

Executive Team

Dominic D. Brown, CPA, CFE
Executive Director

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
General Counsel

Matthew Henry, CFE
Assistant Executive Director

**KERN COUNTY EMPLOYEES’
RETIREMENT ASSOCIATION**



PRUDENT INVESTMENT • QUALITY SERVICE

Board of Retirement

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Devin Simmons, Alternate
John DeMario, Alternate

**REQUEST FOR PROPOSAL (RFP)
FOR
PRIVATE MARKETS CONSULTING SERVICES**

TIMELINE

Date of RFP issuance April 9, 2019
Deadline for written questions to KCERA April 17, 2019
Deadline for submission of proposal 2:00 pm PDT, May 8, 2019
Postmark date will not constitute timely delivery. Responses received after the above date and time will not be considered.

DELIVERY OF PROPOSALS

Proposals are to be delivered as follows:

Four (4) printed copies, including one with original signatures and marked “Original”, and one (1) electronic version to be delivered to:

Aimee Morton
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

Note that the electronic copy and the paper copies shall include signatures as required by the RFP. The electronic copy shall be included on a USB flash drive and included with the printed copies.

Proposers are specifically directed not to contact any KCERA personnel or Board member, other than the person indicated above, for any purpose related to this RFP. Unauthorized contact may be cause for rejection of a vendor’s proposal.

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Section I: Background and Critical Information

Introduction

The Kern County Employees' Retirement Association (KCERA) Board of Retirement (Board) is seeking proposals for a non-discretionary private markets consultant to advise on private equity, private credit, and private real assets investments.

Background

KCERA is a multi-employer, defined benefit pension plan in Kern County, California, governed by the County Employees Retirement Law of 1937 (CERL) and subject to the requirements of the California Public Employees' Pension Reform Act of 2013 (PEPRA). KCERA is considered a "governmental plan," as defined in Section 414(d) of the Internal Revenue Code. KCERA administers benefits on behalf of approximately 17,800 active, deferred and retired members and their beneficiaries. KCERA retirement plan (Plan) assets stand at \$4.2 billion as of February 28, 2019.

The Board has oversight of the Plan, but day-to-day administration is carried out by the Executive Director, whose leadership team manages the following areas: Administration, Financial Services, Information Technology, Investments, and Retirement Services. The nine-member Board consists of the Kern County Treasurer-Tax Collector; four members who are appointed by the Kern County Board of Supervisors; and four members who are elected by KCERA membership (two general, one safety and one retired). Safety and retired members also elect one alternate member each. Except for the Treasurer-Tax Collector, all Board members serve a three-year term with no limit on the number of terms that can be served.

The Board has exclusive control over the Plan and is responsible for establishing investment policies, objectives and strategies. The Board is authorized to invest in any form or type of investment deemed "prudent" in the informed opinion of the Board. In fulfilling its fiduciary responsibilities, the Board may enlist outside consultants for a variety of professional services.

Board meetings are held on the second Wednesday of each month at 8:30 a.m., unless otherwise indicated on the Board's meeting calendar. The Board also holds separate meetings for its Administrative, Finance and Investment committees, each consisting of four members and an alternate. These committees were formed to assist in the efficient administration of KCERA. Committee meetings are held on an as-needed basis.

The Investment Committee evaluates recommendations from staff and investment consultants. Upon the Investment Committee's approval, recommendations are presented to the Board.

Consultants are expected to attend Investment Committee and Board meetings during which investment material pertinent to their responsibilities are discussed, which may or may not be every meeting. Consultants may participate in some meetings via video conference.

The KCERA Investment Program consists of the governance, policies, strategies, organizations, and individuals that contribute to the oversight and management of Plan assets. The Investment Program has two dedicated full-time investment professionals (the Chief Investment Officer and Retirement Investment Officer).

The Chief Investment Officer and the Retirement Investment Officer act as generalists covering: Equity, Fixed Income, Commodities, Hedge Funds, Real Estate, and Private Markets. Plan assets are managed exclusively by external, professional investment managers. The Chief Investment Officer and the Retirement Investment Officer assist the Board with the development and implementation of investment policies and strategies, and actively evaluate and monitor investment managers.

The Investment Program utilizes independent investment consultants (currently Verus Investments and Albourne America) to assist in formulating policies, setting goals and objectives, selecting investment managers, and monitoring the performance of the Plan. Verus is the general consultant, while Albourne is a specialty consultant focusing on hedge funds and is currently the private markets consultant, but is subject to change pending the results of this RFP process. The Chief Investment Officer and the Retirement Investment Officer work both independently of, and in parallel with, the consultants to achieve the investment objectives of the Board.

The Board’s primary objective is to meet or exceed the actuarial assumed rate of 7.25%. The Board selects an asset allocation to achieve this objective over the long term. An essential feature of the asset allocation is the diversification of assets in order to maximize the rate of return at an acceptable level of risk. The strategic long term asset allocation is as follows:

Asset Class	Target	Range
Equity	37%	32 - 42%
Fixed Income	29%	24 - 34%
Commodities	4%	2 - 6%
Hedge Funds	10%	8 - 12%
Real Estate (Core)	5%	3 - 7%
Opportunistic	0%	0 - 10%
Private Equity	5%	0 - 10%
Private Credit	5%	0 - 10%
Private Real Estate	5%	0 - 10%
Cash	0%	0 - 5%

Additional information relevant to the Plan may be found on the KCERA website at www.kcera.org.

Scope of Services

The Private Markets Consultant, hereafter referred to as the Consultant, will serve in a fiduciary capacity and will acknowledge in writing its fiduciary status. In all cases, the Consultant and its respective representatives will offer private market investment advice to the Board solely in the interest of the Plan and its beneficiaries.

The Consultant shall provide comprehensive full-retainer, advisory services for all private market investments, including private equity, private credit, and private real assets, including private real estate. The Consultant will contract with and report to the Board. That said, on a day-to-day basis the Consultant will work closely with, and at the direction of, the Executive Director, Chief Investment Officer, and Retirement Investment Officer.

The Consultant will assist in the development of the private markets program, including collaboration on the formulation of an appropriate private markets investment strategy specific to the Investment Program; including, develop investment policy language; establish goals, objectives and constraints; investment strategy; determine investment structure and portfolio construction; forecast cash flows and develop investment pacing plans; perform investment manager research, recommendations, and monitoring, of current and future private market fund investments; provide access to private market data, research, and tools; produce detailed performance reports and fee disclosure reports; and other related private market investment activities.

Submission of Proposal

Timeline

April 9, 2019	RFP published and posted on website
April 17, 2019	Deadline for submission of objections and questions concerning the RFP
May 8, 2019	Deadline for submission of proposal

KCERA will make best efforts to follow the above timeline but reserves the right to amend as necessary.

The deadline for submission of the proposal is 2:00 pm PDT, May 8, 2019. Each proposing firm must submit four (4) printed copies, including one with original signatures and marked “Original” and one (1) electronic version to:

Aimee Morton
 Kern County Employees' Retirement Association
 11125 River Run Boulevard
 Bakersfield, CA 93311

Note that both the electronic copy and the paper copies shall include signatures as required by the RFP. The electronic copy shall be included on a USB flash drive and included with the printed copies.

Format of Proposal

The proposal must be sequentially page numbered, organized and indexed in the following format:

1. Cover Letter
2. Responses to Questionnaire
3. Completed Excel Workbook
4. Additional Information (including Section III)

Response to Questions and Requests for Information

Be clear and succinct. Ensure that each response is specific to the question asked or information requested. Unnecessary information will be disregarded and will negatively impact the score of the responding firm (Respondent). Incomplete or misleading responses may lead to the rejection of the proposal and elimination of the Respondent from the search process. At any time during the proposal evaluation process, KCERA may require a Respondent to provide oral or written clarification of its proposal. However, KCERA reserves the right to make an award without further clarifications of proposals received.

No response should exceed thirty-five (35) pages in length in total. Requested (Excel Workbook) tables, and requested sample reports are exempt from the not-to-exceed page limit.

Minimum Qualifications and Evaluation Criteria

A Respondent will not be evaluated and will be disqualified from further consideration if any of the following minimum qualifications are not met.

Minimum Qualifications

- Respondents must have the capacity and adequate resources to provide all service requirements identified in the proposal.
- Respondents must have a verifiable history of activity as described in the Scope of Services.

Evaluation Criteria

KCERA will evaluate the proposals in accordance with the evaluation criteria listed below. KCERA may seek written clarification from any or all Respondents. Finalists may be invited to make oral presentations for the purpose of introducing key members of the project team, and allowing the Board and/or KCERA to fully understand the Respondents' ability to meet the evaluation criteria. Oral presentations will not be scored separately. Instead, proposal scores may be modified based on the oral presentation. KCERA may elect to perform onsite due diligence.

Scoring Rubric

Category	Possible Score
Firm Capabilities - Willingness and ability to perform the duties of this RFP	30
Engagement Team - Experience, strength, and depth of the engagement team	20
Originality of thought / Creativity - Successful demonstration of ability to add value and offer unique thought	15
Fit - Philosophical and operational compatibility with the Investment Program	15
Completeness - Questions were answered completely and directly	10
Price	5
Local Business Preference	5
Total	100

Section II: Questionnaire

Data for all questions should be “as of” or “for the period ended” December 31, 2018 unless otherwise indicated.

A. Cover Letter

1. Provide a cover letter signed by one or more individuals who are authorized to contractually bind the Respondent. The cover letter shall be considered an integral part of the proposal and must contain the following:
 - i. The firm’s name, address, and telephone number.
 - ii. The name, title or position, telephone number and e-mail address of the individual signing the cover letter.
 - iii. A statement indicating that the signatory is authorized to bind the Respondent contractually.
 - iv. A statement to the effect that the proposal is a firm and irrevocable offer good for six (6) months.
 - v. A statement expressing the Respondent’s availability of staff and other required resources for performing all services and providing all deliverables specified within the proposal.
 - vi. A statement that the Respondent meets the Minimum Qualifications for the RFP, as outlined above.
 - vii. A statement confirming that if selected, the Respondent is prepared to enter into a contract stipulating that it has a fiduciary obligation in providing services to the Board.
 - viii. A statement acknowledging that all documents submitted pursuant to the RFP shall be subject to disclosure under the California Public Records Act as set forth in Section IV of the RFP.
 - ix. The following statement:

“(legal name of Respondent) agrees to reimburse, indemnify, defend and hold harmless the Kern County Employees’ Retirement Association, its Board members, officers, agents and employees from and against (a) any and all requests, claims, damages, losses, liabilities, suits, judgements, fines, penalties, costs and expenses of any nature, specifically including without limitation, attorneys’ fees, expenses, and court costs (collectively “Claims”) arising from or in any way involving any materials or information in this proposal that (legal name of Respondent) has labeled as not subject to disclosure as a public record; and (b) any and all Claims arising from or relating to KCERA’s public disclosure of any materials or information in this proposal if KCERA deems disclosure to be required by law or if disclosure is required by court order.”
 - x. A statement accepting the Board’s contractual provisions, as provided in Appendix I to the RFP, subject to written objections, if any, which should be specifically identified by the Respondent in an addendum to the cover letter, and as described in Section III of the RFP.

B. Contact Information

2. Provide detailed contact information for the primary and secondary RFP contacts within the firm.

C. Firm History & Ownership

3. Provide detailed information on the firm, including its history from inception to present, its current ownership (equity ownership and parent/subsidiary structure), organizational structure, and businesses acquired and divested. Include any other information, including forward-looking information that would be reasonably expected to influence the selection process.

D. Regulatory Matters and Litigation

4. In the past 10 years, has the firm, or any officer or employee of the firm, been investigated or charged by any regulatory, self-regulatory, or professional organization for violation of applicable laws or other wrongdoing? If yes, provide details.

5. Is there any current, pending or threatened litigation (civil, criminal, regulatory, arbitration, mediation or other) involving the firm, or any officer or employee of the firm? If yes, provide details.
6. With respect to other regulatory, compliance, and legal matters, are there any other anticipated or outstanding issues that could potentially cause question as to the integrity, character, or ethical standards of the firm, or any officer or employee of the firm? If yes, explain.
7. Has the firm or anyone in the firm, or any affiliate, had any professional relationship (e.g., investment banking, brokerage, custodial, insurance, or actuarial) with members of the Board during the past three years? If yes, describe the nature of the relationship.
8. Has the firm or anyone in the firm provided any gifts or other remuneration, or paid any unreimbursed expenses for travel, hotel, meals or entertainment for or on behalf of a Board member or KCERA employee during the past three years? If yes, indicate the amount, recipient, and purpose of the payments.

E. Risk and Transparency

9. Describe the business continuity plan the firm has in place in order to permit it to continue to deliver the services described in the RFP and to preserve all associated electronic and written records, in the case of a disaster.
10. Detail any existing or potential conflicts between the firm's investment consulting, other services performed for clients, personal (or employee) investment activity, and other current or potential relationships. Will the firm contractually agree to continue to disclose all potential and actual conflicts of interest on an on-going basis, and will it annually disclose all sources of firm revenue and all business relationships and affiliations?
11. Indicate the name and title of the staff person responsible for communicating expectations as to conduct, monitoring compliance, and determining courses of action in the event of a breach of the firm's code of ethics.

F. Independence

12. Does the firm or any affiliate company provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in the firm's database, (ii) conference fees, (iii) brokerage commissions, (iv) purchase of software, (v) consulting services, etc.? If yes, describe briefly the nature of these services and compensation.
13. Does the firm have any affiliates, divisions, or investments in joint ventures that could be involved in the management of the Plan's assets? If yes, provide details.
14. Does the firm or any affiliate provide any services or conduct any business with the Plan's current investment managers or advisors? If yes, provide the names of such managers, and, where appropriate, the name of the affiliate.
15. Does the firm or any employee of the firm invest their own capital in investment opportunities that they also recommend for clients? If yes, explain how potential conflicts that arise from these activities are mitigated.
16. Does the firm sponsor funds-of-funds or other investment funds? If yes, describe.

G. Professional Staff

17. List the locations of all the firm's offices in Table A-1 and indicate the number of professional staff the firm employs as of March 31, 2019 in each of the categories listed in the five columns. Describe the methodology used to distinguish between Senior Investment Professionals and Junior Investment Professionals.
18. In Table A-2, provide the number of professional staff who have acquired professional designations (e.g., CFA, CAIA).
19. Use Table A-3 to answer the following. Which of the following types of compensation are provided to professional staff? Indicate whether the compensation applies to all staff, senior employees, or principals only.
20. Use Table A-4 to indicate the turnover of professional staff over the past five years.
21. Describe any specific programs for retaining valued employees. Include a discussion of the relative emphasis on various long-term compensation vehicles such as cash/deferred bonuses and firm equity.

22. How does the firm manage the risk that key professionals leave the firm either as a group or individually?
23. Discuss the procedures for managing the loss of any of the key professionals assigned to the engagement.

H. Client Base and Sources of Revenue

24. Use Table A-5 to indicate the percentage of the firm's revenue, by source, received during the most recent calendar year and, where applicable, the associated number of clients. Indicate the number of unique non-discretionary investment consulting clients.
25. Use Table A-6 to indicate the discretionary private markets assets under management and the non-discretionary private markets assets under advisory.
26. Complete Table A-7 by indicating the number, types, and size of clients for which the firm currently provides private market consulting (i.e. non-discretionary) services, as of December 31, 2018.
27. If any of the firm's investment consulting relationships have ended in 2018 or in the prior three calendar years (2015-17), provide details regarding the termination of these relationships in Table A-8.

I. Proposed Consulting Team

28. Identify all members of the proposed client engagement team, including the information listed below. Identify who would be the primary consultant(s) for the engagement.
 - i. Name, title, role and/or function.
 - ii. Number of years of experience in institutional investments, experience in private markets, experience in investment consulting, and tenure with the firm.
 - iii. Provide a comprehensive professional bio for each engagement team member covering the past 20 years, or beginning with completion of undergraduate degree, whichever is sooner.
 - iv. Educational degrees and professional designations.
 - v. Number of clients each individual supports.
29. Describe how the proposed client engagement team is structured.
30. List all individuals that would play a significant secondary role in supporting or servicing the account, along with their positions/titles.

J. Investment Philosophy and Beliefs

31. Describe the firm's private markets investment philosophy. Provide details by private market asset class (e.g., private equity, private credit, private real assets) where appropriate.
32. Is there a set of beliefs about private markets that underpin the firm's investment philosophy?
33. What research has the firm performed or utilized to support the beliefs about private markets?

K. Firm Strategy

34. Describe the firm's private markets strategy. Provide details by private market asset class where appropriate.
35. What is believed to be the firm's competitive advantage?
36. Describe the firm's ability to add value to advisory client's private markets investment programs? What data can the firm provide to support this claim?

L. Client Strategy and Portfolio Construction

37. Describe the firm's process for developing client-specific private market strategies, portfolios, and pacing plans. Provide details by private market asset class where appropriate.
38. Describe the firm's view on portfolio diversification and the minimum, maximum and appropriate number of fund investments within each private market asset class. How does the appropriate number of private market fund investments potentially change, as the target size of the private market allocation as a percentage of total plan assets change?
39. What research has the firm performed to support the view on portfolio diversification? Provide the research.

M. Investment Team, Manager Research, Recommendations, and Monitoring

40. Describe how the firm's investment professionals are organized?
41. Provide detailed information on the size, structure, locations, and experience of the private market investment research team.
42. Who are the firm's senior investment professionals, include title, role, and location; years of experience in private markets; years with the firm; and years in current role with the firm.
43. List the number of dedicated research professionals by the private market asset class they are dedicated to. Who are the dedicated heads of research for each private market asset class? List the number of dedicated research professionals by strategy within private market asset classes (e.g., venture, growth equity, distressed debt, direct lending).
44. Describe the firm's private market investment manager and fund research process, and approach to fund selection.
45. What is the investment manager scoring/rating methodology?
46. How many private market investment managers did the firm meet with in 2018?
47. How many private market funds did the firm formally review in 2018?
48. Describe the frequency that the firm would deliver updated written due diligence on private market fund investments in the KCERA portfolio. What would be the content of this due diligence?
49. To what extent will the firm perform due diligence on the Plan's legacy private market fund investments.

N. Data, Database, Systems, and Tools

50. Does the firm maintain its own database of private markets investment managers and funds? If yes, describe the scope of the database. If no, describe how the firm identifies and tracks private markets investment managers and funds.
51. Describe the firm's private markets database, including types and number of years of data collected.
52. Does the firm provide an online portal for client access to private markets research, due diligence, data and tools? If yes, describe.
53. Does the firm have tools that quantitatively analyze private market funds and fund performance? If yes, describe.

O. Risk Management

54. Describe the firm's risk management capabilities as it relates to investment risk at the private market asset class level, and at the individual private market fund level.

P. Access, Fees, Terms and Negotiations

55. To what extent has the firm assisted advisory clients in accessing best-in-class funds that are normally inaccessible to new investors?
56. To what extent has the firm assisted advisory clients in achieving improved terms with private market funds?
57. How is the firm prepared to support the Investment Program in managing the legal aspects of private markets fund investing (e.g. terms negotiations, completing subscription documents, reviewing amendments, electing most favored nation provisions)? Indicate to what extent there would be additional cost from this service as part of Respondent's fee proposal in Section III, U. 74.

Q. Reporting

58. What is the firm's private market performance reporting process?
59. What is the process for verifying manager reported performance measures?
60. How will the firm incorporate legacy private market investments in private market reports?
61. Provide a comprehensive list of private markets benchmark data currently accessible for performance reporting purposes. Indicate to what extent there would be an additional cost in using benchmark data. Include as part of the fee proposal as requested in Section III, U. 74.
62. How will the firm produce fee disclosure reports for KCERA's private market fund investments, as required by California Government Code Section 7514.7? Include specifics on legacy fund investments as well as future commitments.

R. Investment Landscape

63. Describe the current private markets investment landscape.
64. What are the most compelling opportunities and risks the firm sees today in private markets? How is the firm helping to deploy capital to these ideas and manage these risks in advisory client portfolios?
65. What are the firm's most differentiated and out-of-consensus views on private markets?
66. What niche private market fund investments has the firm recommended to advisory clients in the past 6-months?
67. Assume a client had no private market commitments, where would you recommend allocating the first dollar of private market risk today for each of the following, private equity, private credit, and private real estate? Explain. Be specific.
68. Assume a client has a well-diversified and mature private markets program, where would you recommend allocating an incremental dollar today for each of the following, private equity, private credit, and private real estate? Explain. Be specific.
69. With what frequency does the firm publish outlooks on the private markets investment landscape? Provide the past two (2) private market outlooks the firm published.

S. Performance

70. Present the net IRR of the firm's pooled private markets performance on a cumulative, net of all fees basis, for the past 15 years ended December 31, 2018. If the firm provides services on an advisory-only basis, provide a synthetic track record comprised of all private market investments approved by the firm's investment committee (whether or not clients committed capital), and a synthetic track record comprised of all private market investments approved by the firm's investment committee where client capital was committed. Provide separate track records for private equity, private credit, private real assets (inclusive of private real estate), and private real estate. Describe the methodology used in producing these figures.

T. Miscellaneous

71. Describe how the firm could support and or simplify the back office functions of managing private market fund investments for KCERA.
72. Provide an assessment of the Plan's current private market investments (listed below), from both asset class portfolio construction and individual fund selection perspectives.
73. Describe the firm's approach to working with KCERA to oversee, and potentially change, the Plan's existing private market investments (listed below).

Private Equity	Commitment	Market Value
Abbott Capital Private Equity Fund IV, L.P.	\$50.0	\$5.6
Abbott Capital Private Equity Fund V, L.P.	\$65.0	\$14.8
Abbott Capital Private Equity Fund VI, L.P.	\$50.0	\$35.0
Pantheon USA Fund III, L.P.	\$7.5	\$0.7
Pantheon USA Fund V, L.P.	\$25.0	\$0.9
Pantheon USA Fund VI, L.P.	\$35.0	\$8.3
Pantheon USA Fund VII, L.P.	\$50.0	\$23.9
Pantheon Global Secondary Fund III "B", L.P.	\$50.0	\$6.2
Private Credit	Commitment	Market Value
Colony Distressed Credit & Special Situations Fund IV, L.P.	\$60.0	\$52.6
TSSP Adjacent Opportunities (B), L.P.	\$50.0	\$16.2
Brookfield Real Estate Finance Fund V, L.P.	\$50.0	\$16.3
H.I.G. Bayside Loan Opportunity Fund, L.P.	\$60.0	\$0.0
Magnetar Constellation V LLC	\$60.0	\$35.0
Private Real Estate	Commitment	Market Value
Invesco Real Estate Fund III, L.P.	\$60.0	\$23.4
Invesco U.S. Value-Add Fund IV, L.P.	\$50.0	\$36.9
Landmark Real Estate Fund VIII, L.P.	\$60.0	\$9.9
Long Wharf Real Estate Partners VI, L.P.	\$50.0	\$0.0

Market values as of 9/30/18

Section III: References, Fee Proposal, Additional Materials

U. Fee Proposal

74. Provide a one-page fee proposal for the proposed service based on the services described in this RFP.
- Describe the cost structure proposed for the actuarial consulting services. Itemize costs by type of service as described in this RFP. Which services are a fixed price, which services are billed by the hour?
 - Describe how fees are determined for the Respondent's services.
 - Describe how fees are billed (billing periods and prospective versus arrears).
 - The proposed fee schedule should include administrative, third-party, travel, and all other costs associated with the proposed engagement. These costs should be presented in detail.
 - Include a statement that the Respondent understands that these fees have been included in the total cost of the proposal and will not be billed separately.
 - Provide costs for at least a three-year period (listed separately for each calendar year).
 - The proposal should be signed by a principal or officer authorized to bind the Respondent.

V. References

75. Provide seven institutional references, of clients who have engaged the firm for private market advisory services, and that can be contacted for reference. Include the client name, address, contact name, title, phone number, e-mail, client type (e.g., defined benefit public pension, endowment), and length of relationship with the firm.

W. Additional Materials

- Form ADV Parts I & II
- Firm's Code of Ethics
- Sample client performance reporting package
- Sample due diligence materials for 3 different private market fund investments
- Sample research as requested in Section II
- A sample Consultant contract is provided as Appendix I to indicate the general provisions that KCERA anticipates including in the final agreement. Respondent will be deemed to have agreed to each clause unless Respondent identifies an objection, sets forth the basis for the objection, and provides substitute language (in a redline version) to make the clause acceptable to the Respondent. Such objections and substitute language must be submitted no later than the deadline for the proposal.

Section IV: Additional Information

About the RFP

How to Obtain the RFP

The RFP may be downloaded from the KCERA website at www.kcera.org, or may be requested from Aimee Morton at aimee.morton@kcera.org.

Addenda to the RFP

KCERA may modify the RFP, prior to the proposal due date, by issuing written addenda. Addenda will be posted on the KCERA website at www.kcera.org. The Respondent shall be responsible for ensuring that its proposal reflects any and all addenda issued by KCERA prior to the due date regardless of when the proposal is submitted. Therefore, KCERA recommends that Respondents review the KCERA website frequently, including shortly before the proposal due date, to determine if they have received all addenda.

Ambiguity and Omissions in the RFP

Respondents are responsible for reviewing all portions of the RFP. Respondents are asked to promptly notify KCERA, in writing, if the Respondent discovers any ambiguity, discrepancy, omission, or other errors in the RFP. Any such notification should be directed to KCERA promptly after discovery, but in no event later than five working days prior to the date for receipt of proposals. Modifications and clarifications will be made by addenda as provided above.

Cancellation of the RFP

KCERA reserves the right to cancel the RFP at any time, and to reject any and all proposals submitted in response to the RFP if it is in the Plan's best interest. The RFP in no manner obligates the Board to the procurement of services until a written contract is entered into, negotiation of which may be terminated at any time by the Board. If negotiations fail, the Board may accept another submitted proposal, at its option. The Board may terminate negotiations at any time prior to the signing of a contract.

Communication During RFP Period

Quiet Period, Questions, and Communications Regarding the RFP

The Board has designated an "evaluation period" for the duration of the private market investment consultant search and selection process, during which time Trustees and KCERA may not knowingly communicate with candidates, except for official search-related interviews, due diligence and ongoing business with the Plan's current consultants. To assist the Board and KCERA in implementing the evaluation period, all questions regarding the intent or content of the RFP must be directed in writing to Aimee Morton by e-mail at aimee.morton@kcera.org on or before April 17, 2019.

Procedure for Submitting Questions and Inquiries

All questions/inquiries must be made through the contact listed on the cover sheet of the document, via e-mail. Contact with representative(s) other than the name listed above is grounds for disqualification. A written response will be provided to all questions in the form of an addendum.

Procedure for Objections

Any objections as to the structure, content, or distribution of the RFP must be submitted in writing to the contact listed on the cover sheet of the RFP, prior to the submission deadline for objections and questions. Objections must be as specific as possible and identify the RFP section number and title and include a description of and rationale for the objection. All objections, questions and inquiries must be received on or before April 17, 2019.

RFP Award

Term of the Agreement

The anticipated term of the agreement is three years, with possible extensions.

Basis of Award

Award will be based on the overall highest ranked Respondent score in accordance with the evaluation criteria, as adjusted. Should the selected Respondent fail to provide post award documents required, the Board, in its sole discretion, may withdraw the award recommendation, and select the next highest ranked Respondent for award. The Board reserves the right to reject all offers.

Procedure for Protests

If an unsuccessful Respondent wants to dispute the award recommendation, the protest must be submitted in writing to KCERA's Executive Director no later than ten calendar days after announcement of the successful Respondent. Protests must detail the grounds and factual basis and provide all supporting information. Protests will not be considered for disputes of proposal requirements and specifications, which must be addressed in accordance with the above procedure for objections. Failure to submit a timely written protest to the contact listed below will bar consideration of the protest. The name and address for submitting protests is:

Dominic D. Brown, Executive Director
Kern County Employees' Retirement Association
11125 River Run Boulevard
Bakersfield, CA 93311

General Terms and Information

Revision of Proposal

A Respondent may revise a proposal on the Respondent's own initiative at any time before the deadline for submission of proposals. The Respondent must submit the revised proposal in the same manner as the original. A revised proposal must be received on or before the proposal due date. In no case will a statement of intent to submit a revised proposal, or commencement of a revision process, extend the proposal due date for any Respondent. If a revised proposal is submitted, the word REVISED shall be included on the cover page, in all cap, and bold font, along with the revision date.

Errors and Omissions in Proposal

Failure by KCERA to object to an error, omission, or deviation in the proposal will in no way modify the RFP or excuse the Respondent from full compliance with the specifications of the RFP or any contract awarded pursuant to the RFP. KCERA reserves the right to waive or permit correction of any minor inconsistencies, errors, or omissions prior to the final evaluation of the proposal, and to ask for clarification on any issues, or to take any other measures with respect to the RFP in any manner necessary to serve the best interests of KCERA and the Plan's beneficiaries.

Financial Responsibility and Ownership of Documents

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

Governing Law

The process for evaluating the procurement and selection of services with Respondent that may result shall be governed by the laws of the State of California. Respondent agrees that the proper venue for any such action shall be the Kern County Superior Court of the State of California or the U.S. federal court for the Eastern District of California located in the County of Kern. Submission of a proposal constitutes acceptance of this provision.

Public Nature of Proposal Material

All correspondence with KCERA, including responses to the RFP will become the exclusive property of KCERA and shall be subject to public disclosure under the California Public Records Act (Cal. Gov. Code section 6250 et seq., "the Act"). The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under the Act. In addition, if KCERA staff chooses to recommend any Respondent(s) to the Board of Retirement for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for a public meeting of the Board of Retirement, pursuant to the Ralph M. Brown Act which governs open meetings for local government bodies (Cal. Gov. Code section 54950 et seq.).

If a Respondent believes that there are portion(s) of the Respondent's proposal, that are exempt from disclosure under the Public Records Act, those portions must be marked as "CONFIDENTIAL" and must include the specific provision in the Public Records Act that provides the exemption as well as the factual basis for claiming the exemption.

There are a limited number of exceptions to the disclosure requirement. Therefore, any proposal that contains language purporting to render all or significant portions of the proposal exempt from disclosure or

fails to provide the exemption information described in this section will be considered a public record in its entirety subject to the procedures outlined in this section. Respondents should not mark an entire proposal as "CONFIDENTIAL".

By submitting information with portions marked as noted above, the Respondent represents that it has a good faith belief that such material is exempt from disclosure under the California Public Records Act and agrees to reimburse KCERA for, and to indemnify, defend and hold harmless KCERA, its officers, fiduciaries, employees, board members and agents from and against: (a) any and all claims, damages, losses, liabilities, suites, judgments, fines, penalties, costs and expenses including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively "Claims") arising from or relating to any period of KCERA's non-disclosure of material designated as CONFIDENTIAL.

Although the California Public Records Act recognizes that certain information may be protected from disclosure, KCERA may not be in a position to establish that the information Respondent submits is exempt from disclosure. In the event KCERA receives a request for inspection of any proposal submitted pursuant to this RFP, KCERA will review any material marked CONFIDENTIAL and determine whether the material is exempt from disclosure under the Act. KCERA will also provide the relevant Respondent(s) with reasonable notice to seek protection from disclosure by a court of competent jurisdiction. It is the responsibility of the organization whose CONFIDENTIAL material has been requested to assert any right of confidentiality that may exist. KCERA will not make that assertion on behalf of the Respondent(s) without an order of protection or court order.

Appendix I: Contractual Provisions

AGREEMENT FOR PRIVATE MARKET INVESTMENT CONSULTING SERVICES

THIS AGREEMENT for investment consulting services is made and entered into this ___ day of _____, 2019, by and between the Board of Retirement (“Board”) of the Kern County Employees’ Retirement Association (“KCERA”) and _____, a (PRIVATE MARKET INVESTMENT CONSULTANT, “CONSULTANT”) formed under the laws of the State of _____, with its principal place of business located in _____.

WITNESSETH:

WHEREAS:

- (a) KCERA was established under and is governed by the provisions of the County Employees’ Law of 1937; and
- (b) California Government Code Sections 31594 and 31595 authorize the Board to make prudent investments or delegate the making of investments to investment managers, including but not limited to private market managers, but requires oversight of the activities of those managers;
- (c) In order to select and retain the most competent private market investment managers, determine the appropriate structure of KCERA’s private market asset allocation, and monitor the activities of the private market managers, it is necessary that the Board retain the services of a private market investment CONSULTANT;
- (d) The Board solicited proposals from private market investment consulting firms and determined from its written and oral response to the request for proposals that CONSULTANT can best meet the needs of KCERA for experienced and skilled private market investment consulting services;
- (e) Pursuant to California Government Code Section 31596.1, the compensation paid to CONSULTANT pursuant to this Agreement shall not be considered a cost of administration, but shall be considered a reduction in the earnings from investments or as a charge against the assets of the retirement fund.

NOW, THEREFORE, it is hereby agreed as follows:

- 1. Private Market Investment Consulting Services (“SERVICES”). CONSULTANT agrees to perform the SERVICES described in Attachment A (Services) to this Agreement and incorporated herein by reference.
- 2. Consideration. In consideration for the performance of SERVICES under this Agreement, the Board agrees to pay CONSULTANT as complete compensation the fees set forth in Attachment B (Fees). CONSULTANT will not be paid, either directly or indirectly, any compensation or reimbursement for any expenses except to the extent set forth in Attachment B (Fees) or authorized by the Board in advance and in writing.
- 3. Term. This Agreement shall be for a three (3) year term, which may be extended up to two years by the Board upon notice to CONSULTANT.
 - 3.1 The Agreement shall commence as of _____ and shall terminate on _____; provided, however, that CONSULTANT may terminate this Agreement without cause upon one hundred twenty (120) days’ prior written notice to KCERA, and KCERA may terminate this Agreement without cause upon thirty (30) days’ prior written notice to CONSULTANT.

- 3.2 In addition, KCERA may terminate this Agreement upon one (1) day's written notice by KCERA to CONSULTANT: (a) upon any material breach by CONSULTANT of its obligations hereunder; (b) if CONSULTANT files for bankruptcy or state law receivership; (c) if in the reasonable judgment of KCERA, CONSULTANT becomes financially unstable so as to jeopardize its ability to perform the services required under this Agreement; (d) if CONSULTANT is the subject of criminal investigation, indictment or conviction; (e) in the event of any material change in the control of CONSULTANT; or (f) in the event KCERA discovers a violation of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflicts of interest of public officers and employees. A pro rata determination of fees, if appropriate, will be made by KCERA in good faith for any month in which this Agreement has been terminated. By any such termination described herein, neither KCERA nor CONSULTANT may nullify obligations, if any, already incurred for performance or failure to perform prior to the date of termination. This termination provision is not exclusive and does not waive other legal rights and remedies afforded KCERA in such circumstances as CONSULTANT's default or breach of this Agreement.
4. Standard of Care. CONSULTANT acknowledges and agrees that it is being retained by KCERA and its Board to act in a fiduciary capacity with respect to KCERA and accordingly, CONSULTANT accepts the duties and liabilities of a fiduciary, with respect to the services CONSULTANT provides under this Agreement.
- 4.1 CONSULTANT is a fiduciary with respect to the services provided to KCERA under this Agreement. As a fiduciary, CONSULTANT shall at all times comply and act in conformity with the California Constitution, Article XVI, §17, California Government Code, Sections 31594 and 31595 and related provisions of the laws of the State of California, and County Employees' Retirement Law of 1937.
- 4.2 As a fiduciary, CONSULTANT shall at all times perform its duties, obligations and responsibilities under this Agreement with, and shall at all times with respect to KCERA use, the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with like aims. CONSULTANT acknowledges that Federal and state securities laws impose liabilities under certain circumstances on persons who act in good faith, and that nothing in this Agreement waives or limits KCERA's rights under those laws.
- 4.3 CONSULTANT holds itself out as an expert with respect to advising public pension funds about their private market investments. CONSULTANT represents itself as being possessed of greater knowledge and skill than the average person. Accordingly, CONSULTANT is under a duty to exercise a skill greater than that of an ordinary person and the manner in which CONSULTANT carries out its duties under this Agreement will be evaluated in light of CONSULTANT's superior skill.
- 4.4 CONSULTANT's fiduciary responsibilities shall not extend beyond the assets to which the SERVICES are provided, and for avoidance of doubt, KCERA has fiduciary responsibility and control with respect to the private market assets and will make all investment decisions and other decisions with regard to the private market investments. CONSULTANT shall not have discretionary authority or control (as agent, attorney-in-fact or otherwise) to manage or direct the investments of KCERA; to implement, or to direct the implementation of, any investment selection on behalf of KCERA, or otherwise to negotiate the terms of any investment; or to enter into any contracts relating to any investment that KCERA may make.
5. Indemnification. CONSULTANT agrees to indemnify, defend, and hold harmless KCERA, its officers, agents and employees, and each of them, from any and all actions, claims, costs, demands, liabilities, losses, damages and expenses, including attorney's fees, for injuries to persons, or damage to property, proximately caused by the negligence of CONSULTANT or CONSULTANT'S officers, agents or employees.

CONSULTANT shall indemnify and hold harmless KCERA, its elected and appointed officials, its Board, its officers, agents and employees, and each of them against any and all actions, claims,

demands, losses, damages, costs, liability, legal fees, and expenses of any kind or character 1) resulting from CONSULTANT's breach of this Agreement, including the provision of private market investment advice and other services provided under this Agreement that are not made in accordance with the provisions contained in this Agreement or the standard of care set forth in this Agreement, or 2) that is otherwise caused by the bad faith, violation of applicable law, negligent errors or omissions or willful misconduct of CONSULTANT or CONSULTANT's officers, agents or employees.

6. Insurance. At CONSULTANT's sole cost and expense, CONSULTANT shall obtain, and keep in force at all times during this Agreement, the following policies of insurance:
- 6.1. **Workers' Compensation Insurance**. CONSULTANT shall submit written proof that CONSULTANT is insured against liability for workers' compensation in accordance with the provisions of Section 3700 of the California Labor Code.
 - 6.2. **Commercial General Liability Insurance**, including, but not limited to, Contractual Liability Insurance (specifically concerning the indemnity provisions of this Agreement), Personal Injury (including bodily injury and death), and Property Damage for liability arising out of CONSULTANT'S performance of work under this Agreement. Such insurance coverage shall have minimum limits for bodily injury and property damage liability of One Million Dollars (\$1,000,000) each occurrence and Five Million Dollars (\$5,000,000) in aggregate.
 - 6.3. **Automobile Liability Insurance** against claims of Personal Injury (including bodily injury and death) and Property Damage covering all owned, leased, hired and non-owned vehicles used in the performance of services pursuant to this Agreement with minimum limits for Bodily Injury and Property Damage liability of One Million Dollars (\$1,000,000) per occurrence, and a deductible of not greater than \$100 comprehensive and \$500 collision. Such insurance shall be provided by a business or commercial vehicle policy.
 - 6.4. **Professional Liability (Errors and Omissions) Insurance**, for liability arising out of, or in connection with, the performance of all required SERVICES under this Agreement, with limits of not less than Twenty Million Dollars (\$20,000,000) in aggregate and a deductible of not greater than One Hundred Thousand Dollars (\$100,000).
 - 6.5. **Privacy & Data Breach Liability**. CONSULTANT shall maintain Privacy & Data Breach Liability insurance with an annual aggregate of at least one million dollars (\$1,000,000.00) during the term of this Agreement.
 - 6.6. If any of the insurance coverage required under this Agreement are written on a claims made basis, the insurance policy shall provide an extended reporting period of not less than four (4) years following the termination of this Agreement or completion of all work performed by CONSULTANT specified in this Agreement, whichever is later.
 - 6.7. All insurance shall be issued by a company or companies listed in the current "Best's Key Rating Guide" publication with a minimum of a "A / VII" rating. All insurance coverage required to be maintained by CONSULTANT shall be maintained until the completion of all of CONSULTANT'S obligations under this Agreement, and shall not be reduced, modified in any material respect, or canceled without thirty (30) days prior written notice to KCERA. Failure by CONSULTANT to maintain all such insurance in effect at times required by this Agreement shall be a material breach of this Agreement by CONSULTANT. KCERA, at its sole option, may terminate this Agreement pursuant to Section 3 above and obtain damages from CONSULTANT resulting from such breach. Alternatively, KCERA may purchase such required insurance coverage, and without further notice to CONSULTANT, KCERA shall deduct from sums due to CONSULTANT any premiums and associated costs advanced or paid by KCERA for such insurance. If sums due CONSULTANT pursuant to this Agreement are insufficient to reimburse KCERA for the premiums and any associated costs, CONSULTANT agrees to reimburse KCERA for the premiums and pay for all costs associated with the purchase of such insurance.
 - 6.8. Insurance coverage in the minimum amounts set forth herein shall not be construed to relieve CONSULTANT for any liability, whether within, outside, or in excess of such coverage, and regardless of solvency or insolvency of the insurer that issues the coverage;

nor shall it preclude the KCERA from taking such other actions as are available to it under any other provision of this Agreement or otherwise in law. All insurance afforded by CONSULTANT pursuant to this Agreement shall be primary to and not contributing to any other insurance maintained by the KCERA.

7. General Provisions.

- 7.1 Primary CONSULTANT(s). At all times during the term of this Agreement, the consulting services shall be performed under the direct supervision of _____ (the "Primary CONSULTANT(s)"). In the event _____ is/are removed from KCERA's account during the term of the Agreement, no substitution for the named individual will be permitted without the express written Board approval of a qualified substitute. Failure to obtain prior Board approval of a qualified substitute constitutes a material breach under this Agreement.
- 7.2 Product of Services; Copyright. All working papers, reports and other documentation prepared in the performance of this Agreement are the property of KCERA and will be provided by CONSULTANT to the Board upon request or at termination of this Agreement. Nothing produced in whole or in part shall be the subject of any application for a copyright by or on behalf of CONSULTANT without prior written consent of the Board.
- 7.3 Confidentiality and Permitted Use of Confidential Information. CONSULTANT, in the course of its duties, will receive investment, financial, accounting, member and statistical information from KCERA or its agents pertaining to KCERA. Subject to the receipt by CONSULTANT of a valid order, subpoena, or request from a judicial, administrative, or governmental agency having jurisdiction over it, CONSULTANT agrees to keep all such information confidential and to not disclose such information to third parties, directly or indirectly, or use it in any way, either during the term of this Agreement or at any time thereafter; provided however that CONSULTANT may disclose such information (i) to CONSULTANT's affiliates for the purpose of providing services so long as CONSULTANT's affiliates agree to keep such information confidential, (ii) as required to perform its duties under this Agreement or (iii) upon prior written consent of the Board or KCERA's Executive Director. Any disclosure of information contrary to this provision shall constitute a material breach of this Agreement.
- 7.4 Independent Contractors. CONSULTANT and CONSULTANT'S personnel are and shall be considered as independent contractors and shall not be considered to be employees of KCERA. CONSULTANT shall be solely responsible for the payment of wages, benefits and other compensation to CONSULTANT's employees' compliance with all occupational safety, welfare and civil rights laws, tax withholding and payment of employee taxes, whether federal, state or local and for compliance with any and all other laws regulating employment.
- 7.5 Merger. This Agreement shall consist of the terms of this Agreement and Attachments thereto, as well as the following documents which are incorporated herein.
- 7.6 Interpretation. In the event that there are any inconsistencies or ambiguities between the terms of this Agreement and the incorporated documents, the following precedence shall be used to interpret this Agreement's requirements:
- (1) Applicable state and federal laws;
 - (2) Terms and conditions of this Agreement, including any Attachments;
 - (3) Any other provisions, terms or materials incorporated herein by reference or otherwise incorporated herein.
- 7.7 Equal Opportunity Compliance. Neither CONSULTANT, nor any officer, agent, employee, servant or subcontractor of CONSULTANT shall discriminate in the treatment or employment of any individual or groups of individuals on the grounds of race, color, religion, national origin, physical or mental handicap, age or sex, either directly, indirectly or through contractual or other arrangements.

- 7.8 Assignment. CONSULTANT shall not assign or transfer any interest in this Agreement, or any part hereof, or assign any claims for money due or to become due under this Agreement.
- 7.9 Representations and Warranties.
- (a) CONSULTANT makes the following representations and warranties, which are agreed to be material to and form a part of the inducement for this Agreement, and shall immediately notify KCERA in writing in the event that any of the representations and warranties contained herein cease to be true:
- (i) CONSULTANT has the expertise, support staff and facilities necessary to provide the services described in this Agreement;
 - (ii) CONSULTANT provides private market investment consulting services to clients with aggregate assets totaling at least \$5 billion;
 - (iii) CONSULTANT has been in the private market consulting business at least three (3) years as of January 1, 2019, and Primary CONSULTANT(s) possesses the skills of a seasoned private market investment CONSULTANT and has at least fifteen (15) years of actual private market investment experience;
 - (iv) CONSULTANT has at least three (3) public pension fund clients, one of which has assets in excess of one (1) billion U.S. dollars as of January 1, 2019;
 - (v) CONSULTANT is registered as an investment advisor under the Investment Advisers Act of 1940 and shall maintain such registration at all times during the term of this Agreement;
 - (vi) CONSULTANT is lawfully authorized to conduct business in the State of California and it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents or examinations required by any government or governmental authority, including the State of California, for acts contemplated under this Agreement;
 - (vii) Except as disclosed in Attachment C (Potential Conflicts), CONSULTANT does not have any actual or potential interests adverse to KCERA nor does CONSULTANT represent a person or firm with an interest adverse to KCERA with reference to the subject of this Agreement;
 - (viii) CONSULTANT shall diligently provide all required services in a timely and professional manner in accordance with the terms and conditions stated in this Agreement; and
 - (ix) All presentations, marketing materials, disclosure documents and other materials provided by CONSULTANT to KCERA in connection with this Agreement are, as of the date hereof, true, accurate and correct in all material respects and do not contain any untrue statements of material fact or omit to state any material fact necessary to make such items, or any portion thereof, not misleading.
- 7.10 Compliance with Applicable Law. CONSULTANT shall observe and comply with all applicable County of Kern, State of California and federal laws, ordinances, rules, regulations and policies now in effect or hereinafter enacted or issued, each of which is hereby made a part hereof and incorporated herein by reference.
- 7.11 Conflicts of interest. CONSULTANT has read and is aware of the provisions of Section 1090 et seq. and Section 87100 et seq. of the California Government Code relating to conflict of interest of public officers and employees. CONSULTANT agrees that it is unaware of any financial or economic interest of any public officer or employee of KCERA

relating to this Agreement. CONSULTANT and its officers, agents and employees shall comply with the requirements of California Government Code Section 87100 et seq. during the term of this Agreement and understands, acknowledges and agrees that CONSULTANT's staff providing services pursuant to this Agreement are required to file and shall timely file annual statements of economic interest pursuant to state law and KCERA's then current conflict of interest policy, if any.

CONSULTANT agrees that all of its directors, officers, employees and agents who provide services with respect to KCERA shall comply with applicable federal, state and KCERA's then current conflict of interest policy, if any. CONSULTANT represents and warrants that it has received and read a copy of KCERA's Placement Agent Policy adopted as of November 9, 2011 (the "Policy"). CONSULTANT shall complete KCERA's Placement Agent Form prior to executing this Agreement and shall notify KCERA in writing of any violation of the Policy or of KCERA's then current conflict of interest policy.

CONSULTANT shall not directly or indirectly receive any benefit from recommendations or advice made to KCERA and shall immediately disclose in writing to KCERA any investment or economic interest of CONSULTANT that may be enhanced by the recommendations made to KCERA.

- 7.12 Subcontracting. CONSULTANT shall not subcontract any portion of the services to be performed under this Agreement without the prior written approval of the Board. In no event shall CONSULTANT delegate its fiduciary responsibilities assumed under this Agreement. For the purposes of providing services under this Agreement, however, CONSULTANT may delegate some of the performance of its duties to its affiliates so long as CONSULTANT remains responsible for the work of its affiliates.
- 7.13 Records and Audit. CONSULTANT shall maintain records in reasonably sufficient detail for six (6) years to fully describe the services rendered during the term of this Agreement. These records shall be subject to inspection by KCERA. All records are the property of KCERA and shall be returned to KCERA upon its written request. KCERA shall have the right to audit billings both before and after payments; payment under this Agreement shall not foreclose the right of KCERA to recover excessive or illegal payments.
- 7.14 Additional Reports. In addition to any other notice or report to be provided pursuant to the terms of this Agreement and/or in connection with the private market investment consulting services to be provided hereunder, CONSULTANT shall promptly notify KCERA in writing of any breach of this Agreement that has a material adverse effect on the private market investment consulting services to be provided hereunder.
- 7.15 Authority. Each party has full power and authority to enter into and perform this Agreement, and the person signing this Agreement on behalf of each party has been properly authorized and empowered to enter into this Agreement.

8. Conflicts of Interest with Respect to the Services.

- 8.1 CONSULTANT agrees that it shall not receive any fee or compensation with respect to any private market investment KCERA makes or a private market investment recommendation made to KCERA, in all cases, that could reasonably impair CONSULTANT's ability to provide independent and unbiased investment advice. The receipt of any such fee or compensation shall be a breach of this Agreement.
- 8.2 CONSULTANT shall not directly or indirectly engage in the business of: (a) managing on a discretionary basis private market investments for other persons or entities on a fee basis or in any other manner for any direct or indirect benefit; provided, however, that nothing herein shall prevent CONSULTANT from acting in a private market consulting capacity with respect to CONSULTANT's other clients to the extent such services were disclosed and represented to KCERA on or before the effective date of this Agreement; or (b) advising the general partners, managers, or investment managers of direct private market funds in the management and investment activities of such private market funds, during the term of this Agreement.

- 8.3 Except as disclosed to KCERA, CONSULTANT, and its members, partners, employees, agents, affiliates and related parties shall not invest in any private market investment offered by any private market investment manager for which CONSULTANT has provided an investment recommendation to KCERA. In the event that CONSULTANT or any of its members, partners, employees, agents, affiliates or related parties has invested in any such private market investment manager or such private market investment prior to the effective date of this Agreement, CONSULTANT shall promptly notify KCERA thereof.
9. Gratuities. CONSULTANT represents and warrants that no gratuities in the form of entertainment, gifts, or otherwise, were offered or given by CONSULTANT, to any of the Key Personnel or any agent or representative of CONSULTANT or any of the Key Personnel, to any officer, fiduciary, CONSULTANT, or employee of KCERA or the County of Kern with a view toward securing this Agreement or securing favorable treatment with respect to the awarding or the making of any determination with respect to this Agreement. CONSULTANT covenants that no such gratuities will be given to any such person with a view towards securing favorable treatment with respect to the making of any determination with respect to the performance, termination, and/or continuation of this Agreement. For avoidance of doubt, however, CONSULTANT's provision of reasonable meals, refreshments, transportation and other gratuities generally available to all of CONSULTANT's clients during educational seminars and client conferences hosted by CONSULTANT shall not be a breach of this Section 10. CONSULTANT has reviewed, is familiar with and shall at all times comply with the conflict of interest and reporting provisions applicable to KCERA, contained in California Government Code Section 1090 to 1097 inclusive, 31528, 82030, and 87100 to 87103.
10. Certification Concerning Financial Contacts or Solicitation. CONSULTANT represents and warrants that to the best of its knowledge no employee of KCERA or fiduciary whose position in KCERA enables such person to influence the award of this Agreement or any competing agreement, and no spouse or economic dependent of such person is or will be employed in any capacity by CONSULTANT in violation of applicable law, or has any direct or indirect financial interest in this Agreement. CONSULTANT will deliver annually to KCERA, or more frequently if requested, but no more than quarterly, a written certification with respect to the interests of those persons related to KCERA, as specified from time to time by KCERA, and shall certify that in the preceding twelve (12) months it has had no source of income relating to services it provides to KCERA, other than fees paid directly to it by KCERA pursuant to this Agreement.
11. Litigation.
- 11.1 CONSULTANT hereby represents and warrants that, to the best of its knowledge, having inquired of the Key Personnel and relevant officers and employees, including legal counsel of CONSULTANT, and except as otherwise set forth on the litigation disclosure schedule attached hereto as Attachment D (Litigation Disclosure): (a) there are no actions, proceedings or investigations pending before any court or governmental authority, including, without limitation, the Securities and Exchange Commission or any state securities regulatory authority, against CONSULTANT or the Key Personnel (other than in their capacity as directors of public companies) that claim or allege violation of any federal or state securities law, rule or regulation; and (b) during the five (5) years prior to the date hereof, none of CONSULTANT nor the Key Personnel has been found liable for, nor settled, any such violation in any such action, proceeding or investigation.
- 11.2 CONSULTANT shall provide written notice to KCERA of the commencement of any litigation or governmental investigation or proceeding against CONSULTANT, its owners, employees including any of the Key Personnel or any respective affiliates or if CONSULTANT or any of the Key Personnel or any of their respective affiliates is named in any litigation, investigation or proceeding. Such notice shall be provided to KCERA within ten (10) business days of when CONSULTANT or the Key Personnel becomes aware of such litigation, investigation or proceeding. In connection with any such notice, CONSULTANT shall provide such additional information and details as may be reasonably requested by KCERA within five (5) business days of such request.
12. Notices. All notices and communications referenced in this Agreement shall be in writing and delivered by personal delivery, email, fax, first class mail, postage prepaid, and shall be deemed

given when so delivered, emailed or faxed, or, if mailed, five (5) days after the date of mailing to following address:

To KCERA: Executive Director
 Kern County Employees' Retirement Association
 11125 River Run Boulevard
 Bakersfield, CA 93311

To CONSULTANT:

13. Applicable Law. This Agreement, in its interpretation and services performed hereunder, shall be governed by the laws of the State of California.
14. Venue. If either party to this Agreement initiates any legal or equitable action to enforce the terms of this Agreement, to determine the rights, obligations and/or duties of the parties under this Agreement, or which relates to this Agreement in any manner, KCERA and CONSULTANT agree that the proper venue for any such action shall be the Superior Court of the State of California, in and for the County of Kern.
15. Sole Agreement. This document and the Attachments attached hereto contain the entire agreement of the parties relating to the services, rights, obligations and covenants contained herein and assumed by the parties respectively. No inducements, representations or promises have been made, other than those recited in this Agreement. No oral promise, modification, change or inducement shall be effective or given any force or effect.
16. Amendments. This Agreement may be altered, changed, modified, or amended in writing only, executed by all parties to this Agreement.
17. Waiver. No waiver of any breach of this Agreement or any of the terms or conditions hereof shall be held to be a waiver of any other subsequent breach; nor shall any waiver be valid or alleged or binding unless the same shall be in writing and signed by the party alleged to have granted the waiver. Nothing in this Agreement shall constitute a waiver by KCERA of any of its rights under California or federal law.
18. Headings. The headings of the sections and subsections of this Agreement are inserted for convenience of reference only and shall not be deemed to constitute a part hereof or affect the interpretation hereof.
19. Counterparts. This Agreement may be executed by electronic and facsimile signature and in any number of counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year first written above.

[SIGNATURE LINES TO BE INSERTED ONCE CONSULTANT SELECTED]

Appendix II: Local Vendor Preference

If one or more of the Respondents is a local vendor as defined herein, said Respondent(s) shall be entitled to a local vendor preference. The local vendor preference will result in Respondent(s) receiving an additional five (5) points to their score.

A local vendor is defined as a Respondent who:

- a) Has had a fixed office or distribution point located in and having a street address within Kern County for at least six (6) months immediately prior to the issuance of this RFP
- b) Holds any required business license by the county or a city within the county; and
- c) Employs at least one (1) full-time or two (2) part-time employees whose primary residence is located within Kern County, or if the business has no employees shall be at least fifty percent (50%) owned by one or more persons whose primary residence is located within Kern County.

This local vendor preference shall not apply to any contracts funded in whole or in part with federal or state funds which do not allow the use of local preferences, or any other contracts which are statutorily or otherwise precluded from the use of local preferences during the selection process.