February 14, 2020

RE: GENERAL INVESTMENT CONSULTING SERVICES

Dear Prospective Bidder:

You are invited to submit a Proposal for the above-mentioned service to the Stanislaus County Employees’ Retirement Association, (StanCERA), in accordance with the attached Request For Proposal (RFP).

StanCERA has identified certain criteria to be used as a basis for the Core Scope of work, which is set forth in this RFP. It is the proposer’s responsibility to propose a complete Scope of Work, which explains in detail the proposer’s offering.

Any questions regarding this RFP may be e-mailed to Stan Conwell at retireops@stancera.org. Questions should be submitted no later than 4:30 p.m. on Friday, February 28, 2020. Questions and responses will be posted to the StanCERA website on March 6, 2020.

Completed proposals must be submitted by Friday, March 27, 2020, at or before 4:30 p.m., to Stan Conwell, Investment Officer
Stanislaus County Employees’ Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

An original hard copy of your RFP response must be delivered or mailed as instructed in the Proposal Submission section of the RFP package, along with the required amount of copies. Late proposals will not be considered regardless of the reason and will be returned unopened to the respective bidder.

Proposals must be signed by an official authorized to bind the vendor to the RFP provisions. Proposals and selection of a vendor will be completed based upon the calendar in the RFP document.

Thank you for your interest in StanCERA,

Rick Santos, CFA, ASA, MAAA
Executive Director
REQUEST FOR PROPOSAL

Stanislaus County Employees' Retirement Association
832 12th Street, Suite 600
Modesto, California 95354
Phone: (209) 525-6393       FAX: (209) 558-4976
retireops@stancera.org
www.stancera.org

Request for Proposal No. 2020-01

General Investment Consultant

February 2020
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SECTION 1: GENERAL INFORMATION

1.1 PURPOSE

This Request for Proposal (RFP) 2020-01 is issued by the Stanislaus County Employees’ Retirement Association (StanCERA) for the purpose of soliciting proposals from qualified companies to provide comprehensive full-retainer general investment consulting and auxiliary advice and services.

The selected investment consulting company will report regularly to the Board of Retirement (Board) working closely with the Board, Executive Director, and Staff. The selected company will demonstrate extensive experience and superior capability for providing those investment consulting services that are critical to the success of a public pension system. In general, the selected company will assist the Board and StanCERA in the ongoing process of investment policy development and implementation. The company will serve in a fiduciary capacity and will acknowledge in writing the company’s fiduciary status without qualification. In all cases, the company and its consultants will offer advice and recommendations to the Board and StanCERA that is solely in the interest of the Plan participants and beneficiaries.

1.2 PROPOSED TIMELINE FOR SEARCH AND SELECTION PROCESS

The following is based on best estimate of the schedule for the review and analysis of the proposal in response to the RFP. The schedule can be adjusted as necessary by StanCERA. Each company will be notified of changes to the proposed schedule.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 14, 2020</td>
<td>RFP posted to StanCERA website: <a href="http://www.StanCERA.org">www.StanCERA.org</a></td>
</tr>
<tr>
<td>February 28, 2020</td>
<td>Deadline for submission of questions concerning the RFP</td>
</tr>
<tr>
<td>March 6, 2020</td>
<td>Questions and corresponding responses posted to StanCERA website</td>
</tr>
<tr>
<td>March 27, 2020</td>
<td>Deadline for submission of proposals and any additional documents</td>
</tr>
<tr>
<td>April 10, 2020</td>
<td>Evaluation completed and finalist companies selected</td>
</tr>
<tr>
<td>April 13-17, 2020</td>
<td>Site visits to finalist companies, if necessary</td>
</tr>
<tr>
<td>April 21, 2020</td>
<td>Finalists’ presentation to Committee</td>
</tr>
<tr>
<td>April 29, 2020</td>
<td>Contract negotiations completed</td>
</tr>
<tr>
<td>May 1, 2020</td>
<td>Services begin</td>
</tr>
</tbody>
</table>

1.3 PROPOSAL SUBMISSION

The deadline for submission of the proposal is March 27, 2020, at 4:30 p.m. PST. Please submit one complete electronic copy, and seven (7) additional paper copies of the proposal to:

Stan Conwell
Investment Officer
Stanislaus County Employees’ Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354
retireops@stancera.org
1.4 ERRORS AND OMISSIONS

If a Proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFP, please immediately notify StanCERA of such error by e-mail at retireops@stancera.org and request clarification or modification of the document.

If it becomes necessary to revise any part of this RFP, or if a more exact interpretation of provisions of this RFP are required prior to the due date for proposals, a supplement will be posted by StanCERA on its website. If such addendum issuance is necessary, StanCERA reserves the right to extend the due date of proposals to accommodate such interpretations or additional data requirements.

If the Proposer fails to notify StanCERA of a known error or an error that reasonably should have been known prior to the final filing date for submission, the Proposer shall assume the risk. If awarded the contract, the Proposer shall not be entitled to additional compensation or time by reason of the error or its late correction.

1.5 CONFIDENTIALITY

Proposers are advised that materials contained in proposals are subject to the California Public Records Act (Cal.Gov. Code Sections 6250 et. seq., “CPRA”), and, after the contract award, may be viewed and copied by any member of the public, including news media and competitors.

If you believe that any portion of your proposal is exempt from public disclosure under the CPRA, you must mark such portion “TRADE SECRETS”, “CONFIDENTIAL” OR “PROPRIETARY”, and make it readily separable from the remainder of your response. Proposals thus marked in their entirety will not be honored. By submitting a proposal with material marked “TRADE SECRETS”, “CONFIDENTIAL” OR “PROPRIETARY”, you represent you have a good faith belief that the material is exempt from disclosure under the CPRA; and you may be required to justify in writing why such material should not, upon request, be disclosed by StanCERA under the CPRA.

If StanCERA denies public disclosure of any portions so designated, you agree to reimburse StanCERA for, and to indemnify, defend and hold harmless StanCERA, 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 StanCERA’s non-disclosure of any such designated portions of your proposal; and (b) any and all Claims arising from or relating to StanCERA’s public disclosure of any such designated portions of your proposal if StanCERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

1.6 RFP RESPONSE COSTS

Any cost incurred by the Proposer in the preparation, transmittal or presentation of any proposal or material submitted in response to this RFP will be borne solely by the Proposer.
1.7 DISCUSSION FORMAT

StanCERA reserves the right to conduct discussions, either oral or written, with those Proposers determined by StanCERA to be potential finalists. StanCERA also reserves the right to clarify minor issues with potential finalists.

SECTION 2: BACKGROUND AND SCOPE OF SERVICES REQUESTED

2.1 STANISLAUS COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

The Stanislaus County Employees’ Retirement Association (StanCERA) is a cost-sharing multiple-employer defined benefit plan (the Plan) covering all permanent employees of the County of Stanislaus and of the following employers: Stanislaus County Superior Court, City of Ceres, Hills Ferry Cemetery District, East Side Mosquito Abatement District, Keyes Community Services District, Salida Sanitary District, and the Stanislaus Council of Governments.

StanCERA is administered by a Board of nine trustees and one alternate trustee. Four of the nine trustees are appointed by the County’s governing body. One trustee, the County Treasurer, an ex-officio member, is elected by the County electorate, while the remaining four trustees and alternate trustee are elected by Plan members. The Board has exclusive management responsibility for the control and investment of Plan assets. The Board operates under the “prudent person” rule as defined in California Government Code section 31595.

StanCERA has been in existence since 1948 and administers retirement benefits for over 10,000 participants. As with most other government pension plans, StanCERA has evolved from a very young system with no assets and no retirement liabilities to a mature system with about $2.3 billion in plan assets.

Today, understanding and implementation of a sound investment governance process, and having the ability to effectively monitor and manage pension risk, are paramount. The StanCERA Board affirmed a mandate to play a greater role in the investment governance process and manage its pension risk as efficiently as possible. To that end, StanCERA plans to provide a substantial portion of the investment governance process and liability monitoring internally. The intermediate-term vision for the Organization is to have internal staff manage the governance process with external consultants used mainly as an independent reference point for the Board of Retirement. The intent of the StanCERA Board is to continue with a full-time consultant that provides the System with a set of core services, which are detailed in the Core Scope. These core services are currently provided by StanCERA’s investment consultant.

2.2 INVESTMENT PROGRAM

StanCERA is governed by the County Employees’ Retirement Law (CERL) of 1937 (1937 Act) and the California Constitution, article XVI, section 17, which provide for prudent expert administration of the Plan and investment of its funds. Those provisions also require that the Board diversify the investments of the retirement system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. Under these laws, the type and amount of Plan investments as well as the quality of securities is not specifically delineated; rather, the investments are made considering the overall best interest of StanCERA plan members and beneficiaries.
Under the provisions of the CERL the Board manages the Plan (aka “Retirement System” or “Fund”). The specific responsibilities of the Board include but are not limited to:

- Establishing and implementing investment policy
- Recommending employee and employer contribution rates to the Board of Supervisors and other governing employer bodies based on actuarial recommendations
- Establishing policy for the operation of StanCERA

For more information on StanCERA’s investment program please see StanCERA’s Investment Policy Statement and Private Markets Investment Policy Statement at Stancer.org.

The fund has an approximate market value of $2.3 billion as of December 31, 2019, and is managed by outside investment managers. The Board has adopted the following strategic policy asset allocations:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Current Allocation</th>
<th>Target Allocation</th>
<th>Allowable Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equities</td>
<td>18.5%</td>
<td>17.0%</td>
<td>10.0% - 24.0%</td>
</tr>
<tr>
<td>Non-US Equities</td>
<td>23.6%</td>
<td>23.0%</td>
<td>14.0% - 32.0%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>21.1%</td>
<td>22.0%</td>
<td>10.0% - 30.0%</td>
</tr>
<tr>
<td>Real Estate Securities</td>
<td>6.4%</td>
<td>5.0%</td>
<td>0.0% - 10.0%</td>
</tr>
<tr>
<td>Private Credit</td>
<td>4.1%</td>
<td>6.0%</td>
<td>0.0% - 10.0%</td>
</tr>
<tr>
<td>Private Equity*</td>
<td>6.3%</td>
<td>6.0%</td>
<td>0.0% - 10.0%</td>
</tr>
<tr>
<td>Private Real Estate</td>
<td>3.9%</td>
<td>5.0%</td>
<td>0.0% - 10.0%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>1.9%</td>
<td>2.0%</td>
<td>0.0% - 5.0%</td>
</tr>
<tr>
<td>Risk Parity</td>
<td>14.1%</td>
<td>13.0%</td>
<td>8.0% - 18.0%</td>
</tr>
<tr>
<td>Cash</td>
<td>1.2%</td>
<td>1.0%</td>
<td>0.0% - 4.0%</td>
</tr>
</tbody>
</table>

* Private equity implementation is currently underway. As the private equity allocation is funded, a passive Russell 3000 fund is acting as a proxy.
2.3 INVESTMENT MANAGERS

StanCERA currently utilizes the following external managers to execute its strategic asset allocation:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Investment Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Cap Equity</td>
<td>BlackRock</td>
</tr>
<tr>
<td></td>
<td>Dodge &amp; Cox</td>
</tr>
<tr>
<td></td>
<td>Northern Trust Russell 1000</td>
</tr>
<tr>
<td>Small Cap Equity</td>
<td>Capital Prospects</td>
</tr>
<tr>
<td>International Equity</td>
<td>Fidelity Asset Management</td>
</tr>
<tr>
<td></td>
<td>LSV Asset Management</td>
</tr>
<tr>
<td>Domestic Fixed Income</td>
<td>Dimensional Fund Advisors</td>
</tr>
<tr>
<td></td>
<td>Insight</td>
</tr>
<tr>
<td></td>
<td>Northern Trust Intermediate Bond</td>
</tr>
<tr>
<td></td>
<td>Northern Trust Long Term Bond</td>
</tr>
<tr>
<td>Real Estate</td>
<td>American Strategic Value Fund</td>
</tr>
<tr>
<td></td>
<td>BlackRock US Real Estate</td>
</tr>
<tr>
<td></td>
<td>Greenfield Gap</td>
</tr>
<tr>
<td></td>
<td>Morgan Stanley Prime</td>
</tr>
<tr>
<td></td>
<td>PGIM</td>
</tr>
<tr>
<td>Private Credit</td>
<td>Raven Capital Management</td>
</tr>
<tr>
<td></td>
<td>White Oak Pinnacle</td>
</tr>
<tr>
<td></td>
<td>Medley Capital</td>
</tr>
<tr>
<td></td>
<td>Owl Rock</td>
</tr>
<tr>
<td>Private Equity</td>
<td>Northern Trust Russell 3000*</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>North Haven</td>
</tr>
<tr>
<td>Risk Parity</td>
<td>AQR</td>
</tr>
<tr>
<td></td>
<td>Panagora</td>
</tr>
</tbody>
</table>

* The Northern Trust Russell 3000 fund is acting as a proxy as the private equity allocation is funded.

2.4 SCOPE OF SERVICES

StanCERA is seeking a qualified firm to provide comprehensive full-retainer, general investment consulting services. The selected firm will demonstrate extensive experience and superior capability for providing investment consulting services that are critical to the success of a public pension system. StanCERA’s investment consultant will serve in a fiduciary capacity and will acknowledge in writing the firm’s fiduciary status, without qualification. In all cases, the firm and its consultants will offer advice to the Board that is solely in the interest of the plan participants and beneficiaries of StanCERA.
A. CORE SCOPE OF SERVICES

The Core Scope of Services required include, but are not limited to, the following:

1. Investment Policy and Asset Allocation
   a. Conduct an annual comprehensive review and analysis of investment policies, objectives, asset allocation, and portfolio structure, and recommend changes, if appropriate. Review and update the system’s investment policy statement.
   b. Work with staff and the actuary to conduct an asset/liability study of the fund at least every three years, including recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.
   c. Annually produce theoretically sound capital market and inflation expectations as well as a correlation matrix on both a short and long-term basis.
   d. Recommend and assist in the preparation and presentation of stochastic analyses concerning projected System funding ratios and contribution rates under various economic scenarios and environments.
   e. Develop an appropriate investment management structure for the system and each asset class that considers the role of active versus passive strategies and investment management styles under different market conditions.
   f. Analyze the investment characteristics of available asset classes and the risk/return potential of alternative asset-mix policies.
   g. Develop basic policies, guidelines, and procedures for rebalancing the asset mix.
   h. If approved by the Board, assist with the development, implementation, and monitoring of a total fund overlay strategy.
   i. Advise the system about new developments in investment management techniques and portfolio management strategies. Analyze how new techniques might improve the investment program and whether they should be implemented.
   j. If necessary provide advice and recommendations on various other investment policy issues including, but not limited to, rebalancing, use of soft dollars, securities lending, proxy voting, etc.

2. Investment Manager Search, Selection and Review
   a. Provide advice and recommendations on investment manager allocation and structure, manager mandates, fees, and performance benchmarks.
   b. Provide ongoing monitoring and oversight of investment managers to ensure compliance with laws and regulations, investment policies and manager mandates. Have periodic discussions with managers on investment performance and organizational issues (such as changes in ownership, staff, new products, etc.)
   c. Provide advice on manager retention/termination issues.
   d. Perform individual investment manager searches as needs arise for additional or replacement investment managers based on the approved Investment Manager Structure. Prepare a list of qualifying candidates, set up presentation schedules in
consultation with StanCERA, attend interview sessions, and perform due diligence visits as needed.

e. Assist with negotiating appropriate investment management agreements.

f. Assist in contract (side letter) negotiations with general partner’s counsel on alternative investments.

g. From time-to-time monitor and evaluate investment manager trading and transaction costs.

h. Assist with the transition of managers who have been hired or terminated by the Board.

3. **Performance Monitoring and Reporting**

a. Compare the investment performance of the total fund, asset classes, and investment managers to relevant benchmarks and “peer group” samples.

b. Conduct quarterly performance attribution analysis to determine the value added by investment policy, asset allocation and security selection.

c. Present monthly and quarterly performance reports to the Board of Retirement.

d. Recommend appropriate performance benchmarks for the total fund, each asset class, portfolio composite, and investment manager.

e. Track and report unanticipated or emerging capital market issues that may impact StanCERA immediately to the Investment Officer.

f. Provide basic risk reporting and advisory services including monitoring, analysis, and reporting on different measures of risk including risk factor exposures of individual managers.

g. Assist StanCERA staff with investment related issues as needed

4. **Client Service and Education**

a. Attend twelve regular monthly meetings of the Board, as well as special meetings pertaining to investments that may be necessary from time-to-time.

b. Provide monthly updates on investment manager performance and actual versus target asset allocation. On a quarterly basis provide comprehensive rates of return and relevant portfolio characteristics comparing individual investment manager performance against management style, and composite exposures, peer managers’ and indices’ for various time periods.

c. Communicate and coordinate effectively with StanCERA staff, actuary, counsel, custodian bank, and any specialty investment consultant.

d. Respond to inquiries between meetings in an appropriate and timely manner.

e. Report any significant changes in the company’s ownership, organizational structure, and personnel in a timely manner.

f. Assist on special projects as needed from time-to-time.

g. Provide all other investment advisory-related services as requested.

h. Coordinate or provide education to Board and staff on current investment trends and
topics, potential new asset classes, and other investment topics to assist StanCERA in meeting its overall investment objectives.

i. Make available all firm research, including proprietary research, and ensure research staff is available for consultation with StanCERA representatives.

j. Provide information as required by GFOA for financial reporting.

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

a. Provide advice and recommendations on custodial arrangements (including custodian review and search services), if requested.

b. Assist with evaluation, search and selection involving other investment-related consultants and vendors as required.

**SECTION 3: PROPOSAL PROCEDURES**

3.1 **MINIMUM QUALIFICATIONS FOR PROPOSAL**

The Proposer must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy any of the minimum qualifications will result in the immediate rejection of the proposal:

a. As of December 31, 2019, Proposer must be a professional general investment consulting organization, having institutional fund clients with aggregate assets under advisement totaling at least $20 billion. Three of these clients must be public pension plans, one of which must have assets in excess of $4 billion.

b. The Company or team must have been in business at least ten years as of December 31, 2019.

c. As of December 31, 2019, Proposer must be registered as an investment advisor under the Investment Advisors Act of 1940 and must maintain such registration at all times during the term of the Contract (unless exempt and an explanation of the exemption is provided). The Proposer must provide copies of the most recent Form ADV, parts I and II, with their response to this RFP.

d. The Primary Consultant designated to lead the team assigned to StanCERA must be a senior investment consultant with a minimum of seven years of experience or a minimum of three years experience and hold the Chartered Financial Analyst designation. The designated Primary Consultant may not be changed by the Proposer during the contract term without the express written approval of StanCERA.

e. Proposer must be able to work closely with StanCERA’s custodian, actuary, and other vendors including specialty investment consulting firms. Proposer must be able to maintain a satisfactory data processing interface with StanCERA’s custodian, currently Northern Trust, at the Proposer’s expense, for the purpose of compiling all required reviews and reports.
f. Proposer should realize that StanCERA views our Consultant as an extension of staff and should be timely in responding to questions and completing projects.

g. Proposer must be able to agree in writing to serve as a fiduciary with respect to its services to StanCERA.

h. Proposer must carry a commercially reasonable level of errors and omissions coverage as determined by StanCERA.

3.2 SUBMISSION REQUIREMENTS

Please complete all questions in the order that they are presented in Section 4, Parts A and B, of this Request for Proposal (RFP). Include all section and question numbers in your responses. Any additional comments or information may be provided in Section 4, Part C.

The individual(s) who is (are) authorized to bind the Proposer contractually must sign a cover letter, which will be considered part of the proposal. This cover letter must indicate the signer is authorized to bind the Proposer and must indicate the title or position that the signer holds in the Proposer’s company. An unsigned cover letter shall cause the proposal to be rejected. The letter must also contain the following:

a. The Proposer’s name, address, and telephone and facsimile numbers.

b. The Proposer’s Federal Employer Identification Number and Corporate Identification Number, if applicable.

c. The name, title or position, and telephone number of the individual signing the cover letter.

d. A statement indicating the signer is authorized to bind the Proposer contractually.

e. The name, title or position, and telephone number of the primary contact and/or account administrator, if different from the individual signing the cover letter.

f. A statement to the effect that the proposal for core retainer is an irrevocable offer of the company, good for three years with two one-year extensions.

g. A statement expressing the Proposer’s availability of staff and other required resources for performing all services and providing all deliverables specified herein.

3.3 INQUIRIES

All questions regarding the intent or content of this RFP or the proposal process must be directed to Stan Conwell, Investment Officer, by email (retireops@stancera.org).

3.4 CONTACTS

Inquiries are not to be directed to board members, staff, or consultants of StanCERA except as outlined in section 3.3. A “quiet period” is in place during the RFP process which prohibits any communications with StanCERA board members, staff or consultants during the RFP process except as specifically provided in this RFP. Any contact relating to the RFP with any
StanCERA board member, staff or consultant except as provided in this RFP shall be grounds for disqualification. A list of current Trustees is provided in Attachment A. StanCERA reserves the right to discuss any part of any response for the purpose of clarification. Respondents will be given equal access to any communications regarding the RFP that take place between StanCERA and other Respondents.

During the RFP process, staff and trustees shall not accept meals, travel, hotel, or other types of gifts from the service provider in question or otherwise communicate about the RFP with the service providers.

3.5 PROPOSAL EVALUATION & RESERVES

Upon submission of the responses to the RFP, the responses will be evaluated by a Committee composed of StanCERA Trustees and staff. During the screening process, interviews may be conducted with some or all of the candidate firms. The finalists will present to the Committee. The final evaluation will be made by the Committee and the selected finalist will be approved by the Board of Retirement.

This procurement and any agreement with proposers that may result shall be governed by the laws of the County of Stanislaus and the State of California and any dispute hereunder shall be heard in Stanislaus County Superior Court. Submission of a proposal constitutes acceptance of this condition.

StanCERA reserves the right to award this contract to the firm which, in its sole judgment, will provide the best match with the requirements outlined in the RFP. StanCERA is not required, and will not be obligated, to award this contract to the firm with the lowest cost proposal. This RFP does not obligate StanCERA to contract for services specified herein.

StanCERA reserves the right to reject proposals due to their noncompliance with the requirements of this RFP.

StanCERA reserves the right to retain all proposals submitted and use any idea in a proposal regardless of whether that proposal is selected.

StanCERA reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted in response to this RFP if StanCERA determines such action or actions are in its best interest.

3.6 EVALUATION CRITERIA

The Evaluation Criteria will include, but is not limited to, the following:

A. Organization

1. Stability of the firm, as measured by the quality of the organizational structure of the firm, the expected financial stability of the firm during the term of the Contract, and the status of the firm as a “fiduciary” in other relationships.

2. Experience of firm in providing independent general investment consulting services to institutional investors including pension funds, as measured by the firm’s history of providing such services.
3. Absence of organizational issues, such as litigation or regulatory investigations; and absence of financial problems.

4. Quality and usefulness of the materials provided to StanCERA under this RFP.

5. Breath and depth of resources available to StanCERA, as measured by the quality and coverage of investment manager and economic research as well as the overall ability to keep StanCERA advised of ongoing developments in the investment field.

B. Personnel

1. Experience of the firm and Primary Consultant(s) in providing independent general investment consulting services, as measured by the length of time the firm and the Primary Consultant(s) have provided such services as consultants, or in the case of the Primary Consultant(s), as chief executive officer, executive director, chief investment officer, or senior investment officer of a pension fund.

2. Experience and abilities of key professionals in providing consulting services, as measured by the quality of work and length of time dedicated staff has provided such services to pension funds.

3. Accessibility of Primary Consultant(s), as measured by the number of clients per Primary Consultant(s).

4. Depth of personnel, as measured by the firm's consultant/client and personnel/client ratios and back-up procedures for providing services to StanCERA.

5. Stability of the firm's professional base, as measured by personnel turnover since inception.

C. Client Relations and References

1. Stability of the firm's client base, as measured by the number of clients gained or lost since inception and/or in the last 3-5 years.

2. Quality of references from clients, as measured by responses relating to quality of consulting services; ability to anticipate issues as opposed to reacting to issues, quality of client services, and the knowledge and accessibility of the Primary Consultant(s).

3. Quality of references from other industry sources, as measured by responses relating to the depth and expertise of investment personnel, analytical capabilities of the firm, perceived reputation and access to opportunities, and the overall quality of the firm.

D. Philosophy/Process

Consistent process implementation, portfolio construction methodology, and implementation of risk controls will be reviewed. In addition, the overall ability to understand StanCERA’s investment objectives and to effectively integrate with StanCERA in pursuit of those objectives will also be considered.
E. Fees

The fee proposals will be reviewed by the Committee described in Section Five, and will be taken into account as a factor in its selection of finalists and in its recommendation to the Board. The selection of a firm to act as general consultant to StanCERA will not necessarily be based on which firm submits the lowest fee proposal, as the fee proposal is only one of the evaluation criteria.

F. Independence of Judgment and Freedom from Conflicts of Interest

The extent of a firm’s reliance on revenues from sources which may have interests that conflict with StanCERA, including business activities other than consulting, the existence of contractual or other relationships between the proposer and money management and brokerage firms, or the sale of data or databases to money management firms.

3.7 AWARDING OF CONTRACT

The qualifying proposal determined to be the most advantageous to StanCERA, taking into account all of the evaluation criteria (as outlined previously), may be selected by StanCERA for further action, such as a contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the selected company, StanCERA may begin contract discussions with the next qualified company or determine that it does not wish to award a contract pursuant to this RFP, at its sole discretion.

At the point of contract, a final detailed agreement concerning services and performance expectations, substantially in the form of the Model Investment Consulting Services Agreement (“Model Agreement”) that is attached hereto as Attachment B, will be agreed upon between StanCERA and the successful firm. The terms of the final contract between StanCERA and the successful firm will be binding and supersede this RFP. However, this RFP and the successful firm’s proposal will be incorporated into the contract.

As set forth in the Model Agreement, the successful firm will be required to acknowledge, in writing, that it is a fiduciary with respect to StanCERA.

SECTION 4: INFORMATION TO BE PROVIDED

PART A: QUESTIONNAIRE

All responses must include the original question using the number format listed below. Be as clear and complete as possible in your responses. Incomplete or misleading information may lead to elimination of the company from consideration.

Name and Contact Information

1. What is the current name of the company?
   a) If the name has changed, what was the previous name?
   b) What was the original name of the company when it was founded?
2. Provide the following information on the company:
   Address:
   Phone Number:
   Company’s Web Address:

3. Provide the following information on the primary RFP contact for the company:
   Name:
   Title:
   Phone Number:
   Facsimile Number:
   Email Address:

**History, Ownership and Organization of the Company**

4. When was the company founded or established? If the company was subsequently acquired by another company, when did this take place?

5. Provide the names of the current owners of the company and indicate their percentage of ownership.

6. Provide a brief description of the current ownership and organizational structure of the company. Indicate the names of any subsidiary or affiliated companies and briefly describe the nature of their business and the relationship between the company and these other companies.

7. Have there been any significant changes in the company's ownership, structure, or organization over the past three years? What significant changes, if any, do you anticipate in the future?

8. List the location of all offices and the number of employees in each office. Indicate the office that will service this account.

9. Is the company registered as an investment advisor under the Investment Advisor Act of 1940? Does it acknowledge that it has a fiduciary obligation as an investment advisor in providing investment consulting services to public pension plans?

10. Describe your plans for managing the future growth of your firm. Do you have a limitation on the number of clients you intend to accept?

**Services and Revenues**

11. How long has the company been providing investment consulting services to public pension plans?

12. Indicate the percentage of total revenue received by the company (including any subsidiary company) from investment consulting and any additional services listed above during the most recent fiscal year:
Stanislaus County Employees' Retirement Association
Request for Proposal 2020-01
General Investment Consultant

<table>
<thead>
<tr>
<th>Source of Total Company Revenue</th>
<th>Revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment consulting</td>
<td></td>
</tr>
<tr>
<td>Human resources, actuarial, and benefits consulting</td>
<td></td>
</tr>
<tr>
<td>Investment management services</td>
<td></td>
</tr>
<tr>
<td>Broker/dealer services</td>
<td></td>
</tr>
<tr>
<td>Placement services</td>
<td></td>
</tr>
<tr>
<td>Fund-of funds services</td>
<td></td>
</tr>
<tr>
<td>Other services: (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

13. If the company has a parent company, please indicate the percentage of revenues received by the parent company from the following sources during the most recent fiscal year:

<table>
<thead>
<tr>
<th>Source of Parent Company Revenue</th>
<th>Revenue %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plan sponsor consulting clients</td>
<td></td>
</tr>
<tr>
<td>Investment manager clients</td>
<td></td>
</tr>
<tr>
<td>Brokerage clients</td>
<td></td>
</tr>
<tr>
<td>Other clients: (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

**Independence and Objectivity**

14. Does the company or an affiliate provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in company's database, (ii) conference fees, (iii) brokerage commissions, (iv) by recommending those managers to clients, etc.?  
   a) If so, describe briefly the nature of these services and compensation.  
   b) Does the company or an affiliate provide any services or conduct any business with StanCERA's current investment managers?

15. Does the company have any arrangements with broker-dealers under which it, or an affiliated company, will benefit if investment managers place trades for their clients with such broker-dealers?

16. Are there any circumstances under which your firm, or any individual in your firm, remits or receives compensation, finder’s fees or any other benefit to or from investment managers or third parties? If so, what is the extent of these payments in relation to the firm's other revenue?

17. How does your firm identify and manage conflicts of interest? Disclose any potential conflicts of interest that may arise from the company's representation of a public pension system, including the activities of any affiliated, subsidiary or parent company.
**Institutional Clients**

18. How many institutional clients on a full service consulting basis does the company currently have? What are the total assets under advisement?

19. Indicate the number of full service consulting clients that the company currently has by type of client and size of assets:

<table>
<thead>
<tr>
<th>Type of Clients</th>
<th>Under $1 billion</th>
<th>$1 - 5 billion</th>
<th>$5 - 15 billion</th>
<th>$15-50 billion</th>
<th>Over $50 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td>California 1937 Act Retirement Sys.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Public Pension Plans</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Corporate Plans</td>
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</tr>
<tr>
<td>Union/Taft-Hartley Plans</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Endowment</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foundation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hospital</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Number of Full Service Clients</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

20. Indicate the number of full service consulting clients that the company currently has by length of service:

<table>
<thead>
<tr>
<th>Length of Service</th>
<th>Number of Clients</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 1 year</td>
<td></td>
</tr>
<tr>
<td>1 – 5 years</td>
<td></td>
</tr>
<tr>
<td>5 – 10 years</td>
<td></td>
</tr>
<tr>
<td>Over 10 years</td>
<td></td>
</tr>
</tbody>
</table>

21. How many client relationships were terminated within the last three years?
   a) In how many cases of termination was the company dismissed outright?
   b) In how many cases was the contract rebid and the company not retained or not asked to bid?
   c) With respect to 1937 Act clients, how many have exited and entered into consulting services with the company in the last 5 years?
   d) Please provide the names of all former clients terminated in the last 3 years.
22. Please describe your firm’s experience and capabilities in providing services to 1937 Act clients. Is your firm a member or affiliate of SACRS? If so, for how long?

23. Does the company participate in any independent surveys of investment consultants (e.g., Plan Sponsor, Greenwich, etc.)? If so, how has it ranked in each of the last three years? Does the company conduct client service/satisfaction surveys? If so, please provide a table showing the comparative results over the past 3-4 years.

**Litigation and Insurance**

24. Has the company, or any officer, principal, or employee of the company or an affiliated company ever been investigated and/or charged by the Securities and Exchange Commission (SEC), the U.S. Department of Labor (DOL), or any other regulatory authority for violation of applicable laws? If so, please explain.

25. Has the company, or any officer, principal, or employee of the company ever been involved in any business litigation or other legal proceeding? If so, please explain and indicate the current status of the litigation.

26. Does the company, or any officer, principal, or employee of the company, have any lawsuits pending against it concerning the delivery of investment consulting or related services for any client? If yes, please explain.

27. Provide the level of insurance coverage that the company carries for errors and omissions and any fiduciary or professional liability. For each type of insurance, please indicate:
   a) The name of the insurance carrier; and
   b) Whether the coverage is on a per client basis or applies to the company as a whole.

**Professional Staff**

28. Indicate the number of professional staff that the company currently employs in each of the following categories. (Each person should be assigned to only one category.)

<table>
<thead>
<tr>
<th>Categories of Professional Staff</th>
<th>Number of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lead Consultants</td>
<td></td>
</tr>
<tr>
<td>Consultants</td>
<td></td>
</tr>
<tr>
<td>Analysts</td>
<td></td>
</tr>
<tr>
<td>Administrative and Support Staff</td>
<td></td>
</tr>
<tr>
<td>Economists</td>
<td></td>
</tr>
<tr>
<td>Actuaries</td>
<td></td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
</tr>
<tr>
<td>Analytics/Systems</td>
<td></td>
</tr>
<tr>
<td>Total Professional Staff</td>
<td></td>
</tr>
</tbody>
</table>

Finalized February 14, 2020
29. Indicate the total turnover in professional staff during the last three years.

<table>
<thead>
<tr>
<th>Staff Turnover</th>
<th>Number of Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hired</td>
<td></td>
</tr>
<tr>
<td>Terminated</td>
<td></td>
</tr>
<tr>
<td>Resigned</td>
<td></td>
</tr>
<tr>
<td>Retired</td>
<td></td>
</tr>
</tbody>
</table>

30. What is the average number of clients per consultant? Does the company have a maximum limit on the number of clients assigned per consultant?

31. Which of the following types of compensation are provided to the company’s professional staff? Indicate whether the compensation applies to all staff, senior staff, key employees, or principals only.

<table>
<thead>
<tr>
<th>Compensation</th>
<th>All/Senior/Key/Principals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td></td>
</tr>
<tr>
<td>Bonus</td>
<td></td>
</tr>
<tr>
<td>Profit Sharing</td>
<td></td>
</tr>
<tr>
<td>Stock Ownership</td>
<td></td>
</tr>
<tr>
<td>Stock Options</td>
<td></td>
</tr>
<tr>
<td>Equity Participation</td>
<td></td>
</tr>
<tr>
<td>401(k) or Other Deferred</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>

32. Please describe the firm’s procedures in the event that key personnel assigned to this account leave the firm, are unable to serve, or are able to serve in only a reduced capacity. If the lead consultant is unable to provide services to StanCERA, how will StanCERA staff and the Board be consulted and included in the replacement decision?

33. Provide the following information on the lead consultant and, if applicable, the support consultant to be assigned to this account:
   a) Name
   b) Title
   c) Role
   d) Years of institutional investment experience
   e) Years of investment consulting experience
   f) Years with the company
   g) Education/qualifications
   h) Number of accounts as lead consultant
   i) Number of accounts as support consultant
34. Provide the name and title and/or function of the other members of the team to be assigned to this account.

**Asset Allocation**

35. How long has the company been conducting asset allocation studies for public pension plans? How many studies has the company conducted over the past three years?

36. Are the asset allocation studies based on analysis of both assets and liabilities of the public pension plan, or assets only?

a) Is the asset allocation model stochastic or deterministic? For assets?
   For liabilities?

b) Please explain briefly how the modeling of the assets influences or impacts the modeling of the liabilities or vice versa.

37. Discuss the theory and methodology of the asset allocation models the firm employs. How does the firm develop input data for the models employed? How are the liability structure, funding level, and changes in the contribution level incorporated? Please discuss the firm’s capability for analyzing liabilities.

38. What is your firm’s philosophy regarding the use of tactical asset allocation for a public pension plan?

39. Provide a list of research personnel dedicated entirely to asset allocation and portfolio strategy. For each individual, please provide the years of investment research experience.

40. If the asset allocation recommendation is to be based on analysis of the risk versus reward of alternative asset allocation policies, over what future time period is the impact of these policies simulated and why?

a) How does the asset allocation model measure reward for a defined benefit public pension plan?

b) How does the model define and measure risk?

c) Can the model be adjusted to operate in a “surplus space” environment?

d) Can the model be optimized across risk factor exposures?

41. List the asset classes which are included in the company’s asset allocation model. Are there asset classes that are not included?

a) If alternative or non-traditional asset classes (such as real estate, private equity, hedge funds, etc.) are included, how does the model deal with non-market valuation and/or non-normal distribution of returns of these asset classes? Please explain briefly.

b) If these asset classes are not included in the model, how is the allocation to these asset classes determined in the asset allocation study?

42. How frequently would the company be prepared to conduct an asset allocation study?

a) What type of follow-up analysis or review of asset allocation would the company perform in between formal asset allocation studies?
43. Under what circumstances do you think it would be appropriate to make a significant shift in the risk level (either increasing or decreasing) of the portfolio?

44. Under what circumstances would you think it appropriate to have different investment policies for different plan sponsors within a fund?

45. Describe briefly the process your firm goes through to derive its capital market assumptions. Do you think your estimates tend to be higher or lower than your peers? Why do you think your expectations are notably different than consensus?

46. Regarding StanCERA’s strategic asset allocation (See Pg. 6)
   a) What are your thoughts on StanCERA’s existing strategic asset allocation?
   b) What is your expected return and risk of StanCERA’s current asset allocation?
   c) How can StanCERA’s asset allocation strategy be improved? Are there any specific changes you would recommend? Please discuss your ideas on our asset allocation and your potential recommendations in detail.
   d) Discuss your views on inflation over the next 5 to 10 years.

47. Given the challenges facing allocators in the current low rate environment, are there any emerging ideas, trends, or products that your firm may be bringing to the Board, if engaged, for possible inclusion into the portfolio? If so, briefly describe the idea, trend, or product and how you feel it could benefit the portfolio.

48. StanCERA employs the functionally focused portfolio approach to portfolio construction. The method groups asset classes into three distinct functional sub portfolios designed to provide better alignment with StanCERA’s objectives. The three functional sub portfolios are liquidity, for current benefit payments, growth, for future payment liabilities, and diversifying, to offset the volatility of the growth sub-portfolio. Please describe the company’s experience and capability in developing, implementing and monitoring functionally focused portfolios. How many clients do you currently assist in managing their functionally focused portfolio?

49. What is your firm’s philosophy regarding the functionally focused methodology of portfolio construction? What are the advantages and disadvantages? What adjustments can be made to the process to mitigate some of the disadvantages? Are there alternative approaches to portfolio construction that StanCERA, as a mature negative cash flow plan, should consider?

50. The liquidity sub portfolio is a key component of the FFP approach. It pre funds benefit payment shortfalls. Benefit shortfalls are defined as benefit payments plus administrative expenses less contributions. The shortfalls are prefunded for a period of time that can vary based on various assumptions and risk tolerances. Resizing the amount of benefit payments to pre fund incurs costs that are directly related to the plan’s ability to forecast plan cash flow. Given this dynamic, please describe your firm’s approach to forecasting plan cash flow knowing some assumptions, particularly those related to contributions, may not be reliable from time to time. What is the optimal amount of benefit payments to pre fund for a plan like StanCERA? Describe your reasoning.
51. The liquidity sub-portfolio is resized annually. This process creates an opportunity to tweak the strategic asset allocation using the most recent capital market assumptions. The risk of revisiting the strategic asset allocation so frequently is that it could create a mechanism to slow or even reverse implementation of the long-term strategic asset allocation. How would you mitigate this risk knowing an annual resizing of the liquidity sub portfolio is required.

**Investment Manager Search and Selection**

52. How many investment manager searches has the company conducted over the past three years for the following asset classes and investment strategies? What was the total value of assets involved in each type of search?

<table>
<thead>
<tr>
<th>Manager Searches</th>
<th>Number</th>
<th>Value of Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic Equities (all styles &amp; market segments)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic Fixed Income (including high-yield bonds, mortgages, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International and Global Equities (including emerging market equities)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global Bonds (including emerging market bonds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alternative Investments (real estate, private equity and hedge funds)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Synthetic Strategies (TAA, currency overlay, alpha transport, managed futures, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Asset Classes (including commodities, timberland, infrastructure, etc.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Manager Searches</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

53. Is there a unit or group within the company dedicated to (i.e. spends 100% of its time on) manager research?
   a) If so, how many professional staff are in that group?
   b) How many other professional staff, if any, are involved in manager research or due diligence? What percentage of time on average do they spend on these activities?

54. How many times did the company formally meet with investment managers, either on-site or in the company’s offices, annually on average over the past three years?
55. Describe the company's capabilities in providing investment consulting and manager search services for alternative investments, including real estate, private equity, hedge funds, commodities, infrastructure, and other non-traditional asset classes.
   a) How many searches has the company conducted over the past three years for each type of alternative investments? How many were fund-of-funds and how many were individual funds or managers? What was the total value of assets involved in these searches?
   b) Does the company have any staff dedicated to research on alternative investment managers and funds? If so, which and how many?
   c) How often did the company meet formally with alternative investment managers (general partners or company officers) annually on average over the past three years?

Private Markets Specialty Consulting Services

The following questions (56-61) are meant to gather general information about the company's private markets services. StanCERA is not seeking specialty private markets consulting service bids at this time. If your firm does not provide specialty private markets consulting, your responses to questions 56-61 are optional.

56. If your company provides private markets specialty consulting services, please outline the range of the scope of services your firm can provide in the area of private markets specialty consulting. To clarify, private markets would at a minimum include investments in private equity and private credit.

57. Describe in detail the philosophy followed when designing and constructing a private markets investment program.

58. Discuss your firm's views on benchmarking private market investments. In particular, those investments in the private equity and credit space.

59. Please describe your firm's capabilities and experiences in helping clients integrate a private markets program into a fund's broader asset allocation. What processes and resources are in place to assist clients in a timely and efficient implementation of a private markets program?

60. Has your firm been able to aggregate commitments across your clients to obtain a preferential fee arrangement? Please discuss the frequency with which you have done this and the results that have been achieved.

61. StanCERA Currently has a 6% target allocation to both private equity and private credit. StanCERA has retained consulting services to assist in implementing the private equity and private credit allocations. These services include non-discretionary construction of a diversified portfolio of private equity and private credit funds, due diligence and sourcing of funds, private markets education, basic performance reporting and monitoring, and annual pacing studies. No legal due diligence or fund commitment services are provided. Using the foregoing as a basic scope of services, what would be your company's estimate of the all-inclusive fee required to provide those services? Please refer to StanCERA's private markets investment policy
statement at stancera.org if more detailed information about the program is needed.

**Monitoring and Oversight**

62. Explain briefly how the company evaluates the investment performance of a public pension plan at the total fund level?
   a) What benchmarks does the company recommend that a public pension plan use to measure performance at the total fund level?
   b) Are there any liability-related benchmarks that the company uses to determine the impact of total fund performance on the funded position of the pension plan?

63. What sources and/or databases does the company use to obtain information on benchmarks and indices for performance measurement and evaluation?
   a) Are there any asset classes, market segments, and investment styles or strategies for which the company does not have benchmarks to measure performance?
   b) Does the company have the ability to develop customized benchmarks or normal portfolios for specialized investment strategies?

64. What performance measurement databases or systems does the company use to compare the performance of the total fund and individual asset classes, managers, and portfolios against their peer groups?
   a) How many public pension funds are covered in those databases?
   b) How many investment managers and portfolios/products are included?
   c) For each database, please indicate where the data comes from, how it is verified, who calculates the investment returns, and how any discrepancies are corrected.
   d) What features and functionality of the company’s databases and systems are distinctive to your firm?

65. How does the company monitor or track the investment style of client portfolios?
   a) What style analysis software or model does it use?
   b) Is the style analysis based on returns or on portfolio holdings?
   c) What asset classes are covered in the style analysis?

66. Does the company periodically undertake a formal and comprehensive review and evaluation of its clients’ investment managers?
   a) How often does it recommend that such an evaluation be done for each manager?
   b) In addition to investment performance, what other aspects or features of a manager’s service or organization would be covered in such an evaluation?

67. Tell us what we don't now receive in our consultant’s performance reports that you can provide as clear, decision-useful improvements for both staff and trustees.
Research and Education

68. Does the company undertake any research on general investment and pension-related issues?
   a) Please list the broad topics or areas on which such research was conducted over the past three years.
   b) What types of publications are made available to clients – (e.g., research reports, newsletters, client memos, capital market reviews, etc.)? How frequently are these publications produced?

69. What percentage of total revenue did the company spend on research and technology on average over the past three years?

70. Discuss what you feel your greatest challenges are when presenting information to a retirement board.

71. Does the firm provide any analytical tools to clients? If yes, please describe them in detail and are they available to clients via the internet?
PART B: PHILOSOPHY AND APPROACH TO CONSULTING

1. What is the overall philosophy of the company regarding an investment consultant's relationship with the trustees, staff, and investment managers?

2. State as clearly as possible the company’s investment philosophy. Are there any fundamental beliefs about capital markets which underpin the company’s investment advice to its pension plan clients?

3. What are the most crucial issues to consider in establishing investment policy for a public sector pension plan?

4. Discuss your firm’s views on the level of the discount rate assumptions currently being used in the private and public sector and how attainable they are.

5. Please summarize, in one page or less, the company’s investment consulting capabilities and expertise. What are the company’s major strengths and limitations? Do you provide any services which are not provided by other investment consultants? Why should StanCERA engage you as its investment consultant?

6. Explain how the consulting team assigned to this account would function, including lead consultant, back-up, quality control, and support services.

7. How would you suggest that we measure and evaluate the performance of your company as an investment consultant?

8. Identify how your firm avoids the following consulting pitfalls:
   • Consulting firms maximize profits by providing identical advice to as many clients as possible, resulting in a failed cookie cutter approach.
   • Consultants express conventional views and make safe recommendations.
   • A consultant’s internally approved recommendation list serves as a poor starting point for identifying managers likely to provide strong future results.
   • Ongoing demand for consulting services requires that clients remain dependent on the consultant, reducing incentives for consultants to move clients toward self-sufficiency.
   • Interposing consultants between fund fiduciaries and external managers creates a range of conflicts of interest that stem from a disconnect between the consulting firm’s profit motives and the client’s investment objectives.
PART C: ADDITIONAL MATERIALS AND DOCUMENTS

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:

1. An organization chart of the company, parent and all subsidiary and affiliated companies.
2. Biographies of the company’s professional staff to be assigned to this account.
3. A list of the company’s current full service institutional clients, including the year they retained the company, plan size, and type.
5. The most recently filed SEC Form ADV, Parts I and 2.
6. A copy of the company’s policies and procedures related to Conflict of Interest.
7. A sample of the company’s Quarterly Performance Report, both in executive summary form and in full detail.
8. A sample of the company’s due diligence reports on investment managers.
9. A sample Investment Policy Statement the company has developed for a public pension plan client.
10. Three sample research reports on different investment topics.
11. A sample presentation on investment education provided to a public pension plan client.
12. A statement as to whether any provisions in the accompanying Model Investment Consulting Agreement with StanCERA would be unacceptable to the company, and if so, the company’s proposed amendment(s).
13. Any other information you feel would be necessary to gain a complete understanding of the company and the services it provides. List any other products or services that may be of interest.
SECTION 5: FEES

The proposed fees shall be guaranteed for the duration of the contract, which shall be a period of three (3) years with an option for two one-year extensions from the effective date of the contract unless the contract is terminated earlier.

The services listed in Section 2.4A “Scope of Services” should form the basis for the proposed fees.

The method of payment will be set forth in the contract. Once the consultant is selected, the fee may be negotiated further depending on the variance from other proposals received. In no case will the negotiated fee be higher than the fee contained in this proposal.

Use the following template as a guide in presenting your fee proposal:

A. Core Scope of Work Annual Fee:

   All-Inclusive Flat Fee - Year 1
   
   Annual Escalator %

B. Additional Information:

Please provide any additional information that may assist us in more clearly understanding your fee proposal:

Name of Company

Date

Signature

Title
## ATTACHMENT A: BOARD OF RETIREMENT TRUSTEES

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Seat No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donna Riley</td>
<td>Stanislaus County Treasurer, Ex Officio</td>
<td>1</td>
</tr>
<tr>
<td>Mandip Dhillon</td>
<td>Employee Elected by General Members</td>
<td>2</td>
</tr>
<tr>
<td>Jeff Mangar</td>
<td>Employee Elected by General Members</td>
<td>3</td>
</tr>
<tr>
<td>Darin Gharat</td>
<td>Appointed by the Board of Supervisors</td>
<td>4</td>
</tr>
<tr>
<td>Mike Lynch</td>
<td>Appointed by the Board of Supervisors</td>
<td>5</td>
</tr>
<tr>
<td>Jim DeMartini</td>
<td>Appointed by the Board of Supervisors</td>
<td>6</td>
</tr>
<tr>
<td>Sam Sharpe</td>
<td>Employee Elected by Safety Members</td>
<td>7</td>
</tr>
<tr>
<td>Michael O'Neal</td>
<td>Retiree Elected by Retirees</td>
<td>8</td>
</tr>
<tr>
<td>Rhonda Biesemeier</td>
<td>Retiree Elected by Retirees Alternate to Seat No. 8</td>
<td></td>
</tr>
<tr>
<td>Jeff Grover</td>
<td>Appointed by the Board of Supervisors</td>
<td>9</td>
</tr>
</tbody>
</table>
ATTACHMENT B:

MODEL AGREEMENT FOR INVESTMENT CONSULTING SERVICES

See attached document.
MODEL AGREEMENT FOR INVESTMENT CONSULTING SERVICES

This Investment Consulting Agreement is made and entered into as of the _____ day of _____________ 2020 (the “Agreement”) by and between INVESTMENT CONSULTING FIRM, having its principal offices at _______________ (“Consultant”), and STANISLAUS COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION (“StanCERA”). StanCERA hereby retains Consultant to provide the consulting services described below with respect to certain of StanCERA’s cash, securities, and other property and assets from time to time designated by StanCERA (the “assets”) all on the terms and conditions set forth below.

Recitals

WHEREAS, StanCERA was created by and operates pursuant to the County Employees Retirement Law of 1937 (the “37 Act”), and the California Public Employees' Pension Reform Act. StanCERA is administered by the Board of Retirement (“Board”); and

WHEREAS, StanCERA and the Board desire to engage an Consultant to perform investment consulting services; and

WHEREAS, Consultant desires to perform the services, and has represented to StanCERA that it is qualified to perform the aforesaid investment consulting services; and

WHEREAS, StanCERA has determined Consultant is qualified to perform the aforesaid services and desires to retain Consultant for those purposes.

NOW, THEREFORE, in consideration of the mutual promises, covenants, terms and conditions hereinafter set forth, the parties hereby agree as follows:

1. **Services of Consultant**

   Consultant agrees to provide StanCERA with the investment consulting services stipulated in attached Schedule A.

2. **StanCERA Information**

   StanCERA agrees to provide, or cause its custodian bank, administrator, attorney, trustee, present or former investment consultant, actuary, consultants, other third parties, or investment managers (hereinafter referred to as “Representatives”) to provide Consultant with any and all reasonably necessary and appropriate information for Consultant to begin to perform its obligations under this Agreement. This information includes liquidity needs, historical performance information, investment guidelines, and other pertinent information, in each case to the extent reasonably available, as requested by Consultant from time to time, including, without limitation, a written summary of any investment limitations or restrictions. StanCERA, directly or through its Representatives, also agrees to inform the Consultant as soon as reasonably possible of any change in circumstances affecting the needs or goals of the StanCERA, as the case may be. StanCERA understands that in providing its services hereunder, Consultant will rely on the information from time to time provided to it by StanCERA and StanCERA’s Representatives. Consultant shall not be required to verify any information obtained from StanCERA or StanCERA’s Representatives. Consultant shall not be liable for the accuracy and completeness of information furnished or representation made by such Representatives.
3. **Limits of Responsibility**

Consultant’s advice to StanCERA pursuant to this Agreement is limited to recommendations and StanCERA shall retain absolute discretion over and responsibility for the implementation of Consultant’s recommendations. Nothing herein shall require StanCERA to engage any investment managers recommended by Consultant or to follow any recommendation provided by Consultant. Consultant makes its recommendations based upon information obtained and analyzed by a wide variety of public and private sources, including, in the case of investment managers, periodic questionnaires and interviews. Although the information collected by Consultant is believed to be reliable and is compiled in accordance with accepted industry standards, Consultant cannot guarantee the accuracy or validity of such information. Consultant shall not be liable in the absence of negligence, willful misconduct, bad faith, or a violation or reckless disregard of its obligations and duties under this Agreement, for any losses or expenses incurred by StanCERA as a result of fraudulent actions made by StanCERA’s Representatives. StanCERA understands that the prior performance of an investment manager is not necessarily indicative of such investment manager’s future results.

If StanCERA has requested Consultant to assist in the selection of an investment manager, Consultant will recommend investment managers (or mutual funds) which appear to be suitable for StanCERA, based upon StanCERA’s stated investment policies, goals, risk/return expectations and financial needs (collective "Objectives"). Consultant does not assume any responsibility, nor shall it be liable for the conduct or the investment performance, either historical or prospective, of any investment manager recommended by Consultant and selected by StanCERA in the absence of negligence, willful misconduct, bad faith, or a violation or reckless disregard of its obligations and duties under this Agreement. Consultant shall have no authority to enter into any Agreement with any investment manager or any other third party, or to otherwise take any action on behalf of, or otherwise bind StanCERA.

Consultant will not manage StanCERA’s assets or exercise any investment discretion or perform any discretionary trading with respect to the assets. Consultant shall have no responsibility for voting any proxies solicited by or with respect to issuers of securities in which the assets of StanCERA may be invested from time to time. Consultant cannot be and is not responsible for diversifying any of the StanCERA investments, even if those assets have an impact on or would be affected by the investment program Consultant is advocating. In addition, Consultant and its employees will not render, or be responsible for rendering, any legal, accounting or actuarial advice to StanCERA or preparing for StanCERA any legal, accounting or actuarial document.

To the extent permitted by applicable law, Consultant, its officers, directors, employees and shareholders will not be liable for any losses or expenses incurred by StanCERA, its Trustees, or underlying participants or beneficiaries as a result of any action or omission by the Representatives, unrelated third parties, or Consultant, except to the extent caused by Consultant’s negligence, willful misconduct, bad faith, or violation or reckless disregard of its obligations and duties under this Agreement. For all purposes of this Agreement, Consultant shall be deemed to be an independent contractor and shall have no authority to act for or represent StanCERA in any way and shall not be deemed to be an agent of StanCERA. Nothing in this Agreement may be interpreted or construed to create any employment, partnership, joint venture, or other relationship among Consultant and StanCERA. The parties understand and agree that no relationship of employer-employee exists between Consultant and StanCERA; that Consultant and any agents or employees of Consultant are not officers or employees or agents of StanCERA or Stanislaus County and shall not be entitled to any benefits available to employees of Stanislaus.
County; and that StanCERA is not required to make any deductions from the compensation payable to Consultant. As an independent contractor, Consultant hereby holds StanCERA harmless from any and all claims that a third party may bring alleging that StanCERA is Consultant's employer under this Agreement.

4. Fees

In consideration of the services to be rendered by Consultant, StanCERA shall pay Consultant in accordance with the fees stipulated in Schedule B ("Fees"). If this Agreement is terminated by either StanCERA or Consultant effective as of a date which is not the end of a calendar quarter, StanCERA shall pay Consultant a pro rata portion of the Fee payable hereunder through the written receipt of such notice based on the actual number of days of such quarter that have elapsed. A representative of Consultant, who is knowledgeable and familiar with the assets and this Agreement, shall meet periodically (and at least as frequently as ___) with representatives of StanCERA as required to review the status of the assets. Travel to meetings with StanCERA, lodging and related expenses of these meetings shall be at the expense of Consultant. Reasonable travel costs for the extra circular travel such as onsite manager visits and retreats will be billed to StanCERA without mark up, and shall be paid by StanCERA within 30 days’ of StanCERA's receipt of evidence satisfactory to StanCERA of such expenses. To the extent that it does so for other similarly situated clients, Consultant may invite representatives of StanCERA to participate in annual meetings, special meetings and other conferences or programs. All registration fees, materials, accommodations and the cost of meals and refreshments provided by Consultant to StanCERA’s Representatives, as attendees at such meetings or programs, shall be paid for by Consultant from its Fees as part of the services provided in exchange for the Fees.

5. Manner of Payment

Fees will be billed in equal installments on a monthly basis during or immediately following month end and will be prorated based on the actual number of days elapsed for the first month following acceptance of this Agreement by Consultant and, in subsequent periods, on a calendar monthly basis. All undisputed invoices for Fees shall be payable within thirty (30) days of receipt.

6. Confidentiality

All information received by Consultant directly or indirectly from StanCERA or its Representatives shall be regarded and treated as confidential. Consultant shall not be free to divulge or to act upon such information with respect to the performance of its services hereunder. All information and advice furnished by StanCERA to Consultant, including Consultant’s agents and employees, shall be treated as confidential and not disclosed to third parties except as agreed upon in writing by StanCERA or required by law.

Notwithstanding the above StanCERA agrees to allow Consultant to use StanCERA’s name on Consultant’s client list so long as a disclaimer is used stating the Consultant does not know if StanCERA would recommend using its services and no confidential information with regard to StanCERA’s assets or policies is revealed. Furthermore, StanCERA acknowledges certain services Consultant offers and/or provides StanCERA and other clients require the use and anonymous disclosure of StanCERA data, including portfolio performance and trading data ("StanCERA Data"), in connection with the pooling of StanCERA Data of clients of the members of the Independent Consultants Cooperative (the “ICC”) to form a performance universe (the
The Performance Universe is made available to clients of the members of the ICC.

7. Standard of Care; Insurance; Indemnification

Consultant holds itself out as an expert with respect to consulting on investments by large trust and investment funds. Consultant represents itself as being possessed of greater knowledge and skill than the average person in the foregoing area. Accordingly, Consultant is under a duty to exercise a skill greater than that of an ordinary person and the manner in which Consultant carries out its duties under this Agreement will be evaluated in light of Consultant’s superior skill. Consultant shall exercise the care, skill, prudence, and diligence under the circumstances then prevailing that a similar expert acting in a like capacity and familiar with such matters and consistent with the Objectives would use in the conduct of an enterprise of like character and with like aims.

Nothing herein contained shall be construed to protect Consultant, its affiliates and employees, against any liability by reason of negligence, willful misconduct, bad faith, or a violation, breach or reckless disregard of their obligations and duties under this Agreement. Federal and state securities laws impose fiduciary duties and liabilities under certain circumstances on persons who act in good faith. Therefore, nothing herein shall constitute a waiver or limitation of any rights which StanCERA may have under any federal or state securities laws.

A. Fiduciary Liability

Consultant shall maintain, as long as this Agreement is in effect, fiduciary liability or investment counselor’s errors and omissions insurance against potential liabilities which it may incur for breach of any fiduciary duty to StanCERA in an amount not less than $4 Million Dollars ($4,000,000.00), naming StanCERA as an additional insured. The insurance provided shall be primary insurance and any insurance carried by StanCERA shall be excess and not contributory to that provided by Consultant. Insurance required by this section shall be in the form of policies or contracts of insurance with a carrier rated at least A by A.M. Best. Evidence of such insurance shall be in the form of a certificate of insurance and Consultant shall notify StanCERA in writing if such insurance is canceled, lapses or is changed in any material way.

No trustee, officer, manager, board member, or employee of StanCERA or Stanislaus County shall have any personal liability, directly or indirectly, under or in connection with this Agreement or any Agreement made or entered into under or pursuant to the provisions of this Agreement. Consultant shall look solely to StanCERA for the satisfaction of any claims Consultant may have arising under this Agreement.

Consultant shall indemnify, defend and hold harmless StanCERA, its officers, members, agents, representatives, employees and Stanislaus County from and against all liability, claims, damages, losses, expenses, actions, demands and suits whatsoever caused by or arising out of Consultant’s performance, acts or omissions under this Agreement. The foregoing indemnity shall not extend to losses incurred by StanCERA as a result of Consultant’s reasonable compliance with StanCERA’s instructions given pursuant to this Agreement, except to the extent that such losses are caused by or result from Consultant’s negligence, willful misconduct, bad faith, or a violation or reckless disregard of its obligations and duties under this Agreement,
B. General Liability. Comprehensive general liability insurance covering bodily injury, personal injury, property damage, products and completed operations with limits of no less than Two Million Dollar ($2,000,000) per incident or occurrence.

(i) If Commercial General Liability Insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to any act or omission by Consultant under this Agreement or the general aggregate limit shall be twice the required occurrence limit.

(ii) If written on a claims form, Consultant will continue to name StanCERA as an additional insured or provide an extended two year reporting period commencing upon termination or cancellation of this Agreement.

C. Automobile Liability. If the Consultant or the INVESTMENT CONSULTING FIRM's officers, employees, agents, representatives or subcontractors utilize a motor vehicle in performing any of the work or services under this Agreement, owned/non-owned automobile liability insurance providing combined single limits covering bodily injury, property damage and transportation related pollution liability with limits of no less than Two Million Dollars ($2,000,000) per incident or occurrence.

D. Workers’ Compensation. Workers’ Compensation insurance as required by the State of California, with Statutory Limits and Employer’s Liability insurance with limit of no less than Two Million Dollars ($2,000,000) per accident for bodily injury or disease.

Any deductibles, self-insured retentions or named insureds must be declared in writing and approved by StanCERA. At the option of StanCERA, either: (a) the insurer shall reduce or eliminate such deductibles, self-insured retentions or named insureds, or (b) the Consultant shall provide a bond, cash, letter of credit, guaranty or other security satisfactory to StanCERA guaranteeing payment of the self-insured retention or deductible and payment of any and all costs, losses, related investigations, claim administration and defense expenses. StanCERA, in its sole discretion, may waive the requirement to reduce or eliminate deductibles or self-insured retentions, in which case, the Consultant agrees that it will be responsible for and pay any self-insured retention or deductible and will pay any and all costs, losses, related investigations, claim administration and defense expenses related to or arising out of the Consultant’s defense and indemnification obligations as set forth in this Agreement.

The Consultant shall provide a specific endorsement to all required insurance policies, except Workers’ Compensation insurance and Professional Liability insurance, if any, naming StanCERA and its officers, officials and employees as additional insureds regarding: (a) liability arising from or in connection with the performance or omission to perform any term or condition of this Agreement by or on behalf of the Consultant, including the insured’s general supervision of its subcontractors; (b) services, products and completed operations of the Consultant; (c) premises owned, occupied or used by the Consultant; and (d) automobiles owned, leased, hired or borrowed by the Consultant. For Workers’ Compensation insurance, the insurance carrier shall agree to waive all rights of subrogation against StanCERA and its officers, officials and employees for losses arising from the performance of or the omission to perform any term or condition of this Agreement by the Consultant.
The Consultant's insurance coverage shall be primary insurance regarding StanCERA and StanCERA's officers, officials and employees. Any insurance or self-insurance maintained by StanCERA or StanCERA's officers, officials and employees shall be excess of the Consultant's insurance and shall not contribute with Consultant's insurance.

Any failure to comply with reporting provisions of the policies shall not affect coverage provided to StanCERA or its officers, officials, employees or volunteers.

The Consultant's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

Each insurance policy required by this section shall be endorsed to state that coverage shall not be suspended, voided, canceled by either party except after thirty (30) days' prior written notice has been given to StanCERA. The Consultant shall promptly notify, or cause the insurance carrier to promptly notify, StanCERA of any change in the insurance policy or policies required under this Agreement, including, without limitation, any reduction in coverage or in limits of the required policy or policies.

Insurance shall be placed with California admitted insurers (licensed to do business in California) with a current rating by A.M. Best Key Rating Guide acceptable to StanCERA; provided, however, that if no California admitted insurance company provides the required insurance, it is acceptable to provide the required insurance through a United States domiciled carrier that meets the required A.M. Best rating and that is listed on the current List of Eligible Surplus Line Insurers maintained by the California Department of Insurance. An A.M. Best rating of at least A-:VII shall be acceptable to StanCERA; lesser ratings must be approved in writing by StanCERA.

Consultant shall require that all of its subcontractors are subject to the insurance and indemnity requirements stated herein, or shall include all subcontractors as additional insureds under its insurance policies.

At least ten (10) days prior to the date the Consultant begins performance of its obligations under this Agreement, Consultant shall furnish StanCERA with certificates of insurance, and with original endorsements, showing coverage required by this Agreement, including, without limitation, those that verify coverage for subcontractors of the Consultant. The certificates and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All certificates and endorsements shall be received and, in StanCERA's sole and absolute discretion, approved by StanCERA. StanCERA reserves the right to require complete copies of all required insurance policies and endorsements, at any time.

The limits of insurance described herein shall not limit the liability of the Consultant and Consultant's officers, employees, agents, representatives or subcontractors.

8. Nonexclusive Relationship

Consultant shall be obligated to give StanCERA's assets and investments treatment that is at least the same as or preferential or more favorable than that which is provided to other clients and ensure that Consultant's treatment of StanCERA is on a fair and equitable basis relative to other clients and in accordance with applicable law.
Provided that Consultant otherwise satisfies all of its duties and obligations hereunder, (a) nothing in this Agreement shall limit or restrict Consultant or any of its shareholders, officers, directors, affiliates or employees from buying, selling, or trading in any securities for their own account or accounts, and (b) StanCERA acknowledges that Consultant and its shareholders, officers, directors, affiliates and employees, and its other clients, may at any time have, acquire, increase, decrease, or dispose of positions in investments which are at the same time being acquired or disposed of for the account of StanCERA.

9. Authority

StanCERA and Consultant each represent that the person executing and delivering this Agreement on their behalf has full power and authority to do so and that this Agreement is binding. Each party undertakes to advise the other party of any event which might affect this authority or the propriety of this Agreement.

10. Assignment or Termination of Agreement

No assignment (as the term is defined in the Investment Advisers Act of 1940, as amended (the “Advisers Act”)) of this Agreement may be made by Consultant without the prior written consent of StanCERA. If Consultant assigns or attempts to assign this Agreement without StanCERA’s express prior written consent, this Agreement shall terminate immediately. Any voluntary or involuntary assignment or transfer of controlling interest in Consultant, without StanCERA’s written consent, shall immediately terminate this Agreement. Upon written or verbal notice (which is followed up with written confirmation) to Consultant, this Agreement may be terminated by StanCERA at any time for any reason or no reason without penalty. StanCERA may at any time, in writing or orally, and without prior notice, order Consultant to cease activity with respect to the assets and this Agreement. Upon termination of this Agreement, any Fees paid in advance will be prorated and StanCERA will be entitled to a refund from the effective date of termination through the end of the billing period. To the extent there are undisputed amounts owed by StanCERA to Consultant upon the date of termination of this Agreement, StanCERA agrees to immediately pay such amounts to Consultant without further notice or demand therefor. Anything herein to the contrary notwithstanding, StanCERA shall have the right to terminate this Agreement, without penalty, within five business days of the date of the initial execution of this Agreement by StanCERA and to receive a full refund of all amounts paid to Consultant.

Upon termination, Consultant shall: (a) promptly discontinue all work, unless the termination notice directs otherwise; and (b) deliver or otherwise make available to StanCERA all data, reports, summaries and other information that may have been accumulated by Consultant in performing under this Agreement, whether completed or in process. Upon termination, StanCERA may take over any work and may award another party a contract to complete the work contemplated by this Agreement.

11. Governing Law; Attorneys’ Fees

This Agreement is made and shall be construed under the laws of the State of California without regard to any conflicts of laws principles, provided nothing herein shall be construed in any manner to be inconsistent with ERISA, if applicable, the Advisers Act or any rule, regulation or order of the Department of Labor or the Securities and Exchange Commission, respectively, promulgated thereunder. In the event of a lawsuit of any kind instituted under this Agreement or to obtain performance of any kind under this Agreement, the prevailing party shall be awarded
such additional sums as the court may adjudge for reasonable attorneys’ fees and to pay all costs and disbursements incurred therein.

12. Jurisdiction and Venue

The parties agree that any action brought by either party under or in relation to this Agreement, including without limitation to interpret or enforce any provision of this Agreement, shall be brought in, and each party agrees to and does hereby submit to the jurisdiction and venue of, any state or federal court located in Stanislaus County.

A. Mediation. If a dispute arises over any matter arising out of or relating to this Agreement (whether in contract, tort, or both) the parties agree first to try in good faith to settle the dispute voluntarily with the aid of an impartial mediator.

1) Commencing Mediation. A dispute will be submitted to mediation by one party delivering a written notice requesting mediation (the “Notice of Mediation”) to the other party. The Notice of Mediation must be sent as required in Section 15 (Notice).

2) Selection of Mediator. The mediator will be selected by agreement of the parties. If the parties cannot agree on a mediator within 30 days after the Notice of Mediation is sent, the mediator will be selected by JAMS at the request of either party. If JAMS is no longer in business, the mediator will be selected by the American Arbitration Association (“AAA”).

3) Location of Mediation. The mediation will be held in Stanislaus County, California at a time and place selected by the mediator, unless as mutually agreed by the parties.

4) Conduct of Mediation. At least five days before the date of the mediation, each party will provide the mediator with a statement of its position and copies of all supporting documentation. Each party shall send to the mediator a person who has authority to bind the party. Each party has the right to be represented at the mediation by legal counsel of its choice.

5) Confidentiality of Mediation. The mediation will be treated as a settlement discussion and therefore will be confidential, and except as required by law and the next two sentences, neither party may disclose the content or results of any mediation hereunder without the prior written consent of the other party. Each party may disclose the content and results of any mediation to its employees who need to know such information, and to its directors, trustees, auditors and legal counsel. Each party may also disclose the content and result of any mediation to the extent necessary to comply with applicable accounting standards with respect to its annual financial reports, and to allow its auditors to issue an unqualified opinion that the party’s financial statements present fairly, in all material respects, the net assets of the party in conformity with accounting principles generally accepted in the United States.

6) Termination of Mediation. If the mediation does not result in a settlement within six months after the Notice of Mediation is sent, either party may terminate the mediation process by delivering a written notice of termination (the “Notice of Mediation Termination”) in writing to the other party. The Notice of Mediation Termination must be sent as required in Section 15 (Notice).
(7) Costs of Mediation. Each party will bear its own costs in the mediation. The fees and expenses of the mediator will be shared equally by the parties.

(8) Tolling of Statutes of Limitation during Mediation. All applicable statutes of limitation (and laches or any other time-bar defenses) will be tolled for the period commencing on the date the Notice of Mediation is sent and ending sixty days after the date on which the Notice of Mediation Termination is sent.

B. Arbitration. If the parties are unable to resolve the dispute through mediation, the parties agree to submit to binding arbitration in Stanislaus County, California under the Commercial Arbitration Rules of the American Arbitration Association then existing. The arbitration shall take place before a panel of three arbitrators. Within 30 days of the commencement of the arbitration, each party shall designate in writing a single neutral and independent arbitrator. The two arbitrators designated by the parties shall then select a third arbitrator. Each arbitrator must be a licensed attorney, or a retired judge, or an actuary familiar with the defined benefit plan industry, and have at least 10 years experience in his or her field. The arbitrators shall have the authority to permit discovery, including depositions, prior to the arbitration hearing, and such discovery shall be conducted consistent with the California Code of Civil Procedure. The arbitrators shall have no power or authority to award punitive or exemplary damages. Any award made may be confirmed in any court having jurisdiction. Any arbitration shall be confidential, and except as required by law, neither party may disclose the content or results of any arbitration hereunder without the prior written consent of the other parties, except that disclosure is permitted to a party’s auditors and legal advisors.

13. Amendments
This Agreement may not be modified or amended except by a writing signed by the parties hereto.

14. Severability
If any provision of this Agreement shall be held or made non-enforceable by a statute, rule, regulation, decision of a tribunal or otherwise, such provision shall be automatically reformed and construed so as to be valid, operative and enforceable to the maximum extent permitted by law or equity while most nearly preserving its original intent. The invalidity of any part of this Agreement shall not render invalid the remainder of this Agreement and, to that extent, the provisions of this Agreement shall be deemed to be severable.

15. Miscellaneous
Consultant designates ________________ as its Primary Consultant to perform the services described in the Agreement. Consultant will not remove said individual from the work without the prior written consent of StanCERA, which StanCERA may withhold in its discretion, but such restriction shall not apply to instances of employment termination, serious illness, death, or other causes beyond Consultant’s control.

Consultant covenants, represents and warrants the following: (a) Consultant is registered under the Investment Advisers Act of 1940, as amended; (b) Consultant is duly organized, validly existing and in good standing under the laws of the state of its incorporation or organization, and all other jurisdictions in which Consultant conducts business; (c) Consultant has the power and authority to enter into this Agreement and to carry out its obligations hereunder and the execution
of this Agreement has been duly authorized by Consultant and no other proceedings on the part of Consultant are necessary to authorize this Agreement; (d) neither the execution of this Agreement, nor the acts contemplated hereby, nor compliance by Consultant with any provisions of this Agreement, will violate any charter document, contract, Agreement, law, or any judgment, decree, order, regulation or rule of any court or governmental authority with jurisdiction over Consultant; (e) Consultant has completed, obtained and performed all registrations, filings, approvals, licenses, authorizations, consents or examinations required by any government or governmental authority for entry into the Agreement and performance of its acts contemplated by this Agreement, and Consultant shall maintain proper authorizations during the term of the Agreement; (f) the personnel of Consultant responsible for discharging Consultant’s duties and obligations under this Agreement are individuals experienced in the matters set forth herein and Consultant will notify StanCERA in the event that _____________ (Primary Consultant) is no longer employed by Consultant or is no longer the primary person responsible for managing StanCERA’s account, or of any proposed change in the status of Consultant’s key investment professionals, including but not limited to _____________ (Primary Consultant), and/or any key personnel who have obligations arising under or related to this Agreement or the assets, and shall immediately notify StanCERA of any change in such staff (if prior notice was for any reason not given) and in any event such notice shall be provided within three days of any such change; (g) Consultant shall carry out its duties and obligations in accordance with the provisions of all applicable ordinances, regulations and laws of all governmental entities with jurisdiction over the transactions contemplated; (h) Consultant represents and warrants that the rate of the Fee (in basis points) payable by StanCERA is not and will not be higher than any consulting fee paid or payable by any other tax-exempt client of Consultant with investment objectives comparable to the Objectives; if Consultant charges a lower fee to a comparable account, then Consultant will reduce the Fee for StanCERA accordingly; (i) Consultant shall notify StanCERA of any material change in the organizational structure and/or ownership of Consultant within a reasonable period of time following such a change; and (j) Consultant shall promptly notify StanCERA orally and/or in writing if any of the representations and warranties of Consultant set forth in this Agreement, including but not limited to those set forth below, shall cease to be true at any time during the term of this Agreement.

Neither Consultant nor, to its knowledge, any of its officers or directors, nor any of its affiliates, has ever been (i) convicted or pleaded guilty or nolo contendere to a felony or misdemeanor involving (1) an investment or investment-related business, (2) fraud, false statements or omissions, or (3) the wrongful taking of property, bribery, forgery, counterfeiting or extortion; (ii) found by a court or administrative agency to be in violation of any federal or state investment or investment-related statute or regulation; (iii) found by the United States Securities and Exchange Commission or any other federal or state regulatory agency or self-regulating organization to have (1) made a false statement or omission, (2) been involved in a violation of its regulations or statutes, or (3) been a cause of an investment-related business having its authorization to do business denied, suspended, revoked or restricted.

Neither Consultant nor, to its knowledge, any of its officers or directors, nor any of its affiliates, has (i) had coverage under a fidelity bond or investment counselor’s errors and omissions insurance policy denied or revoked; (ii) filed a bankruptcy or insolvency petition or been declared bankrupt; or (iii) had its registration revoked or its activities restricted;

Consultant shall not make or receive any gift, emolument or benefit by reason of any business which it may give to any person or broker growing out of service rendered hereunder, and hereby represents that it has complied with and will comply with any and all relevant Federal and State laws.
As used herein, reference to persons in the masculine gender shall include persons of the feminine gender. Reference in the singular shall, as and if appropriate, include the plural.

All paragraph headings in this Agreement are for convenience of reference only, do not form part of this Agreement and shall not affect in any way the meaning or interpretation of this Agreement.

Any notice or demand required by this Agreement or any statute shall be deemed to have been duly given or made when delivered, by hand-delivery, U.S. mail or over-night delivery, in writing to the following address:

If to Consultant:
INVESTMENT CONSULTANT, __________________________
________________________
________________________
Attention:
________________________

If to StanCERA:
Rick Santos
Executive Director
Stanislaus County Employees’ Retirement Association
832 12th Street, Suite 600
Modesto, CA 95354

Either party may change its above address at any time by written notice to the other party.

All representations, warranties and covenants made in or pursuant to this Agreement shall survive its termination.

This Agreement, together with all attachments hereto, sets forth in full the entire Agreement of the parties in relation to the subject matter hereof. Any other Agreement, representation, or understanding, verbal or otherwise, relating to the professional services of Consultant or otherwise dealing in any manner with the subject matter of this Agreement is null and void and of no force or effect.

StanCERA acknowledges receipt of Consultant’s Form ADV, Part II and has five (5) business days to cancel this Agreement from date of execution of this Agreement.

The effective date of this Agreement shall be ________________, 2020, and the Agreement shall continue in force until terminated, amended or modified by the parties.

[Signature page follows]
AGREED to this _______ day of ________________, 2020.

STANISLAUS COUNTY EMPLOYEES’ RETIREMENT ASSOCIATION

By __________________________________________
(Signature of StanCERA)

____________________________________________
(Title if Applicable)

By __________________________________________
(Signature of StanCERA)

____________________________________________
(Title if Applicable)

Approved as to legal form:

____________________________
General Counsel

Date: _________________________

AGREED AND ACCEPTED:

INVESTMENT CONSULTANT

By __________________________________________
(Principal)

____________________________________________
(Title if Applicable)
Schedule A

CORE SCOPE OF SERVICES

The Core Scope of Services required include, but are not limited to, the following:

1. **Investment Policy and Asset Allocation**
   a. Conduct an annual comprehensive review and analysis of investment policies, objectives, asset allocation, and portfolio structure, and recommend changes, if appropriate. Review and update the system’s investment policy statement.
   b. Work with staff and the actuary to conduct an asset/liability study of the fund at least every three years, including recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.
   c. Annually produce theoretically sound capital market and inflation expectations as well as a correlation matrix on both a short and long-term basis.
   d. Recommend and assist in the preparation and presentation of stochastic analyses concerning projected StanCERA funding ratios and contribution rates under various economic scenarios and environments.
   e. Develop an appropriate investment management structure for the system and each asset class that considers the role of active versus passive strategies and investment management styles under different market conditions.
   f. Analyze the investment characteristics of available asset classes and the risk/return potential of alternative asset-mix policies.
   g. Develop basic policies, guidelines, and procedures for rebalancing the asset mix.
   h. Assist with the development, implementation, and monitoring of a total fund overlay strategy.
   i. Advise the system about new developments in investment management techniques and portfolio management strategies. Analyze how new techniques might improve the investment program and whether they should be implemented.
   j. If necessary provide advice and recommendations on various other investment policy issues including, but not limited to, rebalancing, use of soft dollars, securities lending, proxy voting, etc.

2. **Investment Manager Search, Selection and Review**
   a. Provide advice and recommendations on investment manager allocation and structure, manager mandates, fees, and performance benchmarks.
   b. Provide ongoing monitoring and oversight of investment managers to ensure compliance with laws and regulations, investment policies and manager mandates. Have periodic discussions with managers on investment performance and organizational issues (such as changes in ownership, staff, new products, etc.)
   c. Provide advice on manager retention/termination issues.
   d. Perform individual investment manager searches as needs arise for additional or replacement investment managers based on the approved Investment Manager
Structure. Prepare a list of qualifying candidates, set up presentation schedules in consultation with StanCERA, attend interview sessions, and perform due diligence visits as needed.

e. Assist with negotiating appropriate investment management agreements.

f. Assist in contract (side letter) negotiations with general partner’s counsel on alternative investments.

g. From time-to-time monitor and evaluate investment manager trading and transaction costs.

h. Conduct on-site due diligence meetings with potential managers prior to hire and with current managers at least every four years.

i. Assist with the transition of managers who have been hired or terminated by the Board.

3. Performance Monitoring and Reporting

a. Compare the investment performance of the total fund, asset classes, and investment managers to relevant benchmarks and “peer group” samples.

b. Conduct performance attribution analysis to determine the value added by investment policy, asset allocation and security selection.

c. Present monthly and quarterly performance reports to the Board of Retirement.

d. Recommend appropriate performance benchmarks for the total fund, each asset class, portfolio composite, and investment manager.

e. Provide access to performance evaluation and attribution analytics, tools and software.

f. Track and report unanticipated or emerging market issues that may impact StanCERA immediately to the Executive Director and/or Investment Officer.

g. Provide basic risk reporting and advisory services including monitoring, analysis, and reporting on different measures of risk including risk factor exposures of individual managers.

h. Assist StanCERA staff with investment related issues as needed.

4. Client Service and Education

a. Attend twelve regular monthly meetings of the Board, as well as special meetings pertaining to investments that may be necessary from time-to-time included as part of the annual fee.

b. Provide monthly updates on investment manager performance and actual versus target asset allocation. On a quarterly basis provide comprehensive rates of return and relevant portfolio characteristics comparing individual investment manager performance against management style, and composite exposures, peer managers’ and indices’ for various time periods.

c. Communicate and coordinate effectively with StanCERA staff, actuary, counsel, and custodian bank.
d. Respond to inquiries between meetings in an appropriate and timely manner.

e. Report any significant changes in the company’s ownership, organizational structure, and personnel in a timely manner.

f. Assist on special projects as needed from time-to-time.

g. Provide all other investment advisory-related services as requested.

h. Coordinate or provide education to Board and staff on current investment trends and topics, potential new asset class investing, and other investment topics of assistance to StanCERA in meeting its fiduciary duty to invest the assets of StanCERA prudently in meeting the overall investment objective of securing sufficient resources to meet current and future retirement benefit obligations.

i. Make available all firm research, including proprietary research, and ensure research staff is available for consultation with StanCERA representatives.

j. Provide information as required by GFOA for financial reporting.

5. **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 evaluation, search and selection involving other investment-related consultants and vendors as required.
Schedule B - Fees

Core Scope of Work Annual Fee:

All-Inclusive Flat Fee - Year 1

Annual Escalator %