement the plan, and discusses investment return objectives based upon CalPERS established Investment Guidelines.
3. Developing and maintaining a very close working relationship with CalPERS Staff and regularly engage in knowledge transfer as agreed by both parties. In addition, the Strategic Partner will be required to reasonably staff and maintain a local office presence in or near Sacramento, with focus on effective overall communication and interaction.
4. Providing CalPERS with full transparency and monitoring rights of the strategic partnership, including the ability to tactically advise and provide CalPERS on an ad hoc basis access to the Partner's broader platform and team of strategy, industry, and regional experts & resources.
5. Conducting in-depth quantitative and qualitative analysis, financial reviews, background checks, and other due diligence review on prospective investments and general partners that the Partnership deems appropriate.
6. Preparing and presenting CalPERS with an investment memorandum (as applicable to underlying investment due diligence stage) in a format consistent with jointly developed specifications, for every new investment.
7. Negotiating investment structures consistent with CalPERS policies and Investment Beliefs, including ILPA Private Equity Principles.
8. Complying with CalPERS weekly, monthly, quarterly and other periodic and/or ad hoc portfolio reporting and accounting requirements (to be defined).
9. Reviewing, monitoring and actively managing all Partnership investments in collaboration with CalPERS staff.
10. Providing the appropriate level of detail to CalPERS accounting and data services provider(s) to allow them to maintain complete and accurate books and records.
11. Addressing and incorporating (as applicable) CalPERS PE's practices on Sustainable Investments and monitoring of Environmental, Social and Governance (ESG) factors across the portfolio.

Submission and Evaluation of Proposals

Submission of Proposals

Proposals are due by the date and time stated in the Schedule of Events. Proposals and all attachments related to the Solicitation must be submitted electronically through the Investment Proposal System.

Proposers must submit responses and documentation as requested in the below Questionnaire. A Proposer's submission must be provided in MS Word or PDF.

Proposal Questionnaire

Proposals must be as thorough and concise as possible.

Towards the end of the solicitation there will be a page where all Proposers can download and upload all required documents and view additional attachments.

Evaluation of Responses

1. Proposal Evaluation

The evaluation will be conducted by CalPERS staff, and will consist of a review of the Questionnaire; plus all other requested information.

2. Staff Interviews

At CalPERS discretion, some or all of the Proposer(s) may be selected for Interviews with Staff. Interviews will be held at CalPERS Investment Office in Sacramento, via phone or at Proposer's place of business. The interview will be conducted by members of CalPERS Staff, at a time to be announced. Proposer(s) will be notified in advance of the specific date, time, and format for the interview.

The interview will provide an opportunity for additional consideration of the Proposer's organization, staff background and experience, potential conflicts of interest, or other areas of the Proposal where clarification is necessary.

3. Due Diligence

As part of CalPERS standard due diligence processes for any external manager, some or all of the Proposer(s) will be subject to a comprehensive evaluation process which typically includes additional information requests, key personnel interviews and onsite operational due diligence.

4. Board Interviews

At CalPERS discretion, some or all of the Proposers may be selected for an interview with the Investment Committee. Interviews will be held at the CalPERS Office in Sacramento. The interview will be conducted by members of the Investment Committee. Proposer(s) will be notified in advance of the specific date, time, and format for the interview.

Placement Agent Regulation and Disclosure

Respondents must comply with Placement Agent Regulation and Disclosure, Section 559, Article 2 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations. Questions regarding Placement Agent Regulation may be directed to: PlacementAgentDisclosure@CalPERS.CA.GOV. Respondents must provide a completed [Placement Agent Disclosure](#) form to PlacementAgentDisclosure@CalPERS.CA.GOV. The completed disclosure should be received prior to the Proposal Submission deadline.

