

# REQUEST FOR PROPOSAL FOR AUDITING SERVICES



SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
(SAMCERA)





Proposal due date: March 7, 2024  
12:00 p.m., Pacific Time

- Proposals must be submitted both electronically and by mail
- Electronic submissions should be emailed to:  
**proposals@samcera.org**
- Three hard copies should be mailed to:

**SamCERA**  
**100 Marine Parkway, Suite 125**  
**Redwood City, CA 94065**

**ATTN: Tat-Ling Chow**  
**Finance Officer**

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## I. INTRODUCTION

San Mateo County Employees' Retirement Association (SamCERA), a public pension system, administers a defined benefit pension plan with net assets of \$6 billion. SamCERA issues this Request for Proposal (RFP) to solicit proposals from qualified independent certified public accounting firms to (1) audit and render an opinion on its annual financial statements and other information and (2) issue a report on compliance and internal controls. A detailed description of services is in Section V. The anticipated initial term of the contract will be for five years, with a start date of May 1, 2024.

The audit shall be performed by a firm meeting the requirements of Government Code section 7504(b). In addition, the audit should be conducted in accordance with the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

The objective of the financial audit is to ensure that SamCERA's financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as promulgated by the Governmental Accounting Standards Board (GASB) and are free of material misstatements. In addition, internal controls are reviewed to ensure that SamCERA's policies and procedures are being adhered to and that sufficient controls are in place to ensure reliable financial reporting and to safeguard SamCERA's assets.

SamCERA is interested in receiving proposals from firms that meet the minimum experience requirements set forth in Section II.

Qualified Proposers should submit an electronic copy of their proposal by e-mail to [proposals@samcera.org](mailto:proposals@samcera.org) (Attn: Tat-Ling Chow) as well as mail or hand deliver three hard copies to:

SamCERA  
100 Marine Parkway, Suite 125  
Redwood City, CA 94065  
Attn: Tat-Ling Chow, Finance Officer

The proposal deadline is March 7, 2024 by 12:00 p.m. Pacific Time.

## II. MINIMUM QUALIFICATIONS

SamCERA is seeking proposals from organizations that can meet or exceed the following qualifications:

1. The firm must meet all minimum qualifications set forth in the State Controller Guidelines.
2. The firm must be an independent public accounting firm licensed by the State of California under the Accountancy Act, Article 4, Section 5070.
3. The firm must have conducted, within the last five years, at least two audits of defined benefit pension plans of public agencies falling under California's County Employees Retirement Law (CERL) of 1937 (California Government Code Section 31450 et seq., "the CERL") with assets exceeding \$1 billion.
4. The firm must have experience in auditing different types of investments including the following: equity securities (domestic, global & international), public market commingled funds, fixed income securities/bonds, real assets, private real assets including private real estate, alternative investments (private equity, private credit funds, hedge funds), and securities lending.
5. The Engagement Partner responsible for the SamCERA audit, and the partner who signs the audit report (if different), must have at least ten years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person must be a Certified Public Accountant licensed by and in good standing with the California Board of Accountancy.
6. The Engagement Audit Manager responsible for the SamCERA audit must have at least five years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person must be a Certified Public Accountant licensed by and in good standing with the State of California.
7. The Engagement On-Site Audit Supervisor responsible for the SamCERA audit must have at least three years of experience in public accounting. Such experience must include audits of defined benefit pension plans. This person must be a Certified Public Accountant licensed by and in good standing with the State of California.
8. The Engagement Audit Manager and On-Site Audit Supervisor must be available for consultations throughout the year.
9. The firm must have all necessary permits and licenses.
10. The firm must provide its own work facilities, equipment, supplies, and support staff to perform the required services.



### III. SAMCERA PLAN INFORMATION

#### A. About SamCERA

SamCERA is a retirement system established under the authorization of the CERL of 1937 which provides retirement, disability, and death benefits to the employees and retirees of the County of San Mateo (County), the San Mateo County Superior Court (Court), and the San Mateo County Mosquito and Vector Control District (District). SamCERA only administers pension benefits; it does not administer any retiree health or other post-employment benefits (OPEB) program.

SamCERA, with its own governing Board of Retirement (Board), is an independent governmental entity, separate and distinct from the County. However, employees of SamCERA are employees of San Mateo County. Costs of administering the Plan are funded through employer contributions, member contributions of active employees, and investment earnings.

Management of SamCERA is vested with the Board. The Board establishes policies and objectives for SamCERA which are available on SamCERA's website ([www.samcera.org](http://www.samcera.org)) under the Board of Retirement/Governance tab. The Board generally meets at 10:00 a.m. on fourth Tuesday of the month.

SamCERA's staff is responsible for daily operations involving the administration of benefits, accounting functions, and investment portfolio.

#### B. Membership and Plan Information

As of June 30, 2023, the system had a total of 13,690 members, comprised of 5,334 active members, 5,932 retired members and beneficiaries, and 2,424 inactive members. For the active membership, 94.3% are County employees, 5.3% are Court employees, and 0.4% are District employees. Before January 2000, Court employees were County employees, consequently, a breakdown by employer for deferred and retired members cannot be easily identified.

SamCERA has multiple benefit plans based on employer, membership classification, and date of hire.

## Pension Plan Membership

Plan membership as of June 30, 2023, is displayed in the table below.

Plan	One	Two	Three	Four	Five	Six	Seven	Total
<b>Retirees and beneficiaries currently receiving benefits:</b>								
General	1,110	2,292	124	1,272	41	-	55	4,894
Safety	250	269	-	181	9	-	9	718
Probation	86	123	-	110	-	-	1	320
Subtotal	<u>1,446</u>	<u>2,684</u>	<u>124</u>	<u>1,563</u>	<u>50</u>	<u>-</u>	<u>65</u>	<u>5,932</u>
<b>Inactive employees entitled to but not currently receiving benefits (Deferred):</b>								
General	4	174	67	779	134	-	1,079	2,237
Safety	-	6	-	36	10	-	65	117
Probation	-	10	-	41	1	-	18	70
Subtotal	<u>4</u>	<u>190</u>	<u>67</u>	<u>856</u>	<u>145</u>	<u>-</u>	<u>1,162</u>	<u>2,424</u>
<b>Current employees:</b>								
<b>Vested:</b>								
General	2	223	35	1,394	189	-	1,134	2,977
Safety	-	9	-	142	54	-	124	329
Probation	-	2	-	95	8	-	30	135
<b>Non-Vested:</b>								
General	-	-	2	2	58	-	1,688	1,750
Safety	-	1	-	-	16	-	115	132
Probation	-	-	-	-	-	-	11	11
Subtotal	<u>2</u>	<u>235</u>	<u>37</u>	<u>1,633</u>	<u>325</u>	<u>-</u>	<u>3,102</u>	<u>5,334</u>
<b>Total SamCERA Membership</b>	<b>1,452</b>	<b>3,109</b>	<b>228</b>	<b>4,052</b>	<b>520</b>	<b>-</b>	<b>4,329</b>	<b>13,690</b>

### C. SamCERA Statistics

The items listed below provide historical information about SamCERA and its membership which can be found on our website under Financial Reports.

- Actuarial Valuations (2006 - 2023)
- Triennial Experience (2005 - 2023)
- Annual Comprehensive Annual Financial Reports (ACFR) ( 2005 - 2023)
- Popular Annual Financial Reports (PAFR) (2005 - 2023)

### D. Plan Funding

SamCERA's Board, officers, and employees prudently manage plan assets to appropriately fund the actuarial liabilities of the retirement system, ensuring sufficient fund is available to pay all earned benefits while minimizing employer contributions and SamCERA's operating expenses.

SamCERA engages an independent actuarial consulting firm to conduct an annual actuarial valuation of the pension plan. The purpose of this valuation is to reassess the magnitude of the benefit commitments in comparison with the assets expected to be available to support those commitments so that employer and employee contribution rates can be adjusted accordingly. The annual valuation uses the entry age normal method, market value of assets, and five-year smoothing.

Every three years, SamCERA's actuarial consulting firm performs a Triennial Experience Study so that appropriate assumptions can be determined for valuing the plan's liabilities. The last Triennial Experience Study was completed as of June 30, 2023. SamCERA's auditing actuary performs an actuarial audit of the consulting firm's work in conjunction with the Triennial Experience Study.

The Board adopted new economic and demographic assumptions for the valuation as of June 30, 2023. At its May 2023 meeting, the Board increased the inflation, wage, payroll and COLA rate assumptions while keeping the investment return the same. Changes to the demographic assumptions and actuarial methodologies were approved by the Board at its July 2023 meeting.

The current economic assumptions are:

- Investment return 6.25%
- Inflation 2.75%
- General wage and payroll growth 3.25%
- COLA
  - Plan 1 2.75%
  - Plan 2 2.65%
  - Plan 3 Not applicable
  - Other Plans 1.9%

According to the latest annual valuation as of June 30, 2023, the pension system was 88.3% funded.

## 1. Employer Contributions and Supplemental Accounts

The employers' Statutory Contribution Rate (SCR) is equal to the payment of the Employer Normal Cost rate plus a 15-year layered amortization of the Unfunded Actuarial Accrued Liability (UAAL) for each year beginning with the UAAL as of June 30, 2008 (excluding the supplemental contributions discussed below.) The UAAL rate for the County is reduced to reflect its supplemental account, as is the District's. The SCR (blended average for all employers) is 26.64% for the fiscal year beginning July 1, 2023: the County's SCR is 26.62%, the Court's is 26.35%, and the District's is 28.03%.

Under separate Memoranda of Understanding (MOUs), both the County and District agreed to make supplemental contributions to pay down their unfunded liabilities. Copies of the MOUs are available upon request. Commencing in FY 2013-14, the County paid supplemental contributions in the lump sum of \$50 million and then an additional \$10 million through fiscal year 2023-24. The MOU expired on June 30, 2023. The District contributed \$1.5 million in fiscal year 2015-16 and an additional \$250,000 the following fiscal year in supplemental contributions.

Supplemental contributions are placed in a “County Supplemental Contributions Account” (CSCA) and “District Supplemental Contributions Account” (DSCA), respectively. Supplemental contributions in these accounts are used to systemically reduce the County’s and District’s annual required contributions. As of June 30, 2023, the County’s supplemental contributions account balance totaled \$213 million, while the District’s balance was \$72 thousand. Separate rates are determined for the County and the District based on their respective supplemental accounts. Furthermore, each of the County and District’s SCR reflects offsets due to their respective SCAs.

## 2. Employee Contributions

Employee contributions collected vary by employer, member classification, plan, and bargaining unit. Effective with the first pay period in July 2018, there are no employer pick-ups of employee contributions.

## 3. Investments

SamCERA’s investment portfolio includes approximately 90 investment accounts. As of July 1, 2023, SamCERA’s Asset Allocation is as follows:

- Growth: 59.0%
- Diversifying: 18.5%
- Inflation Hedge: 17.0%
- Liquidity: 5.5%

## E. Financial Statements

SamCERA is subject to all applicable accounting and financial reporting standards issued by the Governmental Accounting Standards Board (GASB). SamCERA’s financial statements are prepared on the accrual basis of accounting and reflect the overall operations of the Retirement Plan.

- Member and employer contributions are recognized in the period which contributions are due.
- Benefits and refunds are recognized when due and payable in accordance with plan terms.
- Investments are reported at fair value.



SamCERA implemented GASB Statement No. 67 (GASB 67), Financial Reporting for Pensions Plan - an Amendment of GASB Statement No. 25, for the fiscal year ended June 30, 2014. Plan sponsors of SamCERA implemented GASB Statement No. 68 (GASB 68) - Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27, for the fiscal year ended June 30, 2015. SamCERA and its consulting actuary provide the required information to the County and participating agencies to help satisfy the financial reporting provisions. SamCERA implemented GASB Statement No. 72, Fair Value Measurement and Application in its June 30, 2016 financial statements. SamCERA also implemented other GASB requirements whenever applicable.

### **Administrative Expenses**

The Board annually adopts an operating budget for the administration of SamCERA. Administrative expenses are charged against earnings of the retirement fund and cannot exceed twenty-one hundredths of one percent (0.21%) of the accrued actuarial liabilities as set forth under Government Code Section 31580.2. Information technology expenses are excluded from this limit.

SamCERA's administrative budget for fiscal year 2023-24 is \$8 million which amounts to approximately 0.12% of the total accrued actuarial liability of \$6.5 billion as of June 30, 2022.

SamCERA's Statement of Fiduciary Net Position as of June 30, 2023 is on the following page.

## STATEMENT OF FIDUCIARY NET POSITION

As of June 30 (Dollars in Thousands)

			Increase (Decrease)	Increase/ Decrease in Percentage
<b>ASSETS</b>	<b>2023</b>	<b>2022</b>		
Cash and cash equivalents	\$ 210,121	\$ 37,496	\$ (27,375)	-11.5%
Cash management overlay	19,989	73,569	(53,580)	-72.8%
Securities leading cash collateral	3,737	4,121	(384)	-9.3%
Receivables	150,102	83,088	67,014	80.7%
Prepaid expense	215	352	(137)	-38.9%
Investments at fair value	5,827,906	5,345,206	482,700	9.0%
Lease asset, net of amortization	2,303	2,814	(511)	-18.2%
Capital assets, net of depreciation	3,170	3,875	(705)	-18.2%
<b>Total assets</b>	<b><u>6,217,543</u></b>	<b><u>5,750,521</u></b>	<b><u>467,022</u></b>	<b>8.1%</b>
<b>LIABILITIES</b>				
Investment management fees payable	2,038	2,126	(88)	-4.1%
Due to broker for investments purchased	202,435	90,090	112,345	124.7%
Securities lending collateral due to borrowers	3,737	4,121	(384)	-9.3%
Lease liability	2,444	2,890	(446)	15.4%
Other	1,847	1,620	227	14.0%
<b>Total liabilities</b>	<b><u>212,501</u></b>	<b><u>100,847</u></b>	<b><u>111,654</u></b>	<b>110.7%</b>
<b>Net position restricted for pensions</b>	<b><u>\$ 6,005,042</u></b>	<b><u>\$ 5,649,674</u></b>	<b><u>\$ 355,368</u></b>	<b>6.3%</b>

## IV. DATA COLLECTION AND REPORTING REQUIREMENTS

### A. Accounting and Cash Management Applications

SamCERA places cash with the County's Investment Pool for our operational needs. Through the County Treasurer's Office, SamCERA connects with its financial institution (US Bank) and custodial bank using online platforms for electronic fund transfers.

SamCERA uses Microsoft Dynamics Great Plains (GP) accounting software to capture financial transactions for financial reporting purposes. SamCERA also utilizes the County of San Mateo's OneSolution network ("OFAS") to account for non-investment transactions such as purchase orders, accounts payable, budget monitoring, administrative expenses, and so forth.

SamCERA's master custodian maintains records of investment securities and related banking transactions. SamCERA's external investment managers provide investment transaction and balance detail directly to the custodian for booking purposes. The custodian provides a web portal application through which SamCERA staff can, among other actions, access investment information (including pricing) and generate necessary custom reports.

### B. Member Data

SamCERA uses customized Vitech V3 software for all its pension administration needs. The County and the Court use Workday software for employee data, which is uploaded into V3. Additionally, the Court uses ADP as its payroll system, while the County uses Workday. The District's data is manually entered into V3. Every year in early July, SamCERA extracts member data from V3 and provides its actuary with such data via a secure file transfer protocol for its actuarial valuation.

### C. Timing of Actuarial and Financial Reports

**Annual Actuarial Valuation.** In general, SamCERA's actuary provides a draft actuarial report **mid-September**, with a final report received in the **third week of September**. The final report will be included in the Board packet and presented to the Board at its **September** meeting for approval.

**GASB 67/68 Disclosure Report.** Our participating employers are provided with the audited GASB 67/68 report upon request. The reports are prepared by SamCERA's actuary, and a draft of the GASB 67/68 report should be received by SamCERA for review and comments by the **first week of October**.

**ACFR.** Staff completes SamCERA's ACFR in **mid-October** for the Board's review and approval in late October as the Board does not meet in November. This schedule is intended to accommodate the County in the preparation of its ACFR which the County generally releases in November or December.

## V. REQUESTED SERVICES

### A. Scope of Work to be Performed

- **Audit Standards.** The audit shall be performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The Auditor must maintain compliance with the professional standards and applicable Federal and State laws and regulations, as promulgating bodies may revise the professional standards, laws and regulations from time to time.
- **Auditor's Opinion.** SamCERA requires the Auditor to audit and express an opinion on the fair presentation of the financial statements and other information (the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan and the Schedule of Cost Sharing Employer Allocations) in conformity with generally accepted accounting principles. The Auditor shall be responsible for performing certain limited procedures involving required supplementary information required by the GASB.
- **Review of Internal Controls.** The Auditor shall review the Internal controls for SamCERA.
- **Review of Compliance to Finance Reporting Standards.** The Auditor shall evaluate SamCERA's compliance with GAAP, GASB, and other relevant accounting standards and to provide implementation guidance on upcoming GASB statements, upon request. SamCERA may request Auditor to provide technical assistance in the preparation of certain footnotes to the financial statements. SamCERA may also require additional services or advice to ensure new GASB reporting requirements are properly implemented.

SamCERA prepares its own ACFR internally. The Auditor shall review the ACFR for consistency and reasonableness. The Auditor is not required to audit the supporting schedules contained within the ACFR, unless required by auditing standards. However, the Auditor shall provide an "in-relation-to" opinion on the supporting schedules based on the auditing procedures applied during the audit of the financial statements. The Auditor is not required to audit the investment, actuarial, and statistical sections of the report.

In conjunction with the financial statement audit, the Auditor is required to audit schedules prepared by SamCERA's actuary related to GASB 68 to accumulate sufficient audit evidence necessary to provide an audit opinion about whether SamCERA's Schedule of Cost Sharing Employer Allocations, and the Schedule of Employer Pension Amounts Allocated by Cost Sharing Plan totals for all entities of the columns titled net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total pension expense are fairly presented, in all material aspects, in conformity with GAAP.

## B. GFOA's Certificate of Achievement for Excellence

SamCERA participates in the GFOA's Certificate of Achievement for Excellence in Financial Reporting program. The Auditor shall review SamCERA's ACFR for compliance with the program.

## C. Reports to be Issued

### 1. Independent Auditor's Report

**Presentation.** Upon completion of the annual audit, the draft Independent Auditor's Report should be made available to staff electronically for review no later than the beginning of the second week in October each year with the final report in the later part of the second week of October. The Auditor shall email and provide at least 10 hard copies of the final Auditor's Report at least eight days prior to the specified Board meeting. Presentation of the audit reports shall be presented in person to the Board at its October meeting. On a rare occasion, the Auditor may be requested to attend additional meetings as needed.

**Content.** Auditor's Opinion shall be a separate report and shall address whether the financial statements and other information have been presented fairly and in conformity with GAAP.

### 2. Management Letter

**Presentation.** The draft Management Letter should be made available to staff electronically for review no later than the beginning of the second week in October of each year with the final report in the later part of the second week of October. The Auditor shall email and provide at least 10 hard copies of the final Management Letter at least eight days prior to the specified Board meeting. The Management Letter shall be presented in person to the Board at its October meeting. On a rare occasion, the Auditor may be requested to attend additional meetings as needed.

**Content.** The Management Letter shall be a separate report on any findings or matters that shall be brought to management's attention. The report shall communicate any reportable conditions found during the audit.

- Reportable conditions are matters coming to the Auditor's attention that, in their judgment, should be communicated to the Board because they represent significant deficiencies in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions that are also material weaknesses shall be identified in the report.
- Non-reportable conditions discovered by the Auditors shall be reported in a separate letter to management, which shall be referred to in the report(s) on internal controls.

### 3. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

**Presentation.** The draft report should be made available to staff electronically for review no later than the beginning of the second week in October of each year with the final report in the later part of the second week of October. The Auditor shall email and provide at least 10 hard copies of the final report at least eight days prior to the specified Board meeting. This report shall be presented in person to the Board at its October meeting. On a rare occasion, the Auditor may be requested to attend additional meetings as needed.

**Content.** The Auditor shall prepare a separate report on the following:

- The Auditor's report must address all matters of internal control over financial reporting and its operation that the Auditor considers a material weakness.
- Compliance with applicable laws and regulations in accordance with Governmental Auditing Standards issued by the Comptroller General of the United States.

### 4. Agreed Upon Conditions Report

**Presentation.** The draft Agreed Upon Conditions Report should be made available to staff electronically for review and to submit Management responses as applicable, no later than the beginning of the second week in October of each year with the final report in the later part of the second week of October. The Auditor shall email and provide at least 10 hard copies of the final Agreed Upon Conditions Report at least eight days prior to the specified Board meeting. The Agreed Upon Conditions Report shall be presented in person to the Board at its October meeting. On a rare occasion, the auditor may be requested to attend additional meetings as needed.

**Content.** The Agreed Upon Conditions Report shall communicate certain matters found during the audit, that in the Auditor's judgment, are opportunities for strengthening internal controls and operational deficiencies. Each matter must contain the appropriate designation of the "Agreed Upon Condition," "Recommendation," and "Management Response."

### D. Irregularities and Illegal Acts

Auditors are required to make an immediate written report of all irregularities and illegal acts or indications of illegal acts of which they become aware to the following parties: SamCERA Board Chair, the Chief Executive Officer, and Chief Legal Counsel.

## E. General Service Requirements

- 1. Secure Exchange of Data.** The Auditor and its subcontractor, if any, must utilize a secure mechanism to exchange data with each other electronically and keep member information confidential.
- 2. Maintain working papers.** All working papers and reports must be retained, at the Auditor's expense, during the term of the engagement and for a minimum of five (5) years thereafter, unless the firm is notified in writing by SamCERA of the need to extend the retention period or unless written permission is given by SamCERA to dispose of any such materials prior to this time. The Auditor will be required to make working papers available, upon request, to SamCERA or its designees. The Auditor shall respond to the reasonable inquiries of successor Auditors and allow successor Auditors to review working papers relating to matters of continuing accounting significance.
- 3. Auditing actuary.** SamCERA's auditing actuary audits the annual valuation and the Triennial Experience Study every three years. The most recent actuarial audit was conducted for the 2023 Triennial Experience Study and the 2023 Annual Valuation. The 2026 Triennial Experience Study and 2026 Annual Valuation Audit will be performed by a firm to be determined. SamCERA staff may request information from the Auditor to respond to certain inquiries from the actuary and/or auditing actuary.

## VI. GENERAL CONDITIONS OF SUBMISSION

- A. Should a Proposer wish to withdraw its proposal, a written letter stating so must be received by SamCERA.
- B. There is no expressed or implied obligation for SamCERA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Costs for developing proposals are entirely the responsibility of the Proposer and will not be reimbursable by SamCERA.
- C. All proposals submitted in response to this RFP shall become the exclusive property of SamCERA and shall be subject to public disclosure pursuant to the Public Records Act (Gov. Code sec. 6250 et. Seq.).

There are specific exceptions to the Public Records Act. In the event SamCERA receives a request for inspection of any proposal submitted pursuant to this RFP, the Proposer is responsible for taking any necessary legal action to assert its claim that its proposal (or any portions thereof) are exempt from production under the Public Records Act.

- D. Submission of a proposal constitutes a complete waiver of any claims whatsoever against SamCERA and/or its agents, officers or employees that SamCERA has violated a Proposer's right to privacy, disclosed trade secrets or caused any damage by allowing the proposal to be inspected.
- E. All proposals must remain valid for a period of not less than 120 days from the submission. This includes pricing as well as nominated engagement staff.
- F. SamCERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- G. SamCERA, in its sole discretion, may enter into contracts with multiple providers.
- H. SamCERA reserves the right to contact current and former clients of the Proposer for information at any time during the proposal process.
- I. SamCERA reserves the right to accept or reject any or all proposals and may waive any requirements of this RFP if the waiver is deemed to be in the best interests of SamCERA.
- J. SamCERA reserves the right to contact individual Proposers for clarifying information at any time during the proposal process.
- K. SamCERA may modify the RFP prior to the fixed date for submission of proposals by issuance of any addendum.

## VII. PROPOSAL CONTENTS

### A. Proposers should adhere to the format

Each of the required sections identified must be completed and specifically labeled. The content and sequence of the proposal will be as follows:

Section	Title
1	Cover Letter
2	Proposer Questionnaire (Appendix A)
3	Fee Schedule (Appendix B)
4	Contract Documents (Appendix C)
5	Attached Required Documents (Appendix D)



## B. Proposal Format Description

Items 1 through 5 below contain brief descriptions of material that should be included in this proposal.

### 1. Cover Letter

Proposer's cover letter shall identify the following:

- Firm name.
- The firm's address, telephone number, and email address of a principal contact for information regarding the proposal shall be supplied.
- The name and title or position and telephone number of the person or persons authorized to bind the organization to all commitments made in the proposal.
- The letter must also include the following statement:

***"We have read the Request for Proposal (RFP) for auditing services and fully understand its intent. We warrant that all information and statements in this RFP are complete and true. We certify that we have adequate personnel, equipment, and facilities to provide the Plan's requested services. We understand that our ability to meet the criteria and provide the required services shall be judged solely by SamCERA. We have thoroughly examined the RFP requirements, and our proposed fees cover all the services that we have indicated we can meet. We acknowledge and accept all terms and conditions included in the RFP. We acknowledge the receipt of all amendments made to this RFP."***

- The letter must be signed by the person or persons authorized to bind the Proposer contractually.

### 2. Proposer Questionnaire (Appendix A)

Responses to these questions will provide SamCERA with information about your firm and its experience, ability, and manner to provide the requested services as set forth in Section V *"Requested Services."*

### 3. Fee Proposal (Appendix B)

Proposer's fee proposal should be based on the services outlined in the Section V *"Requested Services."* SamCERA anticipates awarding a five-year agreement for these services commencing in June 2024. Submit the information in the following format:

(1) Complete the Proposed Fee Schedule for 2024 Audit.

Person/Item	Hours	Hourly Rate	Total
Partners			
Manager			
Senior			
Staff			
Subtotal			
Out of Pocket Expenses, Meals, Lodging			
Other expenses (Describe with your submission)			
Total Not to Exceed Fee for			

The proposed fee schedule should include administrative, third-party, travel, and all other costs associated with the proposed engagement. These costs should be presented in detail. **Include a statement that the Proposer understands that these fees have been included in the total cost of the proposal.**

(2) Complete the Proposed Total Not to Exceed Fee Chart for Year 2024-2028.

2024	2025	2026	2027	2028

(3) Describe how fees are billed (billing periods and prospective versus arrears)?

#### 4. Contract Requirements (Appendix C)

A sample contract (without the scope of services and fees) is attached in Appendix C to indicate some of general provisions that SamCERA anticipates including in the final agreement(s). In submitting a proposal, the Proposer will be deemed to have agreed to each clause unless the proposal identifies an objection, sets forth the basis for the objection, and provides substitute language to make the clause acceptable to the Proposer. Such objections and substitute language must be submitted no later than the deadline for the proposal.

#### 5. Attached Required Documents (Appendix D)

Proposer must submit the following documents and include them in Appendix D.

- (1) Firm's Organizational Chart
- (2) Resumes for Auditors proposed to be assigned to SamCERA
- (3) Sample Financial Audit Report
- (4) Sample Letter to Management, Report on Compliance and Internal Control
- (5) Sample Educational Presentation (requested but not required)
- (6) Certification of Insurance
- (7) Firm's Last Financial Report

### VIII. PROPOSAL SUBMISSION PROCESS

#### A. Schedule of Events is set forth in the chart below and may be subject to change

EVENT	DATE
Release of RFP	January 25, 2024
Deadline for Written Questions	February 8, 2024
Release of Responses to Written Questions	February 22, 2024
<b>Proposal Due Date and Time</b>	<b>March 7, 2024</b>
Notification of Presentation	Week of March 25, 2024
Finalist Presentation(s)	Week of April 1, 2024
Approval to Enter into Contract by Board	April 23, 2024
Anticipated Contract Start Date	May 1, 2024

## B. Evaluation Criteria

The content of the proposals will be evaluated, as will the qualifications of Proposers. The evaluation criteria will include, but not be limited to, the following:

1. **Experience** (both quality and quantity) of the proposing organization and its staff in providing financial auditing services comparable to SamCERA's needs. Expertise in all aspects of such services, preferably as it relates to public entities, the CERL, and the Public Employees' Pension Reform Act (PEPRA).
2. **Qualifications** of professional staff to be assigned to SamCERA, with attention paid to relevant experience with CERL pension systems.
3. **Ability** to serve as an Auditor with respect to required services.
4. **Proposal** quality, conciseness, and completeness.
5. **Positive references.** In addition to quality of services, how well Proposer works with client staff is a critical consideration. The Auditor should be timely in responding to questions and completing projects.
6. **Fees.** While this is not a low bid process, the Board has a duty to ensure that its providers fees are reasonable and competitive.

## C. Inability to Negotiate a Contract

If a contract cannot be negotiated, SamCERA may, in its sole discretion, begin contract negotiations with one or more of the remaining Proposers, or may decide not to award a contract to any of the Proposers.

## B. Submittal of Written Questions

Proposers requiring clarification of the intent or content of this RFP, or of the competitive proposal process, may request clarification only by submitting **written** questions no later than **February 8, 2024**, via email to proposals@samcera.org. Verbal questions will not be answered. SamCERA will provide a list of all Proposer questions and SamCERA responses on its website at www.samcera.org.

Other than the question/response process set forth in this RFP, **Proposers are specifically prohibited from contacting SamCERA staff and members of the Board regarding this RFP, until a contract has been entered into with the successful Proposer.**

## C. Submission of Proposal

Proposals must be received in writing by 12:00 p.m. (Pacific Time) on **March 7, 2024**. Proposals must be submitted both electronically to: proposals@samcera.org and three hard copies mailed/delivered to:

**SamCERA**  
**Attn: Tat-Ling Chow, Finance Officer**  
**100 Marine Parkway, Suite 125**  
**Redwood City, CA 94065**

Any proposal submitted to the incorrect address or received after the deadline may, at SamCERA's sole discretion, be rejected and eliminated from consideration.

# IX. PROPOSAL SELECTION PROCESS AND EVALUATION

## A. Evaluation of Proposals

1. **Staff Initial Screening.** Each proposal will be reviewed by SamCERA staff using the evaluation criteria listed in Section B below. The Proposer must demonstrate that each requirement is met. Where documentation relative to a specific requirement is incomplete or silent, the proposal may be deemed as deficient.
2. **Notification for Presentation.** SamCERA anticipates sending an email notification in March 2024, stating if an oral presentation is needed. Instructions as to timing and presentation will be given upon notification.
3. **Notification to Proposers.** It is anticipated that staff will notify Proposers of SamCERA's intent to enter into a contract for financial auditing services the week of April 8, 2024.
4. **Selection by the Board.** The Board will authorize an agreement with the Proposer who, in the Board's opinion, best fits the needs of SamCERA. SamCERA anticipates this will occur in April 23, 2024.

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## APPENDIX A

### PROPOSER QUESTIONNAIRE

#### RESPOND TO ALL OF THE FOLLOWING QUESTIONS

The Proposers must respond to the questions in the order in which they appear in this RFP.

Do not answer questions in a combined format.

Each RFP question must be restated in its entirety and followed by your response so that it is clear that each question was answered and in the same order as the Proposer Questionnaire.

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## Brief Statement

In 500 words or less (approximately 1 page), explain why your firm best meets SamCERA's needs for the financial auditing services. Address your firm's strengths, as well as any perceived weaknesses. This one page should be titled Brief Statement and should precede the first page of the following questions.

### A. PROPOSER'S FIRM INFORMATION

1. If your firm has multiple offices, which office would be primarily responsible for work performed for SamCERA?
2. Describe the proposing firm's organization structure and attach an organizational chart (**Appendix D (1)**). In the description, include whether there have been any material changes in the firm's organizational structure or ownership that have occurred in the past five years.
3. Provide the last audited financial report for the firm (**Appendix D(8)**).
4. Describe your firm's plans for managing the future growth of your firm.
5. Does your firm have a limitation on the number of defined benefit plan clients it intends to accept for auditing services?
6. How long has the firm been performing financial auditing services?
7. How long has the firm been performing these services to defined benefit pension plans?
8. How many accountants does the firm employ?
9. What ongoing educational programs are required for the firm's auditors?
10. Insert the total number of your current public pension financial auditing clients (can be outside California) on the line on the next page.

Then show the number of years your firm has provided services for each of those clients by completing the table on the next page.

Total number of Current Public Pension Clients: \_\_\_\_\_

Length of Service In Years	Number of Current Public Pension Clients
0-1	
1-3	
3-5	
5-10	
10+ Years	

(Note: The Total Number of Current Public Pension Clients should equal the sum of the numbers in the right-hand column of the table.)

11. For all the firm's current public pension plan full-service financial auditing, provide the following:

Plan Name	First Year Providing Financial Auditing Services	Asset Size (06/30/23)	Membership Total (06/30/23)	Cost Sharing Multiple Employer (Yes/No)

12. Over the past five years, has the firm or any officer, principal or any of the auditing staff that would provide services to SamCERA, been involved in any business litigation or other criminal or civil legal proceedings related to any auditing or financial services?

If so, provide a brief explanation and indicate the status.

13. Has the firm or any officer, principal, or any of the auditing staff that would provide services to SamCERA within the last 10 years been censured or fined by any regulatory body?

If so, please indicate the dates and describe the situation.

14. Has any litigation been brought against the firm or any officer, principal or any of the auditing staff that would provide services to SamCERA within the last 10 years by any entity for fraud, malpractice, misrepresentation, negligence, a criminal act or similar cause of action?

If so, provide a brief explanation and indicate the status.

15. Describe the levels of insurance coverage the Proposer carries, such as errors and omissions, fiduciary or professional liability, cyber security, automobile and workers' compensation.

(1) Is the coverage on a per client basis or is the dollar figure applied to the firm as a whole?

(2) List the insurance carrier(s) and the amount of coverage maintained for each level of coverage.

(3) Attach Certificate(s) of Insurance evidencing coverage as described in your proposal (**Appendix D (7)**).

16. If the insurance information described above is less than what is required in the standard agreement that is attached as Appendix C, would Proposer be able to meet the requirement?

17. Is the Proposer affiliated with any other firm(s) offering auditing services that could represent a conflict of interest?

If yes, briefly describe the Proposer's policies and procedures for doing business with these affiliates while safeguarding against conflicts of interest.

18. List and describe any known professional relationship the Proposer or any of Proposer's staff has with any member of the SamCERA Board, or SamCERA staff in the last 12 months?

19. Has anyone in the Proposer's staff provided any gifts, travel expenses, entertainment or meals to any member of the SamCERA Board, or SamCERA staff in the last 12 months?

If yes, describe the expense and the purpose.

20. List any public pension plan clients that have terminated their financial auditing services contracts with the Proposer in the last five years and the date of the termination. Include the reason(s) for contract termination.

21. Have any of Proposer's financial reports, findings or recommendations for a public pension plan been audited by another public accounting firm within the last five years?

If so, state the number of such audits and whether any resulted in revisions to the reports or findings or recommendations.

22. Will subcontractors be used in providing the required SamCERA services?

If so, describe the specific services that would be subcontracted, the name of the subcontractor, the cost to the Proposer of these services, and how the Proposer would control the quality of services provided.

23. Does the Proposer have plans/arrangements for disaster recovery?

Briefly describe the disaster recovery plan. Include details related to protecting client data files in the description.

24. Describe how your firm monitors and manages cyber security risks as they relate to your organization. Has your firm experienced any problems with cyber security in the past 18 months? What types of cyber security challenges do you anticipate in the next 18 months and how do you plan to address them?

25. What is your cyber security breach policy? What procedures do you have in place for a cyber security breach?

26. Describe the resources the Proposer has that specifically address the needs of public fund clients, including any protection of client data files and technical resources.

#### **B. PROPOSED SAMCERA PRIMARY AND SUPPORTING AUDITOR INFORMATION**

27. For each of the Auditors to be assigned to SamCERA including the Primary Auditor (lead) and all supporting Auditors, please attach in **Appendix D (2)** the resumes (or biographies) that include the following information:

- Name
- Title
- Responsibilities within the firm
- Years of relevant experience
- Years with the firm
- Degrees and professional designations
- Institution awarding each degree and designation

28. For the Primary (lead) and Supporting Auditors (senior supporting) to be assigned to SamCERA, provide the information in the tables on the following page.

**Primary Auditor Public Retirement Fund Experience Since 2018**

Plan Name	Indicate if served as Primary or Supporting Auditor	Total number of Plan members 06/30/23	Asset size 06/30/23	Cost sharing multi-employer (Yes/No)

**Supporting Auditor Public Retirement Fund Experience Since 2018**

Plan Name	Indicate if served as Primary or Supporting Auditor	Total number of Plan members 06/30/23	Asset size 06/30/23	Cost sharing multi-employer (Yes/No)

29. Please provide the name, title, email, and telephone number for at least three public pension fund client references for whom the proposed Primary Auditor has provided full financial auditing services similar to the services described in this RFP. SamCERA reserves the right to contact any of the individuals/agencies provided.

For each reference listed, provide the contact information as follows:

Plan Name	Contact Person	Title	Phone Number	Email Address

30. How many clients are currently assigned to the Primary Auditor in the role of Primary Auditor? In the role of Supporting Auditor?
31. How many clients are currently assigned to the Supporting Auditor (senior supporting) in the role of a Supporting Auditor? In the role as Primary Auditor?
32. What process is undertaken to ensure that the assigned auditors are not given clients beyond their workload capacity.

33. Attach recent auditor's reports for a public pension client audited by the proposed Primary Auditor. If possible, select a report audited by the same team of Primary and Supporting Auditors (**Appendix D (3)**).
34. How long has the proposed team of Primary and Senior Supporting Auditors worked together as a team?
35. Does the Proposer have a transition plan to deal with the possible sudden departure of the proposed team of Primary Auditor and/or supporting auditor?

If so, describe the plan and the assurance that the replacement can meet the same standards as outlined in this proposal and potential contract?

### C. FINANCIAL AUDITING SERVICES

36. Describe the Proposer's theory and methodology for auditing financials, including the decision making process and titles and responsibilities of the various individuals involved at each stage of the process.
37. Describe the Proposer's quality control processes, including but not limited to peer review for financial reports and management recommendations. How are these processes monitored and documented?
38. Describe the Proposer's use of auditing software systems and the associated computer system support to determine appropriate auditing methods and calculations. How are these systems monitored and reviewed?
39. Sections IV and V of the RFP set forth the timelines for completion of the financial reports. Please comment on those timelines and address any issues that your firm would have in meeting the deadlines or any requests for a schedule accommodation.
  - Include proposed dates for each key stage of the project.
  - Include dates by which your firm must have specific data from SamCERA (Generally describe the information required from SamCERA and/or our current actuary for the year under audit.)
40. Describe how the Proposer controls costs, quality, and timeliness of its services, specifically the services required by this RFP.
41. Describe your steps for completing all reports to be issued by the auditor.
42. If you have a sample Education Presentation that you have recently provided to a client which you would like to show us, please attach it (**Appendix D (6)**).

APPENDIX B - FEE SCHEDULE

ATTACH YOUR FEE PROPOSAL

Refer to pages 15-16 for instructions (Section VII.B.3).

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## APPENDIX C

### CONTRACT REQUIREMENTS

A Sample contract (without the scope of services and fees) is attached which indicates general provisions that SamCERA anticipates including in the final agreement(s). In submitting a proposal, the Proposer will be deemed to have agreed to each clause unless the proposal identifies an objection, sets forth the basis for the objection, and provides substitute language to make the clause acceptable to the Proposer. Such objections and substitute language must be submitted no later than the deadline for the proposal.

**Provide your response in this Appendix.**

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Agreement No. \_\_\_\_\_

**AGREEMENT BETWEEN THE SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION AND [Contractor name]**

This Agreement is entered into this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between the **San Mateo County Employees' Retirement Association**, hereinafter called "**SamCERA**," and "[Insert Contractor Legal Name]", hereinafter called "Contractor."

\* \* \*

WHEREAS, SamCERA was created pursuant to the County Employees Retirement Law of 1937 and, in accordance with California Government Code Section 31588.2, is authorized to expend funds on the administration of the pension system in order to provide timely and accurate benefits to its members; and

WHEREAS, it is necessary and desirable that Contractor be retained for the purpose of [Enter information here]; and

WHEREAS, the Board has determined that it is in the best interests of SamCERA to (i) engage the services of Contractor and (ii) assign to Contractor the duties and responsibilities as more particularly set forth herein.

NOW, THEREFORE, IT IS AGREED BY THE PARTIES TO THIS AGREEMENT AS FOLLOWS:

**1. Exhibits and Attachments**

The following exhibits and attachments are attached to this Agreement and incorporated into this Agreement by this reference:

Exhibit A—Services  
Exhibit B—Payments and Rates

**2. Services To Be Performed by Contractor**

In consideration of the payments set forth in this Agreement and in Exhibit B, Contractor shall perform services for SamCERA in accordance with the terms, conditions, and specifications set forth in this Agreement in Exhibit A.

**3. Payments**

In consideration of the services provided by Contractor in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, SamCERA shall make payment to Contractor based on the rates and in the manner specified in Exhibit B. SamCERA reserves the right to withhold payment if SamCERA determines that the quantity or quality of the work performed is unacceptable. In no event shall SamCERA's total fiscal obligation under this Agreement exceed "[Write Out Amount]" (\$AMOUNT). In the event that SamCERA makes

any advance payments, Contractor agrees to refund any amounts in excess of the amount owed by SamCERA at the time of contract termination or expiration. Contractor is not entitled to payment for work not performed as required by this agreement.

#### **4. Term**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from "[Month and Day]" , 20"[Last 2 Digits of Start Year]" , through "[Month and Day]" , 20"[Last 2 Digits of End Year]" .

#### **5. Termination**

This Agreement may be terminated by Contractor or by SamCERA's Chief Executive Officer or the Chief Executive Officer's designee at any time without a requirement of good cause upon thirty (30) days' advance written notice to the other party. Subject to availability of funding, Contractor shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be the prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

#### **6. Standards of Performance**

Contractor shall deliver to SamCERA the services and deliverables in such form and manner and at such times as are specified in the applicable Exhibits. SamCERA shall provide to Contractor any necessary information and shall perform any necessary action in a timely fashion. Contractor shall perform the services in accordance with the following standards:

A. Contractor shall perform the services in a professional manner with the competence, care, skill, prudence, and diligence prevailing in the [DESCRIPTION] industry and that a prudent person in a like capacity to that of Contractor and familiar with [DESCRIPTION] services would use in the conduct of those services. [In performing services under this Agreement, Contractor shall adhere to the professional and ethical standards required of [POSITION] under the [DESCRIPTION OF PROFESSIONAL CODE OF CONDUCT, IF ONE EXISTS] and shall assign staff that, in Contractor's judgment, has sufficient education, training or experience to perform the tasks assigned to them.

B. The services and deliverables provided to SamCERA in connection with the performance of the services shall not infringe on any intellectual property right of any third party.

C. Contractor shall comply always with all federal, state, and local laws applicable to it, and shall obtain from the appropriate authorities all registrations, permits, licenses, and indemnities required for the conduct of Contractor's business and the provision of Services and deliverables pursuant to this Agreement.

D. In the performance of services pursuant to this Agreement, Contractor shall maintain independence from all interests other than the interests of SamCERA and its members and beneficiaries, as those interests are expressed by the Board. Contractor understands

SamCERA staff acts as the agent for the Board in its relationship with Contractor, but they are subordinate to the Board and cannot direct Contractor to consider interests contrary to those expressed by the Board.

## **7. Contract Materials**

At the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, reports, and other written materials (collectively referred to as "Contract Materials") prepared by Contractor under this Agreement shall become the property of SamCERA and shall be promptly delivered to SamCERA. Upon termination, Contractor may make and retain a copy of such Contract Materials if permitted by law.

## **8. Relationship of Parties**

Contractor agrees and understands that the work/services performed under this Agreement are performed as an independent contractor and not as an employee of SamCERA or the County of San Mateo and that neither Contractor nor its employees acquire any of the rights, privileges, powers, or advantages of County of San Mateo employees.

## **9. Hold Harmless/Indemnity**

A. Definitions. As used in this Paragraph 9:

(i) "Claims" means any claim described in (a) or (b) below, whether based on contract, tort, or any other legal or equitable theory:

(a) any and all third-party liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, expenses (including, without limitation, defense costs, expert witness fees, and reasonable attorneys' fees), causes of action, claims, demands, recoveries, settlements, or damages of any nature arising out of, related to, or in connection with Contractor's fraud, willful misconduct, grossly negligent performance of services hereunder, or Contractor's grossly negligent acts or omissions; and

(b) any and all liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, expenses (including, without limitation, defense costs, expert witness fees and reasonable attorneys' fees), causes of action, claims, demands, recoveries, settlements, or damages for bodily injury, death, personal injury, or property damage, arising out of, related to, or in connection with Contractor's performance of, or failure to perform, services hereunder.

(ii) "SamCERA Covered Persons" means SamCERA, its officers, trustees, fiduciaries, employees, and agents, but does not include Contractor Personnel.

(iii) "Contractor Personnel" means Contractor, its officers, directors, shareholders, employees, servants, agents, and subcontractors.

B. Obligation to Defend and Indemnify. Contractor will defend, at its expense, SamCERA Covered Persons from and against any and all Claims. Contractor will indemnify, save, and hold harmless SamCERA Covered Persons from and against any and all Claims, but only to the extent of the percentage of fault attributable to Contractor Personnel.

C. Survival of Obligation to Defend and Indemnify. Contractor's obligations to defend and indemnify shall survive the termination of this Agreement.

D. Notice of Claim. SamCERA will give Contractor prompt written notice of any Claim for which any SamCERA Covered Person is entitled to indemnification pursuant to this Paragraph 9. Contractor shall control the defense or settlement of the Claim; but no such settlement or compromise shall be entered into unless, as part of such settlement or compromise, the third party executes a full and complete release of SamCERA Covered Persons without recourse to SamCERA Covered Persons for any amount, claim, or other obligation whatsoever respecting such Claim. Contractor will not have the right to settle or compromise any such Claim without the consent of SamCERA Covered Persons, which can be withheld for any reason or no reason if such settlement or compromise involves the issuance of injunctive or other nonmonetary relief binding upon any of SamCERA Covered Persons or a plea of guilty or nolo contendere on the part of any of SamCERA Covered Persons in any criminal or quasi-criminal proceeding, or which involves any admission of liability or culpability on the part of SamCERA Covered Persons, or which has any collateral estoppel effect on any of SamCERA Covered Persons.

## 10. Assignability and Subcontracting

Contractor shall not assign this Agreement or any portion of it to a third party or subcontract with a third party to provide services required by Contractor under this Agreement without the prior written consent of SamCERA or as expressly allowed in Exhibit A. Any such assignment or subcontract without SamCERA's prior written consent shall give SamCERA the right to automatically and immediately terminate this Agreement without penalty or advance notice.

## 11. Insurance

At Contractor's sole cost and expense, Contractor shall obtain and keep in force at all times during this Agreement, the following policies of insurance:

A. Workers' Compensation Insurance. Contractor shall submit written proof that Contractor is insured against liability for workers' compensation in accordance with the provisions of section 3700 of the California Labor Code or such other law applicable to Contractor's employees providing Services pursuant to this Agreement.

B. Commercial General Liability Insurance, including, but not limited to, Contractual Liability Insurance, Personal Injury (including bodily injury and death), Property Damage for liability arising out of Contractor's performance of work under this Agreement, and the loss or breach of confidential client data and information. Such insurance coverage shall have minimum limits for bodily injury and property damage liability of Two Million Dollars (\$2,000,000) each occurrence and Five Million Dollars (\$5,000,000) in aggregate (including excess policies).

C. Automobile Liability Insurance against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired, and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000) combined single limit. Such insurance shall be provided by a business or commercial vehicle policy.

D. Professional Liability (Errors and Omissions) Insurance, for liability arising out of, or in connection with, the performance of all required services under this Agreement, with limits of not less than Ten Million Dollars (\$ 10,000,000) per claim. If any of the insurance coverage required under this Agreement is written, on a claims-made basis, the insurance policy shall provide an emended reporting period of not less than four (4) years following the termination of this Agreement or completion of all work performed by Contractor specified in this Agreement, whichever is later.

All insurance shall be issued by a company or companies listed in the current "Bests Key Rating Guide" publication with a minimum of an "A-VII" rating. All insurance coverage required to be maintained by Contractor shall be maintained until the completion of all of Contractor obligations under this Agreement, and shall not be reduced, modified in any material respect, or canceled without thirty (30) days prior written notice to SamCERA; provided that SamCERA shall be entitled to such written notice only if any of the foregoing occurrences would cause Contractor to be noncompliant with the terms of this Agreement. Failure by Contractor to maintain all such insurance in effect at times required by this Agreement shall be a material breach of this Agreement by Contractor. SamCERA, at its sole option, may terminate this Agreement and obtain damages from Contractor resulting from such breach.

Contractor's Commercial General Liability and Automobile Liability insurance policies required in this Agreement shall include an endorsement naming SamCERA and SamCERA's Board of Retirement members, officials, officers, agents, and employees as additional insureds for liability arising out of this Agreement and any operations related thereto.

Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve Contractor for any liability, whether within, outside, or in excess of such coverage, and regardless of the solvency or insolvency of the insurer that issues the coverage; nor shall it preclude SamCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law. Contractor's Commercial General Liability and Automobile Liability insurance pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by SamCERA or the County of San Mateo with respect to liabilities caused by Contractor.

## **12. Compliance With Laws**

All services to be performed by Contractor pursuant to this Agreement shall be performed in accordance with all applicable Federal, State, County, and municipal laws, ordinances, and regulations, including but not limited to the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the Federal Regulations promulgated thereunder, as amended (if applicable), the Business Associate requirements set forth in Attachment H (if attached), the Americans with

Disabilities Act of 1990, as amended, and Section 504 of the Rehabilitation Act of 1973, which prohibits discrimination on the basis of disability in programs and activities receiving any Federal or County financial assistance. Such services shall also be performed in accordance with all applicable ordinances and regulations, including but not limited to appropriate licensure, certification regulations, provisions pertaining to confidentiality of records, and applicable quality assurance regulations. In the event of a conflict between the terms of this Agreement and any applicable State, Federal, County, or municipal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

Contractor will timely and accurately complete, sign, and submit all necessary documentation of compliance.

### **13. Non-Discrimination and Other Requirements**

No person shall be denied any services provided pursuant to this Agreement (except as limited by the scope of services) on the grounds of race, color, national origin, ancestry, age, disability (physical or mental), sex, sexual orientation, gender identity, marital or domestic partner status, religion, political beliefs or affiliation, familial or parental status (including pregnancy), medical condition (cancer-related), military service, or genetic information.

A. Equal Employment Opportunity. Contractor shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all employees under this Agreement. Contractor's equal employment policies shall be made available to SamCERA upon request.

B. Section 504 of the Rehabilitation Act of 1973. Contractor shall comply with Section 504 of the Rehabilitation Act of 1973, as amended, which provides that no otherwise qualified individual with a disability shall, solely by reason of a disability, be excluded from the participation in, be denied the benefits of, or be subjected to discrimination in the performance of any services this Agreement. This Section applies only to contractors who are providing services to members of the public under this Agreement.

C. Discrimination Against Individuals with Disabilities. The nondiscrimination requirements of 41 C.F.R. 60-741.5(a) are incorporated into this Agreement as if fully set forth herein, and Contractor and any subcontractor shall abide by the requirements of 41 C.F.R. 60-741.5(a). This regulation prohibits discrimination against qualified individuals on the basis of disability and requires affirmative action by covered prime contractors and subcontractors to employ, and advance in employment, qualified individuals with disabilities.

### **14. Member Data**

SamCERA shall provide Contractor with all such direction, materials, information, and access to a SamCERA representative as may be necessary for Contractor to render the services. To the extent such information is known by Contractor to be inaccurate or incomplete, written notice



shall be given to SamCERA of the nature of the inaccurate or incomplete information and any material time or expense required to correct the information shall be billed as an additional service outside of the relevant services.

## **15. Confidential Information**

A. “Confidential Information” shall mean any and all information that is disclosed to Contractor verbally, electronically, visually, or in a written or other tangible form that is either identified or should be reasonably understood to be confidential or proprietary, including members’ records as provided by law. The term Confidential Information shall not include any information that (1) was in the possession of, or was rightfully known by Contractor without an obligation to maintain its confidentiality prior to receipt from SamCERA; (2) is or becomes generally known to the public through no breach of this Agreement by or other fault of Contractor; (3) is obtained by Contractor in good faith from a third party who is not, to Contractor’s actual knowledge, subject to any obligation of confidentiality; (4) is independently developed by Contractor without the use of or reference to any of SamCERA’s Confidential Information and without violating any of Contractor’s obligations under this Paragraph 15; or (5) is required to be disclosed by court order or applicable law, provided that, to the extent not prohibited by law, notice is promptly given to SamCERA and, provided further, that diligent efforts are undertaken to limit such disclosure.

B. SamCERA’s Confidential Information shall be treated as strictly confidential by Contractor and shall not be disclosed by Contractor to any third party, except to those third parties operating under non-disclosure provisions no less restrictive than those set forth in this Paragraph and who have a justified “need to know” in connection with the conduct of SamCERA’s business.

## **16. Retention of Records; Right to Monitor and Audit**

A. Contractor shall maintain all required records relating to services provided under this Agreement for a minimum of five (5) years after SamCERA makes final payment and all other pending matters are closed, and Contractor shall be subject to the examination and/or audit by SamCERA, a Federal grantor agency, and the State of California.

B. Contractor shall comply with all applicable program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies, and as required by SamCERA.

C. Contractor agrees upon reasonable notice to provide to SamCERA, to any Federal or State department having monitoring or review authority, to SamCERA’s authorized representative, and/or to any of their respective audit agencies access to and the right to examine all records and documents necessary to determine compliance with relevant Federal, State, and local statutes, rules, and regulations, to determine compliance with this Agreement, and to evaluate the quality, appropriateness, and timeliness of services performed.

## 17. Merger Clause; Amendments

This Agreement, including the Exhibits and Attachments attached to this Agreement and incorporated by reference, constitutes the sole Agreement of the parties to this Agreement and correctly states the rights, duties, and obligations of each party as of this document's date. In the event that any term, condition, provision, requirement, or specification set forth in the body of this Agreement conflicts with or is inconsistent with any term, condition, provision, requirement, or specification in any Exhibit and/or Attachment to this Agreement, the provisions of the body of the Agreement shall prevail unless expressly provided to the contrary. Any prior agreements, promises, negotiations, or representations between the parties not expressly stated in this document are not binding. All subsequent modifications or amendments shall be in writing and signed by the parties.

## 18. Controlling Law; Venue

The validity of this Agreement and of its terms, the rights and duties of the parties under this Agreement, the interpretation of this Agreement, the performance of this Agreement, and any other dispute of any nature arising out of this Agreement shall be governed by the laws of the State of California without regard to its choice of law or conflict of law rules. Any dispute arising out of this Agreement shall be venued in the United States District Court for the Northern District of California.

## 19. Notices

Any notice, request, demand, or other communication required or permitted under this Agreement shall be deemed to be properly given when both: (1) transmitted via email to the email address listed below; and (2) sent to the physical address listed below by either being deposited in the United States mail, postage prepaid, or deposited for overnight delivery, charges prepaid, with an established overnight courier that provides a tracking number showing confirmation of receipt.

In the case of SamCERA, to:

Name/Title: Scott Hood, Chief Executive Officer  
 Address: 100 Marine Parkway, Suite 125, Redwood City, CA 94065  
 Telephone: (650) 363-4882  
 Email: shood@samcera.org

In the case of Contractor, to:

Name/Title: [insert]  
 Address: [insert]  
 Telephone: [insert]  
 Email: [insert]

**20. Electronic Signatures**

Both SamCERA and Contractor wish to permit this Agreement and future documents relating to this Agreement to be digitally signed in accordance with California law and SamCERA's Electronic Signature Policy. Any party to this Agreement may revoke such agreement to permit electronic signatures at any time in relation to all future documents by providing notice pursuant to this Agreement.

\* \* \*

In witness of and in agreement with this Agreement's terms, the parties, by their duly authorized representatives, affix their respective signatures:

For Contractor: **[SERVICE PROVIDER COMPANY NAME]**

\_\_\_\_\_  
Contractor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Contractor Name (please print)



**SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

By: \_\_\_\_\_  
Scott Hood  
Chief Executive Officer

Date: \_\_\_\_\_

**Exhibit A**

In consideration of the payments set forth in Exhibit B, Contractor shall provide the following services:

**Exhibit B**

In consideration of the services provided by Contractor described in Exhibit A and subject to the terms of the Agreement, County shall pay Contractor based on the following fee schedule and terms:

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## APPENDIX D

### ATTACHED REQUIRED DOCUMENTS

PLEASE ATTACH THE FOLLOWING DOCUMENTS IN THE FOLLOWING ORDER:

- (1) Firm's Organizational Chart**
- (2) Resumes for Auditors proposed to be assigned to SamCERA**
- (3) Sample Financial Audit Report**
- (4) Sample Letter to Management, Report on Compliance and Internal Control**
- (5) Sample Educational Presentation (requested but not required)**
- (6) Certification of Insurance**
- (7) Firm's Last Financial Report**