



SamCERA Policy

DISCLOSURE OF PLACEMENT AGENT FEES, GIFTS, AND CAMPAIGN CONTRIBUTIONS

*Adopted by the Board of Retirement
December 14, 2010, last amended October 25, 2011*

This policy is effective immediately upon adoption. This policy is intended to supplement any applicable provisions of state or federal law.

I. PURPOSE

This Policy sets forth the circumstances under which the San Mateo County Employees' Retirement Association (*SAMCERA*) shall require the disclosure of payments to *Placement Agents*, as that term is defined by Government Code section 7513.8, in connection with *SAMCERA* investments in or through *External Managers*, as that term is defined by Government Code section 7513.8. This Policy is intended to apply broadly to all of the types of investment partners with whom *SAMCERA* does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well as investment managers retained pursuant to a contract. *SAMCERA* adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that *SAMCERA* investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to *SAMCERA*.

II. APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted, the agreement is amended in any way to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by *SAMCERA* or increase or accelerate the fees or compensation payable to the External Manager (Referred to hereafter as "Amendment".) In the case of an Amendment, the disclosure provisions of this Policy shall apply to the Amendment and not to the original agreement.

IV. RESPONSIBILITIES

- A. The Board is responsible for:
1. not entering into any agreement with an External Manager that does not agree in writing to comply with this policy.
 2. not entering into any agreement with an External Manager who has violated this policy within the previous five years. However, this prohibition may be reduced by a majority vote of the board at a public session upon a showing of good cause.
- B. Each External Manager is responsible for:
1. Providing a statement in writing that the External Manager will comply with this policy.
 2. Providing the following information to the *SAMCERA* Investment Staff within 45 days of the time investment discussions are initiated by the External Manager, but in any event, prior to the completion of due diligence. In the case of Amendments, the Placement Agent Information Disclosure is required prior to execution of the Amendment.
 - a. Disclosure of payments or compensation by the External Manager or any of its principals, employees, agents or affiliates, directly or indirectly, to any person or entity to act as a Placement Agent in connection with *SAMCERA* investments.
 - b. A resume for each officer, partner, principal of the Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former *SAMCERA* Board Member, employee or Consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof. Compensation to Placement Agents shall include, but not be limited to, compensation to third parties as well

as employees of the External Manager who solicit or market investments to SAMCERA or who are paid based upon investment commitments secured by such employees.

- d. A description of the services to be performed by the Placement Agent and a statement as to whether the Placement Agent is utilized by the External Manager with all prospective clients or only with a subset of the External Manager's prospective clients.
 - e. A written copy of any and all agreements between the External Manager and the Placement Agent.
 - f. A statement whether the placement agent, or any of its affiliates, are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, or any similar regulatory agent in a country other than the United States, and the details of that registration or explanation as to why no registration is required.
 - g. A statement whether the placement agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
 - h. The names of any current or former *SAMCERA* Board Members, employees, or Consultants who suggested the retention of the Placement Agent.
3. Providing an update of any changes to any of the information provided pursuant to section B.2 above within 14 calendar days of the date that the External Manager knew or should have known of the change in information.
 4. Representing and warranting the accuracy of the information described in section B.2 above.
 5. Causing its engaged Placement Agent to disclose, prior to acting as a Placement Agent to *SAMCERA*,
 - a. all campaign contributions made by the Placement Agent to any publicly elected *SAMCERA* Board Member during the prior 24-month period. Additionally, any subsequent campaign contribution made by the Placement Agent to any publicly elected *SAMCERA* Board Member

during the time the Placement Agent is receiving compensation in connection with a *SAMCERA* investment shall also be disclosed.

b. all gifts, as defined in Government Code Section 82028, given by the Placement Agent to any *SAMCERA* Board Member during the prior 24-month period. Additionally, any subsequent gift made by the Placement Agent to any *SAMCERA* Board Member during the time the Placement Agent is receiving compensation in connection with a *SAMCERA* investment shall also be disclosed.

6. *SAMCERA* reserves the right to deem the failure to disclose the information required by 5(a) and 5(b) as a material breach of the agreement with the External Manager.

D. *SAMCERA* Investment Staff (“Staff”) are responsible for:

1. Providing External Managers with a copy of this Policy at the time that discussions are initiated with respect to a prospective investment or engagement.
2. Confirming that the information in section B above has been received within 45 days of the time investment discussions are initiated, but in any event, prior to the completion of due diligence and any recommendation to proceed with the contract or Amendment.
3. For new contracts and amendments to contracts existing as of the date of the initial adoption of this Policy, securing the agreement of the External Manager in the final written agreement between *SAMCERA* and the External Manager to provide in the event that there was or is an intentional material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy, *SAMCERA* is entitled to the greater of the reimbursement of any management or advisory fees paid by *SAMCERA* for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of the *SAMCERA* investment; and
4. Prohibiting any External Manager or Placement Agent from soliciting new investments from *SAMCERA* for five years after they have committed a material violation of this Policy; *provided, however*, that *SAMCERA*’s Board, by majority vote at a noticed, public meeting, may reduce this prohibition

upon a showing of good cause.

5. Providing a quarterly report to the Board containing (a) the names and amount of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures, and (b) any material violations of this Policy; and maintaining the report as a public record.

DEFINITIONS:

The following definitions are current as of October 9, 2011. Should the legislature subsequently amend the definitions below, the definition of these terms as amended shall supersede the definitions contained in this policy.

See attached:

PLACEMENT AGENT DISCLOSURE AND SEC COMPLIANCE FORM



SAN MATEO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

PLACEMENT AGENT DISCLOSURE AND SEC COMPLIANCE FORM

The Board of Retirement (“Board”) of the San Mateo County Employees Retirement Association (“SamCERA”) has adopted a Placement Agent Policy (“Policy”), a copy of which is attached as Attachment No.1. For the purposes of compliance with the Policy and the proper completion of this form, please refer to the definitions of “*External Manager*”, “*Person*”, “*Placement Agent*”, “*Investment Fund*”, “*Investment Vehicle*”, and “*Compensation*” as set forth in California Government Code section 7513.8 and reflected in the attached Policy. Under the Policy, each External Manager must complete and deliver this Disclosure Form to SamCERA prior to SamCERA investing any money with that manager.

For purposes of this disclosure, “you” means the External Manager identified below and its affiliates, including the External Manager’s and affiliates’ respective officers, directors, partners, members, employees, contractors, and agents.

Name of External Manager: _____

Contact information for External Manager:

Address: _____

Contact Person: _____

Contact Information: _____
(email/phone/fax) _____

PART ONE: USE OF PLACEMENT AGENTS

1. Have you used a Placement Agent in connection with the Proposed Investment?

Yes _____ No _____

2. Will a Placement Agent receive compensation from you if SamCERA invests in the Proposed Investment?

Yes _____ No _____

If you answer “Yes” to either question, complete the remainder of the Disclosure Form. If you answer “No” to both questions, go to directly to PART TWO.

3. The name of the Placement Agent is:

4. Please describe the relationship between you and the Placement Agent.

5. Please attach a resume for each officer, partner, or principal of the Placement Agent detailing the person’s education, professional designations, regulatory licenses, and investment and work experience. Please identify below all persons whose resumes are attached.

6. Please describe any and all compensation of any kind provided, or agreed to be provided, to the Placement Agent or to a third party at the behest of the Placement Agent, in connection with the Placement Agent’s work for the External Manager on the Proposed Investment or as a result of SamCERA investing in the Proposed Investment.

7. Please describe in detail the services to be performed by the Placement Agent in connection with the Proposed Investment.

8. a. Is the External Manager solely responsible for payment of the Placement Agent’s fee, or providing the compensation if not a monetary fee?

Yes _____ No _____

If "No", explain:

b. Will any part of the fee or other compensation be paid or provided directly or indirectly by SamCERA, the Investment Vehicle, the Investment Fund, or any investor(s) in the Investment Vehicle or in the Investment Fund?

Yes _____ No _____

If "Yes", explain:

9. Please list the name(s) of all current and former Board members, employees, and consultants and member(s) of the immediate family of any such person that are either employed or receiving compensation of any kind provided, or agreed to be provided, directly or indirectly from the Placement Agent in connection with the Proposed Investment or as a result of SamCERA investing in the Proposed Investment. If none, enter "none" below.

10. Please list the name(s) of any current or former Board members, employees, and consultants who suggested the retention of the Placement Agent in connection with the Proposed Investment. If none, enter "none" below.

11. Please confirm that the Placement Agent, and any affiliates, as applicable, is/are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar state regulatory agency, or any similar regulatory agency in a country other than the United States. Please describe the details of each registration. If the Placement Agent is not registered with any regulatory agency, please explain why no registration is required.

Any External Manager or Placement Agent that violates the Policy shall not solicit new investments from SamCERA for five years after the violation was committed. However, this prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.

Your attention is drawn to Sections 7513.87 and 7513.9 of the California Government Code relating to Placement Agents. Please note, there may be other laws relevant to Placement Agents, and you and any Placement Agent you engage with respect to managing or seeking to manage SamCERA assets are strongly encouraged to consult your own legal counsel. *Please note that San Mateo County does not have a policy or ordinance regarding lobbyist registration.*

Please further note that these statutes may be amended from time to time and the language below is law as it reads as of October 9, 2011.

California Government Code section 7513.87:

(a) A person acting as a placement agent in connection with any potential system investment made by a local public retirement system shall file any applicable reports with a local government agency that requires lobbyists to register and file reports and shall comply with any applicable requirements imposed by a local government agency pursuant to Section 81013.

(b) This section does not apply to either of the following:

(1) An individual who is an employee, officer, director, equity holder, partner, member, or trustee of an external manager who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the external manager.

(2) An employee, officer, or director of an external manager, or of an affiliate of an external manager, if all of the following apply:

(A) The external manager is registered as an investment adviser or a broker-dealer with the Securities and Exchange Commission or, if exempt from or not subject to registration with the Securities and Exchange Commission, any appropriate state securities regulator.

(B) The external manager is participating in a competitive bidding process, such as a request for proposals, or has been selected through that process and is providing services pursuant to a contract executed as a result of that competitive bidding process.

(C) The external manager, if selected through a competitive bidding process described in subparagraph (B), has agreed to a fiduciary standard of care, as defined by the standards of conduct applicable to the retirement board of a public pension or retirement system and set forth in Section 17 of Article XVI of the

California Constitution, when managing a portfolio of assets of a public retirement system in California
California Government Code section 7513.89:

(a) Any placement agent, prior to acting as a placement agent in connection with any potential system investment, shall disclose to the board all campaign contributions made by the placement agent to any elected member of the board during the prior 24-month period. Additionally, any subsequent campaign contribution made by the placement agent to an elected member of the board during the time the placement agent is receiving compensation in connection with a system investment shall also be disclosed.

(b) Any placement agent, prior to acting as a placement agent in connection with any potential system investment, shall disclose to the board all gifts, as defined in Section 82028, given by the placement agent to any member of the board during the prior 24-month period. Additionally, any subsequent gift given by the placement agent to any member of the board during the time the placement agent is receiving compensation in connection with a system investment shall also be disclosed.

PART TWO: SEC COMPLIANCE

You are expected to comply with all applicable laws, ordinances, rules, and regulations pertaining to investment advisers and the use of placement agents.

The U.S. Securities and Exchange Commission (“SEC”) has adopted rules governing political contributions by certain investment advisors to certain officials”. “Official” is defined in 17 CFR 275.206(4)-5 as “any person (including any election committee for the person) who was, at the time of the contribution, an incumbent, candidate or successful candidate for elective office of a government entity, if the office: (i) is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity; or (ii) has authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity.”¹

Six members of SAMCERA’s Board are elected by various member constituencies (two by general members, one by safety members, one alternate for safety members, one by retired member and one retiree alternate).

The San Mateo County Board of Supervisors, who are elected by the electorate of the County of San Mateo, appoint four members of the Board. The County Treasurer Tax Collector is elected by the electorate of the County of San Mateo.

¹ 17 CFR 275.206(4)-5(f)(6)

Generally, investment advisers are prohibited from providing investment advisory services for compensation within two years after making a political contribution to an official in violation of the SEC rule. SAMCERA could be adversely affected if you or a covered associate made a prohibited political contribution.

1. Have you or a “covered associate” made a political “contribution” to an “official”, as the quoted terms are defined in 17 CFR 205.206(4)-5 (the “Regulation”) that would make it unlawful under the Regulation for you to provide investment advisory services for compensation to SAMCERA?

Yes _____ No _____

If “Yes”, explain:

Please note, there are other relevant SEC compliance issues apart from political contributions. You are encouraged to consult your own legal counsel.

By signing below, you are certifying you are in compliance with all SEC rules and regulations relating to investment advisers and placement agents.

PART THREE: CERTIFICATION

This form, completed and signed by you, will be incorporated into and made a part of any contract or other agreement pursuant to which you manage assets for SAMCERA.

By signing below, you represent and warrant that the information set forth herein, and attached hereto, is true and correct. Furthermore, you understand that SAMCERA is relying upon your representations and warranties in determining whether to engage you to provide investment advisory services to SAMCERA. You agree to update this information in writing within ten days of any happenings that render your responses untrue or inaccurate.

The execution and delivery of this form has been duly authorized by all necessary action by the undersigned.

Name of External Manager: _____

By: _____
Name: _____
Title: _____
Date: _____