**INVESTMENT MANAGEMENT AGREEMENT**

**BETWEEN**

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**AND**

**[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]**

**[\_\_\_\_\_\_\_\_], 2020**

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**INVESTMENT MANAGEMENT AGREEMENT**

This INVESTMENT MANAGEMENT AGREEMENT is made and effective as of \_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2020, by and between the LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

RECITALS

1. Under California Government Code Section 31595 and related provisions of law, the Board of LACERA has determined that it is prudent and in the best interests of LACERA, its members, and beneficiaries to invest a portion of its assets in a [ ] strategy, and to that end issued an RFP for such investment management services;
2. Manager submitted a written proposal in response to the RFP, and made oral representations to LACERA as part of the RFP process, and has represented to LACERA that it possesses and will employ, in a fiduciary capacity, the highest degree of competence and expertise essential to provide such investment management services;
3. Manager, hereby, reaffirms the reliability and accuracy of the written proposal and oral representations made to LACERA in the RFP process; and
4. LACERA has determined, in reliance upon Manager’s Proposal, and LACERA’s due diligence, that (1) Manager is qualified and capable of performing the required investment management services, (2) Manager’s fee for services is competitive, fair and reasonable, and (3) engaging Manager to perform the investment management services is in the best interest of the participants and beneficiaries of LACERA.

The parties, therefore, agree as follows.

AGREEMENT

# Definitions

In this Agreement, the following words and expressions shall have the following meanings:

“**Account**” means a separate custody account on its books and records in Manager’s name held with Custodian;

“**Agents**” means employees, agents and representatives providing services in connection with this Agreement; as used herein, Agents does not include independent service providers, including but not limited to broker-dealers and securities pricing services.

“**Agreement**” means this Investment Management Agreement between LACERA and Manager, dated [ ], as amended from time to time;

“**Authorized Instructions**” means all directions and instructions to Manager from any Authorized Person;

“**Authorized Persons**” means authorized LACERA personnel who will be permitted to advise, inform, and direct Manager on LACERA’s behalf, list to be furnished by LACERA;

“**Board**” means the Board of Investments;

“**Business Activity**” means investment management business or any other business from LACERA, or entering into any contractual relationship with LACERA for investment management services or any other business purpose;

“**Cal Regs**” means the California Code of Regulations, Title 2, Division 6 as amended from time to time (Section 18110, et seq.);

**“County”** means County of Los Angeles, California;

“**Custodian**” means LACERA’s designated custodian bank;

“**Disclosure Statement**” means Securities and Exchange Commission Form ADV, Parts 2A and 2B;

“**Effective Date**” means [ ], as provided in the preamble.

“**Effective Termination Date**” means date on which Manager shall cease work hereunder;

“**ESG**” means environmental, social, and governance factors;

“**Fed Funds Rate**” means the average Federal Funds rate as published daily in the Wall Street Journal;

“**Force Majeure**” means causes beyond the control and without the fault or negligence of such party; but in every case the failure to perform must be beyond the control and without the fault or negligence of LACERA or Manager (or Manager’s Agents), as the case may be;

“**Former Agent**” means any Agent whose working relationship with Manager terminates voluntarily or involuntarily;

“**GIPS**” means the requirements of the Global Investment Performance Standards;

“**Interested Person**” means any LACERA or County employee or fiduciary who either could influence the award of this Agreement or any competing agreement, or who does or will have any direct or indirect financial interest in this Agreement;

“**Investment Guidelines**” means policies, guidelines, standards, and objectives set forth in LACERA’s current Investment Guidelines, attached hereto as Exhibit A;

“**LACERA Information**” means (1) all information and records in any form provided by or on behalf of LACERA and LACERA’s agents, employees, representatives, investment managers and consultants, and subcontractors to Manager or its Agents, and (2) all transaction, advice, time sheets, cost, billing, accounting and financial records, correspondence, and other information and records in any form created by Manager or its Agents in connection with the services provided by Manager hereunder;

“**LACERA Records**” means records related to any pertinent transaction, activity, time sheets, cost, billing, accounting and financial records, proprietary data, electronic recordings, and any other records created in connection with this Agreement;

“**LACERA**” means the Los Angeles County Employees Retirement Association, a public pension fund organized under California law;

“**Legal Requirements**” means the applicable foreign, international, federal, state, county, and local laws, regulations, rules, ordinances, registrations, filings, approvals, authorizations, consents, and examinations;

“**Managed Assets**” means that certain portfolio of LACERA assets expressly allocated by LACERA to Manager in an account at LACERA’s designated custodian bank for the purpose of investment management by Manager under the express terms and conditions of this Agreement, collectively with all interest, earnings, accruals and capital growth thereon;

“**Manager Professional**” means any investment professional who is an employee of Manager and will be performing any service with respect to the Account;

“**Manager’s Proposal**” means Manager’s written proposal submitted in response to the RFP- and Manager’s oral representations made to LACERA in the RFP process;

“**Manager**” means [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], a [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_];

“**Notice of Termination for Convenience**” means the written notice provided in accordance with the requirements set forth in Sections 17 and 19 of the Agreement, as applicable.

“**Notice of Termination for Default**” means the written notice provided in accordance with the requirements set forth in Sections 18 and 20 of the Agreement, as applicable.

“**Reform Act**” means the California Political Reform Act of 1974, as amended from time to time (Cal. Government Code Section 81000 *et seq.*);

“**RFP**” means request for proposal issued by LACERA for investment management services;

“**SEC**” means the Securities and Exchange Commission of the United States;

“**Standard of Care**” means the competence, care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of a like enterprise with like aims, in conformance with the California Constitution, Article XVI, Section 17 and California Government Code Sections 31594 and 31595;

“**System**” means the Depository Trust Company’s Institutional Delivery System;

“**Termination Invoice**” means Manager’s final invoice;

“**Transition Period**” means the period from the Effective Termination Date through any period following such date, during which Manager shall continue to perform the services required under this Agreement in order to complete any transactions pending on the Effective Termination Date and to facilitate an orderly transition to a successor manager; and

“**PRI**” means the Principles for Responsible Investments, an investor initiative in partnership with UNEP Finance Initiative and the UN Global Compact.

# Appointment as Manager and Acceptance of Appointment

## Appointment as Manager

LACERA hereby appoints Manager as a fiduciary of LACERA and authorizes Manager to invest and manage the Managed Assets. LACERA may at any time and from time to time adjust the amount of its assets allocated to Manager by making additional contributions to or withdrawals from the Managed Assets.

## Acceptance of Appointment

Manager hereby accepts such appointment, assumes full responsibility for the investment and management of the Managed Assets, and agrees to execute its duties according to the terms, conditions, and standards set forth in this Agreement.

# Fiduciary Status of Manager; Standard of Care

Manager acknowledges that this Agreement places it in a fiduciary relationship with LACERA. As a fiduciary, Manager shall discharge each of its duties and exercise each of its powers under this Agreement with the Standard of Care. Manager shall cause any and all of its Agents to exercise the same Standard of Care. Manager shall be liable to LACERA for any Claim (as defined in Section 24 hereof) which arises from or relates to any failure by Manager or any of its Agents to exercise this Standard of Care.

# Manager as Independent Contractor

Manager shall at all times be acting in the capacity of an independent contractor. This Agreement is not intended, and shall not be construed, to create the relationship of agent, servant, employee, partnership, joint venture, or association as between LACERA and Manager. For all purposes, including but not limited to Workers’ Compensation liability, Manager understands and agrees that all persons furnishing services pursuant to this Agreement are deemed employees solely of Manager and not of LACERA.

# Authorized LACERA Personnel

Upon execution of this Agreement, LACERA shall provide Manager with a list of Authorized Persons together with signature specimens of certain Authorized Persons who may execute specific tasks under this Agreement. The list of Authorized Persons and any changes to such list shall be made in writing to Manager. Until notified of any such change and subject to the provisions of Section 6 below, Manager may rely on and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by LACERA. No Authorized Person will have any personal liability to Manager for any action taken or not taken by such individual while acting or purporting to act as an Authorized Person.

# Authorized Instructions

Authorized Instructions shall be in writing and transmitted as provided in Section 35 hereof; provided, however, that Manager may, in its discretion, accept verbal Authorized Instructions subject to written confirmation of same from such Authorized Person. Such Authorized Instructions shall bind Manager upon receipt, and may include, without limitation, an instruction to cease trading some or all of the Managed Assets. If Manager receives instructions or notices from a source other than an Authorized Person, Manager shall not comply with them and shall immediately notify LACERA’s Chief Investment Officer in writing of such unauthorized instructions or notices.

# Custody of Managed Assets

## LACERA shall instruct its Custodian to: (1) establish an Account, and (2) maintain the Account in a manner that enables Custodian to account for the Managed Assets, and transactions with respect thereto.

## Ownership of the Managed Assets shall remain with LACERA. Manager shall not, under any circumstances, take possession, custody, title, or ownership of any Managed Assets. Manager shall not have the right to have securities in the Account registered in its own name or in the name of its nominee, nor shall Manager in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding, exchanging, or controlling any Managed Assets in the Account. Accordingly, Manager shall have no responsibility with respect to the collection of income, reclamation of withheld taxes (subject to Section 10 below), physical acquisition, or the safekeeping of the Managed Assets. All such duties of collection, physical acquisition, or safekeeping shall be the sole obligation of the Custodian.

## LACERA shall retain all aspects of beneficial ownership rights with respect to the Managed Assets. Accordingly, LACERA, or its designated agent, and not the Manager, shall be responsible for (1) voting proxies relating to any securities held, and (2) participating in securities litigation claims, such as class actions, involving the Managed Assets. Except with consent from or on the specific instructions of LACERA, Manager shall not exercise any voting rights attached to the investments comprised of the Managed Assets. Manager shall, upon request, use its best efforts to provide LACERA with pertinent information and its recommendation related to a proxy voting item for use by LACERA in informing LACERA’s action and vote with respect to proxies or particular questions on which LACERA is entitled to act as owner of securities held in the Managed Assets.

# Investment Duties of Manager

As a fiduciary, Manager shall have discretion to manage, invest, and reinvest the Managed Assets in the Account according to the terms of this Agreement and all applicable laws, rules, and regulations governing the investment of such assets. Manager shall use its best efforts to increase the value of the Managed Assets by causing them to be managed, invested, and reinvested from time to time in accordance with the Investment Guidelines.

## Investment Guidelines

Manager shall have the authority to make such purchases, sales, and exchanges, or to direct the Custodian to make such purchases, sales, and exchanges of securities or other property, or interests or part-interests therein, as Manager may deem appropriate, subject to the Investment Guidelines. Manager hereby acknowledges that it has reviewed and is familiar with the Investment Guidelines. Manager further acknowledges and understands that LACERA may periodically revise the Investment Guidelines and, in such event, Manager agrees to be bound by any such revisions upon receipt of written notice from LACERA.

## Trading Procedures

All transactions authorized by this Agreement shall be settled through LACERA’s Custodian, who shall retain sole possession of and have complete custodial responsibility for the Managed Assets. Manager shall be the sole entity to notify and instruct the Custodian on: (1) orders, which Manager places for the sale, purchase, or exchange of any Managed Assets and the management or disposition of such Managed Assets, and (2) the purchase or acquisition of other securities or property for the Account. All orders shall be based upon “best execution”. Manager shall provide the Custodian with such trade information as the Custodian may require to effect settlement, within the time frames as the Custodian may designate. LACERA shall provide Manager with the Custodian’s detailed procedures and settlement instructions upon execution of this Agreement.

## Manager Not Acting as Principal

Manager shall not act as a principal in sales, purchases, or exchanges of Managed Assets, unless Manager shall have received prior written approval from an Authorized Person for each such transaction.

## Broker/Dealers

Manager shall have complete authority and discretion to establish accounts with one or more duly registered broker/dealers. Consistent with ensuring the safety of the Managed Assets, Manager shall engage in a prudent and diligent broker/dealer selection process. Manager shall ensure that all orders are placed with only reputable, qualified, and financially sound broker/dealers. Manager’s primary objective shall be to select broker/dealers who will provide the most favorable net price and execution for the Account, but this requirement shall not obligate Manager to recommend any broker/dealer solely on the basis of obtaining the lowest commission rate if the other standards set forth herein are satisfied. Notwithstanding the foregoing, Manager shall not place orders with any broker/dealer who: (1) LACERA has by written notice to Manager deemed unsuitable for LACERA trades, (2) is affiliated with an investment consultant that provides non-brokerage related services to LACERA, or (3) is affiliated with Manager. Manager acknowledges that it has received a list of such consultants from LACERA as of the effective date of this Agreement. Manager agrees to be bound by any subsequent changes to such list upon receipt of written notice from LACERA.

## Trade Confirmation and Settlement

Where a transaction is eligible for settlement through the System, Manager shall use such System for trade confirmation and settlement. Manager shall cooperate with LACERA’s Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

## Discretionary Rights and Powers Affecting the Managed Assets

The Custodian shall promptly transmit to Manager all written information it receives concerning the Managed Assets held in the Account, including without limitation, conversion rights, subscription rights, warrants, options, pendency of calls, maturities of securities, expirations of rights, tender and exchange offers, and any other right or power requiring a discretionary decision by Manager. Manager shall be responsible for timely directing the Custodian as to the exercise of such rights and/or powers where Manager has actual knowledge of same, whether by written notice or otherwise.

## Acting on Illegal Information

Manager shall not place orders to purchase and/or sell any Managed Assets on the basis of any material information obtained, or utilized, by Manager in violation of the securities laws, rules, or regulations of the United States or any State, or any other country in which Manager transacts business on LACERA’s behalf.

# Account Reconciliation

LACERA’s Custodian shall provide Manager with on-line access to the Account via the on-line information delivery technology, known as *My State Street.* In addition, LACERA’s Custodian shall provide Manager with periodic financial statements of the Account as Manager may reasonably request. LACERA acknowledges that Manager does not assume responsibility for the accuracy of any information furnished by LACERA or its Custodian. Manager shall, however, cooperate with LACERA and the Custodian to reconcile the Account each month.

# Notification of Tax Liabilities

Manager shall promptly notify LACERA if at any time, LACERA is required to pay taxes to any government or to file any returns or other tax documents with respect to income earned on the Managed Assets. Manager acknowledges that LACERA is relying on Manager for notice of such taxation matters. Manager shall be liable for all penalties and interest due to any failure by Manager to notify LACERA of such tax matters.

# ESG Factors

LACERA considers ESG factors as relevant to the investment process. The Manager acknowledges that LACERA is a signatory to PRI. To the extent the Manager incorporates ESG factors into its investment processes, the Manager will report on those factors on a regular basis and respond to any LACERA questions related to the same.

# Written Reports

Manager shall provide LACERA with the periodic written reports described in this Section in a form or forms to be mutually agreed upon from time to time by LACERA and Manager, and in such quantity as required by LACERA. In all accounting reports, Manager shall use historical average cost as a basis for carrying value and shall present such reports on a trade date basis and, where available, present dividend and income items on an accrual basis. An authorized officer of Manager shall sign all reports and shall certify that such reports are accurate and consistent with all applicable Investment Guidelines. LACERA agrees that Manager, in the maintenance of its records and preparation of its reports, does not assume responsibility of the accuracy of any information furnished by LACERA, LACERA’s Custodian or any other person or firm.

## Monthly Reports

On or before the tenth (10th) calendar day of each month, Manager shall report to LACERA on the investment status and performance of the Managed Assets in the Account during the preceding month. The monthly report shall include, without limitation, the following information:

### Accounting Reports

#### Daily Purchases and Sales Report

#### Transaction Summary

#### Statement of Managed Assets (As of Month End)

#### Management Fees

### Performance Report

#### Statement of Asset Performance for the Account

#### Statement of Total Commissions Paid

## Quarterly Report

On or before the twenty-fifth (25th) calendar day of each quarter, Manager shall report on the performance of the Account for the preceding quarter, reflecting comparisons to the appropriate benchmark index, peer group, etc.

## Annual Board Report

Manager shall annually report to the Board on the performance of the Account for the preceding year, reflecting comparisons to the appropriate benchmark index, peer group, etc.

## GIPS Reporting

Manager’s performance reports will be calculated and presented in compliance with GIPS composite construction requirements as adopted by the CFA Institute from time to time.

## GIPS Certification

Manager will annually deliver to LACERA, within ninety (90) days after Manager’s fiscal year end, a copy of an opinion from a qualified independent certified auditor, (1) that Manager, in all material respects, has complied on a firm-wide basis with the requirements of the GIPS composite construction requirements as adopted by the CFA Institute from time to time, and (2) that Manager’s processes and procedures are designed to calculate and present performance results in compliance with GIPS standards.

# Meetings

If required by LACERA, Manager shall meet with the Board each year to present its annual report on the performance of the Account. In addition, at LACERA’s request and at mutually agreed upon times, Manager shall meet with LACERA to review Manager’s performance and to discuss Manager’s present and future investment strategy. Manager shall be available to answer questions by LACERA staff and Board members from time to time as needed, without additional charge.

# Compensation for Services

## Fees

LACERA shall quarterly compensate Manager for the services performed under this Agreement according to the annual Fee Schedule attached hereto as Exhibit B. Except for the fees described in Exhibit B, Manager shall not earn, receive or keep any remuneration or compensation from LACERA or any other third party in connection with Manager’s services under this Agreement.

## Invoices

Manager shall submit to LACERA a quarterly invoice within thirty (30) calendar days after the close of the quarter for which services were provided. Each invoice shall include the quarterly share of Manager’s annual fee (prorated for any partial quarter), as set forth in the then current Fee Schedule. Invoices shall only cover work already performed; no compensation shall be paid to Manager in advance of services rendered. Undisputed invoices shall be payable within thirty (30) calendar days after receipt by LACERA. Invoices shall be emailed to [accountingpublicmarkets@lacera.com](mailto:accountingpublicmarkets@lacera.com).

# Seminars and Training Programs

In the event Manager conducts seminars, training sessions, or similar events which are generally made available to Manager’s clients, LACERA shall be invited to attend upon the same terms and conditions as such other clients. If LACERA reimburses the Manager for costs associated with LACERA’s attendance, the Manager will reduce the next quarterly invoice by the amount reimbursed.

# Term

The term of this Agreement shall commence on the date first set forth above and continue for a period of twelve (12) months, and shall be automatically extended for successive terms of twelve (12) months each, unless terminated by LACERA pursuant to Sections 17, 18, 26.3, or 26.4 below, or by Manager pursuant to Sections 19 or 20 below.

# Termination for LACERA’s Convenience

LACERA may terminate all or any part of this Agreement without cause at any time by delivering to Manager a written Notice of Termination for Convenience specifying theEffective Termination Date, or such work as directed by LACERA. The Effective Termination Date shall be no earlier than one (1) day after such Notice of Termination is delivered to Manager. In no event shall LACERA’s termination of this Agreement under this Section be deemed a waiver of LACERA’s right to make a claim against Manager for damages resulting from any default by Manager which occurred prior to the Effective Termination Date.

# Termination by LACERA for Default

## LACERA may immediately terminate this Agreement by delivering to Manager a written Notice of Termination for Default, which specifies the Effective Termination Date, under any one of the following circumstances:

### If Manager materially fails to perform or cause to be performed the services required under this Agreement, or any of the other provisions of this Agreement, within the time specified therefor (or within a reasonable time if no time is specified) and subsequently fails to cure such default within thirty (30) calendar days (or such longer period as LACERA may authorize in writing) after receipt of written notice from LACERA specifying such default;

### Upon notice but without further cure period, if Manager repeatedly fails to perform according to this Agreement following notice and failure to cure pursuant to paragraph 18.1.1 of this Section;

### Upon notice but without opportunity to cure if Manager materially breaches any of the warranties, representations, and covenants made in Section 26 below;

### Upon notice but without opportunity to cure if Manager files for bankruptcy, becomes insolvent, or generally cannot pay its debts as they become due;

### Upon notice but without opportunity to cure if Manager is subject to civil or criminal investigation, indictment or conviction, or is found civilly or criminally liable by a trial court, jury, or administrative body in connection with any matter involving breach of trust, breach of fiduciary duty, fraud, theft, moral turpitude, or violation of any securities laws, rules, or regulations; or

### Upon notice but without opportunity to cure if Manager attempts or purports to assign this Agreement, or any portion hereof, or any of its rights or obligations hereunder, without obtaining LACERA’s prior written consent.

## If LACERA terminates this Agreement for default pursuant to this Section, LACERA shall be entitled to recover from Manager all reasonable damages resulting from such default. The running of any grace period for cure of a default pursuant to this Section shall not limit LACERA’s right to terminate this Agreement for convenience at any time, pursuant to Section 17 above.

# Termination for Manager’s Convenience

Manager may terminate this Agreement in its entirety, but not in part, without cause at any time by delivering to LACERA a written Notice of Termination for Convenience which specifies the Effective Termination Date. The Effective Termination Date shall be ninety (90) calendar days after the Notice of Termination is delivered to LACERA, but may be sooner at LACERA’s election, or later if both parties agree. In no event shall Manager’s termination of this Agreement under this Section be deemed a waiver of Manager’s right to make a claim against LACERA for damages resulting from any default by LACERA which occurred prior to the Effective Termination Date.

# Termination by Manager for Default

Manager may terminate this Agreement in its entirety, but not in part, upon written Notice of Termination for Default if LACERA materially fails to perform any of its obligations under this Agreement and fails to cure such default within thirty (30) calendar days of receiving Manager’s written notice of such default, which notice describes in reasonable detail the nature of the default and Manager’s view as to the cure required in order to bring LACERA’s performance into material compliance with its obligations under this Agreement.

# Force Majeure

Neither LACERA nor Manager shall be terminated for default, or liable for damages pursuant to Sections 18 or 20 above, if LACERA’s or Manager’s failure to perform under this Agreement arises from Force Majeure (and in the case of Manager, without the fault or negligence of its Agents as well). Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of any foreign, international, federal, or state government (including all subdivisions thereof) in such government’s sovereign capacity, fires, floods, and earthquakes.

# Rights, Remedies, and Responsibilities upon Termination

In the event of any termination of this Agreement, all of the terms and conditions herein shall continue to apply through the Transition Period. Such Transition Period shall last for three (3) months after the Effective Termination Date, but may end sooner at LACERA’s election, or later if both parties agree. The following provisions shall also apply to any termination of this Agreement, and shall survive termination of this Agreement:

## Post-Termination Responsibilities

If either party terminates this Agreement, and unless otherwise expressly directed by LACERA, Manager shall take all necessary steps to stop services under this Agreement on the Effective Termination Date. Manager shall cause LACERA to honor any trades agreed to in accordance with this Agreement but not settled before the Effective Termination Date.

## Termination Invoice

Following the Effective Termination Date of this Agreement, Manager shall submit to LACERA the Termination Invoice in the form and with any reasonable certifications as may be prescribed by LACERA. The Termination Invoice shall prorate Manager’s quarterly fees, on a daily basis, for work already performed but for which Manager has not been compensated through the Effective Termination Date, in accordance with Manager’s then current compensation level. Manager shall submit such Termination Invoice no later than thirty (30) days after the Effective Termination Date. Upon Manager’s failure to submit its Termination Invoice within the time allowed, LACERA may determine, on the basis of information available to it, the amount, if any, due to Manager and such determination shall be deemed final. Subject to the provisions of paragraph 22.3 below, after LACERA has made such determination, or after Manager has submitted its Termination Invoice, LACERA shall authorize payment to Manager, so long as Manager is not in breach or default of any of its post-termination obligations.

## Payment Withheld for Default

LACERA shall not authorize and shall withhold payment for services provided if LACERA terminates this Agreement for default pursuant to Section 18 above.

## Excusable Default

If, after either party issues a Notice of Termination for Default to the other party (pursuant to Sections 18 or 20 above, as the case may be), it is determined for any reason that the other party was not in default, or that such default was excusable, then the rights and obligations of the parties shall be the same as if a Notice of Termination for Default had not been given, or at the option of the party issuing the notice, the notice shall be treated as a Notice of Termination for Convenience in accordance with Sections 18 or 20 of this Agreement, as the case may be.

## Good Faith Transfer

Upon any termination of this Agreement by either party and to the extent directed by LACERA, Manager shall continue to serve as a manager hereunder at the then existing compensation level for the duration of the Transition Period. Manager shall cooperate with LACERA in good faith to effect a smooth and orderly transfer of the Managed Assets and of such services and all applicable records. Upon termination of this Agreement, Manager shall retain all LACERA Records according to the record retention provisions set forth in Section 32 below, or if required by LACERA, promptly deliver the LACERA Records to LACERA or to such other party designated by LACERA.

## Cumulative Nature of Rights and Remedies

The rights and remedies of the parties provided by this Section 22 are not exclusive, but cumulative and in addition to any other rights and remedies provided by law, in equity or under any of the provisions of this Agreement.

# Measure of Damages

## Damages arising from any default, act, or omission under this Agreement shall be determined under the laws of the State of California, without regard to special circumstances or conditions of the parties, provided that such damages are reasonably foreseeable at the time of entering into this Agreement.

## LACERA shall in no event be liable for any special or punitive damages in connection with this Agreement or the performance of any obligation arising hereunder or contemplated hereby and the full extent of recourse by Manager to LACERA shall be the assets of the Account.

## If any payment required to be made to a party hereto by the other party is not paid in full when due, including fees payable to Manager pursuant to Section 14 above, the amount due shall include an amount equal to the Fed Funds Rate, and compounded to the extent permitted under applicable law from the date of loss to the date on which payment is made.

# Manager’s Obligation to Defend and Indemnify

## Definitions as used in this Section:

### “Claim(s)” means any and all liabilities, losses, injuries, suits, costs, charges, judgments, fines, penalties, expenses (including, without limitation, defense costs, expert witness fees, and attorneys’ fees), claims, demands, recoveries, settlements, or damages of any nature whatsoever, including, but not limited to, loss of funds, bodily injury, death, personal injury, or property damage.

### “LACERA Covered Persons” means LACERA, its officers, trustees, fiduciaries (excluding Manager), employees, and agents.

### “Manager Action” means any investment decision or other material action taken, omitted, or suffered by any Manager Personnel, including, without limitation, any alleged or claimed:

#### Bad faith, negligence, willful misconduct, fraud, improper, or unethical practice by any Manager Personnel;

#### Breach of any representation or warranty made by any Manager Personnel in this Agreement or in any agreement contemplated by this Agreement;

#### Breach of any covenant, agreement, or obligation of any Manager Personnel contained in this Agreement or any other instrument contemplated by this Agreement;

#### Misrepresentation contained in any statement or certificate furnished by any Manager Personnel pursuant to this Agreement; or

#### Any violation of the Legal Requirements.

### “Manager Personnel” means Manager, its officers, trustees, shareholders, employees, and agents.

## Manager will defend, at its expense, indemnify, save, and hold harmless the LACERA Covered Persons from and against any and all Claims arising out of, related to, or in connection with any Manager Action. The passive negligence of any LACERA Covered Person will not relieve Manager of its obligations to defend and indemnify. Manager’s obligations to defend and indemnify shall survive the termination of this Agreement.

## LACERA will give Manager prompt written notice of any Claim for which any LACERA Covered Person is entitled to indemnification pursuant to this Section. Manager shall control the defense or settlement of the Claim; but, no such settlement or compromise shall be entered into unless, as part of such settlement or compromise, the third party executes a full and complete release of the LACERA Covered Persons without recourse to the LACERA Covered Persons for any amount, claim, or other obligation whatsoever respecting such Claim. Manager will not have the right to settle or compromise any such Claim without the consent of the LACERA Covered Persons, which consent can be withheld for any reason or no reason, if such settlement or compromise involves the issuance of injunctive or other non-monetary relief binding upon any of the LACERA Covered Persons or a plea of guilty or nolo contendere on the part of any of the LACERA Covered Persons in any criminal or quasi-criminal proceeding, or which involves any admission of liability or culpability on the part of the LACERA Covered Persons, or which has any collateral estoppel effect on any of the LACERA Covered Persons.

## Manager’s obligation to defend the LACERA Covered Persons at Manager’s expense is in addition to, and separate from, Manager’s obligation to indemnify under this Section. In the event that Manager fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to LACERA, Manager shall pay full compensation for all costs incurred by LACERA.

# Insurance

## General Insurance Requirements

Without limiting Manager’s indemnification obligations under Section 24 above and during the term of this Agreement, Manager shall provide and maintain, and shall require all of its subcontractors to maintain, the following programs of insurance specified in this Agreement. Such insurance shall be primary to and not contributing with any other insurance or self-insurance programs maintained by LACERA, and such coverage shall be provided and maintained at Manager’s own expense.

### Evidence of Insurance

Certificate(s) or other evidence of coverage satisfactory to LACERA shall be delivered to:

|  |
| --- |
| Mel Tsao |
| Senior Investment Analyst |
| LACERA |
| 300 N. Lake Avenue, Suite 850 |
| Pasadena, CA 91101-4199 |
| Email: [mtsao@lacera.com](mailto:mtsao@lacera.com) |

prior to commencing services under this Agreement and annually thereafter. Such certificates or other evidence shall:

#### Specifically identify this Agreement;

#### Clearly evidence all coverages required in this Agreement;

#### Include the cancellation notice provision from the policy; and

#### Include copies of the additional insured endorsement to the commercial general liability policy, adding LACERA, its trustees, officers, and employees as insureds for all activities arising from this Agreement.

### Insurer Financial Ratings

Insurance is to be provided by an insurance company acceptable to LACERA with an A.M. Best rating of not less than A-, X, unless otherwise approved by LACERA.

### Failure to Maintain Coverage

Failure by Manager to maintain the required insurance, or to provide evidence of insurance coverage acceptable to LACERA, shall constitute a material breach of the contract upon which LACERA may immediately terminate or suspend this Agreement. LACERA, at its sole option, may obtain damages from Manager resulting from said breach.

### Compensation for LACERA Costs

In the event that Manager fails to comply with any of the indemnification or insurance requirements of this Agreement, and such failure to comply results in any costs to LACERA, Manager shall pay full compensation for all costs incurred by LACERA.

### Survival of Obligations

Manager’s obligations under this Section 25 shall survive expiration or termination of this Agreement.

## Commercial General Liability

Manager shall provide and maintain a Commercial General Liability insurance policy, which names LACERA as additional insured. Such policy shall cover legal liability for bodily injury and property damage arising out of Manager’s business operations and services that Manager provides pursuant to this Agreement. Such policy shall include, without limitation, endorsements for Property Damage, Premises-Operations, Products/Completed Operations, Contractual, and Personal/Advertising Injury with a limit of at least Five Million Dollars ($5,000,000) per occurrence and an annual aggregate of at least Ten Million Dollars ($10,000,000). If such insurance is written on a Claims Made Form, such insurance shall be endorsed providing an extended reporting period of not less than five (5) years following termination or expiration of this Agreement.

## Auto Liability

Manager shall provide and maintain a comprehensive auto liability insurance policy endorsed for all “owned”, “non-owned”, and “hired” vehicles, or coverage for any “auto”, with a combined single limit of not less than One Million Dollars ($1,000,000) per accident.

## Workers’ Compensation

Manager shall bear sole responsibility and liability for furnishing Workers’ Compensation benefits to Manager’s employees for injuries arising from or connected with any services provided to LACERA under this Agreement. Manager shall provide and maintain a program of Workers’ Compensation, in an amount and form to meet all applicable statutory requirements. In all cases, workers compensation insurance also shall include Employer’s Liability Insurance with limits of not less than One Million Dollars ($1,000,000) each accident and One Million Dollars ($1,000,000) disease, covering all of Manager’s employees.

## Crime Coverage

### Manager shall provide and maintain throughout the term of this Agreement a fidelity or financial institution bond policy with at least the following insuring agreements:

#### Employee Dishonesty Coverage with limits of at least Five Million Dollars ($5,000,000) per occurrence; and

#### Computer Theft Coverage with limits of at least Five Million Dollars ($5,000,000) per occurrence.

### Such policy shall provide protection to LACERA against loss by reason of fraud or dishonesty on the part of Manager, and shall be in an amount meeting the bonding requirements of Section 412(a) of the Employee Retirement Income Security Act, as amended from time to time, if such amounts are from time to time greater than those specified in this paragraph 25.5.

## Errors and Omissions

Manager shall provide and maintain insurance covering liability arising from any error, omission, negligent, or wrongful act of the Manager, its officers, employees, or Agents, with limits of at least Ten Million Dollars ($10,000,000) per claim and an annual aggregate of at least Twenty Million Dollars ($20,000,000). The coverage also shall provide an extended one-year (1) reporting period commencing upon termination or cancellation of this Agreement.

## Cyber Liability.

## Without limiting any of the obligations or liabilities of Manager, Manager shall carry and maintain, at its own expense including any applicable deductibles or retention, Cyber Liability insurance with limits of not less than Thirty-Five Million ($35,000,000) for each occurrence and an annual aggregate of Thirty-Five Million ($35,000,000) covering claims involving privacy violations, information theft, damage to or destruction of electronic information, intentional and/or unintentional release of private information, alteration of electronic information, extortion and network security.  The policy coverage shall include, but not be limited to (1) privacy liability coverage, (2) notification costs, (3) crisis management, (4) credit/identity monitoring, (5)  theft and fraud coverage, (6) network and business interruption, and (7) data loss and restoration.

# Manager’s Representations, Warranties, and Covenants

Manager makes the following representations, warranties, covenants, and agreements set forth in this Section with the understanding that LACERA has relied upon them in determining to enter into this Agreement, and that they constitute a material inducement to LACERA to enter into this Agreement. The representations, warranties, covenants, and agreements contained in this Section shall survive the expiration or termination of this Agreement.

## Authorization

### Manager is duly organized, validly existing, and in good standing under the laws of the state of its organization and is qualified to do business in California, and has full corporate power and authority to carry on its business as it has been and is conducted.

### The execution and delivery of this Agreement and the consummation of the transactions contemplated by this Agreement are within the power of the Manager and have been duly authorized by all necessary corporate and other action. Manager has duly authorized, executed, and delivered this Agreement, and this Agreement constitutes the legal, valid, and binding agreements and obligations of Manager, enforceable against Manager in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar limitations on creditors’ rights generally and general principles of equity.

### Manager is not subject to or obligated under any law, rule, or regulation of any governmental authority, or any order, injunction or decree, or any agreement, that would be breached or violated by Manager’s execution, delivery, or performance of this Agreement.

### Manager has completed, obtained, and performed all registrations, filings, approvals, licenses, authorizations, consents, or examinations required by any government or governmental authority for entry into this Agreement and performance of its acts contemplated by this Agreement, and Manager shall maintain such proper authorizations while this Agreement is in force.

## Quality of Services

All services, which Manager provides hereunder, shall meet the requirements and standards set forth in the body of this Agreement and any Exhibits, Schedules, and Appendices attached hereto. At LACERA’s request, Manager shall promptly correct any errors or omissions in the provision of such services.

## Contingent Fees

Except as previously disclosed in writing to LACERA, (which writing includes the name(s) of the recipient(s), the amount of the fee paid or payable, and the date(s) on which the fee was paid or is to be paid), neither Manager nor any of its affiliates has paid or agreed to pay any fee or commission, including broker’s fees, finder’s fees, third party marketing fees, consulting fees, placement fees, or similar fees, to any entity or person in connection with the negotiation or execution of the Agreement by LACERA, except for bona fide employees of Manager. If Manager in any way breaches or violates of this warranty, LACERA shall have the right to immediately terminate this Agreement for default and, in LACERA’s sole discretion, to deduct from Manager’s compensation under this Agreement, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

## Gratuities

Manager has not offered or given any gratuities in the form of gifts, entertainment or otherwise, to any officer, fiduciary, or employee of Manager, LACERA or the County with a view toward securing this Agreement or securing any favorable determination made concerning the award of this Agreement. Manager covenants that no such gratuities will be given to any such person with a view toward securing any favorable treatment concerning the performance and/or continuation of this Agreement. If it is found that Manager has offered or given such gratuities, LACERA may terminate this Agreement upon one (1) calendar day’s written notice; provided, however, that the facts upon which LACERA bases such findings shall be at issue and may be reviewed in any competent court sitting in the County of Los Angeles, California.

## Conflict of Interest with Persons Related to LACERA

Manager does not and shall not knowingly employ in any capacity: (1) Interested Person and (2) any spouse or economic dependent of any Interested Person.

## Intellectual Property

In connection with its performance under this Agreement, Manager shall not knowingly develop, provide, or use any software, program, process, composition, writing, equipment, appliance, or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature, or any other tangible or intangible assets, that infringes or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity.

## Annual Audited Financial Statement

Manager shall provide LACERA with copies of its annual audited financial statements annually, within ten (10) days of their completion.

## Investigations and Complaints

As of the date hereof and during the prior five (5) years, to the best of Manager’s knowledge, (1) none of Manager or Manager Professional is or has been the subject of, or a defendant in (a) any civil or criminal investigation, examination, complaint, disciplinary action, or other proceeding which is commenced by any of the following: (i) the SEC, (ii) any stock exchange, (iii) the Financial Industry Regulatory Authority, (iv) any Attorney General or any regulatory agency of any state of the United States, (v) any U.S. Government department or agency, or (vi) any governmental agency regulating securities of any country in which Manager is doing business, (b) any action (or settlement or sanction in lieu thereof) brought by investors for violation of duties owed to such investors, or (c) any lawsuit or legal proceeding and which, if adversely determined, would be reasonably likely to adversely affect Manager’s ability to perform under this Agreement and (2) there is no pending or threatened action, lawsuit, legal, or administrative proceeding or allegations of misconduct that (a) would reasonably be expected to adversely affect Manager or any Manager Professional who is performing services with respect to the Account, (b) would reasonably be expected to adversely affect the ability of Manager or a Manager Professional to discharge any of its duties or obligations under this Agreement, or (c) would reasonably be expected to adversely affect the operations, properties, or business of Manager. To the knowledge of Manager, in the last five (5) years, (i) no allegations of sexual harassment have been made against any member of the senior management team of Manager or against a Manager Professional and (ii) Manager has not entered into any settlement agreement related to allegations of sexual harassment or misconduct by a senior management team member of Manager or a Manager Professional. Manager shall promptly notify LACERA in the event that any investigation, action, proceeding, or allegations described in this paragraph is threatened or initiated against Manager or any Manager Professional who has performed any service with respect to LACERA’s account in the twenty-four (24) preceding months.

## Registered Investment Advisor

Manager hereby represents that it is a registered investment advisor under the Investment Advisers Act of 1940, and that it has completed, obtained, and performed all registrations, filings, approvals, authorizations, consents, or examinations required by any governmental authority for its services contemplated by this Agreement. Manager shall immediately notify LACERA if at any time during the term of this Agreement it is not so registered or if its registration is suspended.

## Investment Manager

Manager hereby represents that it is an “Investment Manager”, as that term is defined in Section 3(38) of the Employee Retirement Income Security Act of 1974, as amended, for LACERA with respect to the Managed Assets allocated to Manager for investment, and that Manager will maintain that status as long as this Agreement is in effect.

## Manager’s Agents

The Agents of Manager who will be responsible for performing under this Agreement are individuals experienced in the performance of the various functions contemplated by this Agreement and have not been convicted of any felony, found liable in a civil or administrative proceeding, pleaded no contest, or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, securities law violations, or bankruptcy law violations.

## Disclosure Statement

Manager warrants that it has delivered to LACERA, at least five (5) business days prior to the execution of this Agreement, Manager’s current Disclosure Statement, unless it is exempt from such requirement, in which case Manager has provided LACERA with a letter from its counsel explaining the basis for such exemption. During the term of this Agreement, Manager agrees to provide LACERA with a copy of each Disclosure Statement it files with the SEC, within ten (10) days of filing.

## Certification Regarding Financial Contacts and Solicitations

Manager represents that during the twelve (12) months preceding the effective date of this Agreement, no member of the LACERA Boards or key staff of the Boards or any elected or appointed official of Los Angeles County, or any person claiming to represent or have influence with either Board or with any member of the Boards contacted Manager with respect to a financial transaction or solicitation which was not solely on behalf of LACERA’s business with Manager. In addition, Manager shall immediately advise LACERA if any member of the LACERA Boards or key staff of the Boards (as such Board members and key staff are identified in writing by the Chief Investment Officer from time to time), or any elected or appointed official of Los Angeles County, or any person claiming to represent or have influence with either Board or with any member of the Boards contacts Manager with respect to a financial transaction or solicitation which is not solely on behalf of LACERA’s business with Manager, and shall deliver to LACERA on or before January 31st of each year, or more frequently if requested, the certification and information required by Exhibit C, attached hereto.

## Changes in Clientele

Manager agrees to notify LACERA within thirty (30) days of (1) Manager entering into any contract to perform investment management services, and (2) any termination of a contract it has to perform investment management services. The notice shall include the type of client (e.g., public or private pension plan), the amount of assets of the client, a general description of the services to be performed or being terminated, and with respect to terminations, a general description of the reason(s) for the termination.

## Placement Agent Disclosure Form

Manager represents, warrants, and covenants that the information contained in the Placement Agent Disclosure Form it submitted to LACERA dated [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_], is true and accurate as of the date of this Agreement, and the information contained in the Disclosure Form is not false or misleading and does not omit any material information.

## Most Favored Nations

For so long as this Agreement remains effective, Manager shall promptly advise LACERA of any fee agreement or arrangement between Manager and any of its clients that contains terms more favorable than those set forth in the then current Fee Schedule. LACERA shall automatically receive the benefit of any such more favorable terms, at its option.

## Economic Disclosure Requirements

The Manager acknowledges that it is subject to and agrees to comply with the economic disclosure requirements of the Reform Act and the Cal Regs, because it meets the definition of a “consultant” under Regulation 18700.3. As such, upon execution of this Agreement, Manager shall provide LACERA with a list of its employees performing services under this Agreement that meet the definition of “consultant” and ensure that each such individual timely files an assuming office statement no later than thirty (30) days after the effective date of this Agreement and, thereafter, files an annual statement of economic interests (and a leaving office statement, if applicable) in accordance with all applicable statutory and regulatory provisions.

## Notice of Contacts

Manager shall immediately advise LACERA’s Chief Investment Officer (1) if any member of the LACERA Boards, as identified in Exhibit C-1, contacts the Manager with respect to LACERA business or Manager’s services and obligations under this Agreement and (2) if any LACERA staff, as identified in Exhibit C-1, contacts Manager with respect to anything other than LACERA business or Manager’s services and obligations under this Agreement. Manager’s report to LACERA shall include the date of contact, circumstances, and a summary of the discussion or other contact.

## Compliance Certification

No more than two (2) times per calendar year, Manager shall provide LACERA with compliance certifications in a form substantially similar to the form attached hereto as Exhibit D.

## Annual Certification and Notice of Changes

Manager shall certify in writing no later than January 31st of each year that each of the representations, warranties, and covenants made in this Section are true as of December 31st of the prior year, or shall state in writing the facts that render such representations, warranties, and covenants no longer true. Manager shall notify LACERA in writing within three (3) business days of any of the following changes: (1) Manager becomes aware that any of its representations, warranties, and covenants set forth herein cease to be materially true at any time during the term of this Agreement; (2) there is any change in Manager’s senior personnel assigned to perform services under this Agreement, or in Manager’s key personnel within its organization; (3) there is any change in ownership or control of Manager of more than five (5) percent; or (4) Manager becomes aware of any other material change in its business organization, including, without limitation, the filing for bankruptcy relief.

# Reserved

# Compliance with Legal Requirements

Manager shall comply with all Legal Requirements, and all provisions required by such Legal Requirements to be included in this Agreement are hereby incorporated by reference.

# Assurance of Compliance with Civil Rights Laws

Manager hereby assures LACERA that Manager shall comply with Subchapter VII of the Civil Rights Act of 1964, 42 U.S. Code Sections 2000(e) through 2000(e)(17), to the end that no person shall, on grounds of race, creed, color, sex, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under this Agreement or under any project, program, or activity undertaken pursuant to this Agreement.

# Nondiscrimination in Employment

Manager shall take all necessary action to ensure that job applicants are employed, and that its employees are treated during employment, without regard to their race, color, religion, sex, age, marital status, sexual orientation, disability, medical condition, ancestry, or national origin. For purposes of this Section 30, the term “employment” shall include, without limitation, the following: employment, upgrading, promotion, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

# Replacement of Manager’s Agents

Upon demand by LACERA, Manager shall replace any Agent assigned to perform services under this Agreement who LACERA determines is unable to effectively execute the responsibilities required by this Agreement.

# Record Retention and Inspection

## Record Maintenance

Manager shall keep and maintain all records related to the Managed Assets, including but not limited to any LACERA Records, for the longer of (1) the period they are required to be kept and maintained under applicable statutory law and SEC Regulations, or (2) according to Manager’s record retention standards, but in no event for less than seven (7) years following the termination of this Agreement. After the minimum retention period has expired, Manager will give LACERA at least sixty (60) days’ notice of its intent to dispose of the LACERA Records and LACERA will have the right to take possession of such records prior to disposal. Manager will cooperate with LACERA with respect to the change of possession of the LACERA Records. Upon termination of this Agreement and at any time LACERA requests physical possession of the LACERA Records as permitted by this Agreement, Manager shall, and shall cause its Agents to, promptly deliver the LACERA Records to LACERA at Manager’s cost and expense.

## Record Review and Audit

Manager agrees that LACERA, or any duly authorized representative of LACERA, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any LACERA Records at any time during the term of this Agreement, or at any time for up to seven (7) years after the expiration or earlier termination of this Agreement. Upon LACERA’s request and on reasonable notice, Manager shall make such records available for review during normal business hours at Manager’s business office. Manager shall make the persons responsible for creating and maintaining LACERA Records available to LACERA during such review for the purpose of responding to LACERA’s reasonable inquiries.

## Acknowledgment of Ownership

Manager acknowledges that the LACERA Records are the property of LACERA for all purposes and upon (1) the expiration or earlier termination of this Agreement and (2) LACERA’s request, Manager shall promptly deliver to LACERA all LACERA Records.

## Survival

The provisions of this Section 32 shall survive the termination of this Agreement.

# Confidentiality

Manager shall maintain the confidentiality of all information, data, and records (including LACERA Records) in any form from any source related to the services provided hereunder, including, but not limited to LACERA Information. Manager shall maintain the confidentiality of all LACERA Information using whatever security measures are necessary to protect all such material, data, and information from loss or damage by any cause, including, but not limited to, fire and theft. The preceding obligations shall not apply to LACERA Information which (1) was lawfully in the possession of Manager prior to disclosure of such information by LACERA, (2) was, or at any time becomes, available in the public domain or from a third party, other than through a violation of this Agreement, (3) is independently developed by Manager, or (4) is disclosed pursuant to an order to do so by a court of competent jurisdiction. Manager agrees that the LACERA Information will be used by Manager only for the purpose of providing the services set forth in this Agreement and not in any way detrimental to LACERA or for the benefit of a third party. Only representatives and Agents of Manager who need to review the LACERA Information in connection with providing the services hereunder may access and view the LACERA Information. Manager shall inform all of its Agents of the confidentiality provisions of this Agreement, and require each Agent who is to have access to the LACERA Information to sign a confidentiality agreement governing the LACERA Information that is at least as restrictive as this Agreement before given access to the LACERA Information. Manager shall notify LACERA orally and in writing within twenty-four (24) hours after Manager learns that the confidentiality of the LACERA Information in Manager’s possession has been compromised through dissemination, disclosure, or impermissible use, or it is reasonably possible that it has been compromised and will use best efforts to assist LACERA in minimizing the damage from such disclosure. Manager shall indemnify, defend, and hold harmless LACERA from and against any claims arising from or relating to the unauthorized disclosure of any LACERA Information by Manager or its Agents. Both the confidentiality and indemnity obligations of Manager under this Section shall survive expiration or termination of this Agreement.

In recognizing Manager’s need to identify its services and related clients to sustain itself, Manager may publicize its role under this Agreement within the following conditions:

## Manager will develop and present all such publicity material in a professional and not misleading manner.

## During the course of performance of this Agreement, Manager, its employees, agents, and subcontractors will not publish or disseminate commercial advertisements, press releases, opinions, or feature articles, using the name of LACERA or the County without the prior written consent of LACERA.

## Manager may, without the prior written permission of LACERA, indicate in its proposals and sales materials that it has been awarded an agreement to provide the services described in this Agreement.

# Audit Settlement

If an error is discovered as a result of an audit performed by Manager or LACERA, or if Manager becomes aware of any error affecting the Account or Managed Assets through any other means, Manager shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error. Manager shall pay any Claims resulting from such error to LACERA, pursuant to Section 24 above.

# Notices

## All notices or other communications required or permitted hereunder shall be in writing, and shall be delivered or sent, as the case may be, by any of the following methods: (1) personal delivery, (2) overnight commercial carrier, (3) registered or certified mail, postage prepaid, return receipt requested, or (4) electronic mail. Any such notice or other communication shall be deemed received and effective upon the earlier of (1) if personally delivered, the date of delivery to the address of the person to receive such notice, (2) if delivered by overnight commercial carrier, one day following the receipt of such communication by such carrier from the sender, as shown on the sender’s delivery invoice from such carrier, (3) if mailed, on the date of delivery as shown by the sender’s registry or certification receipt, or (4) if given by electronic mail, when sent. Any notice or other communication sent by electronic mail must be confirmed within forty-eight hours by letter mailed or personal delivery, overnight commercial carrier, or registered or certified mail. Any reference herein to the date of receipt, delivery, or giving, or effective date, as the case may be, of any notice or communication shall refer to the date such communication becomes effective under the terms of this Section. Rejection or other refusal to accept or failure to receive because of changed address of which no notice was given shall be deemed to constitute receipt of notice or other communication sent. The address to be used in connection with notices are the following, or such other address as a party shall from time to time direct by notice given in accordance with this Section:

|  |  |
| --- | --- |
| To LACERA: | To Manager: |
| Ted Wright |  |
| Principal Investment Officer |  |
| LACERA |  |
| 300 N. Lake Ave., Suite 850 |  |
| Pasadena, CA 91101 |  |
| Email: [twright@lacera.com](mailto:twright@lacera.com) |  |
|  |  |
| With copy to: | With copy to: |
| Jonathan Grabel |  |
| Chief Investment Officer |  |
| LACERA |  |
| 300 N. Lake Ave., Suite 850 |  |
| Pasadena, CA 91101 |  |
| Email: [jgrabel@lacera.com](mailto:jgrabel@lacera.com) |  |

## Notwithstanding paragraph 35.1, Manager’s invoices shall be addressed as provided in Section 14.2 above, and the certificates of insurance shall be addressed as provided in Section 25.1.1 above.

# Reserved.

# Cooperation in Contract Administration

Manager shall cooperate with such consultants as LACERA may retain from time to time to assist LACERA in the administration of this Agreement, including, without limitation, investment consultants, attorneys, and accountants. This provision shall survive termination of this Agreement.

# Attorneys’ Fees, Costs and Expenses

In any legal proceeding which arises out of or relates to this Agreement (whether in contract, tort, or any other legal theory whatsoever), then the party not prevailing shall pay to the prevailing party all reasonable costs and expenses incurred therein by the prevailing party including, without limitation, reasonable attorneys’ fees, court costs, expert witness fees, and costs, travel time, and associated costs, copy costs, deposition costs, exhibit costs, costs on appeal, fees, and costs associated with execution upon any judgment or order, special transcript costs, and the appointment of a Special Master or discovery referee. These expenses shall be in addition to any other relief to which the prevailing party may be entitled and shall be included in and as part of the judgment or decision rendered in such proceeding.

# Section Headings; Interpretation

Caption and section headings used in this Agreement are for convenience and reference only and shall not affect in any way the meaning, construction, or interpretation of this Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Agreement. The language in all parts of this Agreement shall in all cases be construed according to its fair meaning, and not strictly for or against any party hereto. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement.

# Entire Agreement

This Agreement, Manager’s Proposal, and any and all Exhibits, Schedules, and Appendices attached hereto, contain the final, complete, and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all other previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings, and communications between the parties relating to the subject matter of this Agreement. No party has been induced to enter into this Agreement by, nor is any party relying on, any representation or warranty outside those expressly set forth in this Agreement.

# Manager’s Proposal, Exhibits, Schedules, and Appendices

Manager’s Proposal, and the Exhibits, Schedules, and Appendices attached hereto, are incorporated in and made a part of this Agreement by reference. If any conflicts, inconsistencies, or ambiguities should arise between or among this Agreement and the incorporated documents, the following precedence shall be used to interpret the requirements of this Agreement:

## The terms of this Agreement;

## The terms of the Exhibits, Schedules, and Appendices according to the order in which they appear; and

## The Manager’s Proposal.

# Severability

If any provision of this Agreement is held by any court to be illegal, invalid, or unenforceable, in whole or in part, the other provisions shall remain unaffected and shall continue in full force and effect unless an essential purposes of this Agreement would be defeated by the loss of the illegal, invalid, or unenforceable provision.

# Waiver

No waiver of a breach, failure of any condition, 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, or preceding or subsequent, nor shall any waiver constitute a continuing waiver unless the writing so specifies.

# Amendments in Writing

## This Agreement may be amended or modified only by a written instrument executed by both parties hereto and making specific reference to this Agreement and the intent of the parties that it be modified or amended by such writing.

## The parties shall meet and confer in good faith on any modification of this Agreement that may become necessary to make its provisions consistent with any investment policy of LACERA, or any foreign, international, federal, state, county, or local statute, rule, regulation, or ordinance which governs any aspect of this Agreement.

# Governing Law and Venue

## This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of California without regard to principles of conflicts of laws.

## Any party bringing a legal action or proceeding against any other party arising out of or relating to this Agreement or the transactions it contemplates (whether in contract, tort, equity, or otherwise), shall bring the legal action or proceeding in either the United States District Court sitting in the County of Los Angeles, California or in any court of the State of California sitting in the County of Los Angeles, California.

## Each party to this Agreement consents to the exclusive jurisdiction of any United States District Court sitting in the County of Los Angeles, California and any court of the State of California sitting in the County of Los Angeles, California, and their appellate courts for the purpose of all legal actions and proceeding arising out of or relating to this Agreement or the transactions it contemplates.

## LACERA, in its sole and absolute discretion, may waive the requirements of either or both of Sections 44.2 and 44.3 as to either party or both parties to this Agreement.

# Joint and Several Liability

If Manager (or any permitted assignee) consists of more than one person or entity, the liability of each such person or entity signing this Agreement as Manager shall be joint and several.

# Assignment and Delegation

Manager may not assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of LACERA, which consent may be granted or withheld in LACERA’s sole discretion. Despite LACERA’s consent, no assignment shall release Manager of any of its obligations or alter any of its primary obligations to be performed under the Agreement, unless such consent expressly provides for such release of Manager. Any attempted assignment or delegation of Manager’s rights or duties under this Agreement in contravention of this provision shall be void and shall entitle LACERA to terminate this Agreement for default.

# Restrictive Agreements

## For purposes of this Section 47, “Restrictive Agreements” means any non-competition agreement, non-solicitation agreement, and any other agreement between Manager and any of its Agents, including, without limitation, those individuals responsible for managing the Managed Assets, whether entered into prior or subsequent to this Agreement, which purports to restrict any Former Agent, from soliciting Business Activity, by (1) prohibiting such Business Activity by the Former Agent for any period of time, (2) requiring the payment of money or other consideration by the Former Agent to Manager to enter into such Business Activity, or (3) requiring any other act or abstention from action by the Former Agent in connection with such Business Activity.

## Manager acknowledges that Restrictive Agreements infringe upon the Board’s fiduciary duty to select managers to invest and manage assets under LACERA’s administration.

## Manager agrees such Restrictive Agreements shall not be applicable to any Business Activity between LACERA and any Former Agent. Manager shall not enforce any such Restrictive Agreement against any Former Agent to the extent such Former Agent engages in a Business Activity with LACERA.

# Word Usage

Unless the context clearly requires otherwise, (1) the plural and singular number shall each be deemed to include the other, (2) the masculine, feminine, and neuter genders shall each be deemed to include the others, (3) “or” is not exclusive, (4) “includes” and “including” are not limiting, (5) “hereof”, “herein”, and other variants of “here” refer to this Agreement as a whole, and (6) “default” and “breach” are used interchangeably.

# Surviving Provisions

The provisions of this Agreement that expressly survive the termination of this Agreement, and other provisions which by their nature are intended to survive expiration of this Agreement, will survive the expiration of this Agreement.

# Execution in Counterparts; Facsimile Signatures

The parties may execute this Agreement in any number of duplicate originals, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The parties may execute this Agreement in counterparts, each of which constitutes an original, and all of which, collectively, constitutes only one agreement. Any party delivering an executed counterpart of this Agreement by facsimile shall also deliver a manually executed counterpart of this Agreement, but the failure to do so does not affect the validity, enforceability, or binding effect of this Agreement.

# Recitals Incorporated

The recitals set forth at the beginning of this document are incorporated in and made a part of this Agreement.

(Remainder of this page intentionally left blank. Signatures follow on next page)

**IN WITNESS WHEREOF,** LACERA has caused this Agreement to be executed by its duly authorized officer and Manager has caused this Agreement to be executed by its duly authorized officer as of the date first above written.

|  |  |
| --- | --- |
| LACERA: | Manager: |
| Los Angeles County  Employees Retirement Association | [\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] |
| By:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: Jonathan Grabel  Title: Chief Investment Officer | By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Approved as to form:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_  Christine Roseland  Senior Staff Counsel |  |

List of Exhibits

EXHIBIT A: STATEMENT OF INVESTMENT POLICY

EXHIBIT B: FEE SCHEDULE

EXHIBIT C: CERTIFICATION REGARDING FINANCIAL CONTACTS AND SOLICITATIONS

EXHIBIT C-1: DESIGNATED PERSONS LIST

EXHIBIT D: COMPLIANCE CHECKLIST

**EXHIBIT A**

TO THE INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AND

[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

**STATEMENT OF INVESTMENT POLICY**

(See attachment consisting of [\_] pages)

**Investment Restrictions:**

The following policy is not restrictive or exclusionary, but requires an economic benefit balance justification. If a suitable replacement/substitute investment is not available, the security may be held as long as holding the security can be justified. In addition, if the security is held, Manager will list it on its monthly “Certificate of Accuracy Compliance” form.

1. **Tobacco Policy**

Manager should refrain from purchasing tobacco securities when the same investment concerning risk, return and diversification can be achieved through the purchase of another security. Consequently, if two investments have identical risk/return characteristics, Manager shall purchase the security with no tobacco business. Otherwise, Manager shall select the security expected to provide the most value added.

1. **Sudan Policy**

Manager should refrain from purchasing securities where the company has been identified as doing business in Sudan or with the government of Sudan, when the same investment goals concerning risk, return and diversification can be achieved through the purchase of another security.

1. **Iran Policy**

Manager should refrain from purchasing securities where the company has been identified as doing business in Iran’s energy sector or with the government of Iran, when the same investment goals concerning risk, return and diversification can be achieved through the purchase of another security.

**EXHIBIT B**

TO THE INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AND

[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

**FEE SCHEDULE**

(See attachment consisting of [\_] pages)

Note to review footnote for Exhibit B Fee Schedule language (per Vache email 1-14-19) re “ LACERA shall pay Manager advisory fees, quarterly in arrears, promptly after each calendar quarter after receipt and verification of Manager’s quarterly invoice, at the rates indicated above, based on the average of the market values of the Managed Assets at the close of business on the last business day of the last month of the immediately preceding calendar quarter and the last business day of each of the first two months of the current calendar quarter. The advisory fees for any period which does not constitute a full calendar quarter shall be prorated, based upon the number of days in the calendar quarter that Manager managed the Managed Assets.”

**EXHIBIT B**

TO THE INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AND

J.P. MORGAN INVESTMENT MANAGEMENT INC.

**FEE SCHEDULE[[1]](#footnote-1)**

ENHANCED CASH PORTFOLIO

|  |  |  |  |
| --- | --- | --- | --- |
| Daily Weighted Average of the Market Value of the Assets in the  Enhanced Cash Portfolio for the Period |  | Annual Fee Rates[[2]](#footnote-2)  (Prorated for partial years) | |
| $0 - $299 million  $300 - $499 million  $500 - $749 million  $750 - $999 million  Asset over $1 billion |  | 0.10%  0.08%  0.07%  0.06%  0.05% |

EXAMPLE OF AVERAGE ASSETS AND FEE CALCULATION

1. Step One: Average Assets Calculation

Quarter ending December 31:

LACERA Custodial Bank Report of the daily weighted average market value of Assets Managed for the period from the beginning of each calendar quarter to the end of the calendar quarter of:

|  |  |  |
| --- | --- | --- |
| October | $ | 1,106,000,000\* |
| November | $ | 1,165,000,000\* |
| December | $ | 1,182,000,000\* |
| Total | $ | 3,453,000,000 |
| Divided by 3 equals | $ | 1,151,000,000 |

In the example, the average assets managed for the quarter ending December 31 is $1,151,000,000.

\* Custodial Bank market value reported for the last business day of the month indicated.

2. Step Two: Fee Calculation

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Total 3 Month Average  Of Assets Managed | x | Annual  Fee =  Rate | Annual Fee | 4 = | Quarterly Fee |
| $ 1,151,000,000 | x | 0.05% = | $ 575,500 | 4 = | $ 143,875 |

In the example, the quarterly fee for the quarter ended December 31 is $143,875.

The Daily Weighted Average is calculated by taking the beginning balance for each day and adjusting for cash flow activity to come up with the end of day market value. The end of day values are used for the billing period in calculating the fees.

**EXHIBIT C**

CERTIFICATION REGARDING FINANCIAL CONTACTS AND SOLICITATIONS

[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_] (“MANAGER”) acknowledges that the Los Angeles County Employees Retirement Association (“LACERA”) is responsible for the administration of the employees’ retirement trust fund. The members of LACERA’s Board of Retirement and the Board of Investments (hereinafter referred to as the “Boards”) are the sole and exclusive trustees and fiduciaries of this statutory trust.

MANAGER agrees to assist the Boards in discharging their mutual fiduciary obligations and to affirmatively assist in identifying potential conflicts of interests. MANAGER hereby acknowledges that the Boards are directing MANAGER to file an annual certification regarding contacts, which may represent potential conflicts of interest and further agrees to furnish the annual certification.

In the event any person described below (a “Designated Person”) contacts MANAGER with respect to a financial transaction or solicitation which is not solely on behalf of LACERA’s business with MANAGER, MANAGER shall promptly report by telephone and in writing such contact to the respective Chairs of the Boards and the Chief Executive Officer. For purposes of reporting contacts, a “solicitation” includes, as an example and without limitation, a request for contribution to any campaign for any elected seat on either Board, or for a seat on the Board of Supervisors of Los Angeles County, made by or on behalf of a Designated Person. A Designated Person is:

(1) Any member of either Board;

(2) Any candidate for an elected seat on either Board;

(3) Any member of the Board of Supervisors of Los Angeles County;

(4) Any candidate for a seat on the Board of Supervisors of Los Angeles County;

(5) Any of the LACERA Executive Staff designated on Attachment No. 1 hereto; and

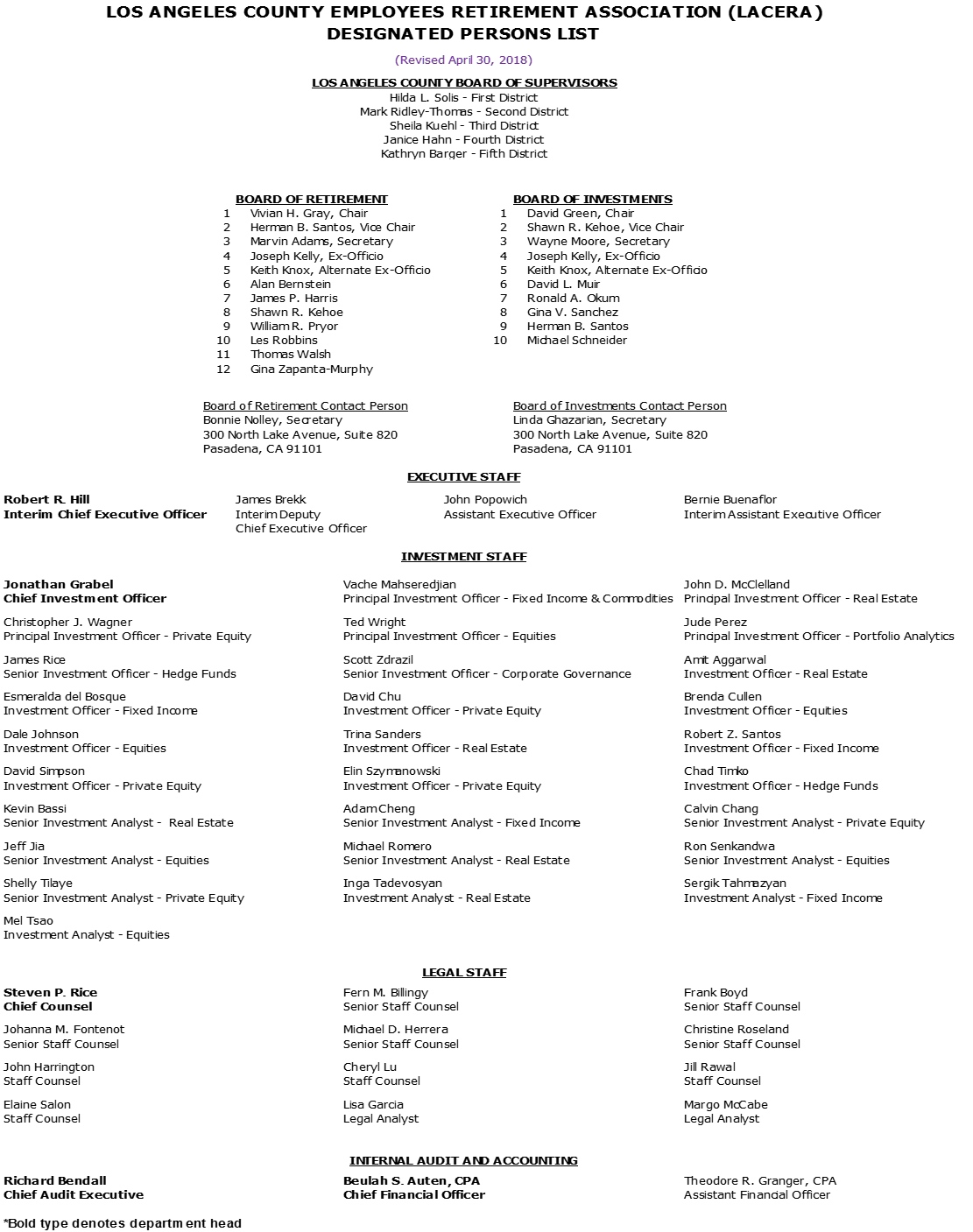
(6) Any person claiming to represent or to have influence with any person described in (1) through (5) above.

LACERA may amend Attachment No. 1 from time to time upon written notice to MANAGER.

MANAGER further agrees to furnish an annual certification, attested to by a responsible officer of MANAGER. The certification shall describe each contact reportable under the foregoing paragraph, listing the date(s) of such contact, the person making the contact and the subject matter of the contact. The certification shall state that except as specifically described in the certification, MANAGER has not been contacted by or on behalf of a Designated Person with respect to a financial transaction or solicitation which is not solely on behalf of LACERA’s business with MANAGER. Such certification shall be filed annually by January 31 of each year for the preceding calendar year.

**EXHIBIT C-1**

DESIGNATED PERSONS LIST



**EXHIBIT D**

TO THE INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

AND

[\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_]

**COMPLIANCE CHECKLIST**

(See attachment consisting of [\_] pages)

1. LACERA shall pay Manager advisory fees, quarterly in arrears, promptly after each calendar quarter after receipt and verification of Manager’s quarterly invoice, at the rates indicated above, based on the average market value of the Enhanced Cash Portfolio at the close of business on the last business day of each month of the calendar quarter. If the Agreement is terminated, such that Manager does not manage a particular portfolio on the last business day of that month, then for that month only the parties will use the market value of the terminated portfolio as of the close of business on the last business day during the month that Manager manages the terminated portfolio. The advisory fees for any period which does not constitute a full calendar quarter shall be prorated, based upon the number of days in the calendar quarter that Manager managed the portfolio. [↑](#footnote-ref-1)
2. This is not a marginal fee schedule. For the avoidance of doubt, this means that one flat fee is applied to all assets under management and that flat fee is dependent upon the value range of the assets under management for the specified period. For example, if the market value of the assets under management for the period is $625 million, the annual fee rate of 0.07% is applied to the entire $625 million under management. [↑](#footnote-ref-2)