



Firm Brochure

Part 2A of Form ADV

RERC, LLC

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This brochure provides information about the qualifications and business practices of RERC, LLC. If you have any questions about the contents of this brochure, please contact us at 319-352-1500 and/or email riggs@rerc.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Registration does not imply a certain level of skill or training.

Additional information about RERC also is available on the SEC's website at www.adviserinfo.sec.gov.

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Table of Contents

	<u>Page</u>
Item 1: Cover Page	
Item 2: Material Changes.....	1
Item 3: Table of Content	
Item 4: Advisory Business	1
Item 5: Fees and Compensation.....	3
Item 6: Performance-Based Fees and Side-by-Side Management.....	3
Item 7: Types of Clients.....	3
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	3
Item 9: Disciplinary actions	3
Item 10: Other Financial Industry Activities and Affiliations	4
Item 11: Code of Ethics	4
Item 12: Brokerage Practices	5
Item 13: Review of Accounts	5
Item 14: Client Referrals and Other Compensation.....	5
Item 15: Custody.....	5
Item 16: Investment Discretion.....	5
Item 17: Voting Client Securities	5
Item 18: Financial Information	5



Item 2: Material Changes

There have been no material changes.

Item 4: Advisory Business

RERC provides advisory services, investment research advice, and information management systems to pension funds and investment advisors to pension plans, as further noted below. RERC, LLC is a limited liability company under Iowa state law.

On February 7, 2014, RERC, LLC ("RERC") was acquired by Situs Group, LLC, a Delaware limited liability company ("SG"), and SG became the owner of 100% of the equity of RERC. On March 31, 2015, SG was acquired by an investment vehicle ("SGHC") primarily owned by a group of investment funds (the "Trident Funds"). The Trident Funds are managed by Stone Point Capital LLC, a limited liability company ("Stone Point"), a private equity firm focused on investing in the global financial services industry.

The sole direct owner of RERC is SG. SG is wholly owned by Situs Group Holdings Corporation ("SGHC"), a Delaware corporation. SGHC is wholly owned by Situs Group Holdings, L.P. ("SGH"), a Delaware limited partnership. Situs Group Holdings GP, LLC ("SGHGP"), a Delaware limited liability company, is the general partner of SGH.

The two largest owners of SGH are as follows: Trident Fund VI, L.P., a Cayman Islands investment fund managed by Stone Point, owns 47.1% of SGHCP and SGH and Trident VI Parallel Fund, L.P. another Cayman Islands investment fund managed by Stone Point, owns 36.87% of SGHCP and SGH.

RERC's advisory information is based primarily on the firm's quarterly investment research and analysis. RERC routinely issues a series of investment surveys to a variety of commercial real estate professionals, primarily to institutional investors. The information obtained from these surveys is then analyzed, reviewed, and interpreted by RERC's research professionals, and shared with the industry through the quarterly *Situs RERC Real Estate Report*. Clients and subscribers use the independent information provided in these publications to help make their investment and valuation decisions.

RERC also develops and customizes information management systems for their clients to help track, monitor, and report commercial real estate portfolio values and trends. RERC makes routine investment recommendations when they are hired for investment consulting.

RERC's commitment to the commercial real estate industry began 80 years ago, and that commitment has been intensifying over the past 25 years under the watch of its president, Kenneth



P. Riggs, Jr. RERC's real estate services integrate traditional principles such as integrity, work ethic, and experience with commercial real estate investment analysis and technological expertise, RERC offers clients a comprehensive set of value-added real estate services.

Kenneth P. Riggs, Jr. graduated from Kent State University in 1981, with a bachelor's degree in business administration and majors in finance and real estate. In 1994, he graduated from the University of Chicago Graduate School of Business with a master's degree in business administration and a concentration in finance and statistics. He holds the following designations: CFA, MAI, CRE, FRICS, and CCIM.

Fiduciary & Advisory Services. RERC's total commitment to commercial real estate makes it unique among providers of fiduciary and advisory services. By applying our property expertise, market intelligence, and investment knowledge to the opportunities and challenges presented by commercial real estate, RERC is able to ensure that the best interests of our clients are being served. Serving as an independent fiduciary, RERC has worked with several major investment management firms on both a one-off and ongoing basis, all of which have relied upon RERC to provide valuation management and other value-added services for the benefit of their fund participants. For example, RERC provides independent fiduciary services to a collective fund of ERISA plans, including review, approval and monitoring of investment guidelines, valuation procedures, property valuations and account values, and appointment of independent appraisers.

Management Information Services. RERC's state-of-the-art management information system has been customized to efficiently organize and integrate valuations, feasibility reports, and other key documentation associated with the property portfolios of several of our major clients. Recent enhancements to this system include real-time value analytics and property and portfolio benchmarking which is useful to pension plans and investment advisors who work for pension plans.

Research, Analytics & Reports. Research was the foundation upon which RERC's commercial real estate services were built, and it remains a critical component in serving the real estate industry today. RERC conducts quarterly quantitative and qualitative investment research surveys among the nation's leading institutional investors, and publishes much of this research and analysis each quarter in our flagship publication, the *Situs RERC Real Estate Report*. This report, along with the RERC DataCenter™, puts RERC's research in the hands of institutional commercial real estate practitioners each quarter.

Purchase Price Allocation Services. RERC estimates the fair value of identifiable assets and liabilities relating to the properties purchased by a client. Purchase price allocation engagements are prepared for financial reporting purposes in accordance with RERC's understanding and interpretation of Accounting Standards Codification ("ASC") 805, *Business Combinations*.



Appraisal Services. RERC, on an assignment basis, evaluates and provides estimates as to the value of an underlying asset. Appraisal work may be filed with foreign or domestic regulators in connection with a securities offering.

Loan Administration Services. RERC provides commercial real estate loan administration services, which includes soliciting proposals for master credit facilities from lending institutions, assisting with documentation and administration of the loans, and providing financial reporting on a monthly, quarterly and annual basis. RERC acts as an independent advisor/administrator to perform loan administration procedures, which includes oversight of borrowings and repayments on the Master Credit Facility, and the preparation of financial statements.

Item 5: Fees and Compensation

Investment research fees are based upon the nature of the purchase. Fees for investment research range from \$200 to \$10,000. Investment management systems, consulting/advisory and appraisal fees are quoted on a case-by-case basis, depending on the client's specific needs. Fees for specific projects are driven by market parameters, which are competitive fixed fees. In regards to loan administration services, RERC's fees are based on an agreed upon rate in basis points of the total loan commitments. Clients and subscribers to ongoing research are generally billed on a monthly or quarterly basis.

Item 6: Performance-Based Fees & Side-by-Side Management

RERC does not accept performance-based fees.

Item 7: Types of Clients

RERC's clients generally include pension funds or plan sponsors, and investment advisors.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

RERC provides investment research analysis through various methods and strategies. The primary source of research is compiled by gathering survey data from institutional commercial real estate professionals from across the country. The data is run through a model that takes into account various economic metrics. The economic data is gathered through various government and purchased research sources.

Investment management systems are developed to assist clients with their reporting requirements. RERC provides tools to facilitate decision-making by investment managers, but RERC generally does not exercise investment management discretion. Our clients retain the discretion to manage risk and develop and implement investment strategies using RERC's research and systems.

Item 9: Disciplinary Information

Kenneth P. Riggs as respondent, entered into a Consent Agreement dated March 20, 2014, with the Nebraska Real Property Appraisal Board (“NRPAB”) regarding allegations that an appraisal report issued by Mr. Riggs did not meet the minimum requirements of the *Uniform Standards of Professional Appraisal Practice*, which would be a violation of the Neb. Rev. Stat. § 76-2201 *et seq.* While Mr. Riggs disagreed with the allegations after an informal hearing, he agreed to, among other things, complete certain courses, payment of \$750 to cover the cost of the investigation performed by the NRPAB and the submission of a log to the NRPAB of all appraisal assignments of real property in Nebraska for 4 consecutive quarters.

In March 2015, the NRPAB sent a signed letter acknowledging the completion of the requirements set forth in the Consent Agreement. It was only upon receipt of the letter that it was stated that the Consent Agreement was to be considered disciplinary.

The following is directly related to the Nebraska grievance and the acceptance of that consent agreement. Mr. Riggs was informed by the Virginia Real Estate Appraiser Board that he has a disciplinary charge against his Virginia appraisal license. The board entered a Final Order in August 2015, wherein the board found that he violated regulation 18 VAC 130-20-160, but voted to impose no sanctions. The Final Order did not state it was a disciplinary action and no penalties were imposed, but upon further review we found it was considered discipline.

The Pennsylvania State Board of Certified Real Estate Appraisers reviewed the Consent Agreement between Mr. Riggs and the NRPAB and based upon the above facts issued a notice of disciplinary action. In December 2016, the Pennsylvania State Board of Certified Real Estate Appraisers fully executed a consent agreement with Mr. Riggs. The disciplinary action and subsequent consent agreement is directly related to the grievance filed by the NRPAB.

Item 10: Other Financial Industry Activities and Affiliations

As noted in Item 4, SG is the owner of RERC. RERC is a part of a group of affiliated companies owned by SG that engages in the financial services business. We refer to advisory affiliates and any person or company that is under common control with RERC as “related persons.” In some cases, RERC may have business arrangements with its related companies that are material to RERC’s business or its clients. These arrangements may cause RERC or a related person’s interests to diverge from the best interest of a client.



For example, from time to time, RERC may provide valuation services in connection with real estate held by an entity acting as a pooled investment vehicle where Situs Holdings, LLC may act as a special servicer to the entity. RERC's relationship with the special servicer creates an incentive for it to provide advice to clients that would encourage them to invest in entities where a related person acts as the special servicer, which indirectly benefits RERC as the valuation service provider to the pooled investment vehicle, but may not be in the best interest of RERC's clients. RERC may also provide valuation services in connection with transactions where Situs Capital Management LLC acts as a broker-dealer. RERC may have an incentive to provide valuation services appraisals that would encourage its clients to invest in such transactions, which would not necessarily be in the best interests of such clients.

RERC addresses such conflicts by causing all transactions where a related person is in some way involved in a transaction or advisory relationship to be reviewed by Counsel for the Situs Group.

Neither RERC nor any of our management persons are registered, or have any application pending to register, (i) as a broker-dealer or a registered representative of a broker-dealer, or (ii) as a future commission merchant, commodity pool operator, commodity trading advisor, or an associated person of the foregoing entities.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

RERC has adopted a Code of Ethics and Standards of Professional Conduct ("Code") pursuant to the CFA Institute. The Adviser's employees must act professionally, with integrity in an ethical manner, and respectfully when dealing with the public, clients, prospects, employers, employees, and any other individuals with whom they come in contact during the course of their work. The Adviser's employees must use good judgment when engaging in any professional activity, and must abide by the rules established by the CFA's Code, as well as maintain competency amongst other professionals.

RERC does not participate in or hold any interest in client transactions or personal trading.

Item 12: Brokerage Practices

RERC does not engage in brokerage practices or recommend broker-dealers to clients.

Item 13: Review of Accounts

RERC does not hold any brokerage accounts for any clients

Item 14: Client Referrals and Other Compensation



RERC does not receive compensation for the services it provides from anyone other than its clients. RERC does not compensate any person for client referrals.

Item 15: Custody of Accounts

RERC does not maintain custody of client accounts.

Item 16: Investment Discretion

RERC provides information, recommendations and research to plan sponsors and investment advisors, but generally does not accept discretionary authority to manage securities accounts or make investment decisions on behalf of clients or subscribers; it is the responsibility of the plan sponsor or investment advisor to make the final investment decision.

Although RERC does not accept or exercise what is typically known as “discretionary investment management,” RERC, in its capacity as an independent fiduciary for pension assets, and in accordance with a signed agreement, does have authority to exercise discretion with respect to sales of client assets in certain circumstances.

Item 17: Voting Client Securities

The Adviser does not have authority to vote client securities.

Item 18: Financial Information

Neither RERC nor any of its management persons has any adverse financial condition that would be reasonably likely to impair RERC’s ability to meet contractual commitments to clients. Neither RERC nor any of its management persons has been the subject of a bankruptcy or financial compromise. RERC does not collect advance fees for services to be performed six months or more in advance.