



## ACERA PLACEMENT AGENT DISCLOSURE POLICY

This policy is effective immediately upon adoption. This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

### I. PURPOSE

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

### II. APPLICATION

This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted, the term of the agreement is extended, there is any increased commitment of funds by ACERA pursuant to the existing agreement or there is an amendment to the substantive terms of an existing agreement, including the fees or compensation payable to the External Manager (referred to hereafter as "Amendment.") In the case of an Amendment, the disclosure provisions of Section IV.B. of this Policy shall apply to the Amendment and not to the original Agreement.

### III. DEFINITIONS

Should any conflict arise between the definitions used herein and those used in California Government Code Section 7513.8, the definition in the Government Code shall govern.

- A. **Board:** The Board of Retirement of Alameda County Employees' Retirement Association.
- B. **Consultant:** Person(s) or firm(s), including key personnel of such firm(s), who are contractually retained by ACERA to provide advice to ACERA on investments, External Manager selection and monitoring, and other services, but who do not exercise investment discretion.
- C. **External Manager:** An individual, corporation, asset management firm, partnership, limited partnership, general partner, limited liability company, association or investment

vehicle, either domestic or foreign, (a) who is seeking to be, or has been, retained by ACERA to manage a portfolio of assets or interests (including securities) for compensation; or (b) who manages an investment fund and who offers or sells, or has offered or sold, an ownership interest in the investment fund to ACERA.

- D. Placement Agent: Any person(s) hired, engaged or retained by, or serving for the benefit of or on behalf of, an External Manager or an investment fund managed by an External Manager, or on behalf of another Placement Agent, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker or other intermediary in connection with the offer or sale of (a) the investment management services of an External Manager or (b) an ownership interest in an investment fund managed by the External Manager to ACERA, either directly or indirectly.

Notwithstanding the foregoing definition, an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent. (CA Gov. Code Section 7513.8(f)(2).)

#### **IV. RESPONSIBILITIES**

- A. The Board is responsible for:
1. Not entering into any agreement with an External Manager that does not agree in writing to comply with this Policy.
  2. Not entering into any agreement with an External Manager who has violated this Policy within the previous five (5) years. However, this prohibition may be reduced by a majority vote of the Board at a public session upon a showing of good cause.
- B. Each External Manager is responsible for:
1. Providing a statement in writing that the External Manager will comply with this Policy.
  2. Providing the following information (collectively, the "Placement Agent Information Disclosure") to ACERA's Consultant and Investment Staff ("Staff") within 30 days of the time investment discussions are initiated with the External Manager, but in any event, prior to the completion of due diligence. In the case of Amendments, the Placement Agent Information Disclosure is required prior to execution of the Amendment:
    - a. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in

connection with any investment by ACERA.

- b. A resume for each officer, partner or principal of the Placement Agent (and any individual or entity providing similar services) detailing the person's education, professional designations, current regulatory licenses and investment and work experience. If any such person is a current or former ACERA Board member, employee or Consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
  - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.
  - d. A description of the services to be performed by the Placement Agent.
  - e. The names of any current or former ACERA Board members, employees, or Consultants who suggested the retention of the Placement Agent.
  - f. A statement whether the Placement Agent or any of its affiliates are currently registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association, the Commodities Futures Trading Commission, or any similar regulatory agent in a country other than the United States, and the details of such registration or explanation of why no registration is required.
  - g. A statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government, and the details of that registration.
3. Promptly providing an update of any changes to any of the information included in the Placement Agent Information Disclosure.
  4. Representing and warranting the accuracy of the information included in the Placement Agent Information Disclosure in any final written agreement with a continuing obligation to comply with the Policy and provide updates as needed.
  5. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to ACERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the ACERA Board or Staff, or Consultant, during the prior twenty-four (24) month period.
  6. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with an ACERA investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member

of the ACERA Board or Staff, or Consultant, during such period.

- C. ACERA's Consultant and Investment Staff ("Staff") are responsible for all of the following:
1. Providing External Managers and Placement Agents with a copy of this Policy at the time that due diligence in connection with a prospective investment or engagement begins.
  2. Confirming that the Placement Agent Disclosure has been received prior to the completion of due diligence and any recommendation to proceed with the engagement of the External Manager or the decision to make any investment.
  3. For new contracts and Amendments, confirming that the final written agreement between ACERA and the External Manager provides that the External Manager shall be solely responsible for, and ACERA shall not directly pay, any fees, compensation or expenses for any Placement Agent used by the External Manager. A provision that allows the External Manager to pay Placement Agent fees or compensation from capital contributed by ACERA with a corresponding reduction/offset in the management fee payable with respect to ACERA's investment shall not be regarded as a payment of the Placement Agent fee or compensation by ACERA for purposes of this Policy.
  4. Prohibiting any External Manager or Placement Agent from soliciting new investments from ACERA for five years after they have committed a material violation of this Policy; provided, however, that ACERA' Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
  5. Providing copies of the Placement Agent Information Disclosure and the Placement Agent disclosures referred to in Sections IV B. 4 and 5, above, to the Board, the Chief Executive Officer and the Chief Investment Officer.
- D. External Managers shall comply with this Policy and cooperate with the Consultant and Staff in meeting their obligations under this Policy.

## **V. PUBLIC RECORD**

The Placement Agent Information Disclosure Form and related documents shall be public records subject to the California Public Records Act.

## **VI. POLICY REVIEW**

The Investment Committee/Board of Retirement will review this Policy as needed to ensure that it remains relevant and appropriate.

**VII. POLICY HISTORY**

1. The Board of Retirement adopted this Policy on May 20, 2010.
2. The Board of Retirement reviewed and adopted this Policy, with revisions, on March 17, 2011.
- 3, The Board of Retirement reviewed and adopted this Policy, with revisions, on November 8, 2012.