

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REQUEST FOR PROPOSALS (RFP) FOR GENERAL INVESTMENT CONSULTANT SERVICES

TIMELINE

Date of RFP issuance	12/05/22
Deadline to submit written questions	12/14/22
Responses to written questions (posted on website)	12/23/22
Deadline to submit Intent to Bid (<i>optional</i>)	01/30/22
Deadline to submit Proposals <u>electronically</u>	02/10/23 at 5pm (PT)
Deadline to submit 2 <u>Printed</u> Proposals	02/10/23 at 5pm (PT)

Tentative dates:

On-site visits and finalist interviews	by (May/June)/23
Investment Committee Interview of Finalist Firms (in Oakland*)	06/14/23
Board approval of successful bidder	06/15/23
Notify firms of Board decision	06/16/23

* Interviews may be virtual meetings, depending on COVID-related restrictions

Alameda County Employees' Retirement Association will make a good faith effort to follow the above timeline, but may amend it as necessary. Firms submitting an Intent to Bid for the RFP shall be informed by email of any changes.

CONTACT PERSONS

Questions regarding this Request for Proposals should be directed to Cortex Consulting Inc. ("Cortex"), a consulting firm retained by ACERA to assist with the search process. Contact details for Cortex are below:

(416) 819 2307 or vviola@cortexconsulting.com

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SECTION I: BACKGROUND AND NATURE OF SERVICES REQUIRED

A. Introduction

The Alameda County Employees' Retirement Association ("ACERA") is soliciting proposals from qualified professional investment consulting firms to assist ACERA as a General Investment Consultant ("GIC" or "Consultant") with strategic and tactical investment planning, investment manager due diligence, research and recommendations, market research, portfolio monitoring, performance measurement, and compliance reporting.

B. Alameda County Employees' Retirement Association

ACERA is a public pension fund that was established in 1947 by the Alameda County Board of Supervisors under Ordinance No. 446. ACERA provides retirement, disability, and death benefits to the General and Safety members employed by Alameda County and other participating employers.

The retirement plan provides lifetime benefits to members of the retirement system who meet the minimum age and length-of-service requirements and is a significant and fundamental part of the comprehensive benefits package ACERA provides to eligible employees.

ACERA's plan is a defined benefit pension plan, qualified under Section 401(a) of the Internal Revenue Code. Funding of the plan is based on a cost sharing principle through employee and employer contributions rates, which are determined annually upon recommendation by the plan's actuary. Therefore, retirement benefits are determined by a formula and not based on an individual's account balance.

The ACERA Board of Retirement ("Board") is responsible for establishing policies that govern the administration of the retirement plan and manage its investments. The Board oversees the ACERA Chief Executive Officer in performance of his duties in accordance with the County Employees Retirement Law of 1937, ACERA regulations, Board policies, and applicable law. The Board comprises nine members and two alternate members. The Alameda County Board of Supervisors appoints four members and six are elected by ACERA's membership. The County Treasurer is an ex-officio member. The Board has established an Investment Committee comprising the same members as the Board (see **Appendix I** for a list of members as of December 5, 2022). The Board has also adopted the General Investment Guidelines, Policies and Procedures (the "Policy"), which was last amended on May 20, 2022 (see Appendix II for the Policy).

For more information about ACERA, please visit ACERA's website at: <http://www.acera.org/>.

C. Investment Program

ACERA was established under, and is governed by, the provisions of the County Employees' Retirement Law of 1937 at Title 3, Division 4, Part 3, Chapter 3 of the Government Code of the State of California, beginning with Section 31450 (1937 Act). ACERA is also governed by the provisions of the California Public Employees' Pension Reform Act of 2013 at Title 1, Division 7, Chapter 21, Article 4 of the Government Code of the State of California, beginning at Section 7522 (PEPRA), as well as relevant state and federal laws.

Plenary authority and fiduciary responsibility for the investment of assets and administration of the system is vested in the Board by article XVI, section 17 of the California Constitution. The management of the retirement system is vested with the Board pursuant to Government Code Section 31520.

As of June 30, 2022, the fund had an approximate market value of \$10.4 billion. The asset allocations at that time are shown below.

Asset Class	Actual Allocation	Target Allocation
US Equity	24.5%	24%
International Equity	23.5%	24%
Fixed Income	16.7%	14%
Real Estate	8.0%	9%
Private Equity	9.6%	11%
Absolute Return	7.4%	8%
Real Assets	7.4%	6%
Private Credit	2.3%	4%
Cash	0.6%	0%

Traditional asset classes such as U.S. Equities, International Equities, and Fixed Income consist of outsourced separately managed accounts (SMA), commingled accounts, and trusts.

For clarity and consistency throughout this document, the following definitions apply:

1. **Real Assets Portfolio** includes publicly-traded and privately-placed commodities, natural resources, and infrastructure strategies;
2. **Private Equity Portfolio** includes privately-placed venture capital, buyouts, growth equity, and debt-related/special situations strategies;
3. **Absolute Return Portfolio** includes privately-placed hedge funds such as absolute return, credit, long/short, and funds of hedge funds strategies;
4. **Real Estate Portfolio** includes open-ended and closed-ended core, value-added, and opportunistic strategies. ACERA has one direct separately managed property; and
5. **Private Credit Portfolio** includes closed-ended direct lending strategies focused primarily on senior-secured, floating-rate debt.

For more information about ACERA's investment program, please refer to the ACERA website.

- Investment policies and investment performance reports may be found at <http://www.acera.org/investments>.
- Annual Financial Reports (including a list of investment managers) and Actuarial Reports may be found at <http://www.acera.org/financial-reports>.

D. Scope of Services

1. Purpose and Scope of Service

The Consultant shall provide comprehensive full-retainer, general investment consulting advice and services to ACERA. The Consultant will report to the Investment Committee but will functionally work closely with the Investment Department Staff ("Staff").

The Consultant will assist the Investment Committee in the ongoing process of investment policy development and implementation. The Consultant will serve in a fiduciary capacity and will acknowledge in writing its fiduciary status, without qualification. In all cases, the Consultant and its representatives will offer advice that is solely in the interest of ACERA. A sample investment consultant services contract may be found in **Appendix V**.

Please note that ACERA currently retains other consultants to advise on the following: Real Estate Portfolio, Directed Brokerage Program, Trading Cost Analysis, Cash Overlay and Rebalancing Services, and Proxy Voting. Consequently, the Consultant may or may not advise on the specifics of the matters addressed by these additional consultants.

The services to be provided by the Consultant cover the following areas, which are described on the following pages:

- Investment Policy and Asset Allocation;
- Investment Manager Search, Selection, and Review;
- Performance Monitoring and Reporting;
- Client Service and Education;
- Review, Search, and Selection of Other Investment-Related Vendors; and
- Investment Consulting Services Relative to ACERA's Emerging Investment Manager Program.

2. Investment Policy and Asset Allocation

- a) Conduct an annual and/or periodic comprehensive review and analysis of investment policies, objectives, asset allocation and portfolio structure, and recommend changes, if appropriate. Work with Staff to review and update ACERA's investment policies and guidelines.
- b) Conduct an asset-liability study at least every three years and work with Staff to review ACERA's asset allocation not less frequently than annually. This includes recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.
- c) Work with Staff to conduct portfolio risk analysis on a regular basis, and provide recommendations, as needed. Work with ACERA's actuary, as needed.
- d) Analyze the current investment management structure of ACERA and each asset class, taking into account the role of active versus passive strategies, investment management styles under different market conditions, and other relevant factors then provide recommendations, as appropriate.
- e) Analyze the investment characteristics of available asset classes and the risk/return potential of all asset classes and make recommendations as appropriate.
- f) Provide advice and recommendations on creating new relevant investment policies, and provide advice and recommendations on various other investment policy issues including, but not limited to: cash flow, currency management, derivatives, rebalancing, use of soft dollars, securities lending, proxy voting, etc.

3. Investment Manager Search, Selection, and Review

- a) Evaluate existing managers' performance consistent with their benchmarks/performance objectives (including style benchmarks), guidelines, and risk evaluation.
- b) Maintain a broad database of investment managers including their philosophies, organizations, performance, etc.
- c) Review with the Investment Committee and Staff ACERA's needs for particular manager styles and, as requested, screen prospective investment managers for suitability with respect to those needs.
- d) In the event the Investment Committee should direct Staff to engage in one or more searches during the contract term, assist Staff as requested, which may include but not be limited to, developing Request for Proposals ("RFPs"), developing evaluation factors and methods, preparing background material, conducting on-site visits, participating in on-site due diligence visits with Staff, and interviewing managers.

- e) Provide advice and recommendations on investment managers, investment manager allocation and manager structure, manager mandates, and performance benchmarks.
- f) Provide ongoing monitoring and oversight of ACERA's investment managers to ensure compliance with laws and regulations as well as investment policies and manager mandates. Have frequent discussions with managers on investment performance and organizational changes (such as changes in ownership, staff, new products, succession plans, etc.). Report findings to Staff.
- g) Advise on manager retention/termination and assist in developing/maintaining a formal manager review process.
- h) Conduct investment manager search and selection services, as well as due diligence reviews from time to time and make recommendations as necessary.
- i) Assist staff in managing ACERA's investments and supporting the evaluation of new opportunities in the asset classes listed in Section I Part C (Investment Program). This includes, for example, supporting ACERA's investment strategy in hedge funds (both direct and fund-of-fund investments).
- j) Assist Staff in negotiating appropriate investment management fees, including monitoring and evaluating manager trading and transaction costs.
- k) Assist Staff in reviewing and preparing written investment guidelines with respect to placing managers on the Watchlist, Probation and Termination as warranted; prepare analyses as needed (e.g., managers who are outperforming, underperforming, experiencing style drift, etc.).
- l) Provide recommendations for retention or replacement of investment managers and transition management services, as necessary.

4. Performance Monitoring and Reporting

- a) Compare the investment performance of the total fund, asset classes, and investment managers to relevant benchmarks and "peer group" universes, taking into consideration the goals and objectives of the fund.
- b) Recommend appropriate performance benchmarks (e.g., total fund, asset classes, and investment managers).
- c) Provide regular risk-based reporting with respect to the fund.
- d) Provide timely reporting to ACERA on items referenced in Part D, paragraphs 2 and 3 of this section (Investment Policy and Asset Allocation, Investment Manager Search, Selection, and Review).

5. Client Service and Education

- a) Attend monthly Investment Committee meetings and occasional regular Board meetings. This includes attending meetings and preparing for meetings. Attend additional meetings which include semi-annual planning sessions with Staff and an annual Board offsite session.
- b) Prepare and present quarterly reports on investment performance.
- c) Coordinate effectively with Staff, the custodian bank, and other consultants on performance reporting.
- d) Respond to inquiries between meetings in an appropriate and prompt manner (i.e., be available to respond in a timely manner to calls, emails or other communication from Staff and Investment Committee members).
- e) Report any significant changes in the firm's ownership, organizational structure, and personnel in a timely manner.
- f) Assist on special projects as needed.
- g) Provide all other investment advisory-related services that can be reasonably interpreted to be consistent with the scope of work described herein or are otherwise normally included in GIC agreements involving public funds similar to ACERA.
- h) Provide education to the Investment Committee and Staff on investment issues and participate in ad hoc workshops as requested from time to time.

6. Review, Search, and Selection of Other Investment-Related Vendors

- a) Provide advice and recommendations on custodial arrangements (including custodian review and search services).
- b) Assist with the evaluation, search, and selection of other investment-related consultants and vendors as required.

7. Investment Consulting Services Relative to ACERA's Emerging Investment Manager Program

- a) Consult and assist ACERA in building and maintaining an Emerging Investment Manager ("EIM") program.

E. Minimum Qualifications for Proposal

Proposers must indicate whether they satisfy the following minimum qualifications, and ACERA may eliminate from further consideration any Proposer that does not satisfy these minimum qualifications:

- a) The firm must agree to act as a fiduciary to ACERA.
- b) The firm must be willing to customize services as instructed by ACERA.
- c) The firm must be registered as an investment adviser under the Investment Advisers Act of 1940.
- d) At the time of submission, the firm must have been in continuous operation in the United States for at least ten (10) years providing non-discretionary general investment consulting services for institutional pension plans similar in asset size to ACERA. Alternatively, if the firm has undergone a merger or acquisition, at least one of the predecessor firms must have been in continuous operation in the United States for at least ten (10) years providing non-discretionary general investment consulting services to institutional investment funds, at the time of submission.
- e) The firm must currently provide non-discretionary investment advisory services to a minimum of five (5) institutional clients, each with total assets of at least \$1 billion.
- f) The firm must currently have at least three (3) public fund clients, each with total assets of at least \$2 billion.
- g) At the time of submission, the lead investment consultant to be assigned to ACERA's account must have a minimum of ten (10) years' experience in the institutional asset management industry, including at least five (5) years of experience providing investment consulting services directly to institutional investors such as ACERA.
- h) The firm must be directly responsible for the management of the account, and all personnel responsible for working on the account must be employees of the firm.
- i) The firm must have its principal place of business within the United States and be subject to service or process in the United States.
- j) The firm must not have, nor potentially have, a material conflict of interest involving ACERA including, but not limited to, the ACERA's Board, Staff, actuary, investment managers, or other consultants.
- k) The firm must agree to disclose all potential, current conflicts of interest as well as potential conflicts that might occur, and annually disclose all sources of revenue from sources and affiliations other than investment consulting. The firm must agree to abide by ACERA's Conflict of Interest Policy and Conflict of Interest Code. This policy and code can be found on ACERA's website at <https://www.acera.org/board-retirement>.

- l) The firm must carry the following types of insurance or must have applied for it by contract execution¹:
 - i. Commercial General Liability (combined single limit of \$1 million per occurrence and \$5 million in aggregate);
 - ii. Auto Liability Insurance (combined single limit of \$1 million);
 - iii. Workers' Compensation (Employer's Liability with \$1 million limit);
 - iv. Data Breach (\$1 million, covering privacy liability, regulatory actions, and breach response expenses); and
 - v. Professional Liability (includes professional liability, fiduciary indemnity, and errors & omissions with \$5 million minimum).
- m) The firm must possess the experience, skills, and resources necessary to provide general investment consulting services in relation to the asset classes identified in the ACERA *General Investment Guidelines, Policies, and Procedures* and other investment policies (see ACERA website at <http://www.acera.org/investment-policies>).
- n) The firm must distinguish between discretionary versus non-discretionary practices, if applicable.
- o) As part of ACERA's due diligence, the firm must be willing to provide ACERA the ability to review the latest 3-5 years of the firm's audited financial statements. In-office reviews are acceptable.
- p) Once selected by ACERA as the finalist firm, the proposed lead and secondary consultants as well as the key officers of the firm must consent to a background investigation. Award of a contract to the finalist firm will be contingent on the results of such background investigations and successful contract negotiations.

F. Evaluation Criteria

The criteria (and weights) to be considered by ACERA when evaluating proposals include, but are not limited to, the following:

- 1) Organization (20%);
- 2) Investment Team (20%);
- 3) Investment Process (20%);
- 4) Performance (15%);
- 5) Fee Proposal (10%);
- 6) Performance Measurement & Reporting (5%);
- 7) Environmental, Social, and Governance (ESG) Risk (5%); and
- 8) References (5%).

¹ Subject to change upon final contract negotiation.

G. Frequently Asked Questions (FAQ)

1. What prompted the search?

The initial 5-year term of the current Investment Consulting Services Agreement ends on May 31, 2023. The goal of the search is to identify the best GIC capable of serving the growing needs of ACERA's Total Fund.

2. Who is the incumbent GIC?

ACERA's current GIC is Verus Advisory, Inc.

3. Will the incumbent GIC be invited to rebid?

Yes, the incumbent may rebid.

4. What are the fees currently being paid to the incumbent GIC?

ACERA currently pays \$775,000 annually, allocated as follows: \$350,000 to Traditional Consulting and \$425,000 to Private Equity and Alternatives Consulting.

5. What is the expected length of the services contract?

ACERA intends for the contract resulting from this RFP to have a term of five years, subject to the approval of the Board, after which ACERA and the GIC may mutually agree to extend the contract for an additional term, the length of which shall be determined at that time.

6. What issues will the GIC be expected to address? Are there any pressing issues?

Asset allocation and manager structure reviews were recently completed. The GIC will be expected to address the remaining implementation tasks as well as other business items proposed in the 2023 Investment Committee Workplan, covering such items as identifying opportunities to enhance risk-adjusted returns, governance, diversification, and risk management.

7. What is the Board's schedule with respect to meetings that the GIC would be expected to attend?

The GIC is expected to attend up to 12 Investment Committee meetings per year, and occasional Board meetings (as needed). Investment Committee meetings are generally held on the second Wednesday of each month at 9:30 am (PT) on the 10th floor of 475 14th Street in Oakland, CA. Board meetings are generally held on the third Thursday of each month at 2:00 pm (PT) at the same address indicated above.

Additional meetings may include 1-2 planning sessions (with the Committee Chair, Vice Chair, and CIO), monthly meetings to prepare for the Investment Committee meetings, and an annual Board offsite session.

8. What additional background information will ACERA make available to firms to assist them in preparing a proposal?

In preparing their proposals, Proposers may review ACERA's website and the Appendices of this RFP. Proposers that are selected as finalist firms for additional due diligence may be provided additional information at that time.

9. Is ACERA interested in discretionary investment consulting services (sometimes referred to as outsourced CIO services)?

ACERA is not considering discretionary investment consulting services at this time. Accordingly, the scope of services associated with this RFP covers non-discretionary investment consulting services only.

SECTION II: PROCESS FOR SUBMITTING PROPOSAL

A. Components of Proposals

In order to be considered, a completed proposal shall consist of the following:

1. A signed letter of transmittal;
2. Listing of client references*;
3. A signed fee proposal;
4. Additional documentation requested in **Section III, Part D** of this RFP; and
5. A completed RFP Questionnaire (to be completed online, including related exhibits and/or other attachments).

** References will be requested only of finalists; they are **not** due when the electronic or other printed components of proposals are due.*

Two printed copies of items 1 to 4 above (with original signatures where requested) are to be submitted to:

Alameda County Employees' Retirement Association
475 14th Street, Suite 1000
Oakland, California 94612-1916

ATTENTION: Ms. Betty Tse, Chief Investment Officer
RE: ACERA General Investment Consultant Search

Electronic copies of items 1-4 above are to be e-mailed or included on a flash drive to Cortex by the proposal submission deadline at vviola@cortexconsulting.com.

The RFP Questionnaire is to be completed by the proposal submission deadline. To obtain an online link to the RFP Questionnaire, please see **Section II, Part G**.

B. Role of Search Consultant

ACERA has engaged Cortex to assist in the GIC search process. The role of Cortex is to summarize and tabulate the responses to the RFP for subsequent review by the Investment Committee and Staff. The Board, with the support of Staff, is solely responsible for the selection and appointment of the GIC.

C. Intent to Respond (Optional)

Firms intending to respond to this RFP are asked to send a separate e-mail with the subject line "Intent to Respond", indicating such intent to Cortex by the date indicated on page 1 of this RFP. This step is **optional** and failure to do so **shall not preclude** firms from nevertheless submitting a proposal.

D. Quiet Period, Questions, and Communication Regarding the RFP

The Board has designated a "quiet period" for the duration of the GIC search and selection process, during which time Trustees and Staff may not knowingly communicate with GIC candidates, with the exception of official search-related interviews and due diligence and ongoing business with the incumbent GIC. Please refer to **Appendix III** for details on ACERA's Quiet Period practices.

To assist the Board and Staff in implementing this Quiet Period, all questions regarding this RFP must be directed in writing to Cortex by e-mail. Responses to the questions will be posted on the ACERA website at <http://www.acera.org/rfp>. Please see page 1 for specific dates for the Q&A process.

Proposers with technical questions regarding the online completion of the RFP Questionnaire may contact Cortex by e-mail at any time before the proposal submission deadline.

E. Addenda to Request for Proposals

ACERA may modify this RFP, prior to the proposal due date, by issuing written addenda, which shall be posted to the ACERA website. The Proposer shall be responsible for ensuring that its proposal responds to any and all addenda issued by ACERA prior to the proposal due date regardless of when the proposal is submitted.

F. Ambiguity and Omissions in RFP

Proposers are responsible for reviewing all portions of this RFP. Proposers are asked to notify Cortex as soon as possible, by email, if the Proposer discovers any ambiguity, discrepancy, omission, or other errors in this RFP. Modifications and clarifications will be made by addenda as provided above.

G. Preparation of the Proposal

1. Format of Proposal

A. Print and Electronic Components: The following components of the proposal must be submitted in both paper format and by email. Pages should be sequentially numbered, organized and indexed in the following sequence:

- i) A signed letter of transmittal;
- ii) A signed fee proposal; and
- iii) Additional documentation requested in **Section III, Part D** of this RFP (if applicable; some items are only required electronically).

Please note: Where signatures are requested, they shall be provided by principals or officers authorized to bind the Proposer.

B. Online Component: The RFP Questionnaire is to be completed **online** by accessing a link that will be provided by Cortex. To obtain an online link, please contact Cortex at vviola@cortexconsulting.com that includes the following title "Request for Online Link to ACERA GIC Search".

Please ensure that all components of your proposal are as clear and succinct as possible. Unnecessary or superfluous information will be disregarded. Incomplete or misleading responses may lead to the rejection of the proposal and elimination of the firm from the search process. See **Section III** for specific information requirements for each component.

Proposers are responsible for promptly informing Cortex by email of any material changes in their circumstances that may affect any aspect of their proposal.

At any time during the proposal evaluation process, Cortex, on behalf of ACERA, may request that a Proposer provide oral or written clarification of its proposal. However, ACERA reserves the right to make an award without further clarification of proposals received.

2. Revision of Proposal

A Proposer may revise and re-submit the written components of its proposal at any time before the deadline for submission of proposals. Proposers that wish to revise and re-submit the online RFP Questionnaire prior to the deadline for submission are asked to contact Cortex.

3. Errors and Omissions in Proposal

Failure by ACERA to object to an error, omission, or deviation in the proposal will in no way modify this RFP or excuse the Proposer from full compliance with the specifications of this RFP or any contract awarded pursuant to this RFP.

ACERA reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions prior to the final evaluation of proposals, and to ask for clarification on any issues, or to take any other measures with respect to this RFP in any manner necessary to serve the best interests of ACERA and its beneficiaries.

4. Financial Responsibility and Ownership of Documents

Any cost incurred in the preparation, submission or presentation of proposals shall be borne solely by the Proposer. Responses to this RFP and associated materials will become the property of ACERA and may be returned only at ACERA's option.

5. Governing Law

This procurement and any agreement with Proposers that may result shall be governed by the laws of the State of California. Submission of a proposal constitutes acceptance of this condition.

6. California Public Records Act

Materials contained in proposals are subject to the Public Records Act (Cal. Gov. Code Sections 6250 et. seq.). After negotiations are complete, but before the Board finally approves the award of the contract, the materials contained in proposals may be viewed and copied by any member of the public, including news agencies and competitors.

If a proposing firm believes a portion of a proposal is exempt from disclosure under the Public Records Act, such portion must be marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY," as applicable, and must be clearly distinguished from the rest of the proposal. Proposals marked in their entirety as confidential or other designation indicating exemption from public disclosure will not be considered confidential or exempt from disclosure under the Public Records Act, and ACERA will not deny public disclosure of any portion of such proposals. By submitting a proposal with material marked "TRADE SECRETS", "CONFIDENTIAL" OR "PROPRIETARY," the proposing firm represents that it has a good faith belief that the designated material is exempt from disclosure under the Public Records Act, but such designations will not be conclusive. The proposing firm may be required to justify in

writing why such material should not, upon request, be disclosed by ACERA and any determination regarding that justification will be made based on applicable law. By submitting a proposal to ACERA, the proposing firm agrees to reimburse ACERA for, and to indemnify, defend and hold harmless ACERA, its officers, fiduciaries, employees and agents from and against: (a) any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to ACERA's non-disclosure; and (b) any and all Claims arising from or relating to ACERA's public disclosure of any portions of a proposal that ACERA reasonably determines is required by law.

7. Exceptions to ACERA's Sample Consulting Services Agreement

Submission of a proposal will confirm that the Proposer fully understands the provisions of the Sample Consulting Services Agreement included in this RFP at Appendix V. To the extent that the Proposer takes exception to any part of the Consulting Services Agreement, all such objections shall be stated in the proposal, specifically identifying the objectionable section, and including any of the Proposer's proposed amendments to the Consulting Services Agreement.

H. Conflicts of Interest

By submitting a proposal, the Proposer represents that it is familiar with California Government Code section 1090 and section 87100 et seq. and that it does not know of any facts that constitute a violation of these sections in connection with its proposal. Proposer also represents that its proposal has completely disclosed to ACERA all facts bearing upon any possible interests, direct or indirect, which Proposer believes any member of ACERA, or other officer, agent or employee of ACERA or any department presently has, or will have, in any contract, or in the performance thereof, or in any portion of the profits thereunder. Willful failure to make such disclosure, if any, shall constitute grounds for rejection of the proposal or termination of any Agreement by ACERA for cause. Proposer agrees that if it enters into a contract with ACERA, it will comply with all applicable conflict of interest codes and policies adopted by the ACERA and related reporting requirements.

I. Cancellation of the RFP

ACERA reserves all rights to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP. This RFP in no manner obligates ACERA to the procurement of services until a written contract is entered into, negotiation of which may be terminated at any time by ACERA. If negotiations fail, ACERA may accept another submitted proposal, at its option. ACERA may terminate negotiations at any time prior to the signing of a contract.

SECTION III: INFORMATION TO BE PROVIDED

Part A: Letter of Transmittal

The proposal must include a Letter of Transmittal or cover letter signed and dated by one or more individuals who are authorized to bind the firm contractually. The Letter of Transmittal shall be considered an integral part of the proposal and must contain the following:

1. The Proposer's name, address, and telephone number;
2. The name, title or position, telephone number and email address of the individual signing the cover letter;
3. A statement indicating the signatory is authorized to bind the Proposer contractually;
4. A statement to the effect that the proposal is a firm offer good for twelve (12) months from the date of the Letter of Transmittal;
5. A statement that the Proposer meets the Minimum Qualifications for the proposal set out in this RFP; and
6. A statement confirming that the Proposer's Form ADV (Parts I, IIA, and IIB) filed with the SEC as at the date of submission of the proposal is up-to-date, or alternatively, the Proposer shall indicate any changes in the Proposer's circumstances that are not reflected in the Proposer's ADV (Parts I, IIA, IIB) currently filed with the SEC.

Part B: Fee Proposal

The services listed in Section I of the RFP under "Scope of Services" should form the basis for the proposed fees in the table below. The method of payment will be set forth in a service agreement, to be entered into with the selected firm. Fees may be negotiated in the course of the search process depending on the variance from the other proposals. The proposed fees shall be guaranteed for the duration of the Contract.

1. Specify the all-inclusive fee for the delivery of all services listed in **Section I** of this RFP under "Scope of Services" for the duration of the 5-year contract. The fees for the first three years should be fixed (i.e., not dependent on future inflation rates, for example). For greater clarity:
 - a. Fees during the first three years will not vary based on changes in the US consumer price index ("CPI"); and
 - b. Proponents may propose fees that are different from year to year.

Service	Fee for Year					
	1	2	3	4	5	Total
General Investment Consulting (excluding Specialized Real Estate Consulting)						
Specialized Real Estate Consulting						
All Services (total of above)						

2. Describe the basis for calculating the fees in years 4 and 5. For example, are fees in years 4 and 5 fixed in dollar terms (e.g., independent of changes in the CPI) or are they indexed to changes in the CPI?
3. Do the above fees cover travel costs for the required meetings?
4. Confirm whether the firm can and will provide all of the services listed in **Section I** of the RFP under "Scope of Services" for the above fees. If not, specify any services from that list that the firm cannot or will not provide.
5. Identify whether the above fee proposal assumes that private market and hedge fund investments will be made using direct funds, fund-of-funds, or other fund structures. ACERA currently invests in private equity funds and through fund-of-funds and single strategies for hedge funds. ACERA requires annual Investment Plan(s) to be prepared for all of its private asset classes, along with periodic risk assessment studies for each of the asset classes.
6. Describe any material assumptions about the scope of services that your firm has made in arriving at the above fee proposal.

Additional Services:

7. List any additional services (i.e., not listed in **Section I** of this RFP under "Scope of Services") that the firm would provide and that would be included in the all-inclusive fee set out above.
8. As set out in the Scope of Services, the primary consultant is required to attend Investment Committee meetings (typically the second Wednesday of each month), and occasional Board meetings (as needed). Additional meetings include monthly meetings to prepare for the Investment Committee meetings, two planning sessions, and one Board offsite. Provide the fees for any occasional *ad hoc meetings* that may be required by ACERA over and above these meetings.
9. Indicate any other products or services that may be of interest to ACERA but that are not included in the all-inclusive fee (e.g., regular in-depth risk analyses and reports of the Total Fund). Provide details on any associated costs.

Other Information:

10. Provide any additional information that may assist us in more clearly understanding your fee proposal for consulting services.

Signature by Authorized Officer

Name of Firm

By

Signature

Title

Date

Part C: RFP Questionnaire

Online Questionnaire: Proposers must complete the RFP Questionnaire online by accessing the electronic link provided in **Section II, Part G**. Instructions for completing the online RFP Questionnaire are provided with the online Questionnaire itself.

A copy of the RFP Questionnaire is included in **Appendix IV** as a reference to facilitate completion of the online version of the RFP Questionnaire.

Supplementary Information: Proposers may find it necessary to provide explanatory notes containing supplemental information when responding to particular questions. Due to limitations in the formatting of the online Questionnaire, Proposers will be provided the opportunity to disclose such information at the conclusion of the Questionnaire in a section entitled "Supplementary Information" or by email to yviola@cortexconsulting.com. The Proposer must indicate the applicable question number with the additional information submitted.

Part D: Additional Materials and Documents

Please submit an **electronic copy** (not a paper copy) of the following documents:

1. An organization chart of the firm, parent, and all subsidiary and affiliated companies that shows ownership structure (equity %) and business lines. (Identify it as **Exhibit 1.**)
2. An organizational chart that shows the number of employees under each business line, including the names and titles of the leadership team and any relevant committees (e.g., Investment Committee). (Identify it as **Exhibit 2.**)
3. Your firm's code of ethics policy and/or conflicts of interest policy and any procedures for ensuring compliance. (Identify it as **Exhibit 3.**)
4. Your firm's Environmental, Social, and Governance ("ESG") policy and/or procedure(s), or other such document(s), that address ESG issues related to your firm. (Identify it as **Exhibit 4.**)
5. An Investment Policy Statement your firm has developed for a pension plan client similar to ACERA and which your firm believes reflects best practice. (Identify it as **Exhibit 5.**)
6. In response to **Question 81** of the Questionnaire, attach one recent public market manager recommendation memo your firm has provided to clients similar to ACERA. (Identify it as **Exhibit 6.**)
7. In response to **Question 82** of the Questionnaire, attach one private market investment recommendation memo your firm has provided to clients similar to ACERA. (Identify it as **Exhibit 7.**)
8. An asset allocation study your firm has completed for a client similar to ACERA in **both** 2021 and 10 years ago (i.e., in 2011). (Identify the 2011 Study for this client as **Exhibit 8A (2011)** and the 2021 Study for this client as **Exhibit 8B (2021).**)
9. If your firm performs industry or asset class analyses that have been provided to clients, submit an example of your most recent work. (Identify it as **Exhibit 10.**)
10. The most recent operational due diligence report provided to a client similar to ACERA. (Identify it as **Exhibit 11.**)
11. Manager Watch List used by a client similar to ACERA. (Identify it as **Exhibit 11.**)

Please submit a **paper and electronic copy** of the following documents:

12. A most recent quarterly investment performance report provided to a client similar to ACERA. (Identify it as **Exhibit 12.**)
13. A risk monitoring report provided to a client similar to ACERA, if different from the above quarterly investment performance report. (Identify it as **Exhibit 13.**)
14. In response to **Question 99** of the Questionnaire, attach any other most recent sample reports provided to clients. (Identify it as **Exhibit 14.**)

Note: Where applicable, your firm may redact any information from the above Exhibits that may identify the client in question.

Part E: References

Finalists will be asked to identify two (2) **current** clients and two (2) **former** clients as references in connection with their firm's non-discretionary general investment consulting services. Each reference must be an institutional investor. References for public retirement funds with aggregate assets of at least \$9B each are preferred. Assume these clients will be contacted after the Board has selected the finalists to be interviewed. For each reference, the following details are to be provided:

- Name of institution;
- Institution's approximate assets under management;
- Name and title of contact person;
- Phone number of contact person; and
- e-mail address of contact person.

APPENDIX I: LIST OF BOARD, COMMITTEE, AND STAFF MEMBERS

Members of the Board/Investment Committee and relevant Staff are listed below as of December 5, 2022.

Board/Investment Committee Members

- Jaimie Godfrey, Board Chair, Appointed Member
- Kellie Simon, Elected General Member
- Dale E. Amaral **, Elected Safety Member
- George Wood, Elected Member (Vice-Chair of Investment Committee)
- Ophelia B. Basgal, Board 2nd Vice Chair, Appointed Member
- Keith Carson, Appointed Member
- Tarrell V. Gamble, Investment Committee Chair, Appointed Member
- Liz Koppenhaver **, Board Vice Chair, Elected Retired Member
- Henry Levy, Treasurer
- Nancy Reilly **, Elected Alternate Retired Member

*** New trustees will be taking over these positions in January 2023, based on the results of a pending election.*

The RFP will be supplemented with an updated Board/Investment Committee membership when the information is available.

Relevant ACERA Staff

- David Nelsen, Chief Executive Officer
- Lisa Johnson, Assistant Chief Executive Officer-Operations
- Carlos Barrios, Assistant CEO-Benefits
- Jeff Rieger, Chief Counsel
- Susan Weiss, Investment Counsel
- Betty Tse, Chief Investment Officer
- Thomas Taylor, Investment Officer
- Clint Kuboyama, Investment Officer
- John Ta, Investment Officer
- Serafin Lim, Investment Operations Officer
- Julius Cuaresma, Investment Analyst
- Agnes Ducanes, Administrative Specialist II
- Noe Reynoso, Administrative Support Specialist

APPENDIX II: GENERAL INVESTMENT GUIDELINES, POLICIES AND PROCEDURES LINK

See ACERA website at <http://www.acera.org/investment-policies>

Note: The version of the General Investment Guidelines, Policies and Procedures that you are downloading was adopted on May 20, 2013, last amended on May 19, 2022. (Please see **Section I, Part C** for the actual and target asset allocations.)

APPENDIX III: ACERA QUIET PERIOD PRACTICES

Questions Regarding the RFP

Proposers requiring clarification of the intent and content of this RFP, or the competitive proposal process, may request clarification by submitting written questions via email transmission to the same contact listed in the Process for Submitting Proposal section (**Section II, Part D**).

Rules Regarding Contact

The proposal Quiet Period begins December 5, 2022 and will end with the final selection of the firm(s). ACERA reserves the right to request additional information from any and all firms to assist it in its evaluation process. However, no firm may contact any Board trustee or Staff regarding the RFP, other than the designated contact person (**Section II, Part D**), during the proposal quiet period.

Current service providers who are responding to this RFP are expected to avoid direct contact with Board trustees or Staff other than those they are working with on current ACERA portfolio related matters.

APPENDIX IV: RFP QUESTIONNAIRE

Alameda County Employees' Retirement System

Request for Proposals

General Investment Consulting Services

Unless otherwise noted, responses should not exceed a limit of 500 words.

Most responses to questions are to be submitted using the online link.

RFP Contact Information

1. Provide the following information on the **primary** RFP contact within your firm:

Name of Firm (Legal Name)
Firm's Web Address
Firm SEC # (including dash XXX-XXXXX)
Name of Primary Contact
Title
E-mail
Phone (do not include dashes)

Provide the following information on the **secondary** RFP contact within your firm:

Name (Last, First)
Title
E-mail
Phone (do not include dashes)

Organization

Offices

2. Provide the following details about your offices.

a. **Principal Office:**

Principal office address
City, State
Number of <i>investment professionals</i>
Number of other staff
Function/service of office, if applicable

b. **Additional Offices,** if applicable:

Other office address
City, State
Number of <i>investment professionals</i>
Number of other staff
Function/service of office, if applicable

c. How many offices do you have, including your principal office?

History and Ownership

3. List the names of any predecessor companies of your firm.

4. Describe your firm's history.

a. List key milestones in the table below.

Year	Milestone	Description	Explanation or Rationale for Change

b. Elaborate on any of the milestones above, such as any material changes in the firm's service offerings (e.g., inception of discretionary/OCIO services) or mergers and acquisitions.

5. Describe any material changes to your executive management team over the last 5 years (2018 – 2022).

6. Describe your firm's ownership structure, with reference to **Exhibit 1** (Organization Chart).

7. Is your company privately held or publicly held? (Indicate "Public" if your firm is a direct or indirect subsidiary of a publicly held company.)

() Private

() Public

If you indicated "private":

- a. Is it 100% employee-owned? (Yes/No)
 - b. If "No", provide a breakdown of the types of shareholders that have an ownership stake in your firm. In the "employees" row, include any employees that directly or indirectly (e.g., through a holding company) hold ownership stakes in your firm.
8. Does your firm have a parent company? (Yes/No)
- a. If "Yes", provide the following details:
 - i) Name of parent company
 - ii) Parent company business line(s)
 - iii) Do your firm and its parent company share any business or operational functions? (Yes/No)
 - iv) Do your firm and its parent company share personnel? (Yes/No)
 - v) Do your firm and its parent company share a physical location? (Yes/No)
 - vi) Does your firm (or its parent company) manage assets, or oversee managers who manage assets? (Yes/No) If "Yes", disclose the % of total firm revenue associated with these services.
 - vii) Does your firm have a director's seat in the parent company?
9. For each committee listed in your Organizational Chart (**Exhibit 2**), describe its purpose and how it functions (e.g., decision-making authority and frequency of meetings).
10. Is the lead consultant:
- a. A member of your firm's executive team? (Yes/No)
 - b. A member of any of the committees identified in your Organizational Chart (**Exhibit 2**)? (Yes/No)
- If "Yes", list the committee(s).

11. Complete the table below, indicating the number of employees and their ownership stakes (direct and indirect) in the firm.

Number of Employee Shareholders (Direct and Indirect):

Less than 5%

5% but less than 10%

10% but less than 25%

25% but less than 50%

50% but less than 75%

75% or more

Mergers and Acquisitions

12. Was your firm involved in any mergers, acquisitions, or spin-offs in 2020, 2021, or 2022? (Yes/No)

a. If “Yes”, provide the following details:

i) Date of acquisition/merger/spin-off

ii) Name(s) of organization(s) involved

Organizational Structure/Business Units

13. Describe your firm’s business units.

14. If applicable, what is the name of the business unit or division that provides:

a. Non-discretionary investment consulting services?

b. Discretionary/OCIO investment consulting services?

Investment Professionals and Other Employees

15. How would you describe your firm’s culture? e.g., What 3-5 adjectives or nouns would describe your culture? For each aspect of your culture, briefly describe some evidence of that characteristic.

16. Provide a breakdown of your investment professional staff and other staff by responsibility. (Count each person only once. If an employee services both i) OCIO and ii) non-discretionary accounts, estimate a fraction of the individual's time for each category, or provide a total figure of i) + ii).)

Use the Excel spreadsheet provided by Cortex to answer this question.

- a. How many employees, included above, spend at least 90% of their time on sales/marketing?
- b. If there is any material difference between the number of employees reported in your firm's ADV, filed with the SEC, explain the difference. (50 words max)

17. Does your firm limit the number of clients each consultant may serve? (Yes/No)

If "Yes":

- a. What is the general limit? (i.e., how many clients per consultant?)
- b. How many clients would be served by the primary and secondary consultants (including ACERA)?
- c. You may describe the policy/limit in the textbox below.

18. How does your firm manage the lead, secondary, and overall relationship team's time and resources? Include a discussion on the number of clients served. e.g., Is there an explicit limit at the lead consultant level? At the secondary consultant level? At the overall team level? If not, why not?

19. Indicate the types of incentive and/or retention compensation arrangements available to your **investment professionals**. Select all that apply.

- ☐ Bonus
- ☐ Profit Sharing
- ☐ Stock Ownership
- ☐ Stock Options
- ☐ Other Equity Participation (e.g., Employee Stock Ownership Plan)
- ☐ Other, specify

Explain how your compensation arrangements work. (100 words max)

Staff Turnover

20. Provide a breakdown of the turnover in investment professionals and dedicated executive management staff in the 5-year period from 2018 to 2022 (year to date), identifying any turnover that relates to principals/shareholders of the firm.

Use the Excel spreadsheet provided by Cortex to answer this question.

Investment Funds

21. Does the firm sponsor or manage any investment funds? (Yes/No)

a. If “Yes”, describe the funds in the tables below.

Name of Fund	Asset Class (e.g., Private Equity)	Sector/Strategy (e.g., Buyout)	Year Raised	Size of Fund (\$M)	Firm’s Role (Manager/Sponsor/Both)
					<input type="checkbox"/> Manager <input type="checkbox"/> Sponsor <input type="checkbox"/> Both

b. Indicate the percentage of total firm revenue for 2017 through 2021 that was attributable to the funds listed above (if applicable).

2017	2018	2019	2020	2021

- c. Describe your fee structure for managing the funds listed above (if applicable). (100 words max)
- d. How does your firm mitigate the potential for conflicts of interest with respect to recommending such investment funds to clients (if applicable)? (100 words max)

Relationships with Third Parties

22. List and describe any material or strategic relationships you have with third parties.

23. If you outsource a substantial portion of the work related to servicing your non-discretionary clients to a third party, describe the nature of the work that is outsourced.

24. Do you or a related company receive revenue or have relationships with money managers that you recommend, consider for recommendation, or otherwise mention to clients? (Yes/No)

If “Yes”:

i) Describe those relationships. (100 words max)

ii) Indicate the nature of the revenue received (check all that apply):

- ☐ Fees for inclusion in your firm’s manager database(s)
- ☐ Client referral fees
- ☐ Conference attendance fees
- ☐ Brokerage commissions
- ☐ Software sales
- ☐ Provision of consulting services
- ☐ Other, specify

iii) How do your policies or procedures address conflicts of interest or prevent the above payments or relationships from being a factor when you provide advice to your clients? (200 words max)

25. If retained to provide services, would your firm receive any direct or indirect payments of any kind as a result of the relationship, apart from the fees quoted in your proposal? Such direct or indirect payments include but are not limited to cost recovery fees, asset management fees, or payments from affiliates or managers of the Fund’s assets for brokerage services, advisory services, and consulting services. (Yes/No)

If “Yes”:

a. What would the nature of such payments likely be? (50 words max)

b. Would your firm agree by contract to disclose all such payments to ACERA annually including the amounts, nature, and sources of the payments? (Yes/No)

26. Does your firm or any of your firm’s employees invest their money in the investments that are recommended to clients? (Yes/No)

If “Yes”, explain why this practice is permitted, including how any potential conflicts of interest are addressed. (250 words max)

Regulatory Actions or Investigations

27. Are there any current or pending regulatory actions or investigations related to your firm? (Yes/No)

If “Yes”, explain.

28. Is there any pending or threatened litigation of any type (civil, criminal, regulatory, arbitration, mediation, etc.) against:

- a. Your firm? (Yes/No)
- b. The firm’s principals? (Yes/No)
- c. Your non-discretionary practice? (Yes/No)
- d. Your OCIO/discretionary practice? (Yes/No)
- e. Any proposed consultants for the relationship? (Yes/No)

If “Yes” for any of the above, provide an explanation.

29. If you provide **discretionary investment management consulting (OCIO) services** to clients:

- a. Does your firm maintain separate discretionary practices from non-discretionary practices? (Yes/No)
- b. If so, how are the practices separated? (200 words max)
- c. If not addressed in the above response, how do you prevent conflicts of interest between discretionary and non-discretionary clients? (200 words max)

30. Do you have any affiliates, divisions or investments in joint ventures that might potentially be involved in the management of ACERA’s assets under this assignment? (Yes/No)

If “Yes”, provide details. (200 words max)

31. Has the firm or anyone in the firm, or any affiliate:

- a. Had any professional relationship (e.g., investment banking, brokerage, custodial, insurance, or actuarial) with ACERA or the Investment Committee, or any individual listed in Appendix I of the RFP during the past three years? (Yes/No)

If “Yes”, describe the nature of the relationship. (200 words max)

- b. Provided any gifts or other remuneration, or paid any expenses for travel, hotel, meals, or entertainment for or on behalf of any of the individuals listed in Appendix I of the RFP during the **12 months prior to the submission date**? (Yes/No)

If “Yes”, indicate the amount, recipient, and purpose of the payments.

32. Disclose any other actual or potential conflicts of interest that may arise should your firm be selected to provide GIC services to ACERA, including the activities of any affiliated companies that have not been disclosed above. Indicate "N/A" if none. (200 words max)
33. How would your firm manage the conflict(s) described in your response above? Indicate "N/A" if you did not disclose any conflicts above. (200 words max)
34. Describe all arrangements or understandings (written or oral) between your firm and any advisor, placement agent, broker, law firm, or other individual or entity in connection with the solicitation or referral of clients. Indicate "N/A" if none. (200 words max)
35. How does your firm ensure that all clients are treated equitably with respect to access to investment opportunities? Are any written policies in place to promote equitable treatment? (200 words max)
36. If applicable, disclose the percentage of your institutional clients who utilize money managers, investment funds, brokerage services, or other service providers from whom you receive fees.

Service Providers from Whom You Receive Fees	Percentage of Clients (%)
Money Managers	
Investment Funds	
Brokerage Services	
Other Service Providers	

If you indicated "Other Service Providers", disclose the nature of the services provided to the client.

Revenue

37. Provide the revenue from each business unit for the last 5 years including revenue from your consulting advisory business and from your discretionary/OCIO business.

38. Does your firm provide **Specialty Asset Class Consulting**? (Yes/No)

If "Yes", complete the table below for the 2021 calendar year.

Asset Class	Year Began Providing <u>Specialty Asset Class Consulting</u>	Number of Current Clients*	2021 Revenue (\$M)	Percentage of Firm's Revenue (%)
Real Estate				
Private Equity				
Absolute Return				
Real Assets				
Private Credit				
Other (specify)				

* Only include clients for which the scope of services is limited to the asset class in question.

Competitive Advantages

39. Describe your firm's competitive advantage(s), or value proposition(s), compared to your competitors.

Investment Team

Proposed Consulting Team

40. Describe the lead consultant.

Name
Title
Number of years of experience in institutional investments
Number of years of experience in investment consulting
Number of years with the firm
Number of years serving as a lead consultant at the firm
Highest Degree (e.g., PhD, Masters, Bachelors)
Education (degree, field, institution)
Professional designation(s)
Number of clients as lead consultant
Total AUA with respect to above clients (\$M)
Number of clients as secondary consultant
Total AUA with respect to above clients (\$M)
Names, types (e.g., DB or DC), and location of clients currently serving in a lead consultant capacity (if permitted to disclose)
Equity ownership in the firm (%)
Primary office location (city, state)

Describe the **secondary consultant**.

Name
Title
Number of years of experience in institutional investments
Number of years of experience in investment consulting
Number of years with the firm
Number of years serving as a lead or secondary consultant
Highest Degree (e.g., PhD, Masters, Bachelors)
Education (degree, field, institution)
Professional designation(s)
Number of clients as lead consultant
Total AUA with respect to above clients (\$M)
Number of clients as secondary consultant
Total AUA with respect to above clients. (\$M)
Names, types (e.g., DB or DC), and location of clients currently serving in a lead or secondary consultant capacity (if permitted to disclose)
Equity ownership in the firm (%)
Primary office location (city, state)

41. List other **investment professionals** who would have regular, direct contact with the ACERA Investment Committee and/or Staff in the course of the consulting relationship, along with the likely nature of such contact.

Area	Investment Professional	Title	Nature of Contact
General Investment Consulting			
Real Estate Consulting			
Private Equity Consulting			
Absolute Return Consulting			
Real Assets Consulting (excludes Real Estate)			
Private Credit Consulting			
Other (if applicable)			

42. Provide biographies of the firm's proposed lead and secondary consultants for ACERA, along with biographies of the other investment professionals listed above. (Biographies should include prior places of employments and titles.)

43. Complete the following table by indicating the number, types, and size of clients for which the **lead consultant** currently provides **non-discretionary investment consulting** services as the **lead consultant**, as of the date of submission.

Types of Clients		Lead Consultant's Non-Discretionary Clients (by Fund Type and Clients' Total Asset Value)					
		< \$100M	\$100M≤X<\$1B	\$1B≤X<\$5B	\$5B≤X<\$15B	\$15B≤X<\$50B	≥ \$50B
Public Funds	Defined Benefit						
	Defined Contribution						
Corporate for-profit Funds	Defined Benefit						
	Defined Contribution /401(k)						
	Other						
Endowment & Foundations							
Not-for-Profit Corporations							
Taft-Hartley/Union							
Sovereign Wealth							
Other							

44. Complete the following table by indicating the number, types, and size of clients for which the **lead consultant** currently provides **discretionary investment consulting/OCIO** services as the **lead consultant**, as of the date of submission.

Types of Clients		Lead Consultant's Discretionary Clients (by Fund Type and Clients' Total Asset Value)					
		< \$100M	\$100M≤X<\$1B	\$1B≤X<\$5B	\$5B≤X<\$15B	\$15B≤X<\$50B	≥ \$50B
Public Funds	Defined Benefit						
	Defined Contribution						
Corporate for-profit Funds	Defined Benefit						
	Defined Contribution /401(k)						
	Other						
Endowment & Foundations							
Not-for-Profit Corporations							
Taft-Hartley/Union							
Sovereign Wealth							
Other							

Consulting (Non-Discretionary) Business

45. What is your firm's general approach to advising clients? For example, does your firm have a centralized decision-making process whereby advice and recommendations are developed through an internal committee structure? Alternatively, does your firm use a de-centralized approach whereby individual consultants independently develop recommendations and advice for their clients?

46. What were your a) discretionary/OCIO assets under management and b) non-discretionary assets under advisement as at December 31, 2021 (institutional accounts only) and the prior 4 years?

Use the Excel spreadsheet provided by Cortex to answer this question.

47. List the name, type, and size of your largest 10 **consulting (non-discretionary)** accounts, along with the first year of service to that client.

Client Name	Client Type (Select One)*	Assets Under Management	First Year of Service

- *
Public Funds - Defined Benefit
Public Funds - Defined Contribution
Corporate for-profit Funds - Defined Benefit
Corporate for-profit Funds - Defined Contribution/401(k)
Corporate for-profit Funds - Other
Endowment & Foundations
Not for Profit Corporations
Taft-Hartley/Union
Sovereign Wealth
Other

48. Provide a breakdown of your **consulting (non-discretionary)** accounts as at December 31, 2021 (institutional accounts only) by: Type and Size; Duration; and Turnover.

Use the Excel spreadsheet provided by Cortex to answer this question.

Discretionary (OCIO) Business

49. List the name, type, and size of your largest 10 OCIO (discretionary) accounts, along with the first year of service to that client.

Use the Excel spreadsheet provided by Cortex to answer this question.

Client Name	Client Type (Select One)*	Assets Under Management	First Year of Service

- *
Public Funds - Defined Benefit
Public Funds - Defined Contribution
Corporate for-profit Funds - Defined Benefit
Corporate for-profit Funds - Defined Contribution/401(k)
Corporate for-profit Funds - Other
Endowment & Foundations
Not for Profit Corporations
Taft-Hartley/Union
Sovereign Wealth
Other

50. Provide a breakdown of your **discretionary/OCIO** accounts as at December 31, 2021 (institutional accounts only) by: Type and Size; Duration; and Turnover.

Use the Excel spreadsheet provided by Cortex to answer this question.

Asset Allocation Methodology/Philosophy/Process

51. What observations do you have, if any, regarding ACERA's current asset allocation? For example, what issues related to ACERA's asset allocation would be most important to discuss near the start of any future GIC relationship with ACERA?
52. Describe how you perform asset allocation studies by selecting one of the responses below.
- Performed internally by your own staff without input from your clients
 - Performed internally by your own staff with input from your clients
 - Performed internally with assistance from third-party advisors/consultants
 - Fully outsourced in some manner to another firm or party
 - We do not conduct asset allocation studies for our clients
 - Other (specify)
53. Describe your firm's general approach to conducting asset allocation studies for your clients, including the rationale or philosophy. For example, how are your client's liabilities taken into account? (Do not discuss how you arrive at capital market assumptions, as you will be asked to address that in the next question.)
54. Describe how you arrive at assumptions (e.g., expected returns, volatility, and correlations) for purposes of your asset allocation studies/reviews. Does your approach rely primarily on historical data, a fundamental analysis/building block approach, surveys, judgment, a combination of the above, or some other approach? (200 words max)

55. Do you have an asset allocation or other such committee to meet the needs of your non-discretionary clients in this area? (Yes/No)

If "Yes", provide the names of the committee's members, their years on the committee, and their biographies.

Committee Member's Name	Title	Years on the Committee

56. Who are the key individuals within your firm who focus on performing asset allocation studies? Attach a biography for each individual in your response to question 42.

Name of Individual
Title
Number of Years of Investment Experience
Number of Years with the Firm
Academic Degree(s)
Professional Designation(s)
Does individual also serve as a consultant to non-discretionary clients?

57. How many "dedicated" asset allocation professionals do you have (spend at least 90% of their time on asset allocation)?

Use the Excel spreadsheet provided by Cortex to answer this question.

58. Explain why your firm is, or is not, a proponent of tactical asset allocation (TAA)? (TAA refers to the decision to deviate from a client's policy allocation, such as the allocation to US Equity, International Equity, and US Fixed Income.) (750 words max)

Return Forecasts

59. Provide the 10 year forecasts from the asset allocation study included in **Exhibit 8A (2011)** (i.e., from 2011), along with the realized outcomes and the underlying index used in each asset class, along with inflation. (Figures should have at least 1 decimal of precision, such as 1.2%.)

Use the Excel spreadsheet provided by Cortex to answer this question.

Asset Class or Index	10 Year Return Forecast (ex ante)	10 Year Realized Outcome (ex post)	Underlying Index (e.g., MSCI ACWI)
US Equity			
International Equity			
Fixed Income			
Real Estate			
Private Equity			
Absolute Return			
Real Assets			
Private Credit			
Cash			
Inflation			

Manager Research and Selection Process

60. Describe the key elements of your manager research and due diligence process. Describe any material differences between your public market and private market processes.
61. For each of the following asset classes, describe what you believe distinguishes your firm from its competitors. Provide examples. (200 words max for each item)
- General strategies in traditional public asset classes (US equity, international equity, and fixed income)
 - Real estate
 - Private equity
 - Absolute return
 - Real Assets
 - Private Credit
62. How do you build and maintain the quality and competitiveness of your **consulting** practice in each of the above asset classes? (300 words max for each item)

63. Do you perform an on-site visit to every manager's office(s) prior to recommending the fund and/or strategy? (Yes/No) If "No", explain why not.
64. How many investment professionals are devoted to the following asset classes? (If the research professional conducts research for more than one asset class, estimate a fraction of the individual's time for each category.)

Use the Excel spreadsheet provided by Cortex to answer this question.

Public Equity, Public Fixed Income, Private Equity, Private Debt, Hedge Funds, Real Estate, Infrastructure, Commodities, Other

If you disclosed a number under the "Other" category, provide details for the type of research conducted by the research professional. (50 words max)

65. If an investment committee reviews and approves **private market** managers, strategies, and/or funds, provide the names, years on the investment committee, and biographies of the individuals on the committee.
66. If an investment committee reviews and approves **public market** managers, strategies, and/or funds, provide the names, years on the investment committee, and biographies of the individuals on the committee.
67. List the **general** (i.e., both public and private or public only) investment manager databases you use for manager data (e.g., eVestment).
68. List any specialty third-party **private markets** investment manager databases you use for manager data (e.g., Aksia, Cambridge Associates, Pitchbook, etc.).

Operational Due Diligence

69. Under what circumstances and for what types of investment managers does your firm conduct operational due diligence ("ODD"), if at all? Describe your firm's processes for conducting ODD, the number of professionals involved, and the specific operational issues addressed. Your explanation should include how the ODD team works with the investment deal team. Provide specific examples of ODD exercises your firm performed where tangible and meaningful benefits were derived. (600 words max)
70. Do you have any staff who are dedicated to performing **only** operational due diligence? (Yes/No)
- If "Yes", how many?
71. Does the team that is responsible for conducting ODD have veto power? (Yes/No)

72. Are background checks completed as part of due diligence? If so, at what stage, and would this be covered in the fee proposal?

73. For your **non-discretionary investment consulting** services, indicate the number of public manager searches completed by your firm in the table below in 2019 (i.e., pre-pandemic).

Investment Manager Searches	Number of Full Searches Completed*	Number of Focused Searches Completed**
US Equities – active		
US Equities – passive		
US Fixed Income – high yield bonds, mortgages, etc.		
International and Global Equities – developed markets		
Emerging Market Equities		
International and Global Bonds – including emerging and frontier markets		
Other		

*A full search consists of a search for which a request for proposals was issued that was open to the broad market or relevant universe of managers.

** A focused search is one in which your firm invites only a select number of firms that your firm has already pre-qualified through prior due diligence.

74. Indicate the number of unique private market investment funds your clients committed to in 2021 (discretionary and non-discretionary). To eliminate double counting, if more than one of your clients has committed to a particular fund over any period of time, that fund is to be counted as a single commitment.

Use the Excel spreadsheet provided by Cortex to answer this question.

75. Describe your general investment philosophy as it applies to public retirement funds. At a minimum, address and provide examples for the following issues (750 words max):

- Long-term asset allocation
- Rebalancing the asset allocations in the various asset classes (including frequency and/or trigger(s) for rebalancing)
- Active management, passive management, and manager selection

76. What observations would you make about ACERA's current investment strategy (e.g., long-term asset allocation policy, nature and degree of active management in various areas, etc.)?

Asset Class Structure and Rebalancing

77. Do you offer any specialized services related to portfolio rebalancing either as part of our standard general investment consulting services or as a separate service?

If “Yes”:

- a. Describe the services. (200 words max)
- b. If you offer a separate portfolio rebalancing service, is this included in your fee proposal? If not, what are the costs associated with the service? (200 words max)

78. Describe your firm’s philosophy on:

- a. The role of private markets for a public fund client (250 words max)
- b. How to design and construct private markets portfolios (i.e., private equity) (250 words max)
- c. The role of hedge funds (250 words max)
- d. How to design and construct a portfolio of hedge funds (250 words max)
- e. Emerging Investment Managers (EIM) (250 words max)

79. Describe your firm’s success in identifying and gaining access for your clients to top quartile private equity and hedge funds, and how your firm has been able to achieve such access. (200 words max)

80. Describe your firm’s process for monitoring managers and general partners with respect to organizational conditions such as staff turnover, mergers, legal issues, and financial soundness. How do you keep clients informed as to new information of this type? (250 words max)

81. Discuss two **public market manager** recommendations made to clients similar to ACERA, including one recommendation for each of the following scenarios:

- a. Investment performance has met or exceeded expectations
- b. Investment performance has not met expectations

In your discussion, focus on the steps taken by your firm in response to the above scenarios. Attach the respective recommendation memos as **Exhibit 6** of your proposal.

82. Discuss two **private market investment** recommendations made to clients similar to ACERA, including one recommendation for each of the following scenarios:

- a. Investment performance has met or exceeded expectations
- b. Investment performance has not met expectations

In your discussion, focus on the steps taken by your firm in response to the above scenarios. Attach the respective recommendation memos as **Exhibit 7** of your proposal.

Real Estate

83. Describe how you would design and construct a real estate portfolio.
84. When serving as the GIC for clients that also retain a specialty real estate consultant:
- Describe your firm's philosophy regarding the role real estate may play in a public DB fund's portfolio and how such portfolios should be structured.
 - How does your firm work and coordinate with the specialty real estate consultant, and where is coordination particularly important and/or challenging?
 - How do your firm's services complement those of the specialty real estate consultant?
 - Describe your firm's experience, capabilities, and performance with respect to real estate.
 - List the names of the individuals in your firm whom you consider to be "thought leaders" with respect to real estate. Describe their backgrounds and experience.
85. Do you have any clients where i) you serve as the GIC (excluding real estate) and ii) the client has a specialty real estate consultant (unrelated to your firm), as ACERA currently does? (Yes/No)
If "Yes", describe how the services provided by your firm to those clients as the GIC differ from the services provided by the specialty real estate consultant to those same clients.
86. Describe the pros and cons, from ACERA's perspective, related to ACERA's two choices (a and b below).
- ACERA selects one consultant to provide both "general" advisory services as well as services related to the real estate portfolio; and
 - ACERA selects two consultants: a GIC and an unrelated real estate consultant.

Which alternative (a or b above) is better from ACERA's perspective, and why? Your response should consider, at a minimum, any differences related to the portfolio (e.g., returns, costs, and risks) as well as other factors (e.g., impact on staff workload, communication, etc.).

Risk Management

87. Describe your general approach and philosophy with respect to investment risk management as it applies to public defined benefit plans. At a minimum, address the following questions (750 words max):
- What risks are most relevant to a public DB fund?
 - What are the most meaningful measures of the above risks?
88. If your firm has one or multiple risk management committees, provide the committee names and functions.

For each risk management committee, provide the names of the members on the committee, their number of years on the committee, and attach their biographies.

89. To what extent does your firm rely on the following risk methodologies?

Methodology	High Reliance	Low Reliance	None
Parametric ("Normal Distributions")			
Monte Carlo Simulations			
Scenario Analyses			
Stress Tests			
Other (specify)			

90. What purpose(s) do the above methodologies serve (e.g., asset allocation only, or also manager-level analyses)? (250 words max)

91. Is risk management considered a separate function, and therefore charged a separate fee? Or are some risk services included as part of the GIC fee? Explain, if necessary. (250 words max)

Risk Reporting

92. Do you provide separate and distinct client reports that are dedicated to risk measurement/analysis? (Yes/No)

If "Yes":

- What are the key risks addressed in the above reports?
- Are reports individually customized for clients? If "Yes", what aspects of the reports do you typically customize?

Attach a sample report.

93. How many "dedicated" risk professionals do you have (spend at least 90% of their time on risk reporting and analysis)?

Use the Excel spreadsheet provided by Cortex to answer this question.

94. Do you use proprietary risk systems or third-party risk software systems/platforms? (Yes/No)

If "Yes", for what purpose?

95. Does your firm have the capabilities in place to monitor and oversee underlying managers' portfolios at the security level? (Yes/No/Yes, with some exceptions)

If "Yes, with some exceptions" describe those capabilities. (200 words max)

96. Does your firm have the capabilities in place to monitor and oversee credit and counterparty risk within underlying managers' portfolios? (Yes/No/Yes, with some exceptions)

If "Yes, with some exceptions" describe those capabilities. (200 words max)

97. Does your firm have the capabilities to consolidate all underlying positions and quantify where concentrated risks lie in that total portfolio? (Yes/No/Yes, with some exceptions)

If "Yes, with some exceptions" describe those capabilities. (200 words max)

98. Describe the key qualities that differentiate your firm's approach to investment risk reporting. (200 words max)

Reporting

99. Provide details for the routine reports that you provide your clients similar to ACERA, using the form below. Also, provide samples of each type of report (client names can be redacted) if not already provided in other exhibits of **Section III, Part D**. Identify the sample reports as **Exhibit 14**.

Report Name	Frequency	Brief Description of Report Format and Content

100. List the reporting and analytical tools your firm provides that are accessible to clients online. Do any of these tools allow the client to access and analyze data themselves?

Other Services

101. List other services which have not been reflected in this RFP and that you typically will provide to your defined benefit pension clients.

Performance

102. Provide the net* quarterly returns, including their related total portfolio benchmark, for the following clients.

Use the Excel spreadsheet provided by Cortex to answer this question.

- a. Your five (5) largest **non-discretionary/advisory** clients, where these clients i) have been **non-discretionary/advisory** clients for five (5) years or longer and ii) your firm provided advisory services in the area of asset allocation during this period
- b. Your five (5) largest **discretionary/OCIO** clients, where these clients have been **discretionary/OCIO** clients for five (5) years or longer

* Net returns should include the effect of underlying managers' fees.

103. Do you maintain any return composites related to the performance of:
- a. Your underlying clients (e.g., performance of all your defined benefit pension plan clients)? (Yes/No)
 - b. Any investment products that your firm offers to clients (e.g., performance of an actively managed global equity fund)? (Yes/No)

Performance Measurement & Reporting

104. Describe the process you would recommend to clients like ACERA with regards to the maintenance of a Manager Watch List. Attach a sample Watch List report (identified as **Exhibit 11**), and include a discussion of:
- a. How the process works for i) underperforming managers, and ii) outperforming managers
 - b. How managers are added and removed from the Watch List
 - c. Whether, and how, these changes are communicated to the relevant managers
 - d. When and how these changes are communicated to clients' investment committees and/or boards
105. What is your benchmarking process? Do you have a cyclical process whereby it is checked to ensure that the appropriate benchmarks are used?

Environmental, Social, and Governance (ESG) Factors

106. Describe how your firm implements ESG principles internally at your firm. (1,000 words max)
107. Describe your firm's framework/approach for addressing ESG issues for investing, including how ESG issues are integrated into the client service process and advice offered to clients.
108. What proportion (%) of your US public sector defined benefit pension clients have an ESG Policy?
109. For what proportion (%) of your US public sector defined benefit pension clients who have an ESG Policy did you support the development and implementation of the client's first ESG Policy?
110. For those clients who do not have an ESG Policy, explain why they do not have a policy.
111. Describe how ESG factors are incorporated (and may impact) your overall investment due diligence process for both public and private market recommendations for your defined benefit pension clients similar to ACERA. Include a discussion on ESG as it relates to both a) investment due diligence and b) operational due diligence.
112. One of the GIC's responsibilities is to recommend changes or improvements to ACERA's ESG Investment Policy over time if warranted. In your opinion:
- a. How does ACERA's current ESG Policy affect its overall portfolio risk and performance? (250 words max)
 - b. Describe or provide evidence that supports your views above (e.g., citation(s) from academic or other third-party research as exhibits).
 - c. If you were engaged as the GIC, what issues, if any, would you likely raise with ACERA during the next review of its ESG Policy? (List up to three, in their order of importance and/or urgency.)

Issue	Brief description of issue

- d. If you listed any issue(s) for ACERA to potentially consider above, describe why the issue is important and/or urgent. (100 words max for each issue)
113. How would you work with Trustees who might have differing views on a) ESG overall and b) the individual merits of E, S, and G? Provide historical examples in response to a) and b).

Glossary

Assets under Advisement (AUA) – assets for which a firm provides non-discretionary investment consulting services.

Assets under Management (AUM) – assets for which a firm provides discretionary investment consulting services.

Non-Discretionary/General Investment Consulting Relationships – client relationships in which the client has not granted your firm authority to make investment decisions and execute transactions on its behalf. Instead, your firm is retained by the client solely to provide non-discretionary advisory services, typically pertaining to asset allocation policy, asset-liability studies, manager due diligence, and performance reporting.

Discretionary Consulting Relationships – client relationships in which the client has granted your firm authority to make investment decisions and/or execute transactions on the client's behalf. Such relationships may also be referred to as directed consulting or outsourced chief investment officer (OCIO) services.

Specialty Asset Class Consulting Relationships – client relationships in which the client retains your firm to provide consulting services only with respect to a particular asset class (e.g., Private Equity, Alternatives, Real Assets, Real Estate). These may be provided on a discretionary or non-discretionary basis.

Investment Professionals – investment consultants, portfolio managers, and investment analysts. Investment analysts include researchers and performance measurement specialists.

Dedicated Executive Management Staff – personnel whose duties are limited to managerial functions only and exclude client consulting functions. Examples of dedicated executive management positions include, but are not limited to, the chief executive officer and chief operating officer, provided such positions do not also engage in consulting functions.

Dedicated Sales/Marketing Staff – personnel whose duties are limited to marketing, sales, or client services and do not include client consulting functions.

Administrative staff/Clerical Staff – personnel whose duties are limited to providing administrative or clerical support.

Scope of Services and Minimum Qualifications Requirements of ACERA

Section I.D of this RFP sets out the scope of services for the general investment consultant. Please confirm that you are able to work within that framework. (Yes/No)

- a) Does your firm acknowledge that, should it be retained as the general investment consultant, it would be serving as a fiduciary to ACERA? (Yes/No)
- b) Is your firm willing to customize services as instructed by ACERA? (Yes/No)
- c) Is your firm registered as an investment adviser under the Investment Advisers Act of 1940? (Yes/No)
- d) *At the time of submission*, has your firm been in continuous operation in the United States for at least ten (10) years providing **non-discretionary general investment consulting** services for institutional pension plans similar in asset size to ACERA? (Yes/No)

If you indicated “No”, has your firm undergone a merger or acquisition, in which at least one of the predecessor firms has been in continuous operation for at least ten (10) years providing **non-discretionary general investment consulting** services to institutional investment funds, at the time of submission? (Yes/No)

- e) Does your firm have at least five (5) institutional investment fund clients, each with assets of at least \$1 billion? (Yes/No)
- f) Does your firm have at least three (3) public fund clients, each with assets of at least \$2 billion? (Yes/No)
- g) At the time of submission, does the proposed lead investment consultant to be assigned to ACERA’s account have a minimum of ten (10) years’ experience in the institutional asset management industry, including at least five (5) years of experience providing investment consulting services to institutional investment funds such as ACERA? (Yes/No)
- h) Does your firm acknowledge that, should it be retained as the general investment consultant, it will be directly responsible for the management of the account, and all personnel responsible for working on the account will be employees of the firm? (Yes/No)
- i) Is your firm’s principal place of business within the United States and is the firm subject to service or process in the United States? (Yes/No)
- j) Can your firm confirm that it does not have, nor potentially have, a material conflict of interest involving ACERA including, but not limited to, the ACERA’s Board, staff, actuary, investment managers, or other consultants? (Yes/No)
- k) Will the firm agree to disclose all potential, current conflicts of interest as well as potential conflicts that might occur, and annually disclose all sources of revenue from sources and affiliations other than investment consulting, and agree to abide by ACERA’s Conflict of Interest Policy and Conflict of Interest Code? (This policy and code can be found on ACERA’s website at <https://www.acer.org/board-retirement>.) (Yes/No)

- l) Indicate whether your firm currently meets the following insurance requirements or will have applied for it by contract execution:
- ☐ Commercial General Liability – a combined single limit of \$1 million per occurrence and \$5 million in aggregate
 - ☐ Auto Liability Insurance – a combined single limit of \$1 million
 - ☐ Workers’ Compensation – Employer’s Liability with a combined single limit of \$1 million
 - ☐ Data Breach – \$1 million, covering privacy liability, regulatory actions, and breach response expenses
 - ☐ Professional liability, fiduciary indemnity, errors & omissions, and/or other similar insurance coverage – with a minimum of \$5 million.
- m) Does your firm possess the experience, skills, and resources necessary to provide general investment consulting services in relation to the asset classes identified in the ACERA *General Investment Guidelines, Policies, and Procedures* and other investment policies (see ACERA website at <http://www.acera.org/investment-policies>)? (Yes/No)
- n) If your firm provides both **discretionary** and **non-discretionary** investment consulting services, are these services organized as separate practices within your firm? (Yes/No)
- o) Is your firm willing to allow ACERA to review the latest 3-5 years of the firm’s audited financial statements at some stage in the search process? (Note: In-office reviews are acceptable.) (Yes/No)
- p) Once selected by ACERA as the finalist firm, will the proposed lead and secondary consultants and key officers of the firm consent to background investigations? (Yes/No)

Exceptions to ACERA’s Minimum Qualifications. If applicable, elaborate on any exceptions to the Minimum Qualifications indicated above.

Exceptions to ACERA’s Sample Consulting Services Agreement. If applicable, identify the objectionable sections to ACERA’s Sample Consulting Services Agreement and include any proposed amendments to it.

APPENDIX V: SAMPLE INVESTMENT CONSULTANT SERVICES CONTRACT

INVESTMENT CONSULTING SERVICES AGREEMENT

BETWEEN

ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

AND

[CONSULTANT]

Dated: _____, 2023

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F. (1) Alameda County Employees' Retirement Association Investment Guidelines, Policies and Procedures (Amended May 19, 2022)	
(2) Alameda County Employees' Retirement Association Private Equity Investment Policy (Amended October 21, 2021)	
(3) Alameda County Employees' Retirement Association Real Assets Policy (Amended December 17, 2020)	
(4) Alameda County Employees' Retirement Association Absolute Return Policy (Amended July 15, 2021)	
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(9) Alameda County Employees' Retirement Association Emerging Investment Managers Policy (Amended October 20, 2022)	
(10) ISS Public Fund Proxy Voting Guidelines (U.S. and International) (January 19, 2022)	

**INVESTMENT CONSULTING SERVICES AGREEMENT
BETWEEN
THE ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
AND
[CONSULTANT]**

This INVESTMENT CONSULTING SERVICES AGREEMENT ("Agreement") is entered into and effective as of _____, 2023 by and between the ALAMEDA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION ("ACERA") and [CONSULTANT] ("Consultant").

RECITALS

WHEREAS, pursuant to California Government Code Section 31595 and related provisions of law, the Board of Retirement of ACERA has exclusive control of the investment of ACERA's retirement fund and may, in its discretion, delegate the authority to manage, supervise and evaluate the investment assets of the retirement fund when prudent in the informed opinion of the Board;

WHEREAS, the Board must execute its duties with respect to ACERA's retirement fund with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with like matters would use in conducting an enterprise of like character and like aims;

WHEREAS, the Board must diversify the assets of ACERA'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;

WHEREAS, the Board has determined that to execute its duties according to such standards it is in the best interests of ACERA, its members, and beneficiaries to engage a competent, knowledgeable and professional consultant to provide investment consulting services;

WHEREAS, the Board issued a request for proposals (RFP) with respect to such investment consulting services, and as a result of the competitive selection process in connection with such RFP the Board has selected Consultant to perform such services in accordance with the terms and conditions of this Agreement;

WHEREAS, Consultant represents that it possesses the qualifications, skills and resources necessary to advise the Board in performing the duties identified in this Agreement;

NOW, THEREFORE, in consideration of the above stated recitals, the mutual promises, covenants, representations and conditions contained herein, and the mutual benefits to be derived therefrom, ACERA and Consultant agree as follows:

AGREEMENT

1. **Definitions; Gender and Number.** For purposes of this Agreement, capitalized terms shall have the meanings set forth in this Section 1. In this Agreement, unless the context otherwise requires, the masculine, feminine and neuter genders and the singular and plural include one another.

“ACERA” means the Alameda County Employees’ Retirement Association, an independent public pension fund established under the authority of the County Employees Retirement Law of 1937 (California Government Code Sections 31450 et seq.).

“ACERA Records” has the meaning set forth in Section 25 herein.

“Agents” means any of Consultant’s employees, agents, or representatives providing services in connection with this Agreement.

“Agreement” means this Investment Consulting Services Agreement entered into by and between ACERA and Consultant.

“Authorized Persons” has the meaning set forth in Section 6 herein.

“Board” means the nine-member Board of Retirement, which controls and directs the investment of the retirement funds managed by ACERA.

“Claims” shall have the meaning set forth in Section 5 herein.

“Change of Control” means (a) the consummation of a merger or consolidation of an entity with or into another entity or any other reorganization, if more than fifty percent (50%) of the combined voting power of the continuing or surviving entity’s securities outstanding immediately after such merger, consolidation or other reorganization is owned by persons or entities who were not stockholders or members of the disappearing entity immediately prior to such merger, consolidation or other reorganization; or (b) the sale, transfer or other disposition of all or substantially all of an entity’s assets. A transaction shall not constitute a Change in Control if its sole purpose is to change the state of the entity’s incorporation or to create a holding entity that will be owned in substantially the same proportions by the persons or entities who held the entity’s securities immediately before such transaction.

“Confidential Information” has the meaning set forth in Section 26 herein.

“Consultant” means [CONSULTANT].

“Consulting Services” means those services listed in Exhibit A, Statement of Services.

“Disclosure Statement” has the meaning set forth in Section 19(m) herein.

“Effective Termination Date” means the date on which work under this Agreement will formally cease, as specified in any Notice of Termination delivered by one party to the other.

“Event of Default by ACERA” has the meaning set forth in Section 13 herein.

“Event of Default by Consultant” has the meaning set forth in Section 11 herein.

“Fed Funds Rate” means the average federal funds rate as published daily in the Wall Street Journal, which rate shall be used to calculate any interest required to be paid under this Agreement.

“Initial Term” has the meaning set forth in Section 9 herein.

“Investment and Strategic Plans” means ACERA’s General Investment Guidelines, Policies and Procedures, and ACERA’s other specialized investment policies attached as Exhibit F. ACERA may update and revise the Investment and Strategic Plans at any time and from time to time, and upon such update and/or revision being made publicly available, such updated Investment and Strategic Plan(s) shall replace Exhibit F, in whole or in part, as applicable.

“Legal Requirements” means all foreign, international, federal, state, regional, county, and local laws, regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations which may apply to Consultant or ACERA in relation to their performance under this Agreement.

“Notice of Claim” has the meaning set forth in Section 17 herein.

“Notice of Termination for Convenience” means a notice delivered by one party to the other when the notifying party wishes to terminate this Agreement for its convenience.

“Notice of Termination for Default” means a notice delivered by one party to the other when the notifying party wishes to terminate this Agreement due to a default by the other party.

“Renewal Term” has the meaning set forth in Section 9 herein.

“Responsible Persons” means [Identify Key Persons based on Proposal], and any other person or persons who replace or are in addition to such persons and who has been approved in writing by ACERA.

“Retainer Fee” means a fixed annual fee of [Insert per Proposal] payable quarterly in arrears that ACERA has agreed to pay for all services listed on Exhibit A, Statement of Services.

“Standard of Care” has the meaning set forth in Section 4 herein.

“Statement of Services” means the manner and form of the investment consulting services to be provided by Consultant, a copy of which is attached hereto as Exhibit A.

“Termination Invoice” means the final invoice itemizing Consultant’s prorated fees for the relevant billing period, which Consultant shall submit to ACERA no later than thirty (30) days following the Effective Termination Date.

“Transition Period” means a period of up to ninety (90) days following the Effective Termination Date during which period, at the election of ACERA, Consultant continues to perform the Consulting Services required under this Agreement in order to facilitate an orderly transition of the investment consulting services to a successor.

2. **Appointment as Consultant.** Subject to the terms, conditions and covenants of this Agreement, ACERA hereby appoints Consultant to provide the Consulting Services. Consultant hereby accepts such appointment and agrees to execute its duties according to the terms, conditions and standards set forth in this Agreement.

3. **Description of Services.** Consultant shall provide to ACERA the investment consulting services described in the Statement of Services, attached hereto as Exhibit A, according to the terms, conditions and standards set forth herein, including but not limited to compliance with the Investment and Strategic Plans. Consultant agrees that should it perform work outside the scope of the Consulting Services, which may be amended from time to time, such work shall be deemed a gratuitous effort by Consultant and Consultant shall have no claim against ACERA for any compensation for such work.

4. **Standard of Care; Limitations on Authority.**

a. **Standard of Care.** Consultant acknowledges that it will have access to ACERA’s Confidential Information and strategic goals and 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 Agents, including but not limited to the Responsible Persons, to exercise the same Standard of Care. Consultant warrants that it will not delegate its fiduciary responsibilities under this Agreement.

b. **Limitations on Authority.** Neither the Consultant, Agents nor Responsible Persons shall enter into any agreement nor incur any obligations on ACERA’s behalf, or commit ACERA in any manner without ACERA’s prior written consent, which may be granted or withheld in ACERA’s reasonable discretion.

5. **Performance of Consulting Services.**

a. **Independent Contractor Status.** In performing under this Agreement, Consultant shall be deemed at all times to be an independent contractor. This Agreement is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between Consultant and ACERA. Nothing in this Agreement shall cause ACERA to be responsible for any action, omission or inaction of Consultant. It is understood by the parties that no duty on the part of ACERA shall arise to pay any sums on behalf of or for the benefit of Consultant relating to withholding taxes, unemployment

compensation insurance, disability insurance, Social Security contributions or any other similar amounts or contributions customarily payable by virtue of an employment relationship. Consultant shall be responsible for all such obligations described in the preceding sentence, and shall be responsible for making any required reports or disclosures to federal, state or local taxing authorities regarding Consultant's income and expenses. Consultant shall defend, indemnify and save harmless ACERA, its directors, officers, agents, employees, and assigns from any and all liabilities, costs, damages, losses, claims, penalties, actions, proceedings, suits, investigations, demands, assessments, judgements and expenses (including, without limitation, all attorney's fees and costs) (collectively, "Claims") arising from Consultant's failure to make such payments and reports in a timely and proper fashion.

b. **Responsible Persons.** Consultant acknowledges and agrees that in entering into this Agreement ACERA has relied upon Consultant's representations and promises to assign those persons designated herein as the Responsible Persons to the performance of the Consulting Services. Consultant shall not change the Responsible Persons ("Change of Responsible Person") without the prior written consent of ACERA. For purposes of this Section 5, any material decrease in the availability, duties, responsibilities or services performed by a Responsible Person shall constitute a Change of Responsible Person.

6. **Authorized ACERA Personnel.** Attached as Exhibit B is a list of authorized persons who are permitted to advise, inform and direct Consultant on ACERA's behalf ("Authorized Persons"). Except as authorized in writing in advance by ACERA's Chief Investment Officer or General Manager, Consultant shall not furnish any information related to the services it provides under this Agreement to any ACERA employee, representative or other person not specifically named on the then current list of Authorized Persons.

Any changes to the list of Authorized Persons shall be made in writing to Consultant and signed by ACERA's General Manager or designee and shall be incorporated in the Agreement as an amendment to Exhibit B without the necessity of written approval of Consultant, notwithstanding Section 36 herein. Until notified of any such change, Consultant may rely on and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by ACERA. If Consultant receives instructions or notices from a source other than an Authorized Person, Consultant shall not comply with them and shall immediately notify ACERA's Chief Investment Officer in writing of such unauthorized instructions or notices.

7. **Compensation for Services.**

a. **Retainer Fee.** ACERA shall pay Consultant the Retainer Fee for the Consulting Services performed under this Agreement pursuant to Exhibit A, Statement of Services, Part I, Retainer Services. The Retainer Fee shall include any and all direct expenses and any and all overhead or indirect expenses incurred by Consultant in performing these services, including, but not limited to, travel expenses, costs of production of reports, telephone and fax expenses.

b. **Invoices.** Consultant shall submit to ACERA a quarterly invoice within thirty (30) calendar days of the close of the quarter. Each invoice shall be in the amount of [INSERT AMOUNT FROM PROPOSAL] and shall represent the fee for a full quarter of Retainer

Services. If Consultant provides less than a full quarter of Retainer Services, the Retainer Fee shall be prorated on a daily basis based on the actual number of days of Retainer Services provided in proportion to the actual number of days in such quarter. Consultant shall not be entitled to be paid compensation in advance of services rendered.

c. **Annual Renewals.** For any automatic renewal of this Agreement following the Initial Term or any Renewal Term, the Retainer Fee shall remain the same as that which applies to the then current one year term, provided, however, at least one-hundred eighty (180) days prior to the expiration of the then current term, either party may give written notice to the other that the notifying party desires to renegotiate the Retainer Fee. Any renegotiated Retainer Fee shall be set forth in a written amendment to this Agreement pursuant to the requirements of Section 36 below. If the parties are unable to agree to an amended Retainer Fee by at least ninety (90) days prior to the expiration of the then current term, ACERA may, at its sole option, terminate this Agreement for convenience pursuant to Section 10 below. If such termination occurs, ACERA may elect to require Consultant to continue to provide the Consulting Services for the Transition Period, in accordance with Section 15 below.

d. **Payment Does Not Imply Acceptance of Services.** The making of any payment by ACERA, or the acceptance thereof by Consultant, shall in no way lessen the liability of Consultant to replace unsatisfactory Consulting Services, although the unsatisfactory character of such Consulting Services may not have been apparent or detected at the time such payment was made. Consulting Services that do not conform to the requirements of this Agreement may be rejected by ACERA and in such case must be replaced by Consultant without delay.

8. **Seminars and Training Programs.** In the event Consultant conducts seminars, training sessions or similar events, which are generally made available to Consultant's U.S. based consulting clients, ACERA shall be invited to attend upon the same terms and conditions as such other clients. At ACERA's election, all Authorized Persons and members of ACERA's Board of Retirement shall be permitted to attend such seminars, training sessions or similar events.

9. **Term.** The term of this Agreement shall commence on the date first set forth above and shall continue for an initial period of five (5) years (the "Initial Term"). After the Initial Term, it shall automatically renew for successive one-year terms (each, a "Renewal Term"), unless terminated by ACERA pursuant to the provisions of Sections 10 or 11 below, or by Consultant pursuant to the provisions of Sections 12 or 13 below.

10. **Termination for ACERA's Convenience.** ACERA may terminate this Agreement without cause and for any reason whatsoever, at any time by delivering to Consultant a written Notice of Termination for Convenience specifying the Effective Termination Date. The Effective Termination Date shall be no earlier than thirty (30) calendar days after such Notice of Termination for Convenience is delivered to Consultant. In no event shall ACERA's termination of this Agreement under this Section 10 be deemed a waiver of ACERA's rights or remedies against Consultant for damages resulting from any default by Consultant, which default occurred prior to the Effective Termination Date, regardless of whether the default was discovered after the Effective Termination Date.

11. **Termination by ACERA for Default.** Upon the occurrence of an Event of Default (as defined below) by Consultant, ACERA may immediately terminate this Agreement by delivering to Consultant a written Notice of Termination for Default, which specifies the Effective Termination Date. For purposes of this Section 11, an “Event of Default by Consultant” shall mean any one, or more, of the following:

a. If Consultant fails to perform or cause to be performed the Consulting Services and subsequently fails to cure such default within ten (10) calendar days (or such longer period as ACERA may authorize in writing) after receiving notice from ACERA of such default;

b. If Consultant defaults, breaches or violates any provision of this Agreement, other than as set forth in Section 11(a) above, and fails to cure such default, breach or violation, at Consultant’s sole expense, within five (5) calendar days (or such longer period as ACERA may authorize in writing) after receipt of written notice from ACERA of such default, breach or violation;

c. If there is a willful Change of Responsible Persons which has not been authorized by ACERA (i.e. involuntary termination) and Consultant fails to cure such default within five (5) days of receipt of notice from ACERA of such default;

d. Without notice or opportunity to cure, if Consultant fails to perform according to this Agreement following receipt of more than two (2) prior notices and failure to cure pursuant to paragraphs (a), (b) or (c) of this Section 11; or

e. Without notice or opportunity to cure if Consultant (i) breaches any of the warranties, representations or covenants contained in Section 19 below; (ii) files any petition or action for relief under any bankruptcy, moratorium, receivership, insolvency, reorganization, or other similar debtor relief law from time to time in effect affecting the rights of creditors generally; (iii) there is a petition for bankruptcy filed against the Consultant by any of the Consultant’s creditors; (iv) has appointed, a custodian, receiver, trustee (or other similar official) to take possession, custody or control of any material part of the properties or assets of Consultant, or Consultant makes a general assignment for the benefit of creditors or any material portion of Consultant’s assets is attached, executed upon or judicially seized in any manner; (v) is indicted or criminally charged, or is found civilly or criminally liable by a trial court, jury or administrative body in connection with 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; or (vi) attempts or purports to assign this Agreement or any portion hereof, or any of its rights or obligations hereunder, without obtaining ACERA’s prior written consent; (vii) loses any license or permit required by any Legal Requirement; or (viii) fails to procure or maintain the insurance policies described in Section 18 below.

If ACERA terminates this Agreement for default pursuant to this Section 11, ACERA shall be entitled to recover from Consultant all damages resulting from such default subject to proof. Nothing contained in this Section 11 shall limit or affect ACERA’s right to terminate this Agreement for convenience at any time, pursuant to Section 10 above, or limit its rights and remedies for such default and breach.

12. **Termination for Consultant's Convenience.** Consultant may terminate this Agreement without cause at any time after the Initial Term by delivering to ACERA a written Notice of Termination for Convenience specifying the Effective Termination Date. The Effective Termination Date shall be no earlier than ninety (90) days after the Notice of Termination for Convenience is delivered to ACERA unless otherwise agreed in writing by ACERA. During this 90 –day period, Consultant shall continue to provide all services as provided in this Agreement. In no event shall Consultant's termination of this Agreement under this Section 12 be deemed a limitation or waiver of Consultant's rights or remedies against ACERA for damages resulting from any default by ACERA, which occurred prior to the Effective Termination Date. Nothing contained herein shall in any way limit ACERA's right to terminate this Agreement pursuant to Sections 10 or 11 above.

13. **Termination by Consultant for Default.** Upon the occurrence of an Event of Default by ACERA, Consultant may terminate this Agreement by delivering to ACERA a written Notice of Termination for Default which specifies the Effective Termination Date, provided, however, that the Effective Termination Date shall not under any circumstance be earlier than the expiration of all cure periods specified below and shall not limit the obligations of Consultant to ACERA during the Transition Period pursuant to Section 15 below. For purposes of this Section 13, the term "Event of Default by ACERA" shall mean the following:

a. If ACERA fails to perform any of its obligations under this Agreement and fails to cure such default, breach or violation within ninety (90) calendar days of receiving Consultant's written notice of such default, or

b. Without notice or cure if ACERA breaches any of the warranties, representations or covenants contained in Section 20 below.

14. **Force Majeure.** Neither Consultant nor ACERA shall be terminated for default, pursuant to Sections 11 or 13 above, if Consultant's or ACERA's failure to perform under this Agreement arises solely from causes beyond the reasonable control of the other party, the effects of which could not be reasonably anticipated or diminished with reasonable prudence and without the fault or negligence of such party. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of any foreign, international, federal or state government (including all subdivisions thereof) in such government's sovereign capacity, fires, floods and earthquakes.

15. **Rights, Remedies and Responsibilities upon Termination.** In the event of any termination of this Agreement, all of the terms and conditions herein shall continue to apply through the Effective Termination Date and through any Transition Period. The following provisions shall also apply to any termination of this Agreement:

a. **Post-Termination Responsibilities.** If either party terminates this Agreement, and unless otherwise expressly directed by ACERA, Consultant shall, subject to any Transition Period and Consultant's obligations under paragraph (d) of this Section 15, take all necessary steps to stop services under this Agreement on the Effective Termination Date.

b. Termination Invoice. Consultant shall submit to ACERA, in the form and with any reasonable certifications as may be prescribed by ACERA, Consultant's Termination Invoice. The Termination Invoice shall prorate the then-current Retainer Fee, on a daily basis, for work actually performed but for which Consultant has not been compensated up to the Effective Termination Date. Upon Consultant's failure to submit its Termination Invoice within the time allowed, ACERA may determine, on the basis of information available to it, the amount, if any, due to Consultant and such determination shall be deemed final. Subject to the provisions of paragraph (c) below, after ACERA has made such determination, or after Consultant has submitted its Termination Invoice, ACERA shall authorize payment to Consultant. In the event of a dispute over the Retainer Fee due Consultant for Consulting Services performed after any Notice of Termination is issued, ACERA's good faith determination shall be final and binding on the parties hereto.

c. Payment Withheld for Default. Payment for Consulting Services, which ACERA received prior to any default, breach or violation, will be determined according to the provisions of paragraph (b) above. Payment for Consulting Services provided during any cure period shall only be due and owing if and after Consultant has timely cured the default, breach or violation, to the satisfaction of ACERA. No payment for Consulting Services provided during any cure period shall be due and owing if Consultant has failed to timely cure the default, breach or violation, to the satisfaction of ACERA.

d. Good Faith Transfer. Upon any termination of this Agreement by either party and to the extent requested in writing by ACERA 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 ACERA. Consultant shall cooperate with ACERA to effect a smooth and orderly transition of the Consulting Services and shall transfer all applicable ACERA Records within thirty (30) days after any Effective Termination Date of this Agreement. Upon termination of this Agreement, Consultant shall retain all copies of ACERA Records according to the record retention provisions set forth in Section 25 below or as otherwise directed in writing by ACERA.

e. Cumulative Nature of Rights and Remedies. The rights and remedies of the parties provided by this Section 15 are not exclusive, but cumulative and in addition to any other rights and remedies provided by law, in equity or under any of the provisions of this Agreement.

16. Indemnification.

a. To the fullest extent permitted by law, Consultant shall indemnify and save harmless ACERA and its directors, officers, agents, employees and assigns from, and, if requested, shall defend them against any and all Claims thereof (1) arising directly or indirectly from any breach of any representation or warranty made by Consultant in this Agreement, (2) arising directly or indirectly from any breach of any covenant, agreement or obligation of Consultant contained in this Agreement, including without limitation breach of fiduciary duty, breach of the Standard of Care, breach of trust or breach of confidentiality, (3) arising directly or indirectly from any (i) bad faith, (ii) negligence, (iii) willful misconduct or (iv) improper or unethical practice in violation of law by Consultant or its agents 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 ACERA or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on ACERA, except, in the case of subsection (4) of this Section 16, where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of ACERA 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, consultants and experts and related costs and ACERA's costs of investigating any claims against ACERA. In addition to Consultant's obligation to indemnify ACERA, Consultant specifically acknowledges and agrees that it has an immediate and independent obligation to defend ACERA from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Consultant by ACERA and continues at all times thereafter. Consultant shall indemnify and hold ACERA harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by ACERA, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

b. ACERA shall promptly, and in any event within thirty (30) days after acquiring knowledge of any Claims, give written notice to Consultant of the relevant Claim ("Notice of Claim") and notice of whether ACERA elects for Consultant to defend ACERA. If ACERA so notifies Consultant, Consultant shall, at its own expense, promptly defend, contest or otherwise protect ACERA against any Claims.

c. In the event that Consultant shall undertake to compromise or defend any Claim, Consultant shall notify ACERA promptly, and in any event within thirty (30) days after the receipt of the Notice of Claim, of its intention to do so. If Consultant undertakes the defense of such Claim, ACERA shall have the right to participate in the defense of the Claim at its sole expense. Consultant shall not enter into a settlement that may affect ACERA's rights or interest without ACERA's prior written approval. Consultant shall have the right to control the defense of any such Claim unless it is relieved of its liability hereunder with respect to such defense by ACERA. ACERA shall cooperate in said defense, including without limitation, the services of any ACERA employees who are familiar with the transactions out of which any such Claim may have arisen.

d. In the event that Consultant, after receiving a timely Notice of Claim, fails to take timely action to defend the same, ACERA shall have the right to defend such Claim by counsel of its own choosing but at the cost and expense of Consultant. In the event that ACERA defends a Claim, it shall not compromise or settle any such Claim without the written consent of Consultant, such consent not to be unreasonably withheld or delayed.

e. Survival. This Section 16 shall survive any termination of this Agreement.

17. **Ownership of Results; Works for Hire.**

a. **Ownership of Results.** Any interest of Consultant or its subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Consultant or its subcontractors in connection with the Consulting Services shall become the property of and will be transmitted to ACERA in a useable format (including electronic format) upon demand by ACERA; provided, however, Consultant may retain and use copies for reference and as documentation of its experience and capabilities. ACERA shall have the unrestricted authority to publish, disclose, distribute or otherwise use in whole or in part any reports, data or other materials prepared under this Agreement, crediting Consultant as the source.

b. **Works for Hire.** If, in connection with services performed under this Agreement, Consultant or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of ACERA. If it is ever determined that any works created by Consultant or its subcontractors under this Agreement are not works for hire under U.S. law, Consultant hereby assigns all copyrights to such works to ACERA, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the prior written approval of ACERA, Consultant may retain and use copies of such works for reference and as documentation of its experience and capabilities.

18. **Insurance.** Without limiting Consultant's indemnity obligations under Section 16 above, for the duration of this Agreement, Consultant shall maintain at its own expense the insurance policies described in this Section 18 to cover Consultant's business activities. Such insurance shall be provided by insurer(s) rated A-, Class XII or better by A.M. Best & Company, or otherwise approved in writing by ACERA. On or before the commencement date of this Agreement, and annually thereafter, evidence of such insurance shall be provided to ACERA, which may be in the form of a Certificate of Insurance. Such certificate shall describe the nature, amount and term of the insurance provided. In addition, Consultant shall provide to ACERA at least thirty (30) days advance written notice of any material modification or termination of any policy of insurance. Each policy shall provide for waiver of subrogation to the extent commercially feasible. Failure by Consultant to procure or maintain the insurance described in this Section 18 shall constitute a material breach upon which ACERA may immediately terminate this Agreement for default without opportunity to cure, pursuant to Section 11 above.

a. **Commercial General Liability.** Consultant shall provide and maintain a Commercial General Liability insurance policy, which names ACERA as additional insured. Such policy shall cover liability for bodily injury and property damage arising out of Consultant's business activities and shall include, without limitation, endorsements for Premises-Operations, Products/Completed Operations, Contractual, Broad Form Property Damage and Personal Injury coverages with a limit of at least One Million Dollars (\$1,000,000) per occurrence and an annual aggregate of at least Five Million Dollars (\$5,000,000).

b. Workers' Compensation. Consultant shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to Consultant's employees for injuries arising from or related to any services provided to ACERA under this Agreement. Consultant shall provide and maintain a program of Workers' Compensation and Employer's Liability insurance, in an amount and form to meet all applicable statutory requirements, to cover all of Consultant's employees, which in any event shall have not less than a limit of One Million Dollars (\$1,000,000).

c. Automotive Liability. Consultant shall provide and maintain an Automobile Liability Policy with a combined single limit of One Million Dollars (\$1,000,000).

d. Errors and Omissions. Consultant shall provide and maintain a Professional Liability, Fiduciary Indemnity and Errors and Omissions Policy covering liability arising from or relating to any error or omission by Consultant or its Agents in performing under this Agreement with a per occurrence limit of at least Five Million Dollars (\$5,000,000) and an annual aggregate of at least Five Million Dollars (\$5,000,000).

e. Cyber Insurance. Consultant shall provide and maintain a Cyber Insurance Policy with a per occurrence limit of at least Five Million Dollars (\$5,000,000) and an annual aggregate of at least Five Million Dollars (\$5,000,000).

19. **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 agreements and obligations 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. Quality of Services. The Consulting Services, which Consultant provides or is required to provide in all respects hereunder, shall meet the requirements and standards set forth in this Agreement including the Standard of Care. Consultant shall promptly correct any errors or omissions in providing such Consulting Services, all at its own expense. Nothing contained herein shall limit or prevent ACERA from proceeding pursuant to Sections 10 or 11 above.

c. 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, ACERA shall have the right to immediately terminate this Agreement for default and, in ACERA'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.

d. 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 ACERA or the County of Alameda. 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.

e. Conflicts of Interest With Persons Related to ACERA. Consultant acknowledges that all ACERA Trustees, and pertinent ACERA staff are bound by the conflict of interest prohibitions and reporting requirements set forth in Government Code Sections 87100 *et seq.* concerning gifts, by the provisions of the Levine Act, Government Code Sections 84300 *et seq.* concerning campaign contributions, by the provisions of Government Code Sections 1090 *et seq.* prohibiting any financial interest in an ACERA contract and/or by the ACERA Conflict of Interest Policy, a copy of which is appended hereto as Exhibit C. Consultant hereby acknowledges receipt of and hereby agrees to ACERA's Conflict of Interest Policy and shall not cause or contribute to a breach or violation of such policy. No ACERA employee or fiduciary whose position with ACERA enables such person to influence the award of this Agreement or any competing agreement, and no spouse or economic dependent of such person, is or will be employed or compensated in any capacity by Consultant. No such ACERA employee or fiduciary or spouse or economic dependent of such employee or fiduciary does or will have any direct or indirect financial interest in this Agreement. Consultant shall immediately advise ACERA if any member of the ACERA Board or key staff or any elected or appointed official of Alameda County, or any person claiming to represent or have influence with the Board or with any member of the Board contacts Consultant with respect to a financial transaction or solicitation which is not solely on behalf of ACERA's business with Consultant. In order that all Board members and pertinent ACERA staff are able to participate in matters coming before the Board and to avoid conflicts of interest, Consultant agrees that it will not make any political contributions, gifts, reimbursement of expenses or provide any other personal or financial benefit or take any action or make any offer to any ACERA Board member or staff member that would result in a violation of the provisions of any of the foregoing Government Code Sections and/or the ACERA Conflict of Interest Policy. Invitations to educational conferences, and similar events including travel and accommodations, as referenced in Section 8 above, shall be made to the entire Board or ACERA and not directed to individual Board members or staff. The Board will determine whether to accept such invitations and will be solely responsible for selection of Board member, staff member, or other individual who will attend or otherwise participate on behalf of ACERA. Except as set forth in Section 8, all costs or expenses related to the conference or event, including travel and accommodations, will be paid by ACERA. Consultant shall deliver to ACERA on or before April 1 of each year, the Fair Political Policies Commission Form 700.

f. Conflicts of Interest Arising From Other Business Activities. Consultant represents and warrants that it has implemented appropriate procedures, attached as Exhibit D, necessary to assure that no actual conflict of interest arises during the term of this Agreement, and that Consultant shall at all times properly discharge its duty of loyalty owed to ACERA as a

result of Consultant acting as a fiduciary for ACERA. Consultant shall inform ACERA in writing of any change in these procedures not less than five (5) days prior to the effective date of any such change. Consultant shall not establish any financial interest, whether by indirect investment, affiliation, investment or otherwise with any real property advisor or manager that is evaluated or recommended by Consultant. Consultant shall provide ACERA with an appropriate party within Consultant's organization to provide ACERA with information about any business relationship between Consultant and any of Consultant's affiliates and any investment advisor or manager or specific investment recommended by Consultant. Consultant shall notify ACERA of all recommendations and advice given by Consultant to any affiliate of Consultant concerning or in any way related to an investment manager or investment currently retained or owned by ACERA. Such notice shall be transmitted by telephone call to ACERA's Chief Investment Officer, followed by written confirmation promptly but in no event later than the same time as other clients of Consultant are notified. Prior to ACERA acting on any direct or indirect investment opportunity that arose due to the Consulting Services, Consultant shall disclose to ACERA in writing whether Consultant or, to Consultant's best knowledge, any of the principals or investment professionals of Consultant has also invested in such opportunity. ACERA may choose to take or reject such investment opportunity at its sole discretion in the event Consultant, its principals or its investment staff have invested in such opportunity. Consultant covenants and warrants that it has an ongoing duty to notify ACERA if Consultant or any of its principals or investment professionals intend to make direct or indirect investments where ACERA is also an investor, and Consultant shall not make and shall not permit its principals or investment staff to make such direct or indirect investments within the written approval of ACERA, which may be granted or withheld in its sole discretion but that ACERA will provide promptly.

g. Audits and Financial Reports. Consultant shall provide ACERA's Chief Investment Officer or designee an opportunity to examine a copy of its annual unaudited financial statement at Consultant's offices upon three (3) business days' advance notice. This statement shall be deemed confidential and produced, disclosed or disseminated to third parties by ACERA only upon receipt of a valid court order to do so, or unless ACERA is otherwise required by law to disclose or disseminate such financial statement.

h. Changes. Consultant shall notify ACERA 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 ACERA, 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 or any of its Key Persons.

j. Registered Investment Advisor. Consultant hereby represents that it is a registered investment adviser under the Investment Advisers Act of 1940. Consultant shall immediately notify ACERA if at any time during the term of this Agreement it is not so registered or if its registration is suspended.

k. 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.

l. Disclosure Statement. Consultant represents that it has delivered to ACERA at least five (5) business days prior to the execution of this Agreement, Consultant's current Securities and Exchange Commission Form ADV, Parts 1, 2A and 2B ("Disclosure Statement"), a copy of which is attached hereto as Exhibit E. ACERA 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 ACERA 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.

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

20. ACERA's Representations Warranties and Covenants. ACERA represents, warrants, and covenants that this Agreement has been duly authorized, validly executed and delivered by ACERA and constitutes the legal, valid and binding agreements and obligations of ACERA enforceable against ACERA in accordance with its terms. ACERA 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 the execution, delivery or performance of this Agreement by ACERA. ACERA understands that Consultant has relied upon the foregoing acknowledgment, representations, warranties, covenants and agreements and that the same constitutes a material inducement to Consultant's decision to enter into this Agreement.

21. **Compliance with Legal Requirements.** In performing under this Agreement, Consultant and ACERA agree to comply with all Legal Requirements, and all provisions required thereby to be included in this Agreement are hereby incorporated by reference.
22. **Assurance of Compliance with Civil Rights Laws.** Consultant hereby assures ACERA that at all times during the term of this Agreement Consultant shall comply with Subchapter V1 of the Civil Rights Act of 1964, (42 U.S. Code Sections 2000(e) through 2000(e)(17)), to the end that no person shall, on grounds of race, creed, color, sex, or national origin be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity undertaken pursuant to this Agreement.
23. **Nondiscrimination in Employment.** Consultant shall take all necessary action to ensure that its job applicants are employed, and that its employees are treated during employment, without regard to their race, color, religion, sex, age, marital status, sexual orientation, disability, medical condition, ancestry or national origin. For purposes of this Section 23, the term “employment” shall include, but not be limited to the following: employment, upgrading, promotion, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.
24. **Replacement of Consultant’s Agents.** Upon request by ACERA, Consultant shall replace any Responsible Person or Agent assigned to perform services under this Agreement who ACERA determines in its sole discretion, is unable to effectively perform the Consulting Services as required by this Agreement.
25. **Record Retention and Inspection.**
- a. **Record Maintenance.** Consultant shall keep and maintain all records related to ACERA, including but not limited to any pertinent transaction, activity, time sheets, cost, billing, accounting and financial records, proprietary data, electronic recordings, and any other records created in connection with this Agreement or the performance of the Consulting Services (“ACERA Records”). Consultant shall keep and maintain ACERA Records for no less than seven (7) years following the termination of this Agreement at which time they will become subject to Consultant’s normal retention policy.
 - b. **Record Review and Audit.** Consultant agrees that ACERA or any duly authorized representative of ACERA shall have access to and the right to examine, audit, excerpt, copy or transcribe any ACERA Records at any time during the term of this Agreement, or for as long as the records are retained pursuant to Consultant’s normal retention policy. At ACERA’s request, and on reasonable notice, Consultant shall make such records available for review during normal business hours at Consultant’s closest business office to ACERA. Consultant shall make the persons responsible for creating and maintaining ACERA Records available to ACERA during such review for the purpose of responding to ACERA’s inquiries provided they are still employed.

26. **Confidentiality.**

a. **Confidential Information.** Consultant shall treat, and cause its accountants, attorneys, employees, Agents and other representatives to treat, as confidential all documents and information relating to ACERA ("Confidential Information") furnished by ACERA in connection with the transactions contemplated hereby and shall not release any such Confidential Information from its immediate control without the prior written consent of ACERA. However, if such Confidential Information (i) becomes generally available to the public other than as a result of a disclosure by Consultant, (ii) becomes lawfully available to Consultant on a non-confidential basis from a third party which is not under an obligation of confidentiality with respect thereto, or (iii) consists of information independently developed by Consultant, it shall not be Confidential Information. In the event Consultant, Responsible Persons or any of representatives or Agents of Consultant is requested or required by any federal, state, local or foreign governmental or regulatory entity (or any department, agency, authority or political subdivision thereof) to disclose any Confidential Information supplied to it in the course of its dealings hereunder, Consultant will provide ACERA with prompt notice of any such request or requirement so that ACERA may seek an appropriate protective order from a court of competent jurisdiction. If no such protective order has been obtained and Consultant or any of its agents is, in the reasonable opinion of its counsel, compelled to disclose any Confidential Information, Consultant may disclose such Confidential Information, provided that notice of such intended disclosure first be given to ACERA.

b. **Third Parties.** Nothing in this Agreement shall be construed as prohibiting Consultant from disclosing Confidential Information to third parties engaged by Consultant to assist Consultant in its obligations under this Agreement, provided ACERA approves of the third party engagement (which approval shall not be unreasonably withheld), and such third party agrees in writing to be bound by the terms of this Section 26 for the benefit of ACERA.

c. **Other Confidential Data.** Consultant shall maintain the confidentiality of all ACERA Records. Consultant shall indemnify, defend and hold harmless ACERA and its directors, members, employees, officers, representatives, assigns and agents from and against any Claims arising from or relating to the unauthorized disclosure of any ACERA records by Consultant or its Responsible Persons or Agents.

d. **Survival.** This Section 26 shall survive the termination of this Agreement.

27. **Audit Settlement.** If an error that is directly or indirectly related to the Consulting Services is discovered as a result of an audit performed by ACERA, or if Consultant becomes aware of any error affecting ACERA through any other means, Consultant shall promptly correct such error by crediting or debiting ACERA in the appropriate amount. If any such error is greater than five percent (5%), regardless of whether it was discovered by ACERA or Consultant, Consultant shall pay any and all fees incurred by ACERA in conducting such audit and damages pursuant to Section 16 above.

28. **No Third Party Beneficiary.** Subject to Section 26(b) above, all of the understandings, agreements, representations and warranties contained herein are solely for the benefit of ACERA and Consultant and there are no other parties who are intended to be benefited, in any way whatsoever by this Agreement.

29. **Dispute Resolution.** All disputes arising under or relating to this Agreement which are not resolved by Consultant and ACERA, shall be resolved by binding arbitration in Alameda County, California under the Commercial Arbitration Rules of the American Arbitration Association then existing. Judgment on the arbitration award may be entered in any court having jurisdiction over the subject matter of the controversy. The arbitrator shall be selected by the parties and shall be a person experienced with public pension plan investment advisors. In the event the parties cannot agree on an arbitrator, each of the parties shall select one (1) arbitrator and the two (2) arbitrators shall select the arbitrator. The parties agree that the prevailing party to any binding arbitration shall be entitled to its reasonable attorneys' fees and related legal costs. Both parties hereto agree that, the existence of a dispute notwithstanding, each will continue without delay to carry out all responsibilities under this Agreement, which are not affected by the dispute.

30. **Notices.** All notices, requests, demands or other communications required or desired to be given hereunder or under any law now or hereafter in effect shall be in writing. Such notices shall be deemed to have been given if delivered by facsimile with telephone confirmation of receipt, or by overnight courier, or if mailed by first class registered or certified mail, postage prepaid, and addressed as follows (or to such other address as either party from time to time may specify in writing to the other party in accordance with this notice provision):

If to ACERA:

Betty Tse
Chief Investments Officer
ACERA
475 14th Street, Suite 1000
Oakland, CA 94612
Telephone: (510) 628-3000
Facsimile: (510) 287-5412
allinvestments@acera.org

If to Consultant:

[INSERT CONSULTANT INFORMATION]

31. **Attorneys' Fees.** Subject to the dispute resolution provisions of Section 29 above, if either or both of the parties initiate any litigation or alternative dispute resolution process to enforce or interpret any of the provisions of this Agreement, then the non-prevailing party shall pay to the prevailing party all reasonable costs and expenses incurred therein by the prevailing party, including, without limitation, reasonable attorneys' fees and court costs. These expenses shall be in addition to any other relief to which the successful party may be entitled and shall be included in and as part of the judgment or decision rendered in such litigation or alternative dispute resolution process.

32. **Section Headings: Interpretation.** Caption and paragraph headings used in this Agreement are for convenience and reference only and shall not affect in any way the meaning, construction or interpretation of this Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Agreement. Each party hereto

agrees that neither party, nor its counsel, shall be deemed the drafter of this Agreement for purposes of construing the provisions hereof. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning and not strictly for or against any party hereto.

33. **Entire Agreement: Exhibits, Schedules and Appendices.** This Agreement, together with any and all Exhibits, Schedules and Appendices attached hereto, contains the entire and exclusive Agreement between the parties hereto and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings and communications between the parties, relating to the subject matter of this Agreement. The Exhibits, Schedules and Appendices attached hereto are incorporated in and made a part of this Agreement by reference.

If any conflicts, inconsistencies or ambiguities should arise between or among this Agreement and the incorporated documents, the following precedence shall be used to interpret the requirements of this Agreement:

- (1) The terms of this Agreement;
- (2) The terms of the Exhibits according to the order in which they appear.

34. **Severability.** If any provision of this Agreement is held by any court to be invalid, void or unenforceable, in whole or in part, the other provisions shall remain unaffected and shall continue in full force and effect.

35. **Waiver.** The waiver of any breach of any provision of this Agreement by either party shall not constitute a waiver of any preceding or subsequent breach of such provision or of any other provision of this Agreement. The failure or delay of either party to exercise any right given to the party under this Agreement shall not constitute a waiver of such right, nor shall any partial exercise of any right given hereunder preclude further exercise of such right.

36. **Amendments in Writing.** At any time prior to the termination of this Agreement, but only by mutual written agreement executed by the Chairman of ACERA's Board of Retirement and a duly authorized officer of Consultant, the parties hereto may: (a) extend the time for performing any of the conditions, covenants, rights, obligations or other acts of the parties required herein; (b) waive the performance of any of the conditions, covenants, rights, obligations or other acts of the parties required herein; or (c) amend or supplement any of the provisions of this Agreement. The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of ACERA, or any foreign, international, federal, state, county or local statute, rule, regulation or ordinance which governs any aspect of this Agreement.

37. **Governing Law and Venue.** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to principles of conflicts of laws. Should either party initiate a lawsuit or other dispute resolution proceeding over any matter relating to or arising out of this Agreement, such lawsuit or other proceeding shall be filed and conducted in the County of Alameda, State of California.

38. **Assignment and Delegation.** Consultant may not assign any of its rights or delegate any of its duties hereunder without ACERA's prior written consent, which consent may be granted or withheld in ACERA's sole discretion. ACERA may not assign any of its rights or delegate any of its duties hereunder without Consultant's prior written consent, which consent may be granted or withheld in Consultant's reasonable discretion. Any assignment of rights or delegation of duties under this Agreement, to which the parties hereto agree in writing, shall bind and inure to the benefit of the successors in interest of ACERA and Consultant.

39. **Limitation on Liability of ACERA.** ACERA's payment obligations under this Agreement shall be limited to payment of the compensation provided in Section 7 herein. Notwithstanding any other provision of this Agreement, in no event shall ACERA be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including but not limited to, lost profits, arising out of or in connection with this Agreement or the Consulting Services.

40. **Execution in Counterparts.** This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Board of Retirement of ACERA has caused this Agreement to be executed on behalf of ACERA and Consultant has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

ALAMEDA COUNTY EMPLOYEES [CONSULTANT]
RETIREMENT ASSOCIATION

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____