



**MENDOCINO COUNTY EMPLOYEES
RETIREMENT ASSOCIATION**

**Request for Proposal for
General Investment Consulting Services**

Submission Deadline:

September 28, 2018

I. INTRODUCTION

Mendocino County Employees Retirement Association (MCERA or the Association) is a public retirement system organized under and governed by the County Employees Retirement Law of 1937 (1937 Act), codified as California Government Code §31450 et seq. Under provisions of the 1937 Act, management of MCERA, including general administration, disability matters and control of investment assets, is vested in the Board of Retirement (Board). The Board is composed of nine members and one alternate. MCERA funding is generated from three sources: earnings on investments, employer contributions, and employee contributions.

Members of MCERA are the retired and active employees of the County of Mendocino; Mendocino County Superior Court of California, and the Russian River Cemetery District. Members are classified as General, Safety or Probation members. The 1937 Act provides for a defined benefit retirement system and the benefits are set by statute. The types of benefits provided to members are service retirement, disability retirement (both service and non-service connected), death benefits, and survivor's benefits.

As of June 30, 2017 there were 1,123 active members, 479 inactive members, and 1,462 retired members and beneficiaries. MCERA administers 10 retirement tiers, each with slightly different benefit factors. As of March 31, 2018, market value of MCERA's net assets was \$519 million. The portfolio is managed by outside investment managers. One exception being MCERA's office building which is directly owned by the association. The Board has adopted the asset allocation policy and investment manager structure shown below:

Asset Class	Target	Managers
Large Cap Domestic Equity	26.6%	Boston Partners Large Cap Value Harbor Capital Appreciation Vanguard S&P 500 State Street Global Advisors S&P 500 Equal Weight
Mid Cap Domestic Equity	5.7%	Fidelity Low Priced Stock Janus Henderson Enterprise
Small Cap Domestic Equity	5.7%	PGIM QMA Small Cap Value AB US Small Cap Growth
International Equity	29%	American Funds EuroPacific Growth Harbor International Oakmark International Mondrian International T. Rowe Price International Small Cap Investec EME
Fixed Income	22%	Dodge and Cox Income

		PIMCO Total Return
Real Estate	11%	RREEF America REIT II Barings Core Property Fund
Totals	100%	

II. PURPOSE AND SCOPE OF SERVICES

The MCERA Board is seeking a qualified firm to provide comprehensive full-retainer, general investment consulting services. The selected investment consulting firm will report to the Board. The selected firm will work closely with the Board and staff. The selected firm will demonstrate extensive experience and superior capability for providing those investment consulting services that are critical to the success of a public pension system.

Broadly speaking, the selected firm will assist the Board by providing independent investment policy and management advice to cost-effectively improve long-term portfolio performance while mitigating risk. MCERA's investment consultant will serve in a fiduciary capacity and will acknowledge in writing the firm's fiduciary status, without qualification. In all cases, the firm and its consultants will offer advice to the Board that is solely in the interest of the plan participants and beneficiaries of MCERA.

The services required include, but are not limited to, the following:

A) Investment Policy and Asset/Liability Studies:

1. Conduct an annual comprehensive review and analysis of investment policies, objectives, asset allocation and portfolio structure, and recommend changes, if appropriate. Review and update the system's investment policy statement.
2. Work with staff and the actuary to conduct an asset/liability study of the fund at least every three years, including recommending methodologies, assumptions, asset classes for consideration, and alternative asset allocations.
3. Develop an appropriate investment management structure for the system and each asset class that considers the role of active versus passive strategies and investment management styles under different market conditions.
4. Analyze the investment characteristics of available asset classes and the risk/return potential of alternative asset mix policies.
5. Develop policies, guidelines and procedures for rebalancing the asset mix.
6. Advise the Fund about new developments in investment management techniques and portfolio management strategies. Analyze how new techniques and strategies might improve the investment program and whether they should be implemented.
7. Provide advice and recommendations on various other investment policy issues including, but not limited to: currency management, derivatives, rebalancing, use of soft dollars, securities lending, proxy voting, etc.

B) Investment Manager Oversight, Search, and Selection:

1. Provide advice and recommendations on investment manager allocation and structure, manager mandates and performance benchmarks.
2. Provide on-going monitoring and oversight of investment managers to ensure compliance with laws and regulations, investment policies and manager mandates.
3. Facilitate and/or participate with staff in annual investment manager meetings to discuss performance, product, and organizational issues.
4. Advise on manager retention/termination and assist in developing a manager monitoring procedure.
5. Provide investment manager search and selection services including RFP issuance if appropriate.
6. Assist with negotiating appropriate investment management fees and with monitoring and evaluating manager trading and transaction costs, where applicable.

C) Performance Evaluation and Reporting:

1. Compare the investment performance of the total fund, asset classes and investment managers to relevant benchmarks and “peer group” samples.
2. Conduct performance attribution analysis to determine the value added by investment policy, asset allocation and security selection.
3. Present performance reports on a quarterly basis to the Board and provide a preliminary monthly performance report for the Board’s review.
4. Recommend appropriate performance benchmarks for the total fund, each asset class, portfolio composite and investment manager.
5. Provide access to performance evaluation and attribution analytics, tools and software.
6. Coordinate with the custodian bank to access monthly and quarterly investment activity.

D) Client Service and Education:

1. Attend four (4) regular monthly meetings of the Board a year to present quarterly performance reports. Additional attendance in person or via video conference will also be required at regular or special meetings involving relevant investment matters.
2. Prepare and present quarterly reports on investment performance.
3. Coordinate effectively with staff, the actuary and the custodian bank.
4. Respond to inquiries between meetings in an appropriate and timely manner.
5. Report any significant changes in the firm’s ownership, organizational structure and

personnel in a timely manner.

6. Assist with occasional special projects as needed.
7. Provide all other investment advisory-related services as requested.
8. Provide education to Board and staff on investment issues and participate in ad hoc workshops as requested by the Board.
9. Make available all firm research, including proprietary research, and ensure research staff are available for consultation with MCERA representatives.

E) Review, Selection and Search for Other Investment-Related Vendors:

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

III. TIMELINE

The proposed timeline for this request for proposals (RFP) is as follows:

Deliverables	Date
Release of RFP	August 17, 2018
Questions from Vendor Due	August 24, 2018
Answer to Vendor Questions Posted	August 31, 2017
RFP Submission Deadline	September 28, 2018
On-Site Interviews (if needed)	October 22-24, 2018
Finalist Presentations and Board Selection	November 7, 2018 or December 12, 2018

MCERA reserves the right to modify this schedule at any time.

IV. MINIMUM QUALIFICATIONS

The proposing firm must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.

1. The firm must provide investment consulting services to clients with aggregate assets totaling at least \$15 billion.

2. The primary consultant assigned to the MCERA account must have a minimum of five (5) years experience providing domestic and international investment consulting services to public and/or private pension plans, the last three years of which must have been with present firm or team.
3. As of December 31, 2017, the firm or team must have been in business at least three (3) years.
4. As of December 31, 2017, the firm must have at least two (2) public pension fund clients, one of which must have assets in excess of two (2) billion U.S. dollars.
5. The firm must agree in its contract to (i) serve as a fiduciary with respect to its services and (ii) defend, indemnify and hold harmless MCERA (and its indemnified parties) for claims, expenses, losses, damages, etc. related to acts or omissions by the firm that are not consistent with the fiduciary standard of care, breaches of representations and warranties, and material misrepresentations.
6. The firm must carry Errors and Omissions coverage or must have applied for it by the submission date of the RFP.
7. The firm must provide its own work facilities, equipment, supplies and support staff to perform the required services.
8. The firm must agree to disclose all conflicts of interest, all sources of revenue and all affiliations.

V. GENERAL CONDITIONS OF PROPOSAL SUBMISSION

- A.** All proposals submitted become the property of MCERA. Should a Proposer wish to withdraw its proposal, a written letter must be received by MCERA.
- B.** There is no expressed or implied obligation for MCERA to reimburse responding firms for any expenses incurred in preparing proposals in response to this request. Costs for developing proposals are entirely the responsibility of the Proposer and will not be chargeable to or reimbursable by MCERA.
- C.** The information submitted in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (California Government Code Section 6250 et. seq.) and the Brown Act (California Government Code Section 54950, et. seq.) (collectively, the Acts). The Acts provide generally that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by its Board and Committees, unless specifically exempted under one of several exemptions set forth in the Acts. If a respondent believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the respondent must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPIETARY" in their entirety will not be honored, and MCERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPIETARY," a respondent represents it has a good faith

belief that the material is exempt from disclosure under the Acts; however, such designations will not necessarily be conclusive, and a respondent may be required to justify in writing why such material should not be disclosed by MCERA under the Acts.

MCERA will use reasonable means to ensure that material marked “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPIETARY” is safeguarded and held in confidence. MCERA will not be liable, however, for disclosure of such material if deemed appropriate in MCERA’s sole discretion. MCERA retains the right to disclose all information provided by a respondent.

If MCERA denies public disclosure of any materials designated as “TRADE SECRETS,” “CONFIDENTIAL,” or “PROPIETARY”, by submitting a proposal, the respondent agrees to reimburse MCERA for, and to indemnify, defend and hold harmless MCERA, its Board and Committee members, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses including without limitation attorneys’ fees, expenses and court costs of any nature whatsoever (collectively, Claims) arising from or relating to MCERA’ non-disclosure of any such designated portions of a proposal; and
 2. Any and all Claims arising from or relating to MCERA’ public disclosure of any such designated portions of a proposal if MCERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.
 3. All respondents are advised that fee proposals and related pricing information submitted in a response to this RFP (i) will be disclosed if sought in a public records request, even if marked as confidential trade secrets, and (ii) also may be disclosed and discussed at a public meeting of the MCERA Board if the Board so directs, even in the absence of a public records request.
- D.** All proposals must remain valid for a period of not less than 90 days from the submission. This includes pricing as well as nominated engagement staff.
- E.** MCERA reserves the right to retain all proposals submitted and to use any ideas in a proposal regardless of whether that proposal is selected.
- F.** MCERA may, in its sole discretion, enter into contracts with multiple providers.
- G.** MCERA reserves the right to contact current and former clients of the Proposer for information at any time during the proposal process.
- H.** MCERA reserves the right to accept or reject any or all proposals and may waive any requirements of this Request for Proposal if it deems it in the best interests of MCERA.
- I.** MCERA reserves the right to contact individual Proposers for clarifying information at any time during the proposal process.
- J.** MCERA may modify the RFP prior to the fixed date for submission of proposals by

issuance of an addendum.

VI. PROPOSAL CONTENTS

A. General Firm and Organizational Information

1. Please list your firm's complete name, address, telephone and fax numbers. Include the name and title of your proposed primary consultant and the location from which the consulting work will be done.
2. Please provide a brief history, going back to inception, of your firm and your parent organization. Within the past three (3) years, have there been any significant developments in your organization, such as changes in ownership, restructuring, or personnel reorganizations? If your firm anticipates any near term changes in its corporate structure, organization structure, leadership, location, or professional staffing, please indicate the nature of such prospective changes.
3. Describe the ownership structure of your organization giving specific details with regard to your parent and any affiliated companies. Include an ownership organizational chart showing this structure. Show and describe, if any, the distinct lines of business of your firm and your parent if any, which are in addition to your investment consulting line of business. How many employees are involved in each line of business?
4. Please provide the percentage break down of your firm's revenue sources by distinct lines of business. Of the total firm-wide revenue, including parent and affiliated companies, what percentage is from organizations that provide investment services to institutional or retail investors?
5. Are there any circumstances under which your firm, or any individual in your firm, remits or receives compensation, finder's fees or any other benefit to or from investment managers or third parties? If so, what is the extent of these payments in relation to the firm's other revenue?
6. Is your firm, its parent, or affiliate a registered investment advisor with the SEC under the Investment Advisors Act of 1940? If not, what is your fiduciary classification? Please include ADV Part I and II. (Identify as Appendix Exhibit)
7. Are there any circumstances specifically related to your investment consulting activities under which your firm, its officers, or employees receive direct or indirect compensation from investment managers? If so, describe in detail.
8. Does your firm, its parent, or affiliate sell information or any other services to investment managers? If so, describe in detail.

B. Client Communications and Service

1. Provide an organizational chart, across all offices, of the investment consulting portion of your firm's business. List the number of employees, professional and support, in each function and/or location.
2. Identify and describe the client-facing services team that will be assigned specifically to MCERA. Provide succinct one-paragraph biographical sketches of each of the key 3-6

personnel that would interact most frequently with our staff and trustees. Include both field consultants and home office support personnel who would actually prepare reports for us most frequently. For these personnel, provide a table showing the number of public plans versus other types of clients now served by each, and the number of meetings each person will be committed to attend at MCERA annually.

3. Will any client-facing personnel have schedule conflicts with MCERA customary Board meetings which are now scheduled to be held on the third Wednesday of each month? Identify any other clients with the same meeting dates or adjacent meeting dates that would make attendance in person or via video conference with MCERA unfeasible, by the named field consultant.
4. Provide (as Appendix Exhibits) examples of MCERA-relevant reports that your client-facing personnel have prepared for other clients. As part of your response, we expect our general consultant to:
 - A. Lead selected discussions of macro and asset-class portfolio strategy and provide supportive research
 - B. “Set up” investment manager finalist presentations and deliberations in collaboration with staff and
 - C. Address specific investment issues or questions raised by the Board or staff.

To address these points, please provide (In an Appendix Exhibit) specific examples of your proposed lead consultant’s work products that are related to these points. Explain who prepared each.

5. Assuming you conduct client service/satisfaction surveys, provide a table showing the comparative results over the past 3-4 years. Where have you improved and where have you declined in ratings on these, and what has management done to address these?
6. Beyond your general client conferences, what training opportunities could your firm offer to MCERA staff to sharpen their analytical abilities, technical investment acumen, and ability to formulate decision-useful reports?
7. Describe any other educational opportunities provided to your client’s trustees and staff. Give details on whether one-on-one, classroom or seminar environments are available. Are your internal employees or external resources used?
8. Below the partner/principal/MD level, how do you reward or compensate key employees for superior client service? What feedback do they receive from clients as part of that process?
9. List senior staff hires and departures over the last three (3) years. For departures indicate the reason for the departure.
10. Using the format below, please list the number of full-retainer clients currently served by your firm (by asset size and by type) across all offices:

Type of Clients	Under \$1 billion	\$1 - 5 billion	\$5 - 15 billion	\$15 - 50 billion	Over \$50 billion
-----------------	-------------------	-----------------	------------------	-------------------	-------------------

California 1937 Act Retirement Sys.					
Other Governmental					
Union/Taft-Hartley					
Corporate					
Endowment					
Foundation					
Hospital					
Other					

11. Please provide your employee breakdown:

Staffing Group	Number of Employees
Field Consultants	
Risk Management	
Performance Analysts	
Other Research	
Administrative and Support Staff	
Other	

C. Clients

1. Please provide a list of your current clients with similar qualities, principles, and constraints as MCERA. Please provide the name of the contact, title, and telephone number of relevant current client references.
2. Please give details on the number, name and asset values of any terminated client relationship in the last three years, with reasons for the termination. Please provide the name of the contact, title, and telephone number for these terminated client relationships.
3. Please provide details on the number, name, and asset values of any new client relationships gained in the last three years. Please provide the name of the contact, title, and telephone number of all clients who have hired your firm since July 31, 2015.

D. Research Capability, Staffing and Processes

1. Describe the firm's research organization and your division of labor. What is the process for identifying investment manager candidates, qualifying/vetting them, and providing manager research to your client's professional staff?
2. Provide a list of research personnel dedicated entirely to each of the following categories:
A. Public markets equity: domestic and international/global B. Real estate C. Private equity

D. Bonds and credit i. Specifically identify those assigned to private/direct lending. E. Hedge funds. F. Asset allocation and portfolio strategy. G. Other real assets including infrastructure, natural resources, and agriculture.

3. Provide a table showing the tenure of your research personnel by relevant categories in your business model. How many have worked for your firm under 2 years, 2-5 years, 5-10 years, and over 10 years? In italics and parentheses, also provide the average years of actual industry-wide investment research experience of the individuals in each of the cells in that table.
4. How do you evaluate performance of research personnel? How do you reward superior research work by individual analysts?
5. Explain your internal research team's best work product relevant to MCERA so far in 2018. The best in 2017? And what were their two worst client-money-losing products or strategies in 2016 & 2017; why and what did you learn/fix? Focus on MCERA-relevant research, please.
6. What ongoing metrics do you systematically maintain to measure decision-useful post-hoc performance results of managers that your clients select and terminate?
7. Do you provide any customized computer-based analytical tools to your clients? Describe the services the firm provides clients over the Internet that would be available to MCERA.

E. Asset Allocation, Modeling and Portfolio Structure

1. Discuss in detail the theory and methodology of the asset allocation models the firm employs. How does the firm develop input data for the models employed? How would you involve MCERA's staff and trustees in the process? How are the association's liability structure, funding level, and changes in the contribution level incorporated? Please discuss your capability for analyzing liabilities. Provide a sample asset/liability report preferably for a public pension plan as an Appendix Exhibit.
2. Please describe the firm's experience and capability for performing asset allocation studies for a defined benefit plan. Can you conduct these studies annually? What type of follow-up or review would the firm provide between studies?
3. Explain your firm's primary inputs to your current asset allocation model. Discuss at a minimum, expected returns, standard deviations and correlation coefficients for all significant and relevant asset classes or categories for which your firm has developed inputs (you may cross-reference an Appendix Exhibit if preferred).
4. Describe your firm's view on ESG integration? Can funds that integrate ESG factors into their investment process enhance risk adjusted performance? If yes, what evidence can you provide to back up that claim? If no/inconclusive, why doesn't material sustainably practices, shown to improve business level performance in academic studies, not translate to improved performance at the fund level? In your firm's opinion, is the integration of ESG factors into the investment process consistent with the fiduciary duties of investors? If yes, what evidence can you provide to support that claim. If no or "it depends", what evidence would you need to support that claim in the majority of cases?
5. Identify two of MCERA's asset classes/categories for which you would expect to make

immediate recommendations for changes, and explain your rationale and the advantages of your recommendation.

6. Within MCERA's current portfolio structure, please identify two segments within which you would recommend a change/tweak/restructuring of the segment, to either modify the configuration or the underlying managers. Explain your rationale and the benefits you expect.
7. In your view, should we establish an infrastructure allocation in our portfolio? Explain why or why not. Include quantitative and cyclical-risk factors that are relevant.
8. Based on your firm's current 2018 model for expected returns of asset classes and categories/strategies, and MCERA's current "2018" asset allocation as shown in this RFP document (pages 1 - 2): What would be your firm's projected pro forma expected portfolio-wide returns net of fees, in real and nominal terms, given our portfolio size, for:
 - A. 5-7 or 5-10 years (your choice of intermediate periods),
 - B. 20 or 30 years (again your choice of long periods.)

Present your answers in a 2x2 data table, with time period labels at the top and real/nominal labels on the vertical axis.

9. MCERA presently allocates 13.3% of its portfolio to passive strategies. Would you recommend changes to MCERA's current allocation to passive strategies? Would MCERA benefit from passive exposure in the international/global space? Explain your rationale and the benefits you expect from any changes.
10. Would you advocate enhanced indexing or smart beta for MCERA? Why or why not?
11. MCERA employs the growth-value portfolio construction in much of its portfolio. The growth-value pairing dynamic often means one manager lags the other or the broader market in terms of performance and often tests the patience and fortitude of fund holders. Where in our portfolio would you recommend we eliminate the growth – value structure? Where would you retain the growth – value structure? Explain your reasoning. What other manager structures or portfolio construction techniques could MCERA adopt to alleviate the potential for behavioral mistakes while retaining similar risk and return expectations?
12. What is your best longer-term investment thesis for MCERA that will require patience (or at least several years) to implement? Why would this particularly benefit MCERA over the next decade.

F. Real Estate and Alternative Investments

1. Discuss your firm's expertise with respect to real estate. Describe your firm's real estate investment philosophy and process. Please include your approach to formulating goals and objectives, and a description of the modeling concepts and methodology used to perform real estate asset allocation modeling.
2. Outline your process for providing a continuous review of your client's real estate investment strategy, portfolio mix, advisor/manager and real estate fund performance evaluation.

3. Describe how benchmarks are chosen for real estate investments and how performance is compared to similar portfolios. Can you provide customized benchmarks? Is MCERA's current real estate benchmark appropriate?
4. Provide us your assessment of our real estate strategy at the portfolio level. What changes would you make to our real estate allocation, if any? Explain your reasoning. Would you recommend we retain our direct investment in MCERA's office building? What tools or resources can you offer to evaluate the risk and return of direct real estate investments that properly account for the internal resources needed to manage such assets?
5. What differentiates your firm from your competitors in terms of real estate investment expertise? What are your firm's limitations? In terms of real estate investments, why should MCERA hire your firm rather than your competitors? Please list your top five (5) general investment consulting competitors who also have extensive experience and deep knowledge in the area of real estate.
6. What investments does your organization consider to be alternative investments? Of those, on which ones does your organization consult? Please rank your firm's level of expertise by alternative investment categories/classes. (e.g 1. private equity, 2. real estate, 3. commodities, etc.) Please substantiate your ranking.
7. How does your organization identify top tier alternative investment firms?
 - A. Explain your relationship with these groups.
 - B. Provide a list of top tier managers your organization monitors.
 - C. What qualifies a firm to be categorized as "top tier"?
 - D. Describe your clients' success in gaining access to these funds.
 - E. Describe the success rate of clients the size of MCERA gaining access to these funds.
8. Explain how your firm views the prospective risk-return characteristics and comparative advantages/disadvantages of private equity versus public equities (differentiating between buyouts and venture etc if you wish) in light of leverage and fees. Given MCERA's size would an allocation to private equity be prudent? Please specifically address concerns of fees, particularly for FoFs, and gaining access to top tier funds.

G. Performance Analytics and Reporting

1. What are the databases and applications you routinely use for performance analysis and reporting? Describe features and functionality that are distinctive to your firm, and how they would benefit MCERA staff and trustees as two distinct user groups with differing technical competencies.
2. Describe the content and format of your firm's quarterly performance reports for the total fund, major asset classes, and individual investment managers. Provide a sample report for one of your firm's clients that is structured similarly to MCERA. (cross-reference as Appendix Exhibit)
3. Can these reports be customized to accommodate MCERA-specific information needs? Are there charges for these additional information requests? Within what time frames can these requested changes be implemented?

4. What is the anticipated availability dates for each performance report in terms of the number of calendar days after MCERA's custodian provides investment activity for the portfolio and individual funds.
5. Describe your firm's source of comparable plan sponsor returns. Indicate the size (#'s and \$'s), composition (#'s and \$'s), and data compilation method.
6. Using the MCERA target policy allocation, discuss your methodology for quantifying the active return performance objective, active return contribution to performance, target tracking error and target information ratio for the various public asset classes. If you have better metrics, explain what comparable alternative metrics you employ for various asset classes and categories.
7. Tell us what we don't now receive in our consultant's performance reports that you can provide as clear, decision-useful improvements for both staff and trustees.
8. How do you report "manager alpha" to clients on a regular basis and how would you improve on this dimension of the reports MCERA now receives?

H. Manager Selection, Monitoring and Termination

1. Please describe the firm's experience and capability for sourcing and conducting manager searches. Describe the firm's process from beginning to end. Include the resources the firm would use and the individuals that would be involved in the process.
2. Does your firm maintain an in-house database of investment managers? If not, from what vendor do you purchase the database? How many managers are contained in the database? What asset classes are covered? Can clients access the database?
3. How many client-driven manager searches, by asset class, have you completed within the last 12 months? How many searches have been completed for public pension clients? Describe in detail your firm's process and criteria for the evaluation and selection of investment managers. Give a separate list of any other specific criteria and filters you use to screen your database. Detail some of the key issues you would examine in the process. Include an example of a manager search report with your response. (Identify as Appendix Exhibit).
4. Please discuss the firm's criteria for recommending the selection of investment managers. Is there any unique information or process your firm uses that assists you in identifying managers that will perform well going forward, other than those that have performed well in the recent past? What evidence do you have of your ability to identify a superior investment manager? What reports will you present to MCERA to show us whether managers sourced by your firm have added value?
5. What is your quantified, demonstrated success rate in identifying managers who outperformed their return targets net of fees, AFTER selection by your clients? Provide specific, comprehensive data that is honestly depictive and representative of your firm's broader client base, either overall or for public pension funds. What is your quantified, demonstrated success rate in timely eliminating unstable and underperforming managers? Summarize/display your systematic evidence of manager underperformance AFTER the recommendation/decision to deselect/ terminate. As with the previous item, anecdotal responses have limited credibility here, but may be better than nothing.

6. For most manager searches, MCERA begins the process with a manager profile developed by the consultant and a preliminary universe of qualifying manager candidates identified by the consultant. From there, staff interviews semi-finalists as we typically work together in collaboration to make appropriate recommendations for two or more finalists. When appropriate, MCERA may source a manager through an RFP or RFI process. Would your firm include a manager RFP as part of the full retainer flat fee? If not, what is the range of the additional fee? How would you go about providing independent due diligence for an RFP finalist that is not already a part of your qualified manager list? What limitations or qualifications, if any, would there be in your due diligence report of an emerging or unfamiliar manager?
7. Describe how your firm or your vendor gathers, verifies, updates and maintains the manager data collected for the database.
8. If you maintain an in-house manager database, do you sell it to third parties? How do you receive compensation?
9. Discuss your custodian bank/trustee search capabilities and procedures. How many of these searches have you performed/assisted in the last three (3) years? What percentage of your searches resulted in a custodian change? Who won the most take-aways in this period?

I. Standards of Conduct and Compliance/Regulatory Matters

1. Describe your compliance function and staffing. Describe your compliance processes as they relate to research personnel and your field consultants serving MCERA.
2. Does your firm have a written Code of Conduct or a set of standards for professional behavior? (Identify as an Appendix Exhibit.) If so, how are they monitored and enforced?
3. Does your firm follow the CFA Institute's Code and Standards? If so, how is employee compliance monitored?
4. How are consultants' recommendations to clients reviewed and monitored by your organization for compliance? How does your firm maintain consistency in consultant recommendations? Conversely, how do you facilitate customization while maintaining quality control?
5. Within the last five (5) years, has your organization or an officer or principal been involved in litigation or other legal proceedings relating to your investment consulting assignments? If so, please provide an explanation and indicate the current status.
6. Other than broad industry sweeps, has your firm ever been investigated, disciplined or censured by any regulatory body? Any of your employees? If so, please describe the situation.

J. Ethical Practices and Conflicts of Interest

1. Based on the list of investment managers (refer to the MCERA table on Pg. 1) currently managing assets for MCERA, please disclose any business your firm, affiliates, or parent company does with any of our investment managers.
2. Provide a complete explanation of any direct contractual relationships that your firm,

affiliates, or parent company has with any investment management firm **not** currently retained by MCERA.

3. How does your firm identify and manage conflicts of interest? Are there any potential conflicts of interest issues your firm would have in servicing MCERA? If so, please describe them.
4. Does your firm or any affiliates provide investment management, brokerage, trust or actuarial services? If yes, how does your firm protect against conflicts of interest? Would your organization notify a client of any apparent or potential conflict of interest, regardless of whether it was required by regulations?
5. What is your firm's policy on soft dollar payments? What percentage of your clients have soft dollar arrangements with your firm?
6. Does your firm hold or sponsor money manager or client conferences? Please describe and quantify categorically all conferences your firm has held or sponsored in the past two (2) years.
7. Do you host or sponsor "pay to play" or "clients4free but managers pay" conferences? Manager-dominated events that produce revenue for you? Do any managers represent that they are "sponsored" by you?
8. Describe any potential conflicts in your business model for public funds manager selection and oversight, and how you manage those. What media headlines or reputational issues, if any, has your firm experienced in this area, over the past decade and what have you done about it?
9. Identify all negative media or online articles mentioning your firm that are readily retrieved and/or viewed from a basic web search, and explain both sides of the story so that we understand all pertinent issues. Provide a copy of each incident or issue, as an Appendix Exhibit.
10. Other than your own client-conference meals, and multi-vendor-sponsored pension-conference dinners, have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any MCERA Board or staff during the past twelve (12) months? If yes, please describe the amount of expenses and what it was for.
11. Disclose and describe any direct or indirect business, advisory, consulting, professional, political or financial relationship you have had with any MCERA plan sponsors, stakeholder organizations or legislative oversight bodies during the past three (3) years.
12. Are there any circumstances under which your firm or any individual in your firm receives compensation, finder's fees, soft dollars, direct or indirect services or any other benefit from investment managers or third parties? If yes, please describe in detail.
13. Attest whether your firm agrees that neither the firm nor any employee or owner of the firm will receive any commission or fee, directly or indirectly, arising from securities in which MCERA invests.
14. Attest whether your firm has paid any "finder's fees" or commissions to any individuals not employed by the firm as it relates to this investment consultant search.

15. Attest whether your firm maintains and enforces an ethics code that prohibits employees from front-running or leveraging client decisions for personal inurement, and describe the compliance process that assures this. Provide an excerpt from your applicable policy here.
16. Attest whether your firm's personnel have discussed any items pertaining to this RFP, including bid strategy, fee proposals and/or Questionnaire responses, with a potential or known competitor or an MCERA Board member prior to submitting this proposal. Disclose the substance and date of any and all such incidents.

K. Insurance, Liability and Disaster Recovery

1. Please describe the levels of coverage for error and omissions insurance, general business liability insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers by category, and their policy limits both aggregate and per client.
2. What client, investment-manager or employment-practice claims been made or paid by your insurance carriers in the last five (5) years? Provide an explanation and indicate the current status.
3. Describe your business continuity (BC) plan, capabilities and facilities. When was your BC plan last tested and what did you learn/fix? In addition, please describe in detail your firm's cybersecurity recovery plan.

L. Other Information

1. Please describe your firm's legal resources, both in-house and external consultants, if retained.
2. Please provide any other information you feel would be necessary to gain a complete understanding of the firm or the services it provides.

M. Fee Proposal

1. Please provide a full retainer fee schedule based on a five-year contract period (assume quarterly in arrears payments) for general consulting services. Use the form and instructions provided in Appendix A. There is a mandatory flat-fee and optional a la carte pricing. All proposers must provide a fee quote on a flat-fee basis. A CPI escalator is assumed in year 3-5 with year 2 as the base. Fee proposals are subject to public records requests.

N. Proposed Contract Amendments

1. A sample contract is attached to indicate the type of agreement contemplated and to set forth some of the general provisions that MCERA anticipates including in the final agreement(s). In submitting a proposal, the Proposer will be deemed to have agreed to each clause unless the proposal identifies an objection, sets forth the basis for the objection, and provides substitute language to make the clause acceptable to the Proposer. Any proposed revision is subject to additional review and may not be added unless MCERA determines in its sole discretion that the performance of the services under the contract is dependent upon such changes. The sample contract provisions are contained in Appendix B.

VII. PROPOSAL SUBMISSION AND EVALUATION PROCESS

A. Contact

Judy Zeller
Mendocino County Employees Retirement Association
625-B Kings Court
Ukiah, CA 95482
retirementassociation@mendocinocounty.org

- B. Need to Modify RFP.** If any ambiguity, conflict, discrepancy, omission or other error is discovered in this RFP, notify MCERA, attention Judy Zeller, in writing. If MCERA deems it necessary, modifications will be made by addenda issued to all participating respondents and posted on MCERA's website.
- C. Proposal Submission.** Proposals must be received by: 12:00 p.m., Pacific Time on September 28, 2018. Late proposals will not be accepted. On the outside of the sealed response package, clearly mark:

Response to RFP for General Investment Consultant Services

Please submit 2 printed sets of the proposal and related information plus a USB Flash Drive containing a complete electronic copy of the proposal and related information to:

Judy Zeller
Mendocino County Employees Retirement Association
625-B Kings Court
Ukiah, CA 95482

Additionally, proposers should e-mail an electronic version of the proposal and related information to retirementassociation@mendocinocounty.org.

D. Proposal Organization. Proposals should be organized in the following manner:

1. Cover Letter stating that the proposal is complete as submitted. All prices, cost schedules, and/or other factors contained in the proposal are valid for 90 days from the proposal closing date and must include the signature of the representative(s) who are authorized to legally bind the proposer.
2. Table of Contents
3. Executive Summary
4. General Firm and Organizational Information
5. Client Communications and Service
6. Clients
7. Research Capability, Staffing and Processes

8. Asset Allocation, Modeling and Portfolio Structure
9. Real Estate and Alternative Investments
10. Performance Analytics and Reporting
11. Manager Selection, Monitoring and Termination
12. Standards of Conduct and Compliance/Regulatory Matters
13. Ethical Practices and Conflicts of Interest
14. Insurance, Liability and Disaster Recovery
15. Other Information
16. Fee proposal
17. Proposed Contract Amendments
18. Appendix

E. Proposal Review. MCERA will review and evaluate the proposals. MCERA anticipates selecting one or more firms as finalists in November or December 2018. The evaluation criteria will be the following:

- Qualifications – Firm’s ability to meet the qualifications.
- Ability – The firm’s ability to provide the requested services.
- Related Experience – The firm’s demonstrated, related experience in providing services comparable to the Board’s needs. Expertise in all aspects of general investment consulting, preferably as it relates to public entities and the 1937 Act.
- Assigned Individuals – The credentials and experience of the person(s) who would be assigned to MCERA’s account.
- Fee Proposal – The fee structure proposed by the firm.
- General quality and adequacy of response, including completeness of response, conformity to terms and conditions.
- Quality of references – Level of satisfaction of present and/or former clients.
- Other Factors – Any other factors that would be in the best interest of the Board to consider which were not previously described.

F. On Site Interviews. MCERA may schedule on site interviews of the finalists October 22-24, 2018. Note that there may not be any on site interview and each proposal is expected to be complete in and of itself.

G. Notification of Contract Award and Start Date Notification. MCERA’s decision to award

a contract for general investment consultant services will be by e-mail in November or December, 2018.

APPENDIX A FEE SCHEDULE

The consultant must state a firm, fixed price for general investment consulting services as described herein, in accordance with the terms and conditions of this document.

Flat Fee for Year 1	Flat Fee for Years 2 – 5 with CPI indexing for Years 3-5, using Year 2 as baseline	Optional A la carte, unbundled pricing subject to a NTE maximum fee in Year 1	A la carte unbundled pricing subject to flat maximum NTE fee in years 2-5 (no CPI indexing)
\$	\$	NTE: \$_____ in Year 1	NTE: \$_____ in Year 2-5
	(optional) Use this column to name specific services to be priced in your unbundled fees in adjoining columns.	Insert specific rates for unbundled pricing here and in additional rows as needed.	Insert specific rates for unbundled pricing here and in additional rows as needed.

Mandatory flat-fee (with CPI escalator in Years 3-5) and optional a la carte pricing: All proposers MUST provide a fee quote on a flat-fee basis. The flat fee for Year 1 of the engagement may be higher than following years to account for transitional expenses associated with setting up a new relationship, initial asset allocation and asset/liability studies, portfolio restructuring and manager searches, and manager replacements that often occur in the first year of a multi-year consulting engagement. MCERA will expect to compensate all consultants with a CPI-based fee increase in Years 3-5 using Year 2 flat fees as the basis for inflation escalation.

Bidders may ***electively*** quote or decline *a la carte* (unbundled) pricing for specific services (preferably using the provided schedule) subject to a not-to-exceed (NTE) price ceiling for each year that you must provide for Year 1 and Years 2-5 without CPI escalation. (i.e., your ceiling for this pricing can be higher in Year 1 if you provide an unbundled pricing option).

All respondents are advised that fee proposals and related pricing information submitted in a response to this RFP (i) will be disclosed if sought in a public records request, even if marked as confidential trade secrets, and (ii) also may be disclosed and discussed at a public meeting of the Investment Committee if the Committee so directs, even in the absence of a public records request. Firms who cannot accept this should not submit a response to this RFP.

**APPENDIX B
CONTRACT REQUIREMENTS**

**MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STANDARD SERVICES AGREEMENT**

This Agreement, dated as of _____, 2018, is by and between the Mendocino County Employees Retirement Association, hereinafter referred to as “MCERA”, and XXX, hereinafter referred to as the “Consultant”.

WITNESSETH

Whereas, MCERA may retain independent Consultants to perform special services to or for MCERA; and

Whereas, MCERA desires to retain Consultant for its general investment consultant services; and,

Whereas, Consultant is willing to provide such services on the terms and conditions set forth in this Agreement and is willing to provide same to MCERA.

Now, therefore it is agreed that MCERA does hereby retain Consultant to provide the services described in Exhibit “A”, and Consultant accepts such engagement, on the General Terms and Conditions hereinafter specified in this Agreement, the additional provisions attached hereto, and the following described exhibits, all of which are incorporated into this Agreement by this reference:

Exhibit A	Definition of Services
Exhibit B	Payment Terms
Exhibit C	Insurance Requirements

The term of this Agreement shall be from XX, 2018 through XX, 20XX.

WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

MCERA

By: _____

NAME AND ADDRESS OF MCERA:

James Wilbanks, Retirement Chief Executive Officer

625-B Kings Court

Ukiah, CA 95482

CONSULTANT/COMPANY NAME

By: _____

NAME AND ADDRESS OF CONSULTANT:

By signing above, signatory warrants and represents that he/she executed this Agreement in his/her authorized capacity and that by his/her signature on this Agreement, he/she or the entity upon behalf of which he/she acted, executed this Agreement

LEGAL COUNSEL REVIEW:

APPROVED AS TO FORM:

By: _____
Jeff Berk, Legal Counsel

GENERAL TERMS AND CONDITIONS

1. **INDEPENDENT CONSULTANT:** No relationship of employer and employee is created by this Agreement; it being understood and agreed that CONSULTANT is an Independent CONSULTANT. CONSULTANT is not the agent or employee of MCERA in any capacity whatsoever, and MCERA shall not be liable for any acts or omissions by CONSULTANT nor for any obligations or liabilities incurred by CONSULTANT.

CONSULTANT shall have no claim under this Agreement or otherwise, for seniority, vacation time, vacation pay, sick leave, personal time off, overtime, health insurance medical care, hospital care, retirement benefits, social security, disability, Workers' Compensation, or unemployment insurance benefits, civil service protection, or employee benefits of any kind.

CONSULTANT shall be solely liable for and obligated to pay directly all applicable payroll taxes (including federal and state income taxes) or contributions for unemployment insurance or old age pensions or annuities which are imposed by any governmental entity in connection with the labor used or which are measured by wages, salaries or other remuneration paid to its officers, agents or employees and agrees to indemnify and hold MCERA harmless from any and all liability which MCERA may incur because of CONSULTANT's failure to pay such amounts.

In carrying out the work contemplated herein, CONSULTANT shall comply with all applicable federal and state workers' compensation and liability laws and regulations with respect to the officers, agents and/or employees conducting and participating in the work; and agrees that such officers, agents, and/or employees will be considered as Independent CONSULTANTs and shall not be treated or considered in any way as officers, agents and/or employees of MCERA.

CONSULTANT does, by this Agreement, agree to perform his/her said work and functions at all times in strict accordance with all applicable federal, state and County laws, including but not limited to prevailing wage laws, ordinances, regulations, titles, departmental procedures and currently approved methods and practices in his/her field and that the sole interest of MCERA is to ensure that said service shall be performed and rendered in a competent, efficient, timely and satisfactory manner and in accordance with the standards required by MCERA.

Notwithstanding the foregoing, if MCERA determines that pursuant to state and federal law CONSULTANT is an employee for purposes of income tax withholding, MCERA may upon two (2) week's written notice to CONSULTANT, withhold from payments to CONSULTANT hereunder federal and state income taxes and pay said sums to the federal and state governments.

2. **STANDARD OF CARE:** MCERA has relied upon the professional ability and training of CONSULTANT as a material inducement to enter into this Agreement. CONSULTANT hereby agrees that all its work will be performed and that its operations shall be conducted in accordance with generally accepted and applicable professional practices and standards as well as the requirement of applicable federal, state and local laws, it being understood that acceptance of CONSULTANT'S work by MCERA shall not operate as a waiver or release.
3. CONSULTANT acknowledges that this Agreement places it in a fiduciary relationship with MCERA. As a fiduciary, CONSULTANT shall discharge each of its duties and exercise each of its powers under this Agreement (i) solely in the best interest of MCERA, and (ii) with the competence, care, skill, prudence and diligence under the circumstances then prevailing and 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, in conformance with the California Constitution, Article XVI, section 17, and California Government Code sections 31594 and 31595, and with the customary standard of care of a

professional consultant providing services for a U.S. employee pension trust (the above CONSULTANT duties constituting the "Standard of Care.") CONSULTANT shall cause any and all of its Agents to adhere to the same Standard of Care. CONSULTANT shall be liable to MCERA for any claim which arises from or relates to any failure by CONSULTANT or any of its Agents to exercise this Standard of Care.

4. **PERFORMANCE STANDARD:** CONSULTANT shall perform all work hereunder in a manner consistent with the level of competency and standard of care normally observed by a person practicing in CONSULTANT'S profession. CONSULTANT hereby agrees to provide all services under this Agreement in accordance with generally accepted professional practices and standards of care, as well as the requirements of applicable federal, state and local laws, it being understood that acceptance of CONSULTANT'S work by MCERA shall not operate as a waiver or release. If MCERA determines that any of CONSULTANT'S work is not in accordance with such level of competency and standard of care, MCERA, in its sole discretion, shall have the right to do any or all of the following: (a) require CONSULTANT to meet with MCERA to review the quality of the work and resolve matters of concern; (b) require CONSULTANT to repeat the work at no additional charge until it is satisfactory; (c) terminate this Agreement pursuant to the provisions of Article 4; or (d) pursue any and all other remedies at law or in equity.
5. **ASSIGNED PERSONNEL:** CONSULTANT shall assign only competent personnel to perform work hereunder. In the event that at any time MCERA, in its sole discretion, desires the removal of any person or persons assigned by CONSULTANT to perform work hereunder, CONSULTANT shall remove such person or persons immediately upon receiving written notice from MCERA. Any and all persons identified in this Agreement or any exhibit hereto as the project manager, project team, or other professional performing work hereunder are deemed by MCERA to be key personnel whose services were a material inducement to MCERA to enter into this Agreement, and without whose services MCERA would not have entered into this Agreement.

CONSULTANT shall not remove, replace, substitute, or otherwise change any key personnel without the prior written consent of MCERA. With respect to performance under this Agreement, CONSULTANT shall employ the following key personnel: XX.

In the event that any of CONSULTANT'S personnel assigned to perform services under this Agreement become unavailable due to resignation, sickness or other factors outside of CONSULTANT'S control, CONSULTANT shall be responsible for timely provision of adequately qualified replacements.

6. **INDEMNIFICATION:** CONSULTANT agrees to accept all responsibility for loss or damage to any person or entity, including MCERA, and to indemnify, hold harmless, and release MCERA, its officers, agents, and employees, from and against any actions, claims, damages, liabilities, disabilities, or expenses, that may be asserted by any person or entity, including CONSULTANT, that arise out of, pertain to, or relate to CONSULTANT'S or its agents', employees', contractors', subcontractors', or invitees' performance or obligations under this Agreement. CONSULTANT agrees to provide a complete defense for any claim or action brought against MCERA based upon a claim relating to such CONSULTANT'S or its agents', employees', contractors', subcontractors', or invitees' performance or obligations under this Agreement. CONSULTANT'S obligations under this Section apply whether or not there is concurrent or contributory negligence on MCERA's part, but to the extent required by law, excluding liability due to MCERA's conduct. MCERA shall have the right to select its legal counsel at CONSULTANT'S expense, subject to CONSULTANT'S approval, which shall not be unreasonably withheld. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for CONSULTANT or its agents under workers' compensation acts, disability benefits acts, or other employee benefit acts.

7. **INSURANCE AND BOND:** CONSULTANT shall at all times during the term of the Agreement with MCERA maintain in force those insurance policies and bonds as designated in the attached Exhibit C, and will comply with all those requirements as stated therein.
8. **WORKERS' COMPENSATION:** CONSULTANT shall provide Workers' Compensation insurance, as applicable, at CONSULTANT's own cost and expense and further, neither the CONSULTANT nor its carrier shall be entitled to recover from MCERA any costs, settlements, or expenses of Workers' Compensation claims arising out of this Agreement.
9. **CONFORMITY WITH LAW AND SAFETY:**
 - a. In performing services under this Agreement, CONSULTANT shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal, and local governing bodies, having jurisdiction over the scope of services, including all applicable provisions of the California Occupational Safety and Health Act. CONSULTANT shall indemnify and hold MCERA harmless from any and all liability, fines, penalties and consequences from any of CONSULTANT's failures to comply with such laws, ordinances, codes and regulations.
 - b. **Accidents:** If a death, serious personal injury or substantial property damage occurs in connection with CONSULTANT's performance of this Agreement, CONSULTANT shall immediately notify MCERA by telephone. CONSULTANT shall promptly submit to MCERA a written report, in such form as may be required by MCERA of all accidents which occur in connection with this Agreement. This report must include the following information: (1) name and address of the injured or deceased person(s); (2) name and address of CONSULTANT's sub-CONSULTANT, if any; (3) name and address of CONSULTANT's liability insurance carrier; and (4) a detailed description of the accident and whether any of MCERA's equipment, tools, material, or staff were involved.
 - c. CONSULTANT further agrees to take all reasonable steps to preserve all physical evidence and information which may be relevant to the circumstances surrounding a potential claim, while maintaining public safety, and to grant to MCERA the opportunity to review and inspect such evidence, including the scene of the accident.
10. **PAYMENT:** For services performed in accordance with this Agreement, payment shall be made to CONSULTANT as provided in Exhibit "B" hereto as funding permits.
11. **TAXES:** Payment of all applicable federal, state, and local taxes shall be the sole responsibility of the CONSULTANT.
12. **TRAVEL EXPENSES:** CONSULTANT shall not be allowed or paid travel expenses unless set forth in this Agreement.
13. **OWNERSHIP OF DOCUMENTS:** CONSULTANT hereby agrees to provide to a private, not-for-profit, successor and if there is none then assigns MCERA and its assignees all copyright and other use rights in any and all proposals, plans, specification, designs, drawings, sketches, renderings, models, reports and related documents (including computerized or electronic copies) respecting in any way the subject matter of this Agreement, whether prepared by MCERA, the CONSULTANT, the CONSULTANT's subconsultants or third parties at the request of the CONSULTANT (collectively, "Documents and Materials"). This explicitly includes the electronic copies of all above stated documentation.

CONSULTANT shall be permitted to retain copies, including reproducible copies and computerized copies, of said Documents and Materials. CONSULTANT agrees to take such further steps as may be reasonably requested by MCERA to implement the aforesaid assignment. If for any reason said assignment is not effective, CONSULTANT hereby grants MCERA and any assignee of the MCERA an express royalty – free license to retain and use said Documents and Materials. MCERA’s rights under this paragraph shall apply regardless of the degree of completion of the Documents and Materials and whether or not CONSULTANT’s services as set forth in Exhibit “A” of this Agreement have been fully performed or paid for.

CONSULTANT shall pay all royalties and license fees which may be due for any patented or copyrighted materials, methods or systems selected by the CONSULTANT and incorporated into the work as set forth in Exhibit “A”, and shall defend, indemnify and hold MCERA harmless from any claims for infringement of patent or copyright arising out of such selection.

MCERA’s rights under this Paragraph 12 shall not extend to any computer software used to create such Documents and Materials.

14. CONFLICT OF INTEREST: The CONSULTANT covenants that it presently has no interest, and shall not have any interest, direct or indirect, which would conflict in any manner with the performance of services required under this Agreement.
15. NOTICES: All notices, requests, demands, or other communications under this Agreement shall be in writing. Notices shall be given for all purposes as follows:

Personal delivery: When personally delivered to the recipient, notices are effective on delivery.

First Class Mail: When mailed first class to the last address of the recipient known to the party giving notice, notice is effective three (3) mail delivery days after deposit in a United States Postal Service office or mailbox. Certified Mail: When mailed certified mail, return receipt requested, notice is effective on receipt, if delivery is confirmed by a return receipt.

Overnight Delivery: When delivered by overnight delivery (Federal Express/Airborne/United Parcel Service/) with charges prepaid or charged to the sender’s account, notice is effective on delivery, if delivery is confirmed by the delivery service.

Facsimile transmission: When sent by facsimile to the facsimile number of the recipient known to the party giving notice, notice is effective on receipt, provided that, (a) a duplicate copy of the notice is promptly given by first-class or certified mail or by overnight delivery, or (b) the receiving party delivers a written confirmation of receipt. Any notice given facsimile shall be deemed received on the next business day if it is received after 5:00 p.m. (recipient’s time) or on a non-business day.

Addresses for purpose of giving notice are as follows:

To MCERA:	MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION 625-B Kings Court Ukiah, CA 95482 Attn: James Wilbanks, Retirement Chief Executive Officer
-----------	--

To CONSULTANT:	XX
----------------	----

Any correctly addressed notice that is refused, unclaimed, or undeliverable because of an act or omission of the party to be notified shall be deemed effective as of the first date that said notice was refused, unclaimed, or deemed undeliverable by the postal authorities, messenger, or overnight delivery service.

Any party may change its address or facsimile number by giving the other party notice of the change in any manner permitted by this Agreement.

16. USE OF MCERA PROPERTY: CONSULTANT shall not use MCERA property (including equipment, instruments and supplies) or personnel for any purpose other than in the performance of his/her obligations under this Agreement.
17. EQUAL EMPLOYMENT OPPORTUNITY PRACTICES PROVISIONS: CONSULTANT certifies that it will comply with all federal and state laws pertaining to equal employment opportunity and that it shall not discriminate against any employee or applicant for employment on the basis of race, color, religion, age, sex, national origin, ancestry, marital status, political affiliation or physical or mental condition, in matters pertaining to recruitment, hiring, training, upgrading, transfer, compensation or termination.
 - a. CONSULTANT shall, in all solicitations or advertisements for applicants for employment placed as a result of this Agreement, state that it is an "Equal Opportunity Employer" or that all qualified applicants will receive consideration for employment without regard to their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor.
 - b. CONSULTANT shall, if requested to so do by MCERA, certify that it has not, in the performance of this Agreement, discriminated against applicants or employees because of their race, creed, color, disability, sex, sexual orientation, national origin, age, religion, Vietnam era Veteran's status, political affiliation, or any other non-merit factor.
 - c. If requested to do so by MCERA, CONSULTANT shall provide MCERA with access to copies of all of its records pertaining or relating to its employment practices, except to the extent such records or portions of such records are confidential or privileged under state or federal law.
 - d. Nothing contained in this Agreement shall be construed in any manner so as to require or permit any act which is prohibited by law.
 - e. The CONSULTANT shall include the provisions set forth in paragraphs a through d (above) in each of its subcontracts.
18. DRUG-FREE WORKPLACE: CONSULTANT and CONSULTANT's employees shall comply with MCERA's (Mendocino County's) policy of maintaining a drug-free workplace. Neither CONSULTANT nor CONSULTANT's employees shall unlawfully manufacture, distribute, dispense, possess or use controlled substances, as defined in 21 U.S. Code § 812, including, but not limited to, marijuana, heroin, cocaine, and amphetamines, at MCERA facility or work site. If CONSULTANT or any employee of CONSULTANT is convicted or pleads *nolo contendere* to a criminal drug statute violation occurring at MCERA facility or work site, the CONSULTANT, within five days thereafter, shall notify the head of MCERA. Violation of this provision shall constitute a material breach of this Agreement.
19. ENERGY CONSERVATION: CONSULTANT agrees to comply with the mandatory standards and

policies relating to energy efficiency in the State of California Energy Conservation Plan, (Title 24, California Administrative Code).

20. **COMPLIANCE WITH LICENSING REQUIREMENTS:** CONSULTANT shall comply with all necessary licensing requirements and shall obtain appropriate licenses and display the same in a location that is reasonably conspicuous, as well as file copies of same with MCERA.
21. **AUDITS; ACCESS TO RECORDS:** The CONSULTANT shall make available to MCERA, its authorized agents, officers, or employees, for examination any and all ledgers, books of accounts, invoices, vouchers, cancelled checks, and other records or documents evidencing or relating to the expenditures and disbursements charged to MCERA, and shall furnish to MCERA, within sixty (60) days after examination, its authorized agents, officers or employees such other evidence or information as MCERA may require with regard to any such expenditure or disbursement charged by the CONSULTANT.

The CONSULTANT shall maintain full and adequate records in accordance with MCERA requirements to show the actual costs incurred by the CONSULTANT in the performance of this Agreement. If such books and records are not kept and maintained by CONSULTANT within the County of Mendocino, California, CONSULTANT shall, upon request of MCERA, make such books and records available to MCERA for inspection at a location within County or CONSULTANT shall pay to MCERA the reasonable, and necessary costs incurred by MCERA in inspecting CONSULTANT's books and records, including, but not limited to, travel, lodging and subsistence costs. CONSULTANT shall provide such assistance as may be reasonably required in the course of such inspection. MCERA further reserves the right to examine and reexamine said books, records and data during the four (4) year period following termination of this Agreement or completion of all work hereunder, as evidenced in writing by MCERA, and the CONSULTANT shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, and data in any manner whatsoever for four (4) years after MCERA makes the final or last payment or within four (4) years after any pending issues between MCERA and CONSULTANT with respect to this Agreement are closed, whichever is later.

22. **DOCUMENTS AND MATERIALS:** CONSULTANT shall maintain and make available to MCERA for its inspection and use during the term of this Agreement, all Documents and Materials, as defined in Paragraph 12 of this Agreement. CONSULTANT's obligations under the preceding sentence shall continue for four (4) years following termination or expiration of this Agreement or the completion of all work hereunder (as evidenced in writing by MCERA), and CONSULTANT shall in no event dispose of, destroy, alter or mutilate said Documents and Materials, for four (4) years following MCERA's last payment to CONSULTANT under this Agreement.
23. **TIME OF ESSENCE:** Time is of the essence in respect to all provisions of this Agreement that specify a time for performance; provided, however, that the foregoing shall not be construed to limit or deprive a party of the benefits of any grace or use period allowed in this Agreement.
24. **TERMINATION WITHOUT CAUSE:** Notwithstanding any other provision of this Agreement, at any time and without cause, MCERA shall have the right, in its sole discretion, to terminate this Agreement by giving 5 days written notice to CONSULTANT.
25. **TERMINATION FOR CAUSE:** Notwithstanding any other provision of this Agreement, should CONSULTANT fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violate any of the terms of this Agreement, MCERA may immediately terminate this Agreement by giving CONSULTANT written notice of such termination, stating the reason for termination.

26. CHOICE OF LAW: This Agreement, and any dispute arising from the relationship between the parties to this Agreement, shall be governed by the laws of the State of California, excluding any laws that direct the application of another jurisdiction's laws.
27. VENUE: All lawsuits relating to this contract must be filed in Mendocino County Superior Court, Mendocino County, California.
28. WAIVER: No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Agreement shall be effective unless it is in writing and signed by the party waiving the breach, failure, right or remedy. No waiver of any breach, failure, right or remedy shall be deemed a waiver of any other breach, failure, right or remedy, whether or not similar, nor shall any waiver constitute a continuing waiver unless the writing so specifies.
29. ADVERTISING OR PUBLICITY: CONSULTANT shall not use the name of MCERA, its officers, directors, employees or agents, in advertising or publicity releases or otherwise without securing the prior written consent of MCERA in each instance.
30. ENTIRE AGREEMENT: This Agreement, including all attachments, exhibits, and any other documents specifically incorporated into this Agreement, shall constitute the entire agreement between MCERA and CONSULTANT relating to the subject matter of this Agreement. As used herein, Agreement refers to and includes any documents incorporated herein by reference and any exhibits or attachments. This Agreement supersedes and merges all previous understandings, and all other agreements, written or oral, between the parties and sets forth the entire understanding of the parties regarding the subject matter thereof. This Agreement may not be modified except by a written document signed by both parties.
31. HEADINGS: Herein are for convenience of reference only and shall in no way affect interpretation of this Agreement.
32. MODIFICATION OF AGREEMENT: This Agreement may be supplemented, amended or modified only by the mutual agreement of the parties. No supplement, amendment or modification of this Agreement shall be binding unless it is in writing and signed by authorized representatives of both parties.
33. ASSURANCE OF PERFORMANCE: If at any time MCERA has good objective cause to believe CONSULTANT may not be adequately performing its obligations under this Agreement or that CONSULTANT may fail to complete the Services as required by this Agreement, MCERA may request from CONSULTANT prompt written assurances of performance and a written plan acceptable to MCERA, to correct the observed deficiencies in CONSULTANT's performance. CONSULTANT shall provide such written assurances and written plan within thirty (30) calendar days of its receipt of MCERA's request and shall thereafter diligently commence and fully perform such written plan. CONSULTANT acknowledges and agrees that any failure to provide such written assurances and written plan within the required time is a material breach under this Agreement.
34. SUBCONSULTING/ASSIGNMENT: CONSULTANT shall not subcontract, assign or delegate any portion of this Agreement or any duties or obligations hereunder without the MCERA's prior written approval.
 - a. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. Any agreement that violates this Section shall confer no rights on any party and shall be null and void.

- b. CONSULTANT shall use subconsultants identified in Exhibit “A” and shall not substitute subconsultants without MCERA’s prior written approval.
 - c. CONSULTANT shall remain fully responsible for compliance by its subconsultants with all the terms of this Agreement, regardless of the terms of any agreement between CONSULTANT and its subconsultants.
35. **INTELLECTUAL PROPERTY WARRANTY:** CONSULTANT warrants and represents that it has secured all rights and licenses necessary for any and all materials, services, processes, software, or hardware (“CONSULTANT PRODUCTS”) to be provided by CONSULTANT in the performance of this AGREEMENT, including but not limited to any copyright, trademark, patent, trade secret, or right of publicity rights. CONSULTANT hereby grants to MCERA, or represents that it has secured from third parties, an irrevocable license (or sublicense) to reproduce, distribute, perform, display, prepare derivative works, make, use, sell, import, use in commerce, or otherwise utilize CONSULTANT PRODUCTS to the extent reasonably necessary to use the CONSULTANT PRODUCTS in the manner contemplated by this agreement.
- CONSULTANT further warrants and represents that it knows of no allegations, claims, or threatened claims that the CONSULTANT PRODUCTS provided to MCERA under this Agreement infringe any patent, copyright, trademark or other proprietary right. In the event that any third party asserts a claim of infringement against the MCERA relating to a CONSULTANT PRODUCT, CONSULTANT shall indemnify and defend the MCERA pursuant to Paragraph 5 of this AGREEMENT.
- In the case of any such claim of infringement, CONSULTANT shall either, at its option, (1) procure for MCERA the right to continue using the CONSULTANT Products; or (2) replace or modify the CONSULTANT Products so that that they become non-infringing, but equivalent in functionality and performance.
36. **ELECTRONIC COPIES:** The parties agree that an electronic copy, including facsimile copy, email, or scanned copy of the executed Agreement, shall be deemed, and shall have the same legal force and effect as, an original document.
37. **COOPERATION WITH MCERA:** Consultant shall cooperate with MCERA and MCERA staff in the performance of all work hereunder.
38. **SURVIVAL:** The obligations of this Agreement, which by their nature would continue beyond the termination on expiration of the Agreement, including without limitation, the obligations regarding Indemnification (Paragraph 5), Ownership of Documents (Paragraph 12), and Conflict of Interest (Paragraph 13), shall survive termination or expiration for two (2) years.
39. **SEVERABILITY:** If a court of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable, or invalid in whole or in part for any reason, the validity and enforceability of the remaining provisions, or portions of them, will not be affected, unless an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable, or invalid provision.

[END OF GENERAL TERMS AND CONDITIONS]

EXHIBIT A

DEFINITION OF SERVICES

CONSULTANT shall provide the services as described in the Request for Proposals for INSERT SPECIFIC SERVICES. The Request for Proposals for INSERT SPECIFIC SERVICES and proposal submitted to MCERA by CONSULTANT are hereby incorporated by reference into this agreement. If a conflict between the Request for Proposals for INSERT SPECIFIC SERVICES, or the proposal submitted by CONSULTANT, and this agreement results, then the agreement shall take precedence.

In additional to services outlined in Request for Proposals for INSERT SPECIFIC SERVICES and the proposal submitted by CONSULTANT, CONSULTANT shall also provide the following services:

[END OF DEFINITION OF SERVICES]

EXHIBIT B

PAYMENT TERMS

(Insert Terms Here)

[END OF PAYMENT TERMS]

EXHIBIT C

INSURANCE REQUIREMENTS

Insurance coverage in a minimum amount set forth herein shall not be construed to relieve CONSULTANT for liability in excess of such coverage, nor shall it preclude MCERA from taking such other action as is available to it under any other provisions of this Agreement or otherwise in law. Insurance requirements shall be in addition to, and not in lieu of, CONSULTANT's indemnity obligations under Paragraph 5 of this Agreement.

CONSULTANT shall furnish to MCERA certificates of insurance with General Liability/Professional Liability evidencing at a minimum the following:

- a. General Liability / Personal and ADV injury liability and property damage liability - \$1,000,000 each occurrence.
- b. Professional Liability (Errors & Omissions) - \$1,000,000 each occurrence.

[END OF INSURANCE REQUIREMENTS]