



TULARE COUNTY EMPLOYEES RETIREMENT ASSOCIATION
(TCERA)
REQUEST FOR PROPOSAL (RFP)
FOR
GENERAL INVESTMENT CONSULTANT SERVICES

CONTACT

Questions regarding this RFP should be directed to:

Leanne Malison, Retirement Administrator

lmalison@tcera.org (559) 713-2900

**TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
GENERAL INVESTMENT CONSULTANT RFP
NOVEMBER 2020**

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I. Introduction and General Information

The Tulare County Employees' Retirement Association ("TCERA") is a Retirement System Trust Fund for the employees of the County of Tulare, the Tulare County Superior Courts and the Strathmore Public Utility District.

The Board of Retirement (Board) establishes policies and objectives for TCERA. TCERA's staff is responsible for the daily operations involving the administration of benefits, accounting functions, and, with the assistance of its investment consultant, issues related to the management of the investments for the fund. TCERA currently has approximately \$1.6 billion in total assets and a staff of fourteen (14) employees. TCERA's Investment Policy including its strategic investment allocation target percentages is provided as an attachment to this RFP. TCERA's current investment management structure is also provided in an attachment to this RFP.

TCERA was established in 1945 by the County of Tulare. In accordance with the County Employees' Retirement Law of 1937 ("the '37 Act"), California Government Code Sections 31450-31899.10, TCERA administers retirement benefits, disability, and death benefits to its members and their beneficiaries.

RFP amendments and addenda. TCERA may modify this RFP prior to the proposal due date by issuing written addenda. Such addenda will be posted to the TCERA website www.tcera.org.

Errors and Omission in Proposal. TCERA reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions in a proposal prior to the final evaluation of the proposal, request clarification of any issues, or take any other measures with respect to this RFP, in any manner necessary, to serve the best interests of TCERA.

Financial Responsibility and Ownership of Documents. Any cost incurred in the preparation, submission, or presentation of proposals shall be borne solely by the Proponent. Responses to this RFP and associated materials will become the property of TCERA and may be returned only at the discretion of TCERA.

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

Cancellation of the RFP. TCERA reserves the right to cancel this RFP at any time, and to reject any and all proposals submitted. This RFP in no manner

obligates TCERA to the procurement of services until a written contract is entered into, negotiation of which may be terminated at any time by TCERA. If negotiations fail with a responding firm, TCERA may accept another proposal, at its discretion.

Questions and contact regarding the RFP. Questions regarding this RFP are to be directed exclusively to Leanne Malison, Retirement Administrator at lmalison@tcera.org prior to the deadline for questions. Responses to questions received before the deadline will be posted on TCERA's website www.tcera.org. Until final selection and close of contract negotiations, proposing firms shall not communicate with the TCERA Board members or staff other than the Retirement Administrator regarding the RFP. Failure to comply with this requirement may result in the proposing firm being eliminated from consideration. TCERA's existing investment consultant may communicate with TCERA Board members and staff as necessary to fulfill the terms of the existing consulting contract.

Frequently Asked Questions:

What prompted the search? TCERA's current investment consultant, Verus, has provided services to TCERA for ten (10) years. TCERA has not issued an RFP for investment consulting services during the tenure of the consultant. In keeping with generally accepted fiduciary standards of practice, TCERA has issued this RFP to confirm and/or ensure that its investment consulting resources are appropriate and meet the needs of TCERA.

Will the incumbent consultant be invited to respond to the RFP? Yes, the incumbent will be invited to respond.

What are the fees currently being paid to the incumbent consultant? The current fee schedule should not be a consideration in the response to this RFP. As the consulting relationship has evolved over time, the current fees may not be representative of the current services, the services requested in the RFP, or the market for current services.

What is the expected length of the services contract? The initial term is expected to be three (3) years with two (2) one-year extensions at the option of the Board with the terms established at the outset of the contract.

Are there any pressing issues the consultant is expected to address? TCERA does not have any known pressing issues associated with investment consultant services. An asset/liability study is scheduled for 2021.

Is there a source for additional background information regarding TCERA?
Firms considering responding to this RFP are encouraged to review reports and policies posted on TCERA's website www.tcera.org.

Is TCERA interested in discretionary investment consulting services (also sometimes referred to as outsourced CIO services)? TCERA is not considering discretionary investment consulting services at this time.

II. Purpose and Requested Services

TCERA is seeking a qualified firm with substantial public fund experience to provide comprehensive non-discretionary pension fund investment consulting services. The selected investment consulting firm will report to the Board. The selected Consultant will work closely with the Investment Committee and/or the Board of Retirement and TCERA staff. The firm 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 TCERA solely in the interest of the plan participants and the beneficiaries of TCERA.

The selected consulting firm is expected to provide the following services:

Policy Duties:

- Provide recommendations concerning long-term investment policy and investment objectives and strategy.
- Provide recommendations regarding TCERA investment guidelines and procedures.
- Provide recommendations regarding proxy voting policies and procedures.
- Provide recommendations concerning risk management strategies.
- Provide compliance monitoring.
- Advise on rebalancing policies.

Asset Allocation and Portfolio Duties:

- Conduct an asset/liability study at least every three (3) years.
- Provide asset class research, analysis and recommendations.
- Provide an annual Investment Policy Statement review.
- Provide access to analytical software and tools.
- Provide recommendations concerning securities lending strategies.
- Provide compliance monitoring of the securities lending program.
- Provide recommendations concerning custodial arrangements.
- Provide investment vendor fee negotiation services.
- Provide recommendations concerning brokerage issues and transaction options, including directed brokerage, commission recapture, and low transaction cost trading strategies.
- Provide an annual brokerage commission trading cost analysis.

Investment Manager Oversight and Duties:

- Provide ongoing monitoring of institutional investment managers.
- Provide research and analysis of TCERA's investment managers.
- Provide investment manager selection services and recommendations.
- Arrange for and participate in investment manager due diligence site visits as authorized by the Board.
- Provide investment manager compliance monitoring.
- Provide investment manager compliance with CFA Institute guidelines.
- Provide recommendations concerning investment manager allocation and structure, manager guidelines and benchmark identification.

- Assist TCERA staff in verifying accuracy of investment manager invoices and fees.
- Provide a pacing schedule for alternative investments to assist TCERA in reaching and maintaining its target allocations.

Performance Measurement Duties:

- Evaluate total portfolio investment performance to custom policy benchmark.
- Evaluate investment manager performance to policy benchmarks and appropriate peer groups.
- Provide monthly “flash report” preliminary performance information.
- Provide quarterly performance measurement reporting.
- Provide quarterly performance review and commentary to the Board.
- Provide benchmark evaluation, implementation and analysis.
- Provide access to analytical software, if any.
- Provide review of portfolio risk.
- Preparation and presentation of an annual brokerage commission trading cost analysis of TCERA managers.

Training, Education and Client Service Duties:

- Attend Board meetings and/or Investment Committee meetings and any other meetings as necessary. This includes in-person attendance at up to twelve (12) regular Board meetings, Committee meetings or special meetings and remote participation for any additional meetings required on an annual basis. Attendance and participation in one strategic planning session with the Board of Retirement per year, if scheduled, is also required. Board meetings are generally the second and fourth Wednesdays of each month. The schedule may be adjusted to accommodate for holidays, conferences, and other relevant reasons at the

discretion of the Board chair. Special meetings may be called from time to time. Committee meetings are generally held monthly and scheduled at the discretion of the Committee Chair.

- Respond to phone inquiries and participate in phone meetings as initiated by the Board and TCERA Staff.
- Respond to Board and staff inquiries and requests in a timely manner.
- Provide investment education and training to staff and the Board as needed.
- Provide assistance on special projects as needed.
- Provide investment portfolio information necessary to respond to Public Records Act requests.
- Provide investment portfolio information necessary to respond to industry surveys.
- Provide all investment information and schedules required for the preparation of TCERA's Comprehensive Annual Financial Report (CAFR) including transmittal letter, market outlook, portfolio construction, and performance details.
- Provide a minimum of two articles per year to be included in TCERA's member newsletter.
- Participate in ad hoc workshops on specific issues designated by the Board.
- Communicate regularly with staff about workflow and any other operational issues between meetings.
- Develop educational materials.
- Respond to inquiries in an appropriate and timely manner.
- Share all firm research, including white papers, and provide access to research staff.
- Report significant changes in the Consultant's ownership, organizations structure, personnel (including change in assignment of TCERA's primary consultant), and other relevant areas that may be relevant to TCERA on a timely basis.

III. Proposal Participation, Completion and Submission Procedures

A. Mandatory Requirements Certification and Minimum Requirements

TCERA will accept proposals from firms that meet the minimum requirements listed below. The proposing firm will complete the Mandatory Requirements Certification and submit it with a transmittal letter. The Mandatory Requirements Certification form is provided as an attachment to this RFP.

1. The investment consulting firm must be a registered advisor under the Investment Company Act of 1940.
2. The investment consulting firm must have provided investment consulting services comparable to the duties contained in this RFP to at least three (3) defined benefit public retirement systems, each of which must have had at least \$1 billion in current assets for at least five (5) continuous years.
3. The investment consulting firm must be able to maintain a satisfactory data processing interface with TCERA's custodian bank, on-line connection or other electronic means, at the firm's expense, for the purposes of compiling all required reviews and reports. TCERA's current custodian bank is BNY Mellon.
4. The investment consulting firm must agree to disclose all potential, current conflicts of interest as well as potential conflicts as they might occur, and annually disclose all sources of revenue from sources and affiliations other than investment consulting.
5. The investment consulting firm must agree to disclose pending litigation against the firm at the time a suit is filed. The investment consulting firm will confirm annually whether any such litigation exists.
6. The individual assigned to TCERA as the primary consultant must have a minimum of ten (10) total years of experience in the public/private defined benefit pension fund area.
7. The investment consulting firm must be directly responsible for the management of the account, and all personnel responsible for working on the account must be employees of the firm.

8. The investment consulting firm must not have, nor potentially have, a material conflict of interest to include, but not limited to: TCERA's Board, staff, actuary, auditor, investment managers, or other consultants.
9. The investment consulting firm must carry Errors and Omissions coverage and other insurance coverage as discussed in Section V. Insurance Requirements.
10. All minimum qualifications must be met as of the date of any response to this RFP.

B. Intention to Participate

If you intend to reply to the RFP, your intention to do so must be submitted to Leanne Malison, TCERA Retirement Administrator, via email at lmalison@tcera.org. The email must include an attached letter indicating that your organization will be replying to the RFP. Inquiries regarding the RFP should be directed to Leanne Malison. The notification of intention to participate must be submitted no later than January 4, 2021.

C. RFP Submission

Please complete all questions in the order that they are presented in the Technical Proposal section of this RFP. Preface each response with the section number, question numbers and text of the question. Any additional comments or information may be provided as an Appendix.

The individual who is authorized to bind the investment consulting firm (hence, "Proposer") contractually must sign a transmittal letter, which must accompany the firm's RFP response. This transmittal letter must indicate the signer is so authorized and must indicate the title or position that the signer holds in the Proposer's firm. **An unsigned transmittal letter shall cause the proposal to be rejected.** The transmittal letter must contain a statement that the firm acknowledges that all documents submitted pursuant to this request for proposal process will become a matter of public record. The letter must also contain the following:

1. The Proposer's name, address, e-mail, telephone, and facsimile number.
2. The Proposer's Federal Employer Identification Number and Corporate Identification Number, if applicable.

3. The name, title or position, and telephone number of the individual signing the transmittal letter.
4. A statement indicating the signatory is authorized to bind the Proposer contractually.
5. The name, title or position, and telephone number of the primary contact and/or account administrator, if different from the individual signing the transmittal letter.
6. A statement to the effect that the proposal is a firm and irrevocable offer, good for 120 days. Please attach a Fee Proposal of your RFP response (A sample is provided as Exhibit D).
7. A statement that the firm meets the minimum qualifications set out in this RFP.
8. A statement expressing the Proposer's willingness to perform the services as described in this RFP.
9. A statement expressing the Proposer's availability of staff and other required resources for performing all services and providing all deliverables within the specified time frames as described in the RFP.

D. Submission of the Response

The response should be labeled "TCERA General Investment Consultant Search." Submit one (1) full and complete electronic copy via email to lmalison@tcera.org. In lieu of an email response, the proposing firm may submit the proposal by the deadline on an electronic storage device warranted to be virus free to:

• Leanne Malison, Retirement Administrator
Tulare County Employees' Retirement Association
136 N Akers Street
Visalia, CA 93291

The deadline for submission of the firm's proposal is **January 22, 2021 at 5:00 pm (PST)**. The response with all required information must be received by Leanne Malison via email by that time.

IV. Proposal Evaluation Criteria

TCERA will determine the specific methodology and criteria by which submitted proposals will be evaluated. Selection of finalists and determinations of compliance with the minimum qualifications is solely and exclusively within the judgment of TCERA and may be made solely on the basis of TCERA's evaluation of a candidate's suitability.

The following is a summary of the **general** considerations that will be used to determine the firms that will be selected as finalists:

- Firm and assigned consultant experience
- Independence, ethics, and objectivity
- Asset allocation capabilities
- Risk management capabilities
- Manager research capabilities
- Firm personnel and proposed consultant team
- Other firm resources
- Client and industry feedback
- Staffing and organization support sufficient to provide services in a timely manner
- Fee and other costs
- Performance

Fees and compensation will be an important factor in the evaluation of investment consulting proposals. However, TCERA is not required to choose the lowest cost bidder. TCERA will select the firm that, in the Board's sole discretion, best serves the overall needs of the plan participants and beneficiaries.

V. Insurance Requirements

The selected firm shall provide evidence of Professional Liability insurance with contractual liability coverage covering the Contractor's liability arising from errors and omissions made directly or indirectly during the duration of the contract. The selected firm shall provide coverage for the total limits actually arranged by the selected firm but not less than \$5 million combined single limit.

The selected firm shall maintain a Fidelity Bond covering employee dishonesty, in an amount arranged by the selected firm, but not less than \$10 million, per occurrence. In addition, the selected firm shall maintain workers compensation coverage as required by law.

VI. Search Schedule

November 23, 2020	RFP issued
December 4, 2020	Deadline to submit written questions
December 14, 2020	Issuance of responses to questions
January 4, 2021	Deadline to submit intention to participate
January 22, 2021	Deadline for submission of proposals
March 24, 2021	Determination of finalists
April 28, 2021	Finalist in-house interviews
TBD	Due diligence visits
TBD	Board of Retirement discussion and possible action regarding selection of investment consultant

TCERA will make a good faith effort to follow the above timeline but reserves the right to amend it at any time. Any amendments to the RFP will be posted on the TCERA website. Interested parties are solely responsible for checking the website for any amendments to the RFP.

VII. Technical Proposal

Be as clear, accurate, and complete as possible in your responses. Providing incomplete or misleading data may lead to disqualification of the proposal and elimination of the firm from the search process.

A. Organization

1. Provide a brief history of the firm including the year formed, ownership structure, the year the firm began providing investment consulting services for defined benefit public retirement systems, and the nature of

the firm's ownership (including any changes in the last five years) and specific details with regard to any affiliated companies or joint ventures.

2. Provide an organizational chart detailing the total number of employees and categories of employment, including the total number of employees identified as investment professionals.
3. List the firm's lines of business and the approximate contributions of each business to the firm's total revenue. If the firm is an affiliate of an organization, identify the firm's percentage of the parent firm's total revenue generated in the most recent fiscal year.
4. Provide the firm's target ratio of clients to a primary consultant, the current average ratio, and the number of clients the proposed primary consultant currently services.
5. Provide the location and function of each of your firm's offices, including the number of professionals at each office and what services are provided by each office.
6. Indicate the address of the office that would service this account, the names of the team members who would be assigned to this account and their contact information. Include biographies for these team members. If the location is different from the main office, please provide the address of the main office location as well.
7. Provide the following information regarding the proposed team members for this relationship:
Years of investment consulting experience.
Years of tenure with your firm
Year the team has worked together at your firm.
8. Provide details on the financial condition of your firm. Include levels of debt and debt payoff plans.
9. Provide registration status with the SEC or any state securities regulator as an investment adviser. If so registered, provide all disclosures required under those laws (including Part I and II of Form ADV).
10. State if your firm has ever been censured by the SEC or any regulatory body. If so, please describe.

11. State if your firm has been subject to or is currently being reviewed or audited by the SEC or other regulatory agencies. If yes, please describe the nature of the investigation.
12. State if in the last five (5) years the firm, the Primary Consultant, or other principal or officer of the firm been involved in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty. If so, please describe.
13. State if your firm will acknowledge fiduciary status and accept fiduciary responsibility for recommendations to TCERA.
14. State whether or not the firm's employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute. Provide a copy of any code of ethics maintained by your firm.
15. List the dollar amounts of fiduciary liability insurance, errors and omissions insurance and bonding insurance carried by your firm including carrier, type of coverage and dollar amounts/limits.
16. Discuss the firm's business objectives and plans for growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include in your response:
 - a. Total client asset limits.
 - b. Cap on total client relationships.
 - c. Maximum limits on asset amounts or number of clients per consultant.
 - d. Plans to develop and expand resources, merge or acquire other firms, spin off subsidiaries.
17. Provide a list of consulting staff who left or joined your firm within the last three (3) years. Include anticipated personnel changes for the next year. For those who have left or plan to leave, provide the reason for the departure.
18. Describe your firm's compensation system for principal staff, and indicate what specific incentives are utilized to encourage retention of key professionals.

19. Disclose any hard or soft dollar compensation derived from sources other than contracted client fees and any policies related to acceptance of such compensation.
20. Identify the percentage of the firm's clients that utilize money managers, investment funds, brokerage services or other service providers from whom the firm receives fees.
21. Describe your firm's disaster recovery plan including the results of the most recent testing of the plan.

B. Assets Advised

1. Provide the number of clients, assets under advisement for the firm's investment consulting relationships. Separately identify the number of clients and assets under advisement for outsourced chief investment officer services (full discretionary contract), if any.
2. Provide a list of the firm's investment consulting clients as of 12/31/2020. Please provide a table listing all current clients for whom you provide investment consulting services along with the following information:
 - a. Name/Type of client (public plan, corporate plan, endowment, fund of hedge funds, etc.)
 - b. Total size of each relationship
 - c. Assets on which you provide consulting services
 - d. Length of service of the relationship
 - e. Brief, one sentence description of the type of services you provide for each client
 - f. Nature of the relationship (retainer or project-based)
3. List all clients your firm has gained in the last three (3) years and the clients who have terminated your services during that time. For those who have terminated your services, please indicate the reason for terminating service.
4. Provide the name, address, telephone number and contact person for three (3) current public pension plan clients to serve as a reference for your firm. Clients domiciled in the State of California are preferred.

C. Investment Consulting Philosophy and Process

1. Briefly describe your firm's philosophy with respect to investment consulting mandates, and the nature of the service that you provide. What key strengths and competitive advantages does the firm possess that generate superior performance and service for your clients?
2. Describe your firm's experience in developing and reviewing investment policies and strategies for clients.
3. Describe your firm's methodology for reviewing asset allocation, asset liability reviews, and manager structure reviews. Include the following:
 - a. Theory and methodology
 - b. Description of your firm's capital markets model. Source of the model (proprietary or outside vendor)
 - c. Development of inputs to the model (standard inputs or customized by client)
 - d. Current inputs to the asset allocation model including expected returns, standard deviations, and correlation coefficients for all significant asset classes for which the firm has developed inputs.
 - e. If the firm has a recommendation for frequency of these reviews, state provide the firm's current recommendation.
 - f. Samples of an Asset Allocation Review and an Asset/Liability Modeling Study.
 - g. The firm's most recent five (5) years of capital market assumptions (projected returns, volatilities and corrections).
4. Describe how your firm develops a target allocation recommendation for a client. Provide a sample allocation that you are currently recommending for a client similar to TCERA.
5. Describe the firm's view of tactical/dynamic asset allocation.
6. Describe the firm's experience in evaluating alternative investment managers (e.g. real estate, private equity, co-investments, secondaries, hedge fund, real assets, etc.)

7. Describe your firm's view regarding the implementation of alternative investments for a fund of TCERA's asset size and staffing levels, including minimum/maximum suggested allocations.
8. Describe your firm's view of the use of leverage in a public fund investment portfolio.
9. Describe the firm's view on rebalancing including targets, ranges, frequency, and implementation methods.
10. Describe your firm's views of active versus passive management.
11. Describe recent market conditions or concerns, if any, which have caused your firm to recommend significant changes to client portfolios. Describe any such recommendations.
12. Describe your firm's methodology for assessing risk in a client's portfolio. Include a description of any recent changes to that methodology. Include a description of public pension fund risks and information regarding the firm's use of risk measurements and risk budgets.
13. Describe your firms' perspective on evaluating a consulting firm's performance, including any specific metrics or measurements that are beneficial in that evaluation.
14. Describe your views regarding performance versus asset based fees.

D. Manager Measurement and Evaluation

1. Describe your firm's process for analyzing and monitoring investment manager performance. Include information regarding determination of benchmarks and any databases used by your firm. Provide a sample performance report.
2. Identify the steps the firm would take to analyze TCERA's current investment portfolio and investment policy. Copies of both are included as attachments to this RFP.
3. Describe the level of customization available for reports provided and any additional charges that would be incurred for customization or requests for additional information.

4. Provide expected timeframes for completion of the preliminary monthly reports and the final quarterly performance reports (number of calendar days after required data is available).
5. Describe the plan data submission/collection process including whether the firm collects holdings data and performance data from investment managers, client custodian, or clients.
6. Describe your firm's step by step process for return reconciliation and your follow up procedures for any discrepancies discovered.
7. Describe the firm's performance attribution capabilities, including returns-based and holdings-based capabilities. Include a breakdown of domestic, international, and fixed income performance attribution capabilities and state to what extent performance attribution analysis is proved in the quarterly investment report.
8. Describe your firm's procedures for communicating with the client and with investment managers regarding performance issues including the frequency of type of reviews (formal, ad hoc, etc.) and the use of a "watch list" if any.
9. Describe your firm's criteria for recommending investment manager terminations.
10. Provide information regarding your firm's review of its success in selecting top tier managers and subsequent recommendations to clients.

E. Research

1. Describe the firm's commitment to research and system enhancements. Describe the structure and organization of the firm's research department, including the number and experience of its analysts.
2. List notable publications that have included your firm's research.
3. Provide a recent sample of a white paper on a topic relevant to public pension plans.
4. Describe in detail the type and frequency of research that would be provided to TCERA. Describe any research or analytical resources available that your firm would be willing to provide TCERA?

F. Manager Searches and Evaluation

1. Describe in detail your manager search process including any databases or outside sources used in evaluating managers for inclusion in a search. Include the criteria used to make manager recommendations.
2. Describe the process used for updating the database and revising your lists of top tier managers and/or approved manager lists, including the criteria for the addition of new investment managers into your database.
3. Provide samples of investment manager research/due diligence reports used in evaluating managers.
4. Describe your policy regarding frequency of on-site due diligence visits to managers as well as periodic phone and/or email due diligence.
5. Provide results for the three most recent searches conducted for public pension clients for US equities, non-US equities, and fixed income. At a minimum, identify the managers provided to the client for consideration and indicate which firm was selected. Identify if the firm's most recent investment manager searches have resulted in the same investment manager/advisor being selected for multiple clients.
6. Provide a sample of an investment manager search report your firm has provided to a client to present recommended managers for consideration in a recently completed investment manager search.
7. State your position regarding making specific investment hiring or firing recommendations to your clients.

G. Other Information

1. Describe your firm's capabilities in providing educational opportunities for trustees and staff including any investment conferences made available to clients.
2. Describe your firm's experience and ability to support issues relating to securities lending, custodial services and commission recapture.
3. Describe your process for assisting with a custodial bank search process. Please include details such as criteria used for evaluating and ranking custodians.

4. Describe the information available on your website or client portal that would benefit your clients.
5. Provide information regarding the firm's diversity and inclusion policies for both the firm and in evaluating investment managers.
6. State if your firm has clients covered by California's "County Employees Retirement Law of 1937" (the '37Act).
7. State if your firm belongs to and/or participates in the California State Association of County Retirement Systems (SACRS), the California Association of Public Retirement Systems (CALAPRS), or some other California public pension plan organization.

H. Standard Contract

1. TCERA's standard contract provisions are attached to this RFP. Such provisions will be incorporated into the final contract. Any requests for exceptions to these provisions must be submitted as part of the response to the RFP.

I. Fee Proposal

2. Provide a fee proposal for the services described in this RFP in the format provided in the attachment to this RFP. If any services are excluded from your proposal, clearly state what services you will not provide.
3. List any additional costs that might be incurred based on the requirements listed in the RFP.

**TCERA
Investment Consulting Services Request for Proposal**

SUBMISSION CHECKLIST

Item	Included in RFP Response
Transmittal Letter and Minimum Requirements Certification	
Complete Responses to Section VII Technical Proposal	
Exhibit A – Biographies of Proposed Team Members	
Exhibit B -- Form ADV (Part I & II)	
Exhibit C – Organizational Chart	
Exhibit D – Copy of Proposing Firm’s Code of Ethics	
Exhibit E – List of Current Clients	
Exhibit F – Public Fund References	
Exhibit G - Sample Asset Allocation and Asset/Liability Modeling Study	
Exhibit H - Five Years of Capital Market Assumptions	
Exhibit I – Sample Quarterly Performance Report and Flash Report	
Exhibit J - Sample White Paper/Research Report & List of Recent Research Generated	
Exhibit K – Sample of Investment Manager Research/Due Diligence Report	
Exhibit L – Sample of “Finals” Report for Recent Public Markets Search	
Exhibit M – Fee Proposal	
Exhibit N – Warranties Certification	
Exhibit O – Statement of Minimum Qualifications	

ATTACHMENTS

Item
Attachment A – Investment Policy
Attachment B – Investment Management Structure
Attachment C – Standard Contract Provisions
Attachment D – TCERA Conflict of Interest Statement for Vendors
Attachment E – Fee Proposal Format
Attachment F – Warranties Certification
Attachment G – Statement of Minimum Qualifications

Attachment A – Investment Policy

Introduction

The Tulare County Employees' Retirement Association (TCERA) was established to provide retirement benefits to county employees. The TCERA Board of Retirement (Board) is comprised of the County Treasurer, four members appointed by the County Board of Supervisors and four members elected by the membership.

TCERA was organized in accordance with the provisions of California's 1937 County Employees' Retirement Act. The powers and duties of the Board are set forth in the 1937 Act and in Article XVI of the State Constitution. This document provides a framework for the management of the assets of the Tulare County Employees' Retirement Association ("TCERA"). The purpose of the Investment Policy is to assist the Board in effectively supervising and monitoring investment of the assets of TCERA (the "Plan"). Specifically, it will address the following issues:

- The general goals of the investment program;
- The policies and procedures for the management of the investments;
- Specific asset allocations, rebalancing procedures and investment guidelines;
- Performance objectives; and
- Responsible parties.

The Board establishes this investment policy in accordance with applicable Local, State, and Federal laws. The Board members exercise authority and control over the management of the Plan, by setting policy which the TCERA Staff (Staff) executes either internally or through the use of external prudent experts. The Board oversees and guides the Plan subject to the following basic fiduciary responsibilities:

- Acting in accordance with the California Pension Protection Act of 1992 which states in part: "The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system...The Members of the Retirement Board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."
- Acting with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- Diversifying the investments of the Plan 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. Diversification is applicable to the deployment of the assets as a whole.

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- Refraining from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees, investment officials, and investment consultants shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Trustees and staff shall refrain from undertaking personal investment transactions with the same individual or firm with whom business is conducted on behalf of TCERA, with the exception of mutual fund investments.

This policy statement is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while setting forth reasonable parameters to ensure prudence and care in the execution of the investment program.

Policies and Procedures

The policies and procedures of TCERA's investment program are designed to position the assets of the Plan to better achieve its investment goals. Investment policies will evolve as fund conditions change and as investment conditions warrant.

Asset Allocation Policy

TCERA adopts and implements an asset allocation policy that is predicated on a number of factors, including:

- An actuarial valuation of the System's assets and liabilities, including but not limited to funded status, contributions and benefit payments;
- Historical and expected long-term capital market risk and return behavior;
- An assessment of future economic conditions, including but not limited to inflation and interest rate levels.
- The current and projected funding status of the Plan.

The Plan's asset allocation, with approved asset classes and target percentages, are illustrated in an Appendix to this Investment Policy. Implementation will be through the use of external investment managers. The Board will review the Plan's asset allocation from time to time; generally speaking, every 3 to 5 years. This review cycle may be shortened or extended, depending on changes in either market conditions or the Plan's financial and/or actuarial status.

Investment Goal Statement

The Plan's objectives are to efficiently allocate and manage the assets dedicated to the payment of Plan benefits and administrative expenses. The general investment goals of TCERA include, but are not limited to, the following.

- To act in the exclusive interest of Plan participants and their beneficiaries.
- To provide Plan participants with retirement, disability, and death and survivor benefits as provided for under the County Employees' Retirement Law of 1937, which will be accomplished through a carefully planned and executed long-term investment program.
- To manage TCERA's assets on a total return basis, recognizing the importance of the preservation of capital, while adhering to the principle that varying degrees of investment risk are generally rewarded with compensating returns.
- To achieve the following objectives:
 1. Produce a total portfolio, long-term real (above inflation) return commensurate with the target asset allocation illustrated in the Appendix to this document (annualized, net of fees, over a full market cycle, normally defined as 3 - 5 years);
 2. Exceed the assumed actuarial rate of return over rolling five year periods; and
 3. Exceed a weighted index of the total Plan's asset allocation policy and component benchmarks over rolling five year periods by an appropriate amount (annualized, net of fees, over a full market cycle).
- To maintain a strategic long-run asset allocation plan implemented in a consistent and disciplined manner, which will be the major determinant of the Plan's investment performance.
- To comply with "prudent expert" standards.

Manager Selection

The selection of investment managers is accomplished in accordance with all applicable Local, State and Federal laws and regulations. Each investment manager and consultant functions under a formal contract which delineates responsibilities and appropriate performance expectations. A formal set of investment guidelines and investment administrative requirements for each investment manager has been established.

Manager Authority

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The Plan's investment managers shall have designated discretion to direct and manage the investment and reinvestment of assets allocated to their accounts in accordance with this document; applicable Local, State and Federal statutes and regulations; and individual management investment plans and executed contracts.

Brokerage Policy/Commission Recapture

Each separate account equity manager recognizes commissions as an asset of the Plan and accepts the same fiduciary responsibility for managing commissions that exist for the management of all assets under their authority. The Board also recognizes that transaction expense includes both commissions and execution costs and charges the manager with the optimization of both for the lowest possible transaction cost. The Board encourages the domestic equity managers to manage the commission activity using all available trading mechanisms to maintain average commission levels on listed trades of four (4) cents or less. The Board encourages the international equity managers to manage the commission activity using all available trading mechanisms to maintain average commission levels on trades of 20 basis points or less. The managers shall report on commission levels quarterly, and failure to achieve these commission levels in a given quarter must be accompanied by a letter of explanation to the Staff. If at any time a manager believes compliance with this policy is adversely affecting its performance, it has the responsibility to immediately notify the Board of its concern(s).

TCERA encourages active equity managers to direct a specific percentage of brokerage transactions for Plan assets under their management through designated commission recapture brokers only when best execution can be assured. TCERA also encourages its fixed-income managers, on a "best effort" basis, to utilize the services of designated commission recapture brokerage firms. It is understood that the commission recapture brokerage firms must provide the best price and execution consistent with market conditions, bearing in mind the best interests of the Plan's beneficiaries and considering all relevant factors.

All rebates or credits from commissions paid by TCERA's investment managers to the commission recapture brokers will be realized in cash and used to reduce the normal investment-oriented operating expenses of the Fund, to acquire investment products or services, or be rebated back to the Fund.

Proxy Voting

TCERA acknowledges that voting proxies is a right of equity ownership. Voting of proxies in stocks held by TCERA will be done in a manner which is in the best financial and economic interests of the Association's members and their beneficiaries by those best able to make such assessments. While the Board reserves the right to vote proxies at its discretion, such activity as a matter of course is delegated to Investment Managers. Investment Managers are required to report their proxy voting activities to Staff on a fiscal year-end basis (June 30). In addition, managers will report on their proxy voting guidelines and proxy monitoring procedures at least annually.

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Securities Lending

The Board may authorize the execution of a Securities Lending Program which will be performed by the Plan custodian or qualified third party securities lending agent(s). The program is monitored and reviewed by Staff.

Derivatives

Certain of TCERA's investment managers may be permitted to use derivative instruments as set forth in each manager's investment guidelines. The use of derivatives within TCERA's Alternative Investments portfolio are not governed by the provisions of this section of the Investment Policy Statement.

Examples of appropriate applications of derivative strategies include but are not limited to hedging interest rate and currency risk, adjusting portfolio duration, maintaining exposure to a desired asset class while effecting asset allocation changes or for temporary cash balances, all so long as at no time is the portfolio in a leveraged position.

TCERA's managers are not allowed to utilize derivatives for speculative purposes. In no circumstances can individual managers borrow funds to purchase derivatives, nor may leverage be used. The use of derivative securities shall not violate either the letter or spirit of the investment guidelines that limit exposure to market, sector, and security risks.

No derivative positions can be established that create portfolio characteristics outside of portfolio guidelines. Managers must ascertain and carefully monitor the creditworthiness of any third parties involved in derivative transactions.

Rebalancing

The Board or its designee recognizes that a strategic long-run asset allocation plan implemented in a consistent and disciplined manner will be the major determinant of the Plan's investment performance. A systematic rebalancing procedure will be implemented by Staff to maintain asset allocations within appropriate ranges, as illustrated in the Exhibit attached to this Investment Policy. Staff will report rebalancing actions to the Board.

General Investment Objectives and Guidelines

Equity Portfolios

Equity investment managers retained by TCERA will follow specific investment styles and will be evaluated against specific market indices which represent their investment style. In addition, in the case of active managers, investment results may also be compared to returns of a peer group of managers with similar styles. The benchmarks for the various equity portfolios may include the following indices:

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Global Stocks – MSCI ACWI Index
Domestic Large-Cap Core Stocks – S&P 500 and/or Russell 1000 Index
Domestic Non-Large Stocks - Russell 2500 and/or Russell 2000 Index
International Stocks – MSCI EAFE Index or MSCI ACWI ex US Index
International Small Cap Stocks – MSCI EAFE Small Cap
Emerging Markets Stocks – MSCI Emerging Markets

Style-specific indices may be used, as appropriate. Managers' investment activities within their respective portfolios will be consistent with the style and/or strategy for which they were hired. Guidelines for each manager will be negotiated and are subject to approval by the Board. No single investment manager's guidelines govern the entire asset class and the individual guidelines are not intended to represent the asset class as a whole.

Fixed Income Portfolios

The fixed income portfolios will be invested through managers utilizing specific investment styles and evaluated against specific market indices which represent their investment style or market segment. In addition, investment results of active managers may also be compared to returns of a peer group of managers investing with a similar style. The benchmarks for the various fixed income portfolios may include the following indices:

US Core Fixed Income - Barclays Capital Aggregate Bond Index
US Core Plus Fixed Income - Barclays Capital Universal Bond Index
High Yield Fixed Income – Barclays Capital US Corporate High Yield
Global Credit – Global Aggregate Bond Index
Emerging Market Debt – JPMorgan EMBIG (Hard) / JPMorgan GBI-EMG (Local) / JPMorgan CEMBIB (Corporate)
US TIPS – Barclays Capital US TIPS Index

Managers' investment activities within their respective portfolios will be consistent with the style and/or strategy for which they were hired. Guidelines for each manager will be negotiated and are subject to approval by the Board. No single investment manager's guidelines govern the entire asset class and the individual guidelines are not intended to represent the asset class as a whole.

From time-to-time, TCERA may place short-term deposits in the care of the County Treasurer for payment of monthly pension payroll, refunds to terminated members, reimbursement to the County for monthly budget expenditures and miscellaneous payables. The dollar value of assets placed with the County Treasurer shall not exceed 1% of total assets at market value.

The County Treasurer will make available to the Board, Administrator and Consultant quarterly reports describing the investments, return on investments and policies of the Liquid Investment Pool. The County Treasurer will also make available to the Board, Administrator and Consultant its Investment Policy Statement and any revisions made to such policy as they are adopted by the Tulare County Board of Supervisors.

Real Estate Portfolios

The real estate asset class shall consist of core and value-add real estate equity, as well as real estate debt. With the exception of legacy separate account holdings, and property owned by TCERA to house administrative operations, the real estate portfolio will be invested through funds and/or limited partnerships. Firms managing these vehicles must have an asset base sufficient to accommodate TCERA's portfolio. In general, managers should have at least \$500 million of discretionary institutional real estate assets under management, and TCERA's portfolio should make up no more than 10% of the firm's total real estate asset base. These vehicles will utilize specific investment styles and be evaluated against indices which represent their investment style or market segment. The responsibility for purchase and sale decisions of specific properties is delegated to each manager as outlined in the offering documents for each fund and/or limited partnership.

Leverage:

Leverage within these vehicles is permitted, to be consistent with the strategy employed and in accordance with the prospectus or offering documents of each investment vehicle.

Investment Size:

Real estate portfolios should be appropriately diversified and maximum single property exposure should be consistent with the strategy employed and in accordance with the prospectus or offering documents of each investment vehicle.

The real estate composite (the aggregation of all funds and limited partnerships) should outperform the NCREIF Property and or ODCE indexes plus an appropriate premium (dependent upon the expected risk level of the investment) over rolling five-year periods.

Commodities Portfolios

Investments in commodities may be used as a diversifier as well as a hedge against inflation. Investments in Commodities will be invested through actively or passively managed futures-based investment vehicles meeting the investment manager requirements addressed in the "Selection Criteria for Investment Managers" section of this document.

Private Equity Portfolios

The private equity composite (the aggregation of all private equity funds and funds-of-funds employed by the Plan) should outperform the Russell 3000 + 3%, net of fees, over rolling 10-year periods. Where possible, peer comparisons will be made using statistically valid performance universe(s) with the expectation that performance will rank above median over rolling 3-5 year periods. The private equity program should be reviewed annually to determine if expectations are being met generally and to assess the need for additional fund commitments.

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Because of the unique characteristics of the asset class, constructing a fully diversified portfolio of partnerships reduces the overall risks of the portfolio. The following types of diversification will be considered:

Strategy – Diversify investments throughout the various private equity strategies including Buyouts, Venture Capital, Mezzanine Financing, Distressed Debt and Special Situations.

General Partner – Diversify the investments so as to have exposure to a reasonable number of different general partners.

Time – Diversify the investments across time so as not to have concentrated exposure to any one vintage year.

Geography/Economy – Diversify the investments to avoid a concentrated exposure to any one geographical area or economy.

Industry – Diversify the investments across industry sectors.

A diversified Fund of Funds can be used to accomplish these diversification goals. Otherwise, a portfolio of Limited Partnership interests must be carefully constructed with these diversification guidelines in mind.

Private Credit Portfolios

The private credit composite (the aggregation of all private credit funds and funds-of-funds employed by the Plan) is expected to earn a premium over traditional fixed income investments resulting from the additional risks associated with the asset class. The composite should outperform the BC High Yield Index + 2%, net of fees, over rolling 10-year periods. The private credit program should be reviewed annually to determine if expectations are being met generally and to assess the need for additional fund commitments.

There are a wide variety of investments that may be characterized as private credit. However, for the purpose of portfolio construction, the private credit component of the total fund portfolio will consist of a core allocation to direct lending investments with peripheral exposure to opportunistic and other credit investments. Opportunistic and other credit investments may include, but is not limited to, mezzanine financing, special situations, and stressed or distressed investments.

To construct a private credit portfolio as described, a diversified Fund of Funds approach or a portfolio of Limited Partnership interests that are carefully constructed with these diversification characteristics may be implemented.

Hedge Fund Portfolios

The role of hedge funds is to provide diversification to the portfolio's equity and fixed income investments. Strategies employed by hedge fund managers in aggregate should emphasize low correlation relative to publicly traded stock and bond markets.

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It is expected that the hedge fund composite (the aggregation of all hedge funds employed by the Plan) should outperform T-bills + 5%, net of fees, over rolling 3-5 year periods with 4-6% standard deviation of returns over similar periods. Where possible, peer comparisons will be made using statistically valid performance universe(s) with the expectation that performance will rank above median over rolling 3-5 year periods.

The hedge fund program will rely primarily on fund-of-funds vehicles, offered by managers with sole responsibility for selection of the underlying hedge fund strategies and the hiring and firing of managers who carry out those strategies. The Board shall establish investment guidelines for the hedge fund portfolio in aggregate and shall select Investment Managers it believes are positioned to achieve the stated objectives.

The underlying managers within the fund-of-funds shall employ a variety of skill-based and generally proprietary strategies. All strategies are permitted and are generally defined as Relative Value strategies (equity market neutral, convertible arbitrage and fixed income arbitrage), Event-Driven strategies (merger arbitrage and distressed securities), and Opportunistic strategies (long/short equity, short-biased and global macro). However emphasis shall be placed on Relative Value and Event-Driven strategies and, at the composite level, directional strategies (strategies that rely on the direction of equity or fixed income markets) shall be minimized.

Short-term strategies, especially trading-based strategies, may also be used by the underlying managers in the fund. Accordingly, the following is permitted: short sales of securities; purchase and sale of options, commodities, futures and private placements, all types of publicly traded securities and currencies; and the use of leverage and derivatives.

Opportunistic Investments

Opportunistic investments will be considered on a case by case basis as presented by TCERA's investment consultant. Such investments are intended to take advantage of specific market conditions and may include expansion of investments in TCERA's current asset allocation or entry into strategies outside of the asset allocation following education regarding the potential investment. Opportunistic investments will be limited to no greater than 10% of the total portfolio. Investments in individual strategies identified as opportunistic may not exceed 3% of the total portfolio.

Investment Management Policy

TCERA will utilize externally managed portfolios based on specific styles and methodologies. The managers will be expected to acknowledge in writing they are Plan fiduciaries and will have discretion and authority to determine investment strategy, security selection and timing within their asset class and subject to the Policy guidelines and any other guidelines specific to their portfolio. Performance of the portfolio will be monitored and evaluated on a regular basis relative to each portfolio component's benchmark return and relative to peer groups of managers with similar investment styles.

Investment managers, as prudent experts, will be expected to know TCERA's policies (as outlined in this document) and any specific guidelines for their portfolios, and to comply with those policies and guidelines. It is each manager's responsibility to identify policies that may have an adverse impact on performance, and to initiate discussion with Staff toward possible improvement of said policies through Board action.

The Board and Staff will also review each investment manager's adherence to its investment policy, and any material changes in the manager's organization (e.g., personnel changes, new business developments, etc.). The investment managers retained by TCERA will be responsible for informing the Board and Staff of all such material changes on a timely basis.

Investment managers under contract to TCERA shall have discretion to establish and execute transactions with established regional and national securities broker/dealers as needed. The investment managers must obtain best execution with respect to portfolio transactions.

The following transactions will be prohibited: "prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA); transactions that involve a broker acting as a "principal," where such broker is also the investment manager who is making the transaction, and any or all investment activities forbidden by the SEC or other applicable governing bodies.

Selection Criteria for Investment Managers

Criteria will be established for each manager search undertaken by TCERA, and will be tailored to TCERA's needs in such a search. In general, eligible managers will possess attributes including, but not limited to, the following:

- The firm must be an SEC-Registered Investment Advisor under the 1940 Act or appropriately exempt from registration as defined by the SEC, and be recognized as providing demonstrated expertise in the management of institutional assets within a defined investment specialty.
- The firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by TCERA.

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- The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- The firm must have an asset base sufficient to accommodate TCERA's portfolio. In general, managers should have at least \$100 million of discretionary institutional assets under management, and TCERA's portfolio should make up no more than 20% of the firm's total asset base.
- The firm must demonstrate adherence to the investment style sought by TCERA, and adherence to the firm's stated investment discipline.
- The firm's fees should be competitive with industry standards for the product category.
- The firm must comply with the "Duties of the Investment Managers" outlined herein and conform to AIMR standards for performance reporting.

Criteria for Investment Manager Termination

From time to time it will be necessary for TCERA to terminate a contractual relationship with an investment manager and these actions must be viewed in the context of a fiduciary decision. Due to the sensitivity of this issue, the following guidelines have been established to assist in making these termination decisions. The overriding consideration with respect to all decisions is that they shall be made solely in the best interest of plan participants and beneficiaries and consistent with other legal requirements.

TCERA reserves the right to terminate an investment manager for any reason. Grounds for investment manager termination may include, but are not limited to, the following:

- Failure to meet legal requirements.
- Evidence of illegal or unethical behavior by the investment management firm.
- Failure to comply with the established guidelines, including holding restricted issues.
- Changes in the firm such as structural changes, organizational changes, or loss of key personnel
- Failure to achieve performance objectives specified in the manager's guidelines.
- Changes in investment style, discipline, philosophy, and/or process.
- Lack of willingness to cooperate with reasonable requests by TCERA for information, meetings or other material related to its portfolios.
- Changes in TCERA's investment strategy that eliminate the need for the investment manager;

The presence of any one of these factors will be carefully reviewed by TCERA's Board, but will not necessarily result in an automatic termination.

Courses of Action Prior to Termination

Under the circumstances where a manager is not immediately terminated but has demonstrated a significant and potentially adverse development the manager will be invited to present to the Board to further explain the situation and discuss possible steps needed for resolution, unless otherwise directed by the Board. Based on this presentation, TCERA's Board may decide to retain the manager, terminate the manager, or give the manager elevated review status as a manager of interest and conduct follow-up review and/or analysis in the future.

Duties of Responsible Parties

Duties of the TCERA Retirement Board

The Retirement Board has the responsibility for administration of TCERA for the benefit of plan participants. The County Employees' Retirement Law of 1937, Government Code Chapter 3, Part 3, Division 4, Title 3, Article 5, permits the Retirement Board at its discretion to invest the assets of the Plan through the purchase, holding or sale of any form or type of investment, financial instrument or financial transaction when prudent in the informed opinion of the Board, although it is not the intent of the Board to become involved in day-to-day investment decisions. The Board or its designee(s) will adhere to the following procedures in the management of TCERA's assets:

- The Board develops and approves guidelines for the execution of TCERA's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the timely implementation and administration of these decisions.
- A formal review of TCERA's investment structure, asset allocation and financial performance will be conducted annually or more frequently as the need arises. The review may include recommended adjustments to the long-term, strategic asset allocation to reflect any changes in applicable regulations, long-term capital market assumptions, actuarial assumptions or TCERA's financial condition.
- The Board will review TCERA's investments quarterly or as needed to ensure that policy guidelines continue to be met. The Board shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks and peer group comparisons. The source of information for these reviews shall come from Staff, outside consultants, the custodian and TCERA's investment managers.
- The Chairperson of the Board may appoint an Investment Committee, comprised of the members of the Board.
- The Board may retain investment consultants to provide such services as conducting performance reviews, asset allocation, manager reviews and investment research. The comments and recommendations of the consultants will be considered in conjunction with other available information to aid the Board in making informed, prudent decisions.
- The Board shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed. Reviews for individual portfolios managed by external managers will focus on, but are not limited to, the following:
 1. Manager compliance with Policy guidelines.

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2. Material changes in the managers' organizations. The managers will be responsible for keeping TCERA advised of any material changes in personnel, investment strategy, or other pertinent information potentially impacting performance.
 3. Investment performance relative to each manager's stated performance benchmark(s) as set forth in the manager's investment guidelines.
- The Board shall be responsible for selecting a qualified custodian with advice from Staff.
 - Individual Board members are expected to comply with the educational policy on file and to maintain and strengthen the investment management of TCERA's Plan, including participation in educational conferences/seminars related to the investment activities of public and private institutional investors, meeting periodically with the investment managers of the Plan to review and clarify investment or administrative issues related to the management of the portfolio, and attending investor meetings and educational presentations conducted by the Plan's investment managers and consultants.

Duties of the Staff

The Retirement Staff, as designated by the Board, plays a significant role in the management and oversight of the Plan. Staff duties include:

- Administering TCERA's investments in a cost-effective manner subject to Board approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs and other administrative costs chargeable to TCERA.
- Investing the Plan's cash in the administrative account without requiring Board's permission and as set forth elsewhere in TCERA's Investment Guidelines.
- Monitoring investment managers for adherence to appropriate policies and guidelines.
- Evaluating and managing the relationships with the consultants to the Plan to ensure that they are providing all the necessary assistance to Staff and the Board as set forth in their service contracts.
- Conducting the external service provider search process, as set forth in this document, with necessary assistance from consultants as directed by the Board.
- Managing portfolio restructuring resulting from manager termination with the assistance of consultants and managers, as needed.
- Organizing and/or participating in any special research required to manage the Plan more effectively and in response to any questions raised by Board members.

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- Supporting the Board in the development and approval of the Investment Plan, implementing and monitoring the Plan, and reporting at least quarterly on investment activity and matters of significance.
- Ensuring that Investment Managers conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide the Board with timely, accurate and useful information.
- Staff members designated by the Board and/or Retirement Administrator are expected to participate in educational conferences/seminars related to the investment activities of public and private institutional investors, to meet periodically with the investment managers of the Plan to review and clarify investment or administrative issues related to the management of the portfolio, and to participate in the investor meetings and educational presentations conducted by the Plan's investment managers and consultants.

Duties of the Investment Managers

The Investment Managers will:

- Provide the Plan with a written agreement to invest within the guidelines established in the Investment Plan.
- Provide the Plan with proof of a minimum of \$5 million in liability and fiduciary insurance coverage.
- Adhere to the investment management style concepts and principles for which they were retained, including, but not limited to, developing portfolio strategy, performing research, developing buy, hold and sell lists, and purchasing and selling securities.
- Report immediately upon discovery any instances of non-compliance with the investment policy, investment guidelines, limited partnership agreements, or contracts with TCERA.
- Execute all transactions for the benefit of the Plan with brokers and dealers qualified to execute institutional orders on an ongoing basis at the best net cost to the Plan, and where appropriate, facilitate the recapture of commissions on behalf of the Plan.
- Reconcile quarterly accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
- Provide investment reports as reasonably requested by the Plan, including performance measurement data.
- Provide reports on commission expenses and proxy voting matters as previously outlined in this Investment Policy statement.

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- Maintain frequent and open communication with Staff and the Board on all significant matters pertaining to the Investment Plan, including, but not limited to, the following:
 - Major changes in the Investment Manager's investment outlook, investment strategy and portfolio structure;
 - Significant changes in ownership, organizational structure, financial condition or senior personnel;
 - Any changes in the Portfolio Manager or other personnel assigned to the Plan;
 - Each significant client which terminates its relationship with the Investment Manager, within 30 days of such termination;
 - All pertinent issues which the Investment Manager deems to be of significant interest or material importance.
- Meet with the Board or its designee(s) on an as-needed basis. Managers may be provided with guidelines regarding the expected content, timeframe and format for presentations before the Board in advance of the meeting date.

Duties of the Master Custodian

The Master Custodian is responsible for the following:

- Provide complete global custody and depository services for the designated accounts.
- Manage, if directed by the Board, a Short Term Investment Fund (STIF) for investment of cash.
- Collect all income and principal realizable and properly report it on the periodic statements.
- Provide monthly and fiscal year-end accounting statements for the portfolio, including all transactions; these should be based on accurate security values for both cost and market. These reports should be provided within acceptable time frames.
- Report to TCERA situations where accurate security pricing, valuation and accrued income is either not possible or subject to considerable uncertainty.
- Provide assistance to the Plan to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.
- Settle securities transactions under the contractual method.

Duties of the General Investment Consultant

The Investment Consultant will:

- Make recommendations to the Board regarding investment policy and asset allocation.
- Assist TCERA in the selection of qualified investment managers, and assist in the oversight of existing managers, including monitoring changes in personnel, ownership and the investment process.
- Assist in the selection of a qualified custodian (including a securities lending agent and/or a cash manager) if necessary.
- Prepare a quarterly performance report including performance attribution on TCERA's managers and total assets, including a check on guideline compliance and adherence to investment style and discipline.
- Provide topical research and education on investment subjects that are relevant to TCERA.
- Assist in negotiating fee arrangements and other contract terms with the investment managers on behalf of TCERA.
- Assist in negotiating and arranging for transition management and custodial services.
- Render special projects as requested by the Staff, Investment Committee, or Board.

Appendix

Strategic Asset Allocation

Asset Class	Minimum Percent	Maximum Percent	Target Percent
Domestic Equity	15%	35%	25%
Large Cap	10%	25%	19%
Small Mid Cap	0%	10%	6%
Non-US Equity (Developed and Emerging)	5%	25%	15%
Global Equity	0%	5%	3%
Fixed Income	20%	40%	27%
Core-Plus Fixed Income	10%	30%	17%
Global Fixed Income	0%	10%	5%
Emerging Market Debt	0%	10%	5%
Real Assets	10%	30%	20%
Core Real Estate	5%	15%	10%
Value-Add Real Estate	0%	10%	5%
Real Estate Debt	0%	10%	5%
Alternative Investments	0%	20%	10%
Private Equity/VC	0%	10%	5%
Private Credit	0%	10%	5%

Attachment B – Investment Management Structure

Investment Management Structure

Manager	Category	Target %
DOMESTIC EQUITY		
QMA	Large Core Enhanced	3.80%
SSGA S&P 500 Flagship Index Fund	Large Core	7.60%
Boston Partners	Large Value	3.80%
Ivy (Waddell & Reed)	Large Growth	3.80%
SSGA	SMID Core Index	2.00%
LMCG (Lee Munder)	Small Value	2.00%
William Blair	Smid Growth	2.00%
Total		25.00%
INTERNATIONAL EQUITY		
SGA	International Growth	6.60%
PIMCO RAE	International Value	4.20%
SSGA - ACWI Index Fund	International Core	4.20%
Total		15.00%
GLOBAL EQUITY		
Skellig Water Fund (KBI)	Water Related	3.00%
Total		3.00%
PRIVATE EQUITY		
Pantheon	Private Equity - F of F	
Stepstone	PE - Secondaries	
Ocean Avenue III and IV	Private Equity - F of F	
Pathway Fund 8, 9 and 10	Private Equity - F of F	
BlackRock Alternatives	Private Equity - F of F	
Total		5.00%
FIXED INCOME		
BlackRock	Core Plus	8.50%
MacKay Shields	Core Plus	4.25%
DoubleLine	Core Plus	4.25%
PGIM	Emerging Market Debt	5.00%
Franklin Templeton	Global Credit	5.00%
Total		27.00%
PRIVATE CREDIT		
Sixth Street DCP (TSSP)	Private Credit	5.00%
Total		5.00%
HEDGE FUNDS		
Aetos	Hedge Fund of Funds	0.00%
Total		0.00%
REAL ASSETS		
Invesco	Real Estate Debt	5.00%
American Realty Advisors	Value Add Real Estate	5.00%
RREEF America II	Core Commingled	10.00%
Total		20.00%
OPPORTUNISTIC		
KKR - Mezzanine	Opportunistic	n/a
Sixth Street TAO Contingent (TSSP)	Opportunistic	n/a
PIMCO BRAVO - Distressed Debt	Opportunistic	n/a
Total		
Grand Total		100.00%

Attachment C – Standard Contract Provisions

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
GENERAL AGREEMENT TERMS AND CONDITIONS**

1. PAYMENT DOES NOT IMPLY ACCEPTANCE OF WORK: CONTRACTOR is not entitled to any payments from TCERA until TCERA approves services, including any furnished deliverables, as satisfying all of the requirements of this Agreement. Payments to CONTRACTOR by TCERA shall not excuse CONTRACTOR from its obligation to replace unsatisfactory deliverables, including equipment, components, materials, or services even if the unsatisfactory character of such deliverables, equipment, components, materials, or services may not have been apparent or detected at the time such payment was made. Deliverables, equipment, components, materials and services that do not conform to the requirements of this Agreement may be rejected by TCERA and in such case must be replaced by CONTRACTOR without delay and at no cost to TCERA.

2. DISALLOWANCE: If CONTRACTOR requests or receives payment from TCERA for services hereunder, reimbursement for which is later disallowed by the State of California or United States Government, CONTRACTOR shall promptly refund the disallowed amount to TCERA upon TCERA'S request. At its option, TCERA may offset the amount disallowed from any payment due or to become due to CONTRACTOR under this Agreement or any other Agreement between CONTRACTOR and TCERA. CONTRACTOR'S obligations under this section 2 will survive the expiration or termination of this Agreement.

3. LIABILITY OF TCERA: TCERA'S payment obligations under this Agreement shall be limited to the payment of the compensation provided for in the Agreement. Notwithstanding any other provision of this Agreement, in no event shall TCERA be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.

4. QUALIFIED PERSONNEL: CONTRACTOR shall utilize only competent personnel under the supervision

of, and in the employment of, CONTRACTOR (or CONTRACTOR'S authorized subcontractors) to perform the services. CONTRACTOR will comply with TCERA'S reasonable requests regarding assignment and/or removal of personnel, but all personnel, including those assigned at TCERA'S request, must be supervised by CONTRACTOR. CONTRACTOR shall commit adequate resources to allow timely completion within the project schedule specified in this Agreement.

5. INDEPENDENT CONTRACTOR STATUS: The Parties enter into this Agreement with the express understanding that CONTRACTOR will perform all services required under this Agreement as an independent contractor. The Parties agree that the CONTRACTOR and any of its agents, employees, or officers cannot be considered agents, employees, or officers of TCERA.

CONTRACTOR agrees to advise everyone it assigns or hires to perform any duty under this Agreement that they are not employees of TCERA. Subject to any performance criteria contained in this Agreement, CONTRACTOR will be solely responsible for determining the means and methods of performing the specified services and TCERA will have no right to control or exercise any supervision over CONTRACTOR as to how the CONTRACTOR will perform the services. As CONTRACTOR is not TCERA'S employee, CONTRACTOR is responsible for paying all required state and federal taxes. In particular, TCERA will not:

- (1) Withhold FICA (Social Security) from CONTRACTOR'S payments.
- (2) Make state or federal unemployment insurance contributions on CONTRACTOR'S behalf.
- (3) Withhold state or federal income tax from payments to CONTRACTOR.
- (4) Make disability insurance contributions on behalf of CONTRACTOR.
- (5) Obtain unemployment compensation insurance on behalf of CONTRACTOR.

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
GENERAL AGREEMENT TERMS AND CONDITIONS**

Notwithstanding this independent contractor relationship, TCERA will have the right to monitor and evaluate the performance of CONTRACTOR to assure compliance with this Agreement.

6. COMPLIANCE WITH LAW: CONTRACTOR must provide services in accordance with applicable Federal, State, and local laws, regulations and directives. With respect to CONTRACTOR'S employees, CONTRACTOR must comply with all laws and regulations pertaining to wages and hours, state and federal income tax, unemployment insurance, Social Security, disability insurance, workers' compensation insurance, and discrimination in employment.

7. LICENSES AND PERMITS: CONTRACTOR represents and warrants that it possesses and will maintain during the term of this Agreement all licenses and permits required for its performance of the services required under this Agreement.

8. GOVERNING LAW: The laws of the State of California, without reference to California conflict of laws principles, govern this Agreement and its interpretation. The Parties agree that this Agreement is made in and will be performed in Tulare County, California.

9. RECORDS AND AUDIT: CONTRACTOR must maintain complete and accurate records with respect to the services rendered and the costs incurred under this Agreement. In addition, CONTRACTOR must maintain complete and accurate records with respect to any payments to employees or subcontractors. All of the records must be prepared in accordance with generally accepted accounting procedures, must be clearly identified, and must be kept readily accessible. Upon request, CONTRACTOR must make the records available within Tulare County to TCERA and to its agents and representatives, for the purpose of auditing and/or copying the records for a period of five (5) years from the date of final payment under this Agreement.

10. CONFLICT OF INTEREST:

(a) At all times during the performance of this Agreement, CONTRACTOR must comply with the law of the State of California regarding conflicts of interests and

appearance of conflicts of interests, including, but not limited to, Government Code Section 1090 et seq., and the Political Reform Act, Government Code Section 81000 et seq. and regulations promulgated by the California Fair Political Practices Commission. The statutes, regulations and laws previously referenced include, but are not limited to, prohibitions against any public officer or employee, including CONTRACTOR for this purpose, from making any decision on behalf of TCERA in which the officer, employee or consultant/contractor has a direct or indirect financial interest. A violation can occur if the public officer, employee or consultant/contractor participates in or influences any TCERA decision that has the potential to confer any pecuniary benefit on CONTRACTOR or any business firm in which CONTRACTOR has an interest, with certain narrow exceptions.

(b) CONTRACTOR agrees that if any facts come to its attention that raise any questions as to the applicability of conflicts of interests laws, then it will immediately inform TCERA and provide all information needed for resolution of this question.

11. INSURANCE: TCERA's insurance requirements under this Agreement have identified in the Agreement. Additional insured endorsements required cannot be used to reduce limits available to TCERA as an additional insured from CONTRACTOR'S full policy limits. Insurance policies cannot be used to limit liability or to limit the indemnification provisions and requirements of this Agreement or act in any way to reduce the policy coverage and limits available from the insurer(s). If CONTRACTOR fails to maintain or renew coverage, or to provide evidence of renewal, then TCERA may consider that failure a material breach of this Agreement. TCERA may also withhold any payment otherwise due to CONTRACTOR for failure to provide evidence of renewal until CONTRACTOR provides such evidence.

12. INDEMNIFICATION AND DEFENSE:

(a) To the fullest extent permitted by law, CONTRACTOR must indemnify, defend (at CONTRACTOR'S sole cost and expense and with legal counsel approved by

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
GENERAL AGREEMENT TERMS AND CONDITIONS**

TCERA, which approval may not be unreasonably withheld), protect and hold harmless TCERA, all subsidiaries, divisions and affiliated agencies of TCERA, and all of their representatives, partners, designees, officers, directors, employees, consultants, agents, successors and assigns, (each, an "Indemnified Party" and collectively, the "Indemnified Parties"), from and against all claims (including, without limitation, claims for bodily injury, death or damage to property), demands, obligations, damages, actions, causes of action, suits, losses, judgments, fines, penalties, liabilities, costs and expenses (including, without limitation, attorneys' fees, disbursements and court costs, and all other professional expert or consultants' fees and costs and TCERA general and administrative expenses) of every kind and nature whatsoever (individually, a "Claim"; collectively, "Claims") which may arise out of, pertain to, or relate (directly or indirectly) to the negligence, recklessness, or misconduct of CONTRACTOR with respect to any work performed or services provided under this Agreement (including, without limitation, the acts, errors and/or omissions of CONTRACTOR, its principals, officers, agents, employees, vendors, suppliers, consultants, sub-consultants, contractors, anyone employed directly or indirectly by any of them or for whose acts they may be liable or any or all of them). CONTRACTOR'S obligation to indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an Indemnified Party. If it is finally adjudicated that liability is caused by the comparative active negligence or willful misconduct of an Indemnified Party, then CONTRACTOR'S indemnification obligation shall be reduced in proportion to the established comparative liability.

(b) The duty to defend is a separate and distinct obligation from CONTRACTOR'S duty to indemnify. CONTRACTOR shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, the Indemnified Parties immediately upon tender to CONTRACTOR of the Claim in any form or at any stage of an action or proceeding, whether or not liability is established. Payment to CONTRACTOR by any Indemnified Party or the payment or advance of defense costs by any Indemnified Party cannot be a condition

precedent to enforcing the Indemnified Party's rights to indemnification under this Agreement. An allegation or determination that persons other than CONTRACTOR are responsible for the Claim does not relieve CONTRACTOR from its separate and distinct obligation to defend under this section. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent defense counsel if CONTRACTOR asserts that liability is caused in whole or in part by the negligence or willful misconduct of an Indemnified Party. If it is finally adjudicated that liability was caused by the comparative active negligence or willful misconduct of an Indemnified Party, then CONTRACTOR may submit a claim to TCERA for reimbursement of reasonable attorneys' fees and defense costs in proportion to the established comparative liability of the Indemnified Party. CONTRACTOR'S indemnification obligations under this Agreement will survive the expiration or earlier termination of this Agreement until action against the Indemnified Parties for the matter indemnified is fully and finally barred by the applicable statute of limitations or statute of repose. CONTRACTOR'S liability for indemnification under this Agreement is in addition to any liability CONTRACTOR may have to TCERA for a breach by CONTRACTOR of any of the provisions of this Agreement. Under no circumstances may the insurance requirements and limits set forth in this Agreement be construed to limit CONTRACTOR'S indemnification obligation or other liability under this Agreement. The terms of this Agreement are contractual and the result of negotiation between the Parties.

(c) CONTRACTOR must indemnify and hold TCERA harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses, for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by TCERA, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
GENERAL AGREEMENT TERMS AND CONDITIONS**

13. TERMINATION:

(a) Without Cause: TCERA may terminate this Agreement without cause by giving thirty (30) days' prior written notice to CONTRACTOR of its intention to terminate under this provision, specifying the date of termination. TCERA will pay to CONTRACTOR the compensation earned for work satisfactorily performed and not previously paid for to the date of termination. TCERA will not pay lost anticipated profits or other economic loss. The payment of any compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of all plans, specifications and estimates, and other documents prepared by CONTRACTOR in accordance with this Agreement. TCERA will not impose sanctions on CONTRACTOR under these circumstances.

(b) With Cause: Either Party may terminate this Agreement immediately, by written notice to the other Party, should the other Party:

- (1) Be adjudged a bankrupt, or
- (2) Become insolvent or have a receiver appointed, or
- (3) Make a general assignment for the benefit of creditors, or
- (4) Suffer any judgment that remains unsatisfied for 30 days, and that would substantively impair the ability of the judgment debtor to perform under this Agreement, or
- (5) Materially breach this Agreement.

In addition, TCERA may terminate this Agreement based on:

- (6) Material misrepresentation, either by CONTRACTOR or anyone acting on CONTRACTOR'S behalf, as to any matter related in any way to TCERA'S retention of CONTRACTOR, or
- (7) Other misconduct or circumstances that, in the sole discretion of TCERA, either impairs the ability of CONTRACTOR to competently provide the services under this Agreement,

or exposes TCERA to an unreasonable risk of liability.

For any of the occurrences except item (5) above, termination may be effected upon written notice by the terminating Party specifying the date of the termination. If CONTRACTOR fails to perform according to the terms and conditions of this Agreement, then TCERA may, in addition to any other remedy it may have, issue a declaration of default after 10 days written notice to CONTRACTOR.

Upon a material breach, the Agreement may be terminated after the failure of the defaulting Party to remedy the breach to the satisfaction of the non-defaulting Party within 5 days of written notice specifying the breach. If the breach is not remedied within that 5-day period, then the non-defaulting Party may terminate this Agreement on further written notice specifying the date of termination. If the nature of the breach is such that it cannot be cured within a 5-day period, then the defaulting Party may submit a written proposal within that period which sets forth a specific means to resolve the default. If the non-defaulting Party consents to that proposal in writing, which consent may not be unreasonably withheld, then the defaulting Party must immediately embark on its plan to cure the default or breach. If the default or breach is not cured within the time agreed, then the non-defaulting Party may terminate this Agreement upon written notice specifying the date of termination.

TCERA will pay to CONTRACTOR the compensation earned for work satisfactorily performed and not previously paid for to the date of termination. The payment of such compensation is subject to the restrictions on payment of compensation otherwise provided in this Agreement, and is conditioned upon receipt from CONTRACTOR of all plans, specifications and estimates, and other documents prepared by CONTRACTOR by the date of termination in accordance with this Agreement. TCERA will not pay lost anticipated profits or other economic loss, nor will TCERA pay compensation or make reimbursement to cure a breach arising out of or resulting from such termination. If TCERA terminates this Agreement

**TULARE COUNTY EMPLOYEE'S RETIREMENT
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for cause and the expense of finishing CONTRACTOR'S scope of work exceeds the unpaid balance of the Agreement, then CONTRACTOR must pay the difference to TCERA. TCERA may impose sanctions under these circumstances, which may include possible rejection of future proposals based on specific causes of CONTRACTOR'S non-performance.

(c) Effects of Termination: Expiration or termination of this Agreement will not terminate any obligations to indemnify, to maintain and make available any records pertaining to the Agreement, to cooperate with any audit, to be subject to offset, or to make any reports of pre-termination contract activities. Where TCERA terminates CONTRACTOR'S services, that termination will not affect any rights of TCERA to recover damages against CONTRACTOR.

(d) Suspension of Performance: Independent of any right to terminate this Agreement, the authorized representative of the TCERA department or agency for which CONTRACTOR'S services are to be performed, may immediately suspend performance by CONTRACTOR, in whole or in part, in response to health, safety or financial emergency, or a failure or refusal by CONTRACTOR to comply with the provisions of this Agreement, until such time as the cause for suspension is resolved, or a notice of termination becomes effective.

14. LOSS OF FUNDING: It is understood and agreed that if TCERA'S funding is either discontinued or reduced for the services to be provided hereunder, then TCERA will have the right to terminate this Agreement under section 13 (a) ("Termination Without Cause") as of the end of the term for which funds are appropriated. Such termination shall be without penalty, liability, or expense to TCERA of any kind, provided that TCERA shall pay CONTRACTOR in accordance with section 13 (a) for services satisfactorily performed prior to the date of such termination and to the extent funds have been appropriated for such payment.

15. SUBMITTING FALSE CLAIMS; MONETARY PENALTIES: Under applicable federal and state law, if CONTRACTOR submits a false claim to TCERA under

this Agreement, then CONTRACTOR will be liable to TCERA for the statutory penalties set forth in those statutes, including but not limited to statutory fines, treble damages, costs, and attorneys' fees. CONTRACTOR will be deemed to have submitted a false claim to TCERA if CONTRACTOR:

(a) Knowingly presents or causes to be presented to TCERA a false claim or request for payment or approval;

(b) Knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by TCERA;

(c) Conspires to defraud TCERA by getting a false claim allowed or paid by TCERA;

(d) Knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to TCERA; or

(e) Is a beneficiary of an inadvertent submission of a false claim to TCERA, later discovers the falsity of the claim, and fails to disclose the false claim to TCERA within a reasonable time after discovery of the false claim.

16. FORM DE-542: If CONTRACTOR is an individual, CONTRACTOR acknowledges that this Agreement is subject to filing obligations under Unemployment Insurance Code Section 1088.8. Accordingly, TCERA has an obligation to file a report with the Employment Development Department, which report will include CONTRACTOR'S full name, social security number, address, the date this Agreement was executed, the total amount of the Agreement, its expiration date or whether it is ongoing. CONTRACTOR agrees to cooperate with TCERA to make that information available and to complete Form DE- 542. Failure to provide the required information may, at TCERA'S option, prevent approval of this Agreement, or be grounds for termination by TCERA.

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
GENERAL AGREEMENT TERMS AND CONDITIONS**

17. WORKS FOR HIRE: CONTRACTOR acknowledges that all work(s) under this Agreement are "work(s) for hire" within the meaning of the United States Copyright Act (Title 17 United States Code) and hereby assigns to TCERA all rights and interests CONTRACTOR may have in the work(s) it prepares under this Agreement, including any right to derivative use of the work(s). All software and related materials developed by CONTRACTOR in performance of this Agreement for TCERA will be the sole property of TCERA, and CONTRACTOR hereby assigns and transfers all its right, title, and interest therein to TCERA. CONTRACTOR will execute all necessary documents to enable TCERA to protect TCERA'S intellectual property rights under this section.

18. WORK PRODUCT: All work product, equipment, or materials created for TCERA or purchased by TCERA under this Agreement belong to TCERA and CONTRACTOR must immediately deliver them to TCERA at TCERA'S request upon termination or completion of this Agreement.

19. TIME OF ESSENCE: The Parties agree that time is of the essence under this Agreement, unless they agree otherwise in writing.

20. CONFIDENTIALITY: CONTRACTOR may not use or disclose any information it receives from TCERA under this Agreement that TCERA has previously identified as confidential or exempt from mandatory public disclosure except as necessary to carry out the purposes of this Agreement or as authorized in advance by TCERA. Unless required to do so by law, including, but not limited to, the Ralph M. Brown Act or the California Public Records Act, TCERA may not disclose to third parties any information it receives from CONTRACTOR that CONTRACTOR has previously identified as confidential. If TCERA determines that it must disclose any information that CONTRACTOR previously identified as confidential, then it shall promptly give CONTRACTOR written notice of its intention to disclose such information and the authority for such disclosure. CONTRACTOR shall have period of five (5) calendar days thereafter within which to seek a protective court order to prevent such disclosure or to notify TCERA that it will

not seek such an order. TCERA shall cooperate with CONTRACTOR in any efforts to seek such a court order. TCERA shall not disclose the information until the five (5) day period has expired without a response from CONTRACTOR, or CONTRACTOR has notified TCERA that it will not seek such an order, or CONTRACTOR has sought and a court has declined to issue a protective order for such information. If CONTRACTOR seeks a protective order for such information, CONTRACTOR shall defend and indemnify TCERA from any and all loss, injury, or claim arising from TCERA'S withholding of the information from the requestor. This includes any attorney's fees awarded to the requestor. The duty of TCERA and CONTRACTOR to maintain confidentiality of information under this section continues beyond the term of this Agreement.

21. ASSIGNMENT/SUBCONTRACTING: Unless otherwise provided in this Agreement, TCERA is relying on the personal skill, expertise, training and experience of CONTRACTOR and CONTRACTOR'S employees and no part of this Agreement may be assigned or subcontracted by CONTRACTOR without the prior written consent of TCERA, which consent TCERA may grant, delay, deny, or condition in its absolute discretion.

22. DISPUTES AND DISPUTE RESOLUTION: CONTRACTOR shall continue with its responsibilities under this Agreement during any dispute. If a dispute arises out of or relating to this Agreement, or the breach of the Agreement, and if the dispute cannot be settled through negotiation, then the Parties agree first to try in good faith to settle the dispute by non-binding mediation, to be held in Tulare County, California, before resorting to litigation or some other dispute resolution procedure, unless the Parties mutually agree otherwise. The Parties must mutually select the mediator, but in case of disagreement, then the Parties will select the mediator by lot from among two nominations provided by each Party. The Parties will split equally all costs and fees required by the mediator; otherwise each Party will bear its own costs of mediation. If mediation fails to resolve the dispute within 30 days, then either Party may pursue litigation to resolve the dispute.

**TULARE COUNTY EMPLOYEE'S RETIREMENT
ASSOCIATION'S (TCERA)
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23. PROPERTY TAXES: Under the terms of California Revenue and Taxation Code section 107.6 (possessory interest tax), CONTRACTOR'S possession or use of any TCERA-owned real property under this Agreement may create a "possessory interest" in the real property. If a possessory interest is created, then it may be subject to property taxation and CONTRACTOR may be subject to the payment of property taxes on that possessory interest.

24. FURTHER ASSURANCES: Each Party will execute any additional documents and perform any further acts that may be reasonably required to effect the purposes of this Agreement.

25. CONSTRUCTION: This Agreement reflects the contributions of all Parties and so the provisions of Civil Code section 1654 will not apply to address and interpret any alleged uncertainty or ambiguity.

26. HEADINGS: Section headings are provided for organizational purposes only and do not in any manner affect the scope, meaning, or intent of the provisions under the headings.

27. NO THIRD-PARTY BENEFICIARIES INTENDED: Unless specifically set forth, the Parties to this Agreement do not intend to provide any other party with any benefit or enforceable legal or equitable right or remedy.

28. WAIVERS: The failure of either Party to insist on strict compliance with any provision of this Agreement will not be considered a waiver of any right to do so, whether for that breach or any later breach. The acceptance by either Party of either performance or payment will not be considered a waiver of any preceding breach of the Agreement by the other Party.

29. ORDER OF PRECEDENCE: In the event of any conflict or inconsistency between or among the body of the Agreement (which includes these "General Agreement Terms and Conditions") and any Exhibit, Schedule, or Attachment, then the terms and conditions of the body of the Agreement shall prevail.

30. CONFLICT WITH LAWS OR REGULATIONS/ SEVERABILITY: This Agreement is subject to all applicable laws and regulations. If any provision of this Agreement is found by any court or other legal authority, or is agreed by the Parties to be, in conflict with any code or regulation governing its subject matter, only the conflicting provision will be considered null and void. If the effect of nullifying any conflicting provision is such that a material benefit of the Agreement to either Party is lost, then the Agreement may be terminated at the option of the affected Party. In all other cases, the remainder of the Agreement will continue in full force and effect.

31. ENTIRE AGREEMENT: This Agreement represents the entire agreement between CONTRACTOR and TCERA as to its subject matter and no prior oral or written understanding will be of any force or effect. No part of this Agreement may be modified without the written consent of both Parties.

32. ASSURANCES OF NON-DISCRIMINATION: CONTRACTOR must not discriminate in employment or in the provision of services based any characteristic or condition upon which discrimination is prohibited by state or federal law or regulation. The Parties recognize that both CONTRACTOR and TCERA have the responsibility to protect TCERA employees and clients from unlawful activities, including discrimination and sexual harassment in the workplace. Accordingly, CONTRACTOR agrees to provide appropriate training to its employees regarding discrimination and sexual harassment issues, and to promptly and appropriately investigate any allegations that any of its employees may have engaged in improper discrimination or harassment activities. TCERA, in its sole discretion, has the right to require CONTRACTOR to replace any employee who provides services of any kind to TCERA under this Agreement with other employees where TCERA is concerned that its employees or clients may have been or may be the subjects of discrimination or harassment by such employees. TCERA'S right to require replacement of employees under this section does not preclude TCERA from terminating this Agreement with or without cause as provided for under this Agreement.

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ASSOCIATION'S (TCERA)
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33. DRUG-FREE WORKPLACE POLICY: CONTRACTOR acknowledges that under the Federal Drug-Free Workplace Act of 1989 and the California Drug-Free Workplace Act of 1990, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on TCERA premises. CONTRACTOR agrees that any violation of this prohibition by CONTRACTOR, its employees, agents, or assigns will be deemed a material breach of this Agreement.

34. RECYCLED PAPER CONTENT: To the extent CONTRACTOR'S services under this Agreement include printing services, pursuant to Public Contract Code section 22153 CONTRACTOR shall use paper that meets the recycled content requirements of Public Contract Code section 12209.

Attachment D – TCERA Conflict of Interest Statement for Vendors

TULARE COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
VENDOR'S CONFLICT OF INTEREST AND PROFESSIONAL STANDARDS
STATEMENT

In light of its fiduciary responsibilities to manage the Tulare County Employees' Retirement Association (TCERA), invest the TCERA Trust Fund, and administer the retirement benefits for employees of the County of Tulare, the Tulare County Superior Courts and the Strathmore Public Utility District who participate in TCERA, the Board of Retirement (Board) expects all vendors, including agents, consultants and investment managers doing business with TCERA to conduct themselves with utmost integrity, professionalism and ethical behavior. Conflicts of interest, real or perceived, must be avoided.

Specifically, when doing business with TCERA, the Board requires all vendors to:

- Comply with all applicable laws and regulations;
- Conduct all TCERA business for the sole and exclusive benefit of TCERA and its members and beneficiaries in a fair manner;
- Disclose in writing all financial and personal relationships that may give rise to an actual or perceived conflict of interest;
- Disclose in writing any pending litigation against the vendor;
- Disclose in writing the existence of any sanctions imposed by the Securities and Exchange Commission or any other governmental agency;
- Provide any policies and procedures in place to mitigate conflicts of interest upon request;
- Provide codes of conduct which govern employee activities upon request;
- Provide the highest quality of performance;
- Provide the data, records, invoices, materials, payrolls, records of personnel and media relating to all matters covered by Vendor's Agreement with TCERA for examination and/or audit upon request;
- Maintain data, records, invoices, materials, payrolls, records of personnel and media relating to the vendor's agreement with TCERA for a period of not less than three years following receipt of final payment under the vendor's agreement with TCERA unless TCERA agrees in writing to an earlier disposition;
- Maintain professional competence;
- Maintain confidentiality of information the Board designates as confidential;
- Execute annually a written certification by an authorized employee that VENDOR conducts a background check of all of its employees and disclose to TCERA any employees who have been accused of conducting or participating in fraudulent or criminal conduct
- Execute annually a written certification by an authorized employee that the Vendor is in compliance with TCERA Vendor's Conflict of Interest Policy
- Completion of annual California Form 700 – Statement of Economic Interests

Attachment E – Fee Proposal Format

FEE PROPOSAL

The initial term of the contract is expected to three years in duration with the option for two one-year extensions with contract terms to be established at the outset of the contract. The fee schedule below should represent expected compensation for the first five (5) years of the relationship with TCERA and should be guaranteed for that time period. Proposed fees must include travel, taxes and all expenses.

Proposer should submit an all inclusive annual fee for all services as follows:

All inclusive flat fee – year 1	\$ _____
All inclusive flat fee – year 2	\$ _____
All inclusive flat fee – year 3	\$ _____
Sub Total (Years 1-3)	\$ _____
All inclusive flat fee – year 4 (if extension is issued)	\$ _____
All inclusive flat fee – year 5 (if extension is issued)	\$ _____
Total Fees (Years 1-5)	\$ _____
Special Project Fees if not included above (Manager Searches, Asset/Liability Study, etc.) per Project.	
Attach separate fee schedule if necessary.	\$ _____

The final contract fee should represent the only compensation received by the consultant for services provided to TCERA. There should not be any other benefit, monetary or otherwise, that results from this relationship between the consultant and TCERA.

Attachment F – Warranties Certification

Tulare County Employees' Retirement Association (TCERA)

WARRANTIES CERTIFICATION

Name of Proposer: _____

The Proposer makes the following warranties and representations as a required element of the proposal. The truthfulness of the facts affirmed in the Warranties Certification and the continuing compliance with these requirements are conditions precedent to the award and continuation of a contract resulting from this RFP. Any exceptions to the Warranties or the Certification must be described in detail on a separate page attached hereto. TCERA reserves the right to determine in its sole discretion if such exception is substantive and a basis for the reject on the proposal.

WARRANTIES: The Proposer and its key professionals warrant and represent that:

1. Proposer is willing and able to commit sufficient staffing, expertise, services, systems, and any other resources necessary to provide the required services to TCERA as described in this RFP for the duration of the contract to be awarded as a result of this RFP Process.
2. Proposer is financially stable, has sufficient financial resources to provide services to TCERA, and will provide annual financial statements or Form ADV's to TCERA as proof of its financial condition.
3. Proposer's Fee Proposal submitted in response to this RFP has been arrived at independently, without consultation, communication, or agreement with any other Proposer or with any competitor for the purpose of restricting competition. Proposer has not and will not make any attempt to induce any other person or firm to submit or not to submit a response for the purpose of restricting competition.
4. Neither the Proposer nor any of its principals have, nor could they potentially have, a material conflict of interest in providing consulting services to TCERA. (TCERA's current trustees, staff, and service providers are listed in TCERA's CAFR available on the website www.tcera.org).
5. Neither the Proposing organization nor any of its officers or employees is currently under investigation by any regulatory agency, state or federal, for any reason.
6. At its own expense, Proposer has or shall obtain insurance coverage that shall remain in full force and effect for the duration of the contract to be awarded as a result of this RFP. Proposer understands required insurance includes professional liability, commercial general liability, and business auto liability. If selected as TCERA's Investment Consultant, upon notice of selection, Proposer is able to and shall promptly furnish Certificate(s) of Insurance as evidence of coverage to TCERA.

7. Proposer is able to demonstrate that it has the managerial, physical, and electronic safeguards to prevent unauthorized access to confidential or otherwise sensitive information. Any information concerning the business of TCERA that Proposer collects, acquires, or uses in connection with the services to TCERA shall be used solely for the purpose of providing services to TCERA.
8. Proposer accepts the terms and conditions contained within this RFP and agrees to be bound by the information and representations contained in the proposal submitted by Proposer.
9. The Proposer's proposal is made without collusion or fraud and the Proposer has not offered or received any financial or other inducements from any other proposer, supplier, manufacturer or subcontractor in connection with the proposal, and the Proposer has not conferred on any public employee having official responsibility for this RFP any payment, loan, subscription, advance, deposit of money, services or anything of value, in exchange for procuring the contract to be awarded as a result of this FRP.

PROPOSER'S CERTIFICATION

By affixing my signature below, I declare and certify that all of the foregoing warranties and representations made by the Proposer are true and correct and may be relied upon by TCERA:

____ without exception. ____ with the exceptions noted in the attached page. (Check one)

Signature

Firm

Title

Date

Attachment G – Mandatory Requirements Certification

MANDATORY REQUIREMENTS CERTIFICATION

Name of Proposer: _____

The undersigned Proposer hereby represents and warrants to TCERA that the Proposer meets the Mandatory Requirements described in this RFP as restated below and will provide sufficient information in the response to this RFP to assure TCERA that the Proposer meets these requirements:

1. The investment consulting firm must be a registered advisor under the Investment Company Act of 1940.
2. The investment consulting firm must have provided investment consulting services comparable to the duties contained in this RFP to at least three (3) defined benefit public retirement systems, each of which must have had at least \$1 billion in current assets for at least five (5) continuous years.
3. The investment consulting firm must be able to maintain a satisfactory data processing interface with TCERA's custodian bank, on-line connection or other electronic means, at the firm's expense, for the purposes of compiling all required reviews and reports. TCERA's current custodian bank is BNY Mellon.
4. The investment consulting firm must agree to disclose all potential, current conflicts of interest as well as potential conflicts as they might occur, and annually disclose all sources of revenue from sources and affiliations other than investment consulting.
5. The investment consulting firm must agree to disclose pending litigation against the firm at the time a suit is filed. The investment consulting firm will confirm annually whether any such litigation exists.
6. The individual assigned to TCERA as the primary consultant must have a minimum of ten (10) total years of experience in the public/private defined benefit pension fund area.
7. The investment consulting firm must be directly responsible for the management of the account, and all personnel responsible for working on the account must be employees of the firm.

8. The investment consulting firm must not have, nor potentially have, a material conflict of interest to include, but not limited to: TCERA's Board, staff, actuary, auditor, investment managers, or other consultants.
9. The investment consulting firm must carry Errors and Omissions coverage and other insurance coverage as discussed in Section V. Insurance Requirements.

The Proposer confirms that the Proposer will serve in a fiduciary capacity and hereby confirms its fiduciary status with TCERA if the contract is awarded.

Failure to sign and return this statement may disqualify the proposal from further consideration.

Signature

Date

Printed Name

Title