



## Request for Proposal

# *GENERAL INVESTMENT CONSULTANT SERVICES*

Proposal due date

**February 16, 2017 by 5:00 p.m. Pacific Time**

Proposals must be submitted both electronically to:

[investments@samcera.org](mailto:investments@samcera.org)

and three hard copies mailed/delivered to

SamCERA

Att: Michael Coultrip, Chief Investment Officer

100 Marine Parkway, Suite 125

Redwood City, California 94065

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## I. INTRODUCTION

San Mateo County Employees' Retirement Association ('SamCERA'), a public pension system, administers a defined benefit pension plan with Fund assets of approximately \$3.7 billion. SamCERA is administered by a Board of Retirement consisting of nine trustees: four appointed by the County's governing body, the County Treasurer, an ex-officio member, and the remaining four are elected by plan members. The Board has exclusive management responsibility for the control and investment of Fund assets. SamCERA has an in house Chief Investment Officer, Michael Coultrip who advises the Board, and two investment analysts on staff. SamCERA currently has one general investment consultant. Periodically, the Board undergoes a competitive process on the selection and retention of its general investment consultant.

The Board serves as a fiduciary for all plan members and beneficiaries and is responsible for the investments of the Fund assets. The Board prudently manage the assets in order to appropriately fund the actuarial liabilities of the retirement system, to ensure the ability to pay all earned benefits while minimizing the costs to employers. The selected general investment consultant will attend Board meetings, report to the full Board and will work closely with the Chief Investment Officer, Chief Executive Officer, and investment staff. Currently, the Board's Investment Committee is convened only on an as needed basis. The Board and staff will seek consultant's advice and recommendations in the design, development and implementation of the Fund's investment programs.

The selected general investment consultant should provide independent, objective and creative input to assist the Board in fulfilling its fiduciary responsibility as to the investing of Fund assets and to maintain performance history for reporting and analysis. The requested services include, but are not limited to: investment objectives and asset allocation, management structures, performance measurement and analytics, manager search and evaluation, risk management and analysis, and other operational needs. The consultant(s) will be expected to offer analysis, advice and recommendations with respect to one or more of the following:

- Investment Policies
- Investment Strategy
- Investment Management Structures
- Public Markets Manager Research and Monitoring
- Private Markets Manager Research and Monitoring (private equity, private real assets, and private real estate)
- Performance Evaluation (quarterly total-fund performance reports plus semi-annual private market performance reports)
- Risk Management and Analysis
- Special Projects
- On-Site Consultation and Assistance

Detailed requirements are set forth in this RFP.

## II. MINIMUM QUALIFICATIONS

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

1. Proposer must currently be a professional general investment consulting organization, having institutional fund clients with aggregate assets totaling at least \$20 billion. Two of these clients must be public pension plans, one of which must have assets in excess of \$3 billion.
2. Proposer's company or team must have been in the investment consulting business at least ten years as of January 1, 2017.
3. Proposer must currently be registered as an investment adviser under the Investment Advisers Act of 1940 and must maintain such registration at all times during the term of the agreement (unless exempt and an explanation of the exemption is provided). Proposer must provide copies of the most recent Form ADV, Parts 1 and 2, with its response to this RFP.
4. Proposer's consultant designated in the proposal to be the "Lead Consultant" assigned to SamCERA must be a: (1) senior investment consultant with a minimum of 10 years of experience, and (2) must have experience working with a public fund client with at least \$3 billion in assets in the last two years. The designated Lead Consultant may not be changed by the Proposer during the contract term without the express written approval of SamCERA.
5. Proposer must be able to evidence experience serving as a fiduciary with other public pension funds.

Qualified proposers should submit proposals both electronically to:  
[investments@samcera.org](mailto:investments@samcera.org) and mail/deliver three hard copies to:

SamCERA  
Att: Michael Coultrip, Chief Investment Officer  
100 Marine Parkway, Suite 125  
Redwood City, California 94065

The proposal deadline is **February 16, 2017**, by 5:00 p.m. Pacific Time.

The investment consultant selected for this assignment will provide general consulting services on a retainer basis. The anticipated initial term of the contract will be for 5 years, with an estimated start date of July 1, 2017.

### III. SAMCERA PLAN INFORMATION

As of September 30, 2016, SamCERA administers a pension fund with assets of \$3.7 Billion in total market value. Below you will find SamCERA's current asset allocation policy (which was recently approved as part of an asset liability study performed in October 2016) followed by the investment manager line-up by asset class and portfolio type.

#### SAMCERA'S CURRENT ASSET ALLOCATION POLICY

<b>Asset Class</b>	<b>Benchmark</b>	<b>SamCERA Current Policy (%)</b>
<b>Growth</b>		<b>54</b>
US Equity	Russell 3000 Index	18
International Equity	MSCI ACWI ex-U.S. IMI Index	18
Private Equity	Russell 3000 Index + 3%	7
Opportunistic Credit	BC BA Intermediate High Yield Index	6
Private Credit	BC BA Intermediate High Yield Index	2
Global Unconstrained		
Fixed	BC Multiverse Index	3
<b>Diversifying</b>		<b>18</b>
Core Fixed Income	BC Aggregate Index	12
Absolute Return / HF	LIBOR + 4%	6
<b>Inflation Sensitive</b>		<b>20</b>
Real Estate	NCREIF ODCE	10
Private Real Asset	Custom Real Asset Index*	4
Liquid Real Asset Pool	Custom Real Asset Index*	6
<b>Risk Parity</b>	60% MSCI World / 40% BC Global Aggregate	<b>8</b>

\*Comprised of 34% Bloomberg Roll Select Commodity Index, 33% S&P Global Large-Midcap Natural Resources Index, and 33% S&P Global Infrastructure Index.

**CURRENT INVESTMENT MANAGER LINE-UP BY ASSET CLASS AND PORTFOLIO TYPE**

<b>Product Name</b>	<b>Asset Class</b>	<b>Portfolio Type</b>
BlackRock Russell 1000 Index Fund	Large-Cap Core	Commingled Pool
D.E. Shaw Broad Market Core Alpha Extension	Large-Cap Core	Commingled Pool
QMA Small-Cap Core	Small-Cap Core	Commingled Fund
Blackrock EAFE Index	International Core	Commingled Fund
Baillie Gifford ACWI ex-US Focus	International Large Cap Growth	Separately Managed Account
Mondrian ACWI ex-US Value	International Large Cap Value	Separately Managed Account
Parametric Emerging Markets Core	Emerging Markets	Commingled Pool
Fidelity Select International Small- Cap	International Small Cap	Commingled Pool
Angelo Gordon OWL Fund	Opportunistic Credit	Commingled Pool
Angelo Gordon STAR Fund	Opportunistic Credit	Commingled Pool
Brigade Opportunistic Credit	Opportunistic Credit	Commingled Pool
Beach Point Capital Select Fund	Opportunistic Credit	Commingled Pool
TCP Direct Lending	Private Credit	Commingled Pool
Brown Brothers Harriman	Treasury Inflation Protected Securities	Separately Managed Account
Fidelity Broad Market Duration Core	Core Fixed Income	Commingled Pool
Western Asset Management TRU	Core Fixed Income	Commingled Fund
Franklin Templeton Global Multisector Plus	Global Fixed Income	Commingled Fund
ABRY Advanced Security Fund II	Private Equity	Commingled Pool
ABRY Advanced Security Fund III	Private Equity	Commingled Pool
ABRY Partners VII	Private Equity	Commingled Pool
ABRY Partners VIII	Private Equity	Commingled Pool
Emergence Capital Partners III	Private Equity	Commingled Pool
Emergence Capital Partners IV	Private Equity	Commingled Pool
General Catalyst Partners	Private Equity	Commingled Pool
New Enterprise Associates 14	Private Equity	Commingled Pool
Regiment Capital Special Situations Fund V	Private Equity	Commingled Pool
Sycamore Partners	Private Equity	Commingled Pool
Sycamore Partners II	Private Equity	Commingled Pool
Third Rock Ventures III	Private Equity	Commingled Pool
Warburg Pincus XI	Private Equity	Commingled Pool
Great Hill Partners V	Private Equity	Commingled Pool

<b>Product Name</b>	<b>Asset Class</b>	<b>Portfolio Type</b>
Catalyst Fund Limited Partners V	Private Equity	Commingled Pool
Cevian Capital II	Private Equity	Commingled Pool
Oak Hill Advisors SCF II	Private Equity	Commingled Pool
Angeles Equity Partners I	Private Equity	Commingled Pool
JLL Partners VII	Private Equity	Commingled Pool
AQR Delta Fund II	Hedge Fund/Absolute Return	Commingled Pool
Standard Life GARS	Hedge Fund/Absolute Return	Commingled Pool
AQR Global Risk Premium III	Risk Parity	Commingled Pool
PanAgora	Risk Parity	Commingled Pool
Taurus Finance Mining	Private Real Assets	Commingled Fund
Everstream	Private Real Assets	Commingled Fund
Blue Road	Private Real Assets	Commingled Fund
CIM Infrastructure	Private Real Assets	Commingled Fund
EnCap Energy Capital IX	Private Real Assets	Commingled Pool
Sheridan Production Partners II-B	Private Real Assets	Commingled Pool
SSGA Liquid Pool	Liquid Real Assets	Commingled Pool
Invesco U.S. Core Real Estate Fund	Private Real Estate	Commingled Pool
Invesco U.S. Value-Add Real Estate Fund IV	Private Real Estate	Commingled Pool
Parametric	Cash Overlay	Cash Overlay

**In order to understand SamCERA's current investments and funding, prior to submitting a proposal, all proposers should review the following documents on SamCERA's website located at: <http://www.samcera.org/investments-and-financials>.**

- **Investment Policy**
- **Investment Performance Reports**
- **Comprehensive Annual Financial Report**

#### **IV. REQUESTED SERVICES**

The Board has established performance objectives for the fund as contained in SamCERA's Investment Policy which can be accessed at <http://www.samcera.org/investments-and-financials>. In its efforts to meet or exceed these objectives, the Board has sought and will continue to seek consultants' advice and recommendations in the design, development and implementation of its investment program.

The following list of duties represents the consultant(s) primary areas of responsibility. The Board and staff expect the consultant(s) selected through this RFP to provide independent, prudent,

objective and creative input to its decision making process.

The required consulting services fall primarily into the following areas:

1. **Asset-Liability Study.** Consultant will work closely with SamCERA's senior investment staff and actuaries to prepare a comprehensive asset-liability study that requires an analysis of the plan's funded status and projected contributions under various return environments and different asset mix scenarios. SamCERA's latest asset-liability study was completed in October 2016. Historically, SamCERA has conducted asset-liability studies every three to five years. Consultant will provide both educational information and report the asset-liability results to the Board.
2. **Review Asset Allocation.** Consultant will update capital market assumptions annually and incorporate these into analysis of asset allocation trends to recommend any adjustments to the policy. Typically, these changes are minor as the larger changes take place every three to five years in conjunction with the full asset-liability study.
3. **Strategic Investment Policy Issues.** Consultant will assist and guide the Board on "big-picture" total fund investment policy and structure issues. This includes topics such as analyzing new investment strategies and asset classes, as well as identifying industry trends.
4. **Risk Management.** Consultant will provide recommendations to develop and enhance SamCERA's Risk Management capabilities at the fund, asset class and manager levels.
5. **Investment Policy and Investment Policies.** Consultant will periodically provide insights and recommendations regarding potential changes to Investment Policy Statement and resulting investment policies.
6. **Asset Class Structures and Strategies.** Consultant will develop and implement strategies pertaining to portfolio structure. Staff will evaluate various issues, such as active versus passive management for public markets, investment styles, benchmark risk, manager allocations, and rebalancing strategies. Consultant will review the merits of the current strategies or evaluate new investment strategies and will provide advice to the Board regarding such strategies.
7. **Investment Manager Research.** Consultant, in conjunction with investment staff, will conduct public market investment manager searches. The Board is responsible for hiring investment managers. The Consultant is expected to provide an independent assessment to the Board regarding search processes and manager recommendations and may include assistance or perspective on service provider fee negotiations.



8. **Due Diligence Meetings.** Consultant conducts due diligence meetings with investment managers and staff. This includes both annual reviews at SamCERA with staff for each existing public markets manager and also on-site visits for new manager searches.
9. **Private Markets (Private Equity, Private Real Assets, and Private Real Estate).** Consultant will (1) assist in the development of private market investment policies, investment objectives, investment guidelines, investment procedures and portfolio strategy; (2) research private market trends and identify, analyze and report on these trends; (3) source best-in-class managers/strategies in these areas; (4) assist, as requested, with the negotiation of partnership terms such as especially fees and advisory board status; and (5) provide a semi-annual performance report for both the private equity and private real assets programs. This performance review will entail reporting of the portfolio and underlying funds.
10. **Private Equity and Private Real Assets Annual Review.** Consultant will annually meet at SamCERA with staff to present a review of SamCERA's Private Equity and Private Real Assets investment programs.
11. **Researching investment ideas.** Consultant will keep SamCERA apprised of new investment techniques and strategies. Consultant will provide SamCERA with independent, thorough research on current industry issues, such as risk budgeting, portable alpha, hedge funds, commodities, liability matching, and tactical asset allocation.
12. **Educating SamCERA's Board.** Consultant may be requested to periodically provide educational presentations to the Board on specific issues ranging from informational items to critical investment policy issues facing the plan.
13. **Total Fund Performance Reporting.** Consultant will perform at a minimum the following functions related to Quarterly Performance Reporting (refer to SamCERA's website to view SamCERA's current quarterly performance report contents):
  - Coverage to include all individual public market accounts.
  - Non-public exposures (Real Estate, Private Real Assets, and Private Equity) will be included on a quarterly lag basis. Private Real Assets and Private Equity exposures and performance will be displayed only at the composite level.
  - Standard performance analysis reports will be provided to SamCERA no later than twenty business days after the quarter end.
  - Reporting to include performance and risk calculations for the total fund, asset class composites, and individual managers.

- The report will also include macro observations relative to other large public funds on asset allocation, composite performance results, and risk analysis relative to other large public funds, policy benchmarks, and total fund portfolio attribution.
  - Where appropriate, provide performance attribution at total fund level, asset class level, and for each manager in each asset class utilized in the fund.
  - Provide an analysis of the individual and aggregate risk positions of the above managers on a periodic basis.
14. **Private Equity and Private Real Assets Performance Reporting.** Consultant will produce on a semi-annual basis (as of June and December of each year) both a Private Equity and Private Real Assets performance report which includes at a minimum the following:
- A thorough private markets review.
  - A depiction of the account valuation including but not limited to the actual and target allocations.
  - A summary review of the portfolio activity.
  - Total portfolio performance and attribution of returns by sub-asset class.
  - An analysis of portfolio diversification by strategy, geography, industry, and vintage year, subject to partnership confidentiality agreements.
  - A review of significant events and material exceptions to Policy, subject to manager confidentiality agreements.
  - Partnership performance comparison with peers in the appropriate universe, subject to each manager's confidentiality agreement.
  - A summary of partnership statistics and characteristics, including highlights on portfolio holdings / activity, subject to each manager's confidentiality agreement.
  - A glossary of terms.
15. **Board Meetings.** Consultant will attend all Board meetings, which are scheduled for 10 a.m. the fourth Tuesday of each month in SamCERA's Board room. The Board does adjust its meeting schedule from time to time due to calendaring circumstances. Consultant will attend all Investment Committee meetings of the Board. The Committee does not regularly meet, but if it does, it generally meets the same day as the full Board. Additionally, Consultant will attend the Board's annual two-day retreat. Consultant is expected to sit with the Board members and advise them on investment related matters during all of such meetings.
16. **Other Services as Required.** Consultant will assist on special projects, as needed, and participate in Board workshops on specific issues designated by the Board. Consultant may also be asked to provide other services as required.

**V. GENERAL CONDITIONS OF SUBMISSION**

- A. All proposals submitted become the property of SamCERA. 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 chargeable to or 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 California Public Records Act (Cal. Govt. Code Section 6250 et. seq.).
- D. 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, it is the responsibility of the organization whose proposal has been requested to assert any right of confidentiality that may exist. SamCERA will not make that assertion on behalf of the Proposer. Absent a judicial determination that the documents are exempt from disclosure, they will be subject to inspection.
- E. Submission of a proposal constitutes a complete waiver of any claims whatsoever against SamCERA and/or 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.
- F. 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.
- G. SamCERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- H. SamCERA, in its sole discretion, may enter into contracts with multiple providers.
- I. SamCERA reserves the right to contact current and former clients of the Proposer for information at any time during the proposal process.
- J. SamCERA reserves the right to accept or reject any or all proposals and may waive any requirements of this Request for Proposal if it deems it in the best interests of SamCERA.
- K. SamCERA reserves the right to contact individual Proposers for clarifying information at any time during the proposal process.

- L. SamCERA may modify the RFP prior to the fixed date for submission of proposals by issuance of an addendum.

**VI. PROPOSAL CONTENTS**

- A. Proposers should adhere to the format set forth below. Each of the required sections identified must be completed and must be 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 Comments (Appendix C)
5	Required Documents (Appendix D)

**B. Proposal Format Description.**

Items 1 through 6 below contain brief descriptions of material that should be included in this proposal.

1. **Cover Letter.** Proposer’s cover letter shall identify:

- Firm name.
- The name, address, telephone number, and e-mail 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 Proposals (RFP) for general investment consulting 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 any***

***and 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, your firm’s experience, and ability to provide and the manner that your firm will provide the requested services as set forth in *Section IV “Requested Services.”*
- 3. **Fee Proposal (Appendix B).** Proposer’s fee proposal should be based on the services outlined in the *Section IV “Requested Services.”* Proposers should consider the requirements described in this RFP and should review the investment manager line-up by asset class and portfolio type chart in *Section III “SamCERA Plan Information.”*

The fee proposal must use two methodologies: (1) "fixed fee" for all services requested and (2) services are "separately priced". SamCERA reserves the right to negotiate fees and to select either the "fixed fee" for all requested services, or the "separately priced" fee. Under the separately priced fee, SamCERA may select one or more services to engage the consultant.

- 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. **Required Proposal Documents (Appendix D).** Proposer must submit the following documents and include them in Appendix D.
  - a) Biographies for all senior level investment professionals in your firm.
  - b) Firm Wide Organizational Chart.
  - c) Consulting Group Organizational Chart.
  - d) Sample Quarterly Performance Report for a current public sector client.
  - e) Form ADV Parts 1 and 2.
  - f) Certificate(s) of Insurance evidencing coverage as described in your proposal.
  - g) Samples of three research reports on special topics generated by your firm.
  - h) Sample investment related educational presentation.

- i) Firm’s Last Annual Financial Report.

**C. Proposal Submission**

Proposals must be received by **February 16, 2017 by 5:00 p.m. Pacific Time**. Proposers should submit proposals both electronically to: [investments@samcera.org](mailto:investments@samcera.org) and mail/deliver three hard copies to:

SamCERA  
 Att: Michael Coultrip, Chief Investment Officer  
 100 Marine Parkway, Suite 125  
 Redwood City, California 94065

**VII. PROPOSAL SUBMISSION PROCESS**

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

<b>EVENT</b>	<b>DATE</b>
Release of RFP	January 3, 2017
Deadline for Written Questions	January 12, 2017
Release Responses to Written Questions	January 19, 2017
<b>Proposal Due Date and Time</b>	<b>February 16, 2017, by 5:00 p.m.</b>
Review of Proposals for First Screening	During February 2017
On Site Visits of select proposers	During March 2017
Invited Semi-finalists presentation –Ad Hoc Committee	During April 2017
Finalist Presentation(s) and Selection - Board of Retirement	May 23, 2017
Contract Negotiations	June 2017
Anticipated Contract Start Date	July 1, 2017

**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 **January 12, 2017**, sent via e-mail to [investments@samcera.org](mailto:investments@samcera.org). Verbal questions will not be answered.

SamCERA will post a list of all Proposer questions and SamCERA responses on **January 19, 2017**, at: <http://www.samcera.org/InvestmentConsultantRFP2017>

Other than what is set forth in this RFP and except current investment consultant for

non-RFP related communication, **Proposers are specifically precluded from contacting SamCERA staff and members of the Board regarding this RFP, until a contract has been entered into with the successful Proposer.**

## VIII. PROPOSAL SELECTION PROCESS AND EVALUATION

### A. Evaluation of Proposals

1. **Initial Screening.** Each proposal will be reviewed by SamCERA staff to determine if the Proposer can meet the minimum qualifications and if so, then the service requirements as set forth in this RFP. The Proposer must demonstrate that each requirement is met. Where documentation relative to a specific requirement is incomplete or silent, it shall be assumed that the proposal is deficient.
2. **On Site Visit.** After SamCERA staff's initial evaluation, certain Proposers, who have advanced past the screening, will be contacted by staff to schedule an on-site visit at Proposer's offices.
3. **Review by Ad Hoc Committee of the Board.** Semi-Finalist firms, as determined by SamCERA staff, will be reviewed by Ad Hoc Investment Consultant Selection Committee made up of 4 or less Board of Retirement members. That Committee will determine which Finalist firm(s) will be invited to give a presentation before the entire Board. The Ad Hoc Review Committee may or may not request a presentation before them prior to making its recommendation to the Board.
4. **Finalist Firm(s) Presentation to the Board of Retirement.** The Ad Hoc Committee will identify one or more firms to give a presentation before the full Board. Instructions as to timing and presentation will be given upon notification. The Board will then select the Proposer(s) who, in the Board's opinion, best fits the needs of SamCERA.

### 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:

1. **Experience** (both quality and quantity) of the proposing organization and its staff in providing pension fund services with assets under management for other public pension funds with similar scale and types of investments.

2. **Qualifications** of professional staff to be assigned to the account, with particular attention paid to relevant experience with public pension funds.
3. **Ability** to serve as a fiduciary with respect to required services.
4. **Proposal** quality, conciseness and completeness.
5. **Positive references** and background check. In addition to quality of services, this will also include information on how well Proposer works with client staff. SamCERA views its consultant as an extension of staff and consultant 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 satisfactory contract cannot be negotiated, SamCERA may, in its sole discretion, begin contract negotiations with one or more than one of the remaining Proposers. SamCERA may contract with more than one Proposer if SamCERA determines, in its sole judgment, that more than one contractor is preferred to provide the specified services. SamCERA may determine to contract with none of the Proposers.



**APPENDIX A – PROPOSER QUESTIONNAIRE**

**Complete the Following Questions**

**PROPOSER QUESTIONNAIRE**

FIRM NAME: \_\_\_\_\_

ADDRESS: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

TELEPHONE #: \_\_\_\_\_

E-MAIL: \_\_\_\_\_

RFP CONTACT: \_\_\_\_\_

DATE: \_\_\_\_\_

**Brief Statement**

In 500 words or less (approximately 1 page), why does your firm best meet SamCERA's needs for a general investment consultant? In addition to addressing your firm's strengths, address any perceived weaknesses. This one page should be titled **Brief Statement** and should precede the first page of the following questions.

### Organization Information

1. List your firm's office locations and the main functional roles of each, indicating the primary location of the team that would service SamCERA and the address of that office.
2. Give a brief history of your firm's involvement in the consulting business, including the year of organization, current ownership, and affiliations. Provide the names of the current owners of the firm and indicate their respective percentage of ownership.
3. Within the past five years, have there been any significant developments in your organization such as changes in ownership, restructuring, new lines of business, or personnel reorganizations?
4. Describe any anticipated or planned changes to your organization in the next 12 months?
5. List any subsidiaries, affiliates or joint ventures and briefly describe the nature of each relationship, respective ownership structure and any revenue/profit sharing arrangements between your firm and all relevant entities.
6. If your firm is registered as an investment adviser with the SEC or a state securities regulator, attach your firm's current Form ADV Parts 1 and 2 in **Appendix D**. If your firm is not registered with the SEC, what is your fiduciary classification?
7. What types of regulatory audits and oversights is your firm subject to?
8. How many years has your firm provided pension fund consulting services to public pension plans?
9. Describe your firm's investment consulting philosophy. Is there anything unique in this philosophy that causes your firm to approach investment consulting in a manner different than the rest of the industry?
10. List all of the pension fund consulting services your firm provides. Which three services are the firm's special strengths, specialization, or notable areas of expertise when compared with peer consulting firms? Which of these may not be offered by other investment consulting firms?
11. What are your firm's consulting specialties and strengths? What differentiates your firm from your competitors? What are your firm's limitations?
12. How should a client measure its investment consulting firm's performance? Explain. How does your firm measure its own performance? Describe any benchmarks the firm has developed to

evaluate its performance and the performance of its lead consultants.

13. What services, if any, does your firm (including any affiliate, subsidiary, or parent company) offer in addition to pension fund consulting services?
14. Provide a breakdown of revenue by line of business in the table below for your firm and also any entity listed in the response to question 13. If your firm is an affiliate or subsidiary of an organization, state the percent of the parent firm’s total revenue generated by your firm.

SOURCE OF FIRM REVENUE	PERCENT OF FIRMWIDE REVENUE IN MOST RECENT FISCAL YEAR (%)	NUMBER OF CLIENTS
Revenue from general investment consulting		
Revenue from discretionary consulting (i.e. OCIO)		
Revenue from asset class specialty consulting		
Revenue from investment management		
Other revenue sources (specify)		
Total:	100%	

15. Indicate the legal entity that will be contracting to provide the services outlined in the RFP and state whether parts of the proposed services are to be provided by a subcontractor/partner. Describe the relationship with the proposed subcontractor/partner and subcontractor/partner role in providing these services.
16. Indicate the total assets of your pension fund consulting clients at the end of each calendar year from 2007 to 2016. Also indicate the total assets of your general investment consulting full-service retainer clients at the end of each calendar year from 2007 to 2016.
17. Discuss the overall business objectives of your firm with respect to future significant changes or growth. Comment on any present or planned area of emphasis.
18. Describe your plans for managing the future growth of your firm. Does your firm have a limitation on the number of clients it intends to accept?
19. Provide a firm wide organization chart in **Appendix D** and describe the relationship between each component.
20. Does your firm have a client advisory board or similar structure? If yes, describe.

21. During the last five years, has your organization or any officer or principal of your organization been involved in litigation relating to consulting activities? If so, provide a brief explanation and indicate the current status of the proceedings.
22. Describe your firm's disaster recovery plan and facilities.
23. Describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers.

### **Potential Conflicts of Interest**

24. Based on the list of investment managers currently managing assets for SamCERA, disclose any revenue-related business your firm, affiliates, or parent company does with any of the investment managers.
25. Does your firm hold or sponsor money manager or client conferences? If yes, describe all such conferences your firm has held or sponsored in the past two years.
26. List and describe any professional relationships your firm has had with SamCERA's plan sponsor San Mateo County during the past three years.
27. Does your firm provide any broker/dealer, money management, fund-of-funds, or OCIO services?
28. If the answer to the previous question is "yes", how does your firm manage these businesses to avoid conflicts of interest with its consulting business?
29. Explain any other potential conflict your firm may have in servicing the SamCERA account. What procedures are in place that would mitigate or eliminate such potential conflicts of interest?
30. Indicate the number and percentage of clients that retain your firm on a discretionary vs. non-discretionary basis.
31. If your firm offers discretionary consulting services, describe how your firm manages the potential conflicts of interest. Address manager capacity specifically in your response.
32. Describe how your firm handles allocation of investment opportunities that have limited capacity among your clients.
33. Does your firm or a related company have relationships with money managers that your firm recommends, considers for recommendation, or otherwise mentions to your client? If so, describe those relationships.

34. Does your firm have any policies or procedures to address conflicts of interest or to prevent these payments or relationships from being a factor when your firm provides advice to your clients?
35. If your firm allows clients to pay your consulting fees using the client's brokerage commissions, does your firm monitor the amount of commissions paid and alert clients when consulting fees have been paid in full? If not, how can a client make sure it does not over-pay your consulting fees?
36. If your firm allows clients to pay your consulting fees using the client's brokerage commissions, what steps does your firm take to ensure that the client receives best execution for its securities trades?
37. Does your firm have any arrangements with broker-dealers under which your firm or a related company will benefit if money managers place trades for their clients with such broker-dealers?
38. If your firm is hired, will your firm acknowledge in writing that your firm has a fiduciary obligation as an investment adviser to us while providing the consulting services we are seeking?
39. What percentage of your plan clients utilize money managers, investment funds, brokerage services or other service providers from whom your firm receives fees?

**Current Clients**

40. Provide a list of representative current clients. Include your five largest public pension clients, their approximate asset size, and length of service (by years with your firm).
41. Distribution of client assets. Indicate the number (and assets advised) of current general investment consulting full-service retainer clients by the following client size stratification:

SIZE	PUBLIC FUNDS	PRIVATE FUNDS	ENDOWMENTS, FOUNDATION, ETC.
Up to \$1 Billion			
\$1 B - \$5 B			
\$5 B - \$10 B			
\$10 B - \$25 B			
\$25 B - \$75 B			
Greater than \$75 B			

42. Length of general consulting full service retainer current client service (by years with your firm):

YEARS	NUMBER OF CLIENTS
0 – 1	
1 – 3	
3 – 5	
5 – 10	
10 + Years	
Total:	

43. Provide as references three general consulting full service retainer current clients for whom work similar to that requested in this RFP has been performed.

(A) For each reference listed, provide a contact person as follows:

CLIENT NAME	CONTACT PERSON	TITLE	ADDRESS	PHONE NUMBER	E-MAIL ADDRESS

(B) In addition, for each client referenced, include the asset value of the plan along with the number of managers in the plan by asset class.

44. Give details on any former client relationships in the last three years, including client size and reason for termination. Provide a contact person as follows:

CLIENT NAME	CONTACT PERSON	TITLE	ADDRESS	PHONE NUMBER	E-MAIL ADDRESS

**Professional Staff**

45. List the locations of all the firm's offices and the total number of employees (along with investment professionals) in each office.

46. How many investment consultants does your firm have? Provide an organization chart showing functions and titles of all pension consulting personnel in **Appendix D**. If consultants are organized into teams, identify teams in the organization chart.

47. List the number of your firm's employees in the consulting portion of your firm's business involved in the following areas:

- a) Consulting
- b) Marketing
- c) Research
- d) Actuarial
- e) Technology Information/Systems
- f) Performance Measurement
- g) Risk Management
- h) Support Services

48. Provide the names and include detailed resumes of the people your firm proposes to be Lead Consultant and Secondary Consultant for SamCERA. State which of your firm's offices would service this account.
- a) Describe the role of each consultant for this assignment.
  - b) Identify and explain the role of back-up personnel.
  - c) How many clients are assigned to each person named above?

NAME	CLIENT RESPONSIBILITIES

49. What policies are in effect to control the workload as it relates to the number of clients served by the Lead and Secondary Consultant? Is there a limit on the number of accounts that a consultant may handle?
50. Indicate the turnover of professional staff (senior management and key professionals) over the past five years as follows:

PERSON	POSITION	DATE LEFT	REASON FOR LEAVING	REPLACED BY

51. Give a brief description of your firm's compensation arrangements for professional staff, including incentives, profit sharing, and/or equity ownership.
52. Does your firm tie client performance and satisfaction to a consultant's compensation? If yes, describe how, if no, explain why not.
53. Describe your firm's back up procedures in the event that key personnel for this assignment should leave the firm.



### **Investment Policy and Portfolio Structure**

54. Describe your approach in developing investment policy and objectives for a diversified institutional public pension fund.
55. What are the most crucial issues to consider in formulating investment policy for a public pension plan?
56. SamCERA's asset allocation policy currently has an 8% exposure to risk parity. What is your firm's opinion on risk parity and its role in the total portfolio?
57. What are your firm's thoughts on the role of active management, factor-based investing and passive implementation?
58. Can incorporating ESG factors positively impact portfolio performance? If yes, explain why and how ESG should be incorporated, if no, explain why not.
59. Does your firm recommend public plan clients include hedge funds in their asset allocations? If so, what strategy types does your firm recommend? What is their typical role in the portfolio? For clients of SamCERA's size, does your firm typically recommend direct investments or fund of funds?
60. How should other non-traditional asset classes (e.g. commodities, private credit, etc.) be incorporated into the asset allocation?
61. What role and proportion of the total fund does your firm generally recommend for non-U.S. dollar denominated assets for U.S. institutional clients?
62. What is your firm's view on how to best manage currency exposure?
63. Describe your firm's philosophy in the area of investment manager fee structures. Be specific by including your firm's philosophy on the use and structure of performance based fees.

### **Asset Allocation**

64. Describe the theory and methodology of the asset allocation models you employ. What are the advantages/disadvantages of your model? Has your model been revised in the last five years? If so, what has changed?
65. How does your firm develop long-term asset class assumptions for each asset class? Analyze and discuss the accuracy of your long-term capital market assumptions for each

asset class.

66. Provide your latest expected returns, risks, and correlation matrix for the asset classes shown in **Section III: SamCERA Pan Information**. Using your capital market asset class forecasts, provide your long-term estimate of forecasted total fund return and risk given SamCERA's policy allocation and asset classes shown in **Section III: SamCERA Pan Information**.
67. Given the near-consensus expectation of lower returns over the near term, what portfolio changes or new strategies is your firm recommending to your clients as a result?
68. What experience does your firm have with alternative asset allocation methods such as risk budgeting or use of risk factors?
69. Describe your firm's methodology for incorporating liabilities into asset/liability studies.
70. What system(s) does your firm utilize for running the asset liability study? How does your firm determine the recommended percentage allocation to inflation-sensitive assets? Does your firm determine within the asset/liability construct or from an asset-only perspective? What is your general recommended exposure to inflation sensitive assets?
71. What distinguishes your firm's quantitative and qualitative inputs for your asset allocation model from your competitors?
72. Outline your firm's process for analyzing a client's asset allocation. Describe your process for recommending modifications to the asset allocation as warranted by changes in the market place, benefit obligations/assumptions, funded status, proportion of active vs. retired members, etc.
73. What changes, if any, would your firm recommend that SamCERA consider for its target policy portfolio?
74. Provide a brief resume of the individuals responsible for the asset-liability model.
75. Is your firm generally a proponent of tactical asset allocation? If yes, describe any expertise in this area.
76. Describe your firm's capabilities and experience in the area of derivatives. List the factors your firm would consider in recommending derivative strategies.
77. Describe your firm's capabilities, experience, and approach in advising and assisting clients during periods of extreme market volatility.

78. Describe your firm's capabilities and experience in illiquid or less liquid investments such as real estate, private equity, private real assets, and hedge funds. List the factors your firm would consider in recommending these investments. Describe the elements of a due diligence process for assessing the risk control and performance characteristics of such investments.

### **Research and Education**

79. Describe the internal structure, organization and capabilities of your research department. (If no separate department exists, describe how this function is performed.) Provide the titles of any research reports provided to your clients.

80. Describe in detail the type and frequency of research that would be provided to SamCERA. Through which media will it be provided?

81. Provide three sample research reports on special topics generated by your firm in **Appendix D**.

82. Outline your firm's process for monitoring and reporting on market trends.

83. Describe the investment-related education provided to your firm's clients. Provide a sample presentation in **Appendix D**.

84. How would your firm keep SamCERA advised of developments on emerging issues, new asset classes, regulatory controls, pension legislation, fiduciary responsibility, etc.?

### **Manager Research**

85. Which of the following is the most accurate in describing your approach to manager selection in public markets asset classes: (select the appropriate response)

- a. Every search is largely conducted from scratch.
- b. Our manager selection process is largely built around developing, updating, and maintaining manager rankings/lists through on-going due diligence.
- c. Other (specify).

86. Does your firm rely on third-party manager databases or does your firm rely on its own proprietary investment manager databases for manager data? Indicate the name (s) of any third party databases. If your firm has an in-house database, does your firm sell it to third parties? How does your firm receive compensation for providing it to third parties?

87. What criteria does your firm use in evaluating managers initially and on an on-going basis? Describe key elements of your manager selection process and what your firm believes are its distinguishing features.
88. Discuss the key factors on which your firm relies in assessing manager skill?
89. What experience does your firm have in advising clients with respect to selecting and monitoring private equity, private real assets, and private real estate? Does your firm advise on all of these 'alternative' categories? Explain your capabilities within the following categories:

**Private Equity:**

- A) Describe your private equity philosophy and process. For how long has your firm provided private equity consulting services?
- B) List the titles and responsibilities of the various individuals involved in formulating private equity allocation work and private equity manager research. Provide their biographies.
- C) Include the range of private equity target allocations that your firm is currently recommending your clients. Why is your firm recommending these levels? How and why has your firm changed these recommendations through time?
- D) Describe your private equity investment manager search process and capabilities. Include descriptions of the development and maintenance of your private equity investment manager database, and the criteria used to make private equity manager recommendations.
- E) What is the number of private equity investment manager searches that your firm has assisted clients during the last three years across Venture Capital, Buyouts, and Debt/Special Situations.

**Real Estate:**

- A) Describe your real estate philosophy and process. For how long has your firm provided real estate consulting services?
- B) List the titles and responsibilities of the various individuals involved in formulating real estate allocation work and real estate manager research. Provide their biographies.
- C) Include the range of real estate target allocations which you are currently recommending your clients. Why is your firm recommending these levels? How and why has your firm changed these recommendations through time?
- D) Describe your real estate investment manager search process and capabilities. Include descriptions of the development and maintenance of

your real estate investment manager database, and the criteria used to make real estate manager recommendations.

- E) Indicate the number of real estate investment manager searches which your firm has assisted clients during the last three years across Core, Value Add, and Opportunistic.

**Private Real Assets:**

SamCERA's Private real assets are broken down into Infrastructure (Core, Secondary, Midstream Energy, and Power) and Natural Resources (Energy Exploration and Production, Mining, Farmland, Timber, and Water).

- A) Describe your firm's private real asset philosophy and process. For how long has your firm provided private real asset consulting services? Does it cover all of the categories listed above?
- B) Include the titles and responsibilities of the various individuals involved in formulating private real asset allocation work and private real asset manager research. Provide their biographies.
- C) Include the range of private real asset target allocations which your firm is currently recommending your clients. Why is your firm recommending these levels? How and why has your firm changed these recommendations through time?
- D) Describe your private real asset investment manager search process and capabilities. Include descriptions of the development and maintenance of your private real asset investment manager database, and the criteria used to make private real asset manager recommendations.
- E) Indicate the number of private real asset investment manager searches which you have assisted clients during the last three years across Infrastructure and Natural Resources.

- 90. What fees or other consideration, if any, does your firm receive from managers who wish to be maintained in your database or on your approved list?
- 91. Describe your firm's operational due diligence practices regarding investment managers. Does your firm have dedicated professionals who perform operational due diligence? If yes, explain.

**Risk Management**

- 92. What type of risk reporting does your firm provide? Cover ex-post and ex-ante metrics. What ex-post metrics are contained in your typical quarterly performance report?

93. Identify your most important risk for a public plan such as SamCERA.
94. What is your firm's view on how to best manage tail risk of the portfolio?
95. Discuss the portfolio analytics your firm is capable of providing.
96. Provide the resources and personnel responsible for risk management within your firm.
97. Does your firm have the capabilities to consolidate all underlying positions and quantify where concentrated risks lie in the total portfolio? If yes, describe in more detail. Would there be an additional cost for this service? If yes, please identify this fee in **Appendix B**.

### **Performance Measurement Reporting**

98. What system (s) does your firm use in generating quarterly performance reports?
99. Discuss how performance is presented/calculated in the quarterly performance reports? What methodology is utilized in making these calculations?
100. Does your firm comply with GIPS performance presentation standards? Why or why not?
101. Describe how your firm reconciles its calculated performance with reports from investment managers and custodians?
102. Is your firm capable of providing peer universe analysis? Which universe provider does your firm use? Provide information on the composition of the overall fund universe that your firm utilizes.
103. Describe your capabilities in the development of risk/return characteristics of the portfolio as a whole and of each asset category and individual manager.
104. What factors does your firm consider to be critical in reporting performance?
105. Describe how your firm calculates private equity, private real asset, and private real estate returns? How often will your firm report on private equity, private real assets, and private real estate? Will these values be lagged by one quarter?
106. Describe your access to private market databases.
107. Describe the performance attribution and analysis that will be provided to SamCERA in the quarterly performance report.

108. What amount of input would SamCERA have in the content and format of its quarterly performance report?
109. What information is included in the quarterly performance report? Provide a sample quarterly performance report in **Appendix D**.

**Related Services and Additional Information**

110. List all standard services provided in a typical pension plan full service consulting relationship. List the specialized services that you have provided to meet other needs of your clients.
111. Briefly summarize your philosophy regarding the consultant's relationship with the Board, staff, and money managers.
112. Describe how your firm might add value to clients in collaborating/negotiating investment manager fee structures.
113. Describe the services of your organization that may not be offered by other consultants.

**APPENDIX B**

**ATTACH YOUR FEE PROPOSAL**

**THE FEE PROPOSAL MUST USE TWO  
METHODOLOGIES:**

**(1) "FIXED FEE" FOR ALL SERVICES  
REQUESTED**

**AND (2) SERVICES ARE "SEPARATELY  
PRICED".**



## APPENDIX C- CONTRACT REQUIREMENTS

A sample contract (without the scope of services and fees) is attached and it 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.**

**AGREEMENT FOR INVESTMENT CONSULTING SERVICES BETWEEN  
SAN MATEO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
AND [Consultant name]**

This Agreement is entered into as of \_\_\_\_\_, 2017 by and between the San Mateo County Employees Retirement Association by and through the Board of Retirement (hereinafter collectively referred to as "SamCERA"), and \_\_\_\_\_ (herein after "Consultant"), for investment consulting services, with reference to the following facts:

**WHEREAS**, Article XVI, Section 17 of the California Constitution vests with Board of Retirement the sole and exclusive fiduciary responsibility over the assets of SamCERA; and

**WHEREAS**, the Board of Retirement must diversify the assets of SamCERA's retirement system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and

**WHEREAS**, Consultant submitted a written proposal in response to the RFP, and in that process has represented to SamCERA that it is qualified to serve as an investment consultant and that it shall perform all actions undertaken with the standard of care as set forth in this Agreement; and

**WHEREAS**, Consultant hereby reaffirms the reliability and accuracy of the written proposal and representations made therein to SamCERA; and

**WHEREAS**, Consultant is a registered Investment Adviser that provides investment analytics and investment consulting services to various institutional clients and is willing and able to accept this appointment:

\* \* \*

**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 Consultant**

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

**3. Payments**

In consideration of the services provided by Consultant in accordance with all terms, conditions, and specifications set forth in this Agreement and in Exhibit A, SamCERA shall make payment to Consultant 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, Consultant agrees to refund any amounts in excess of the amount owed by SamCERA at the time of contract termination or expiration. Consultant is not entitled to payment for work not performed as required by this Agreement.

SamCERA shall not be required to reimburse Consultant for any travel expenditures incurred by Investment Consultant for its attendance at SamCERA's offices for any purpose, including but not limited to any Investment Committee or Board meeting or strategic workshops of the Board, manager reviews, or meetings with SamCERA staff.

**4. Term**

Subject to compliance with all terms and conditions, the term of this Agreement shall be from July 1, 2017 through June 30, 2022.

**5. Termination**

This Agreement may be terminated by Consultant or SamCERA at any time with or without cause upon thirty (30) days' advance written notice to the other party. Consultant shall be entitled to receive payment for work/services provided prior to termination of the Agreement. Such payment shall be that prorated portion of the full payment determined by comparing the work/services actually completed to the work/services required by the Agreement.

**6. Contract Materials**

Upon any termination of this Agreement by either party and to the extent requested in writing by SamCERA in its sole discretion, Consultant shall continue to serve as investment consultant hereunder and shall be paid a retainer fee in the amount then in effect until the services provided hereunder are transferred or until otherwise terminated by SamCERA. Consultant shall cooperate with SamCERA to effect a smooth and orderly transition of the consulting services and shall transfer all applicable SamCERA records within thirty (30) days after any effective termination date of this Agreement to SamCERA or a successor consultant, as directed by SamCERA. Upon termination of this Agreement, Consultant shall retain all copies of SamCERA records according to the record retention provisions set forth in Section 19 below or as otherwise directed in writing by SamCERA.

Additionally, at the end of this Agreement, or in the event of termination, all finished or unfinished documents, data, studies, reports, and other written materials (collectively referred to as "contract materials") prepared by Consultant under this Agreement shall become the property of SamCERA and shall be promptly delivered to SamCERA if not directed otherwise by SamCERA.

**7. Relationship of Parties**

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

**8. Standard of Care**

Consultant acknowledges it is appointed to a position of utmost trust and confidence and therefore is a fiduciary under this Agreement and is bound by all of the obligations of a fiduciary. As such, Consultant shall discharge each of its duties and exercise each of its powers under this Agreement with the competence, care, skill, prudence and diligence under the circumstances then prevailing in the investment consulting industry and which a prudent person acting in a like capacity and familiar with investment consulting for United States employee public pension funds would use in the conduct of a like enterprise with like aims, in conformance with the California Constitution, Article 16, Section 17 and California Government Code Section 31595 ("Standard of Care"). Consultant shall cause any and all of its officers, employees and agents to exercise the same Standard of Care. Consultant warrants that it will not delegate its fiduciary responsibilities under this Agreement.

**9. Confidentiality**

Consultant will hold any confidential information exempt from the Public Records Act set forth in California Government Code 6250 et seq., including but not limited to Government Code section

6254.26, in strict confidence and will not disclose any information to any third party except as necessary in connection with the performance of its duties on behalf of SamCERA or as required by applicable law without SamCERA's prior written authorization.

#### **10. Limitations on Authority**

Neither the Consultant or its officers, employees or agents shall enter into any agreement nor incur any obligations on SamCERA's behalf, or commit SamCERA in any manner without SamCERA's prior written consent, which may be granted or withheld in SamCERA's reasonable discretion.

#### **11. Hold Harmless**

Consultant shall indemnify and save harmless SamCERA and its Board members, officers, agents, employees, and servants from all claims, suits, or actions of every name, kind, and description arising directly or indirectly from: (1) any breach of any representation or warranty made by Consultant in this Agreement, (2) any breach of this Agreement by Consultant, including without limitation breach of fiduciary duty, breach of the Standard of Care, breach of trust or breach of confidentiality, (3) any bad faith, negligence, willful misconduct and or (4) for injury to or death of a person, including employees of Consultant or loss of or damage to property, arising directly or indirectly from Consultant's performance of this Agreement, including, but not limited to, Consultant's use of facilities or equipment provided by SamCERA or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on SamCERA, except, in the case of subsection (4) of this Section 11, where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of SamCERA and is not contributed to by any act of, or by any omission to perform some duty imposed on Consultant, its subcontractors or either's agent or employee. The foregoing indemnities shall include, without limitation, reasonable fees of attorneys, and related costs.

The duty of Consultant to indemnify and save harmless as set forth by this Section shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

#### **12. Assignability and Subcontracting**

Consultant 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 Consultant under this Agreement without the prior written consent of SamCERA. 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.

#### **13. Insurance**



iii. Motor Vehicle Liability Insurance... \$ \_\_\_\_\_

SamCERA and its Board members, officers and employees, shall be named as additional insured on any such policies of insurance, which shall also contain a provision that (a) the insurance afforded thereby to SamCERA and its Board members, officers and employees shall be primary insurance to the full limits of liability of the policy and (b) if the SamCERA or its Board members, officers, agents, employees, and servants have other insurance against the loss covered by such a policy, such other insurance shall be excess insurance only.

In the event of the breach of any provision of this Section, or in the event any notice is received which indicates any required insurance coverage will be diminished or canceled, SamCERA, at its option, may, notwithstanding any other provision of this Agreement to the contrary, immediately declare a material breach of this Agreement and suspend all further work and payment pursuant to this Agreement.

#### **14. Compliance with Laws**

All services to be performed by Consultant pursuant to this Agreement shall be performed in accordance with all applicable Federal and State laws. Such services shall also be performed in accordance with all applicable 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 or Federal law or regulation, the requirements of the applicable law or regulation will take precedence over the requirements set forth in this Agreement.

#### **15. Consultant's Representations, Warranties and Covenants**

Consultant acknowledges, represents, warrants, covenants and agrees that:

- a. Authorization. Consultant has completed, obtained and performed all registrations, authorizations, licenses, consents or examinations required by any government or government agency regarding any consulting services to be performed by Consultant pursuant to this Agreement. This Agreement has been duly authorized, validly executed and delivered by Consultant and constitutes the legal, valid and binding agreement and obligation of Consultant, enforceable against Consultant in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar limitations on creditors' rights generally and general principles of equity. Consultant is not subject to or obligated under any law, rule or regulation of any governmental authority, or any order, injunction or decree, or any agreement, that would be breached or violated by Consultant's execution, delivery or performance of this Agreement.
- b. Contingent Fees. No person or selling agency has been employed or retained to solicit or secure this Agreement under any agreement or understanding for compensation, whether

as a commission, percentage, brokerage, or contingent fee, or otherwise except bona fide employees of Consultant. In the event of any breach or violation of this warranty, SamCERA shall have the right to immediately terminate this Agreement for default and, in SamCERA's sole discretion, to deduct from Consultant's compensation under this Agreement, or otherwise recover, the full amount of such compensation, commission, percentage, brokerage or contingent fee.

- c. Gratuities. No gratuities in the form of gifts, entertainment or otherwise, were offered or given by Consultant to any officer, fiduciary, agent or employee of SamCERA or the County of San Mateo. Consultant covenants that no such gratuities will be offered or given to any such person with a view toward securing any favorable determination concerning the acquisition, performance and/or continuation of this Agreement.
- d. Commission or Fee. Consultant agrees that neither Consultant nor any employee or owner of Consultant will receive any percentage, commission or fee, directly or indirectly, arising from securities in which SamCERA invests, investment managers retained or strategies recommended.
- e. Relationships with Service Providers. On all appropriate occasions Consultant will reveal to SamCERA its relationship with a current or potential SamCERA service provider. The types of information to be provided are: (i) the frequency over the past year with which the service provider has been included in Consultant searches; (ii) the results of those searches; (iii) the number of Consultant's clients who utilize this service provider; and (iv) whether the services provider purchases services from Consultant.
- f. Conflict Of Interest Code & Placement Agent Policy. Consultant agrees that all of its officers, employees and agents who participate in making decisions or recommendations with respect to SamCERA shall comply with applicable federal, state and SamCERA conflict of interest and placement agent disclosure requirements. Consultant represents and warrants that it has received and read a copy of SamCERA's (i) Conflict of Interest Code and shall have its designated employees file the required Fair Political Practices Commission Statements of Economic Interest (Form 700) and (ii) complete, return and follow SamCERA's Placement Agent Policy, and that it and all of its officers, employees and agents who participate in making decisions or recommendations with respect to SamCERA are in full compliance with such Code and Policy. Furthermore, such parties shall comply with the Code and Policy as each may be amended from time to time upon notification by SamCERA.
- g. Conflict of Interest. Consultant acknowledges that all SamCERA Board members and pertinent SamCERA staff are bound by the Conflict of Interest prohibitions and reporting requirements set forth in California Government Code Section 87100 and 87200 et. seq. concerning gifts, and by the provisions of California Government Code Sections 1090 et. seq. prohibiting any financial interest in a SamCERA contract. In order that all Board



members and pertinent SamCERA staff are able to participate in matters coming before the Board concerning service providers and to avoid conflicts of interest, Consultant acknowledges that it is not allowed to make any political contributions, gifts, reimbursement of expenses or provide any other personal benefits exceeding the current limit set forth by the Fair Political Practices Commission in aggregate, in any twelve (12) month period to any Board member, fiduciary, employee or consultant of SamCERA.

Donations of educational conferences, and similar educational events, must be made, if at all, to SamCERA and not directed to any individual Board member or other person. In addition, to the extent that food, beverages and other such gifts are provided at such events, Consultant shall quantify the value of the gifts per SamCERA representative in attendance, and advise SamCERA.

- h. Changes. Consultant shall notify SamCERA in writing within three (3) business days of any of the following changes: (1) Consultant becomes aware that any of its representations, warranties and covenants set forth in this Agreement cease to be true at any time during the term of this Agreement; (2) there is any Change in Control of Consultant; or (3) Consultant becomes aware of any other material change in Consultant's business organization, including without limitation, the filing for bankruptcy relief.
- i. Investigations and Complaints. To the extent not prohibited by applicable law, Consultant shall promptly advise SamCERA, in writing, of any non-routine investigation, examination, complaint, disciplinary action or other proceeding involving Consultant, any of its subsidiaries or affiliates, any of Consultant's agents, or any investment professional employed by Consultant who has performed any consulting services in the twenty four (24) months preceding such actions, which is commenced by: (1) the Securities and Exchange Commission of the United States, (2) the New York Stock Exchange, (3) the American Stock Exchange, (4) the National Association of Securities Dealers, (5) any Attorney General of any state in the United States, (6) any state or U.S. government department or agency, (7) any other governmental agency within or outside the United States regulating securities, securities brokers or dealers, or similar matters or (8) any litigation involving professional services similar to the Statement of Services brought against Consultant and any of its employees assigned to provide services to SamCERA.
- j. Registered Investment Adviser. Consultant hereby represents that it is a registered investment adviser under the Investment Advisers Act of 1940. Consultant shall immediately notify SamCERA if at any time during the term of this Agreement it is not so registered or if its registration is suspended.
- k. Code of Ethics. Consultant has adopted a Code or Codes of Ethics in compliance with applicable law and regulations, including without limitation Rule 204A-1 under the Investment Advisers Act of 1940. Investment Consultant shall provide copies of such

Code(s) to SamCERA promptly upon request. In the event of any conflict or inconsistency between the terms of this Agreement and such Code(s) of Ethics, the terms of this Agreement shall prevail and control.

- i. Consultant's Agents. The responsible persons or the agents of Consultant who will be responsible for performing under this Agreement are individuals who are duly qualified to perform the consulting services and experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any crime or found liable in a civil or administrative proceeding or pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, theft, securities law violations, bankruptcy law violations or any act or omission involving moral turpitude.
  
- m. Disclosure Statement. Consultant represents that it has delivered to SamCERA at least five (5) business days prior to the execution of this Agreement, Consultant's current Securities and Exchange Commission Form ADV, Parts 1 and 2 ("Disclosure Statement"). SamCERA acknowledges that it has received such Disclosure Statement at least five (5) business days prior to the execution of this Agreement. Consultant warrants that it will provide to SamCERA copies of the annual Disclosure Statement and any amendments to the Disclosure Statement filed with the U.S. Securities and Exchange Commission within thirty (30) days of such filing.
  
- n. Intellectual Property. Consultant represents that has all appropriate rights to any materials subject to patents, copyright, trademark, trade secret or similar laws or rules and warrants that, in the event the consulting services require the use of any such materials, Consultant shall obtain all necessary rights to use such materials.

Consultant understands that SamCERA has relied upon the foregoing acknowledgments, representations, warranties, covenants and agreements and that the same constitutes a material inducement to SamCERA's decision to enter into this Agreement.

## **16. Lead Consultant and other SamCERA Team Consultants**

Consultant acknowledges and agrees that in entering into this Agreement SamCERA has relied upon Consultant's representations and promises to assign those persons designated herein as the Lead Consultant and SamCERA Team Consultants for the performance of the consulting services. Consultant shall not change such designated individuals without the prior written consent of SamCERA. Any material decrease in the availability, duties, responsibilities or services performed by such designated individuals shall constitute a change for purposes of this Agreement.

In the event that there is any material change to (a) the back-office operations personnel or (b) third-party service providers contracted by Consultant who provide services under this Agreement, Consultant hereby agrees that SamCERA shall be notified of such changes within ten (10) calendar days.

### **17. MFN Treatment**

Consultant shall ensure that the rights, benefits, preferences and privileges, including fee structure and access to investment opportunities, to which SamCERA is entitled hereunder or which are otherwise made available to SamCERA hereunder, are equal or superior to the rights, benefits, preferences and privileges, including fee structure and access to investment opportunities, that Consultant offers or makes available to any other client, irrespective of client assets. In the event any other client of Consultant acquires or enjoys, with respect to Consultant, any right(s), benefit(s), preference(s) or privilege(s), including fee structure or access to investment opportunities, that is or are superior to those made available to SamCERA hereunder, Consultant shall promptly notify SamCERA regarding the same and this Agreement shall be amended to the extent necessary to make such right(s), benefit(s), preference(s) or privilege(s), including fee structure or access to investment opportunities, available to SamCERA.

### **18. Equal Employment Opportunity**

Consultant shall ensure equal employment opportunity based on objective standards of recruitment, classification, selection, promotion, compensation, performance evaluation, and management relations for all its employees under this Agreement.

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

Consultant shall:

- a. Maintain all required records relating to services provided under this Agreement for three (3) years after County makes final payment and all other pending matters are closed, and Consultant shall be subject to the examination and/or audit by SamCERA, a Federal grantor agency, and the State of California.
- b. Comply with all program and fiscal reporting requirements set forth by applicable Federal, State, and local agencies and as required by SamCERA.
- c. Provide, upon reasonable notice, 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.

**20. 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. Any prior agreement, 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.

**21. 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 either in the San Mateo County Superior Court or in the United States District Court for the Northern District of California.

**22. 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: [insert]  
Address: [insert]  
Telephone: [insert]  
Email: [insert]

In the case of Consultant, to:

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

Telephone: [insert]  
Email: [insert]

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

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

\_\_\_\_\_  
Consultant Signature                      Date  
Title:

For SamCERA

\_\_\_\_\_  
Scott Hood                                      Date  
Title: Chief Executive Officer

**Exhibit A**

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

**[TO BE INSERTED BY SAMCERA AFTER SELECTION PROCESS AND CONTRACT NEGOTIATIONS]**



**Exhibit B**

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

**[TO BE INSERTED BY SAMCERA AFTER SELECTION PROCESS AND CONTRACT NEGOTIATIONS]**



## APPENDIX D- REQUIRED DOCUMENTS

**ATTACH THE FOLLOWING DOCUMENTS IN THE FOLLOWING ORDER:**

- (1) Biographies for all senior level investment professionals in your firm.
- (2) Firm Wide Organizational Chart.
- (3) Consulting Group Organizational Chart.
- (4) Sample Quarterly Performance Report for a current public sector client.
- (5) Form ADV Parts 1 and 2.
- (6) Certificate(s) of Insurance evidencing coverage as described in your proposal.
- (7) Samples of three research reports on special topics generated by your firm.
- (8) Sample investment related educational presentation.
- (9) Firm's Last Annual Financial Report.