

October 23, 2020



REQUEST FOR PROPOSAL

Audit Committee Consultant

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**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
REQUEST FOR PROPOSAL (RFP)
AUDIT COMMITTEE CONSULTANT
10/23/2020**

1. INTRODUCTION

1.1. Purpose of Request

This Request for Proposal (RFP) The Audit Committee of the Los Angeles County Employees Retirement Association (LACERA), requests proposals from qualified candidates to serve as the Audit Committee Consultant. The Audit Committee Consultant serves as the designated technical expert advising the Audit Committee on audit and financial matters and serves a three-year term. Interested consultants are invited to respond to this RFP.

Firms who have existing contracts with LACERA are ineligible to participate in this RFP since it will result in a conflict of interest. Furthermore, candidates should note that if selected as the Audit Committee Consultant, they are ineligible to respond to future RFPs for the hiring of LACERA's External Financial Auditor and any other audit engagements under the purview of LACERA, the Audit Committee or Internal Audit.

1.2. Instructions for Response

Please deliver an electronic copy of your proposal no later than 5:00 PM, November 19, 2020, to the Point of Contact as specified in section 1.3 below. **Refer to Exhibit D - Proposal Requirements.**

By submitting a proposal, the proposer represents that it has thoroughly examined and has become familiar with the requested services and the contents of this Request for Proposal ("RFP") and that it is capable of performing quality services to achieve LACERA's objectives. The proposer is responsible for requesting clarification of any deficiency, ambiguity, error, or omission contained in this RFP, or any provision in this RFP that the proposer fails to understand. Any communication regarding this RFP must be submitted by email or hardcopy.

The information you submit in response to this RFP becomes the exclusive property of LACERA. LACERA will not return your proposal or reimburse you for proposal preparation expenses.

PERIOD FOR AWARD OF CONTRACT LACERA

LACERA may award a Contract for any accepted proposal up to 120 days from the date that proposals are due. The pricing, terms and conditions stated in your response must remain valid for 120 days from the November 18, 2020, deadline for proposals submission.

is strictly limited to matters necessary in connection with the contractor's existing scope of work.

The quiet period does not prevent Board-approved meetings and communications by staff with any bidding Firm to the extent such communication is necessary as part of a due diligence process or necessary in connection with other LACERA business. Other than due diligence, discussion related to the pending selection is not permitted during these activities. A Firm may be disqualified from a search process for a willful violation of this policy.

1.7. RFP Scoring and Selection Criteria

RFPs will be scored according to **Exhibit C - Selection Criteria**. LACERA staff may select Firms based upon the selection criteria or utilizing a combination of onsite interviews and reference verification.

The highest scoring Firms may be invited to an interview at the December 11, 2020 (via Zoom Meeting) Audit Committee meeting. Firms will be offered the opportunity to present their materials to the Audit Committee for questions.

1.8. RFP Important Dates

The following table provides a tentative schedule of important dates and deadlines for this RFP. All dates are subject to modification by LACERA without notice.

Event	Date
RFP release date	10/23/2020
Written questions from Firms due date	10/30/2020
LACERA's response to Firms' questions	11/6/2020
Intent to Respond	11/16/2020
Proposal due date	11/18/2020
Finalists Contacted	11/25/2020
Finalists interviewed at Audit Committee Meeting (<i>remote</i>)	12/11/2020
Commencement of work	1/1/2021

2. BACKGROUND INFORMATION

LACERA is a tax-qualified defined benefit public pension fund established to administer retirement, disability, and death benefits for the employees of the County of Los Angeles and other participating agencies pursuant to the County Employees Retirement Law of 1937 (CERL) (California Government Code Section 31450, et seq.), the California Public Employees' Pension Reform Act of 2013 (PEPRA) (California Government Code Section 7522, et seq.), LACERA's Bylaws and Board Policies, and other applicable

California law. LACERA also administers the County's medical and dental retiree health benefits program.

LACERA operates as an independent governmental entity separate and distinct from Los Angeles County and the other participating agencies. LACERA has approximately 168,000 members, including 104,000 active members and 68,000 retired members. In addition to benefits administration, the fund invests \$60 billion in assets to support payment of the promised pension benefits as well as additional sums to support the retiree healthcare program.

LACERA Governance

LACERA is governed by two nine-member Boards: the Board of Retirement is responsible for the overall management of the retirement system; the Board of Investments is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority and control over the investment management of the fund. The day-to-day management of LACERA and development of its annual administrative budget is delegated to a Chief Executive Officer (CEO), who is appointed by both Boards.

The Audit Committee

The Audit Committee is responsible for overseeing LACERA's governance activities, including risk management practices and related internal controls. The Audit Committee oversees governance, risk management, and internal controls. **Refer to Exhibit F- Audit Committee Charter** for information on Audit Committee roles and responsibilities. Exhibit F is located on the LACERA RFP website page

The Audit Committee Consultant

In addition to the duties described above, the Audit Committee Charter provides the authority to approve the hiring of an audit and financial consultant (**Audit Committee Consultant**) to serve as an advisor to the Audit Committee. The Audit Committee Consultant is a non-voting member who works with the Audit Committee and LACERA's Internal Audit staff to provide advice and direction upon request. Refer to the **Exhibit B - Statement of Work** for additional information relating to the work performed by the Audit Committee Consultant.

The Audit Committee is administering this process of hiring a new Audit Committee Consultant and is seeking proposals that include information about qualified individuals and the services they can provide, as described in **Exhibit B - Statement of Work**. The current Audit Committee consultant has acted in that capacity for the last five years and has spent, (excluding travel time), approximately 40-60 hours per year on average completing the duties and fulfilling the responsibilities of the position. These hours include time spent preparing for and attending Audit Committee meetings (four - six meetings), participating in periodic teleconference calls with the Chief Audit Executive and Audit Committee Chair, and performing other consulting work required by the Audit Committee.

3. SCOPE OF SERVICES

LACERA's Audit Committee seeks a professional consultant to serve as Audit Committee Consultant. The selected consultant will serve as the Audit Committee's designated technical expert and will advise the Committee on audit and financial matters. The consultant agreement will begin in January 2021 and the Audit Committee Consultant will serve a three-year term. **Refer to Exhibit B -Statement of Work**, for a detailed description of the consultant services.

Respondents must have experience and knowledge in internal and external audit practices, as well as an extensive understanding of government accounting standards and financial practices. Your response should provide relevant information to demonstrate your firm's ability to provide the services that we are seeking. **Exhibit D-RFP Proposal Requirements**, provides a detailed list of information to include in your response.

4. MINIMUM QUALIFICATIONS

For due consideration, candidates should demonstrate the ability to meet the requirements of this RFP and the minimum qualifications described in **Exhibit A – Minimum Qualifications**.

5. NOTICE TO RESPONDENTS REGARDING THE PUBLIC RECORDS ACT AND RALPH M. BROWN ACT

The information you submit in response to this RFP will be subject to public disclosure pursuant to the California Public Records Act (Cal. Gov. Code Section 6250, et seq., the "Act") in the sole discretion of LACERA based on its interpretation of its legal obligations under the Act. The Act provides generally that all records relating to a public agency's business are open to public inspection and copying, unless specifically exempted under one of several exemptions set forth in the Act. In addition, if LACERA staff chooses to recommend your Firm to the Board of Retirement for hiring, such recommendation and the relevant proposal(s) will appear on a publicly posted agenda for a public meeting of the Board of Retirement in accordance with the Ralph M. Brown Act (Cal. Gov. Code Section 54950, et seq.), and parts or all of your proposal may be included in the agenda packet that is available to the public generally. If it is included in the agenda packet, your proposal will not be exempt from disclosure under the Act.

If you believe that any portion of your response to this RFP that is provided to LACERA for its review is exempt from public disclosure under the Act and should not be included as part of the agenda packet, you must mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," make it readily separable from the balance of your response and offer a brief explanation for the exemption under the Act. Responses marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny disclosure of all or any portion of responses so marked. By submitting a response with material marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY" you represent you have a good faith belief that

the material is exempt from disclosure under the Act; however, such designations will not be conclusive or bind LACERA.

You may be required to justify in writing why such material should not, upon request, be disclosed by LACERA under the Act and should not be included in the agenda packet. Fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," OR "PROPRIETARY". LACERA may also in its sole discretion produce any information in your RPF response, including information marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," in response to a Public Records Act request if LACERA believes it is required by law to do so.

If a request is made pursuant to the Act for materials you have marked "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY," and LACERA agrees that the material requested is not subject to disclosure under the Act, LACERA will either notify you so you can seek a protective order at your own cost and expense, or LACERA will not disclose those materials. If LACERA denies public disclosure, then by submitting your proposal you agree to reimburse LACERA for, and to indemnify, defend, and hold harmless LACERA, its officers, fiduciaries, employees, and agents from and against 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, in connection with or relating to LACERA's nondisclosure. By submitting your proposal, you also agree to indemnify, defend, and hold LACERA harmless from and against any and all Claims arising from, in connection with, or relating to LACERA's public disclosure of any such designated portions of your response if LACERA reasonably determines disclosure is required by law, or if disclosure is ordered by a court of competent jurisdiction.

Nothing in this RFP requires LACERA to withhold any documents from production under the Act.

6. NOTICE TO RESPONDENTS REGARDING LACERA DATA PROTECTION

LACERA, its consultants, vendors, and contractors have a duty to protect all LACERA data, including without limitation, information related to members and beneficiaries, finances, systems, and operations.

Depending upon the scope of work, the finalist selected through this procurement may have access to sensitive information protected by LACERA's internal policies, state law, and federal law. In such a case, by submitting a proposal, respondent agrees to subject itself to certain contractual terms designed to protect such information, including without limitation cyber liability insurance.

7. RESPONSES BECOME LACERA PROPERTY

The information you submit in response to this RFP will become the exclusive property of LACERA. Your response will not be returned to you, and LACERA will not be liable for and will not reimburse you for any costs your Firm incurs in connection with the preparation or submission of any proposal.

8. CONTRACT NEGOTIATIONS

Upon Audit Committee approval, staff will enter into contract negotiations with the approved Firm(s). LACERA may terminate negotiations, at its sole discretion, if it believes a satisfactory agreement cannot be negotiated. LACERA reserves the right to award a contract based upon proposals received; you should not rely upon the opportunity to alter your proposal (e.g., services to be provided, fees, etc.) during contract negotiations.

The final contract must allow LACERA to terminate a) for its convenience, b) if funds are not appropriated for the services to be provided, and c) for default.

9. RESERVATIONS BY LACERA

LACERA reserves the right to cancel this RFP, in whole or in part, any time before the closing date.

LACERA is not liable and will not reimburse you for any costs your Firm incurs in connection with the preparation or submission of any proposal.

If you submit a response to this RFP, LACERA reserves the right to make such investigations as it deems necessary to determine your ability to furnish the required services, and you agree to furnish all such information for this purpose as LACERA may request.

LACERA also reserves the right to reject the proposal of anyone who is not currently in a position to perform the contract, or who has previously failed to perform similar contracts properly, or in a timely manner.

LACERA reserves the right to reject, in whole or in part, any and all proposals received; waive minor irregularities; negotiate in any manner necessary to best serve the public interest, and make a whole award, multiple awards, partial award, or no award.

LACERA reserves the right to award a contract, if at all, to the Firm or Firms that, in LACERA's sole discretion and judgment, will provide the best match to the requirements of the RFP and the needs of LACERA, which may not be the proposal offering the lowest fees.

LACERA reserves the right to request additional documentation or information from Firm. Requested information may vary by Firm. LACERA may ask questions of any Firm to seek clarification of a proposal or to ensure the Firm understands the scope of the work or other terms of the RFP. LACERA reserves the right to terminate or modify this RFP.

LACERA reserves the right to submit the final agreement between LACERA and the Firm to the Audit Committee for approval.

This RFP is not an offer of a contract. Acceptance of a proposal does not commit LACERA to award a contract to any Firm, even if the Firm satisfied all requirements stated in this RFP. Publication of this RFP does not limit LACERA's right to negotiate for the services described in this RFP. If deemed by LACERA to be in its best interests, LACERA may negotiate for the services described in this RFP with a party that did not submit a proposal. LACERA reserves the right to choose to not enter into an agreement with any of the respondents to this RFP.

EXHIBIT A - MINIMUM QUALIFICATIONS CERTIFICATION

All Firms are required to sign and return this attachment with their proposal. Submitting this response fulfills the minimum qualifications outlined below, as well as the requirements contained in the RFP. The proposal should include written evidence of how you meet each qualification included in **Exhibit A - Minimum Qualifications**

A. Minimum Qualifications include:

- Ability to help Audit Committee members evaluate and understand audit-related issues and to assist them in performing their oversight role over financial reporting.

- Bachelor's degree from an accredited college or university with a major in accounting, finance, public administration or a closely related field.

- At least five years' experience (*any one of the following satisfies this requirement*):
 - Managing an Internal Audit or Accounting/Finance Department of a public pension fund.
 - At the level of Partner, Director, or Senior Manager for a Certified Public Accounting firm with at least 30% of the experience in the area of government.
 - As an attorney practicing in the areas of public accounting or government.

The respondent hereby certifies that it meets all of the requirements as specified Section A of Exhibit A – Minimum Qualification Certification. The undersigned hereby certifies that he/she is an individual authorized to bind the Firm contractually, and said signature authorizes verification of this information.

Authorized Signature

Date

Name and Title (please print)

Name of Firm

B. Desired Professional Qualifications/Experience:

- Advanced Degree and related certifications (*includes Doctor of Law (JD), Doctor of Philosophy (PhD), in business-related areas, Master of Business Administration (MBA), Certified Public Accountant (CPA) or Certified Internal Auditor (CIA).*)
- Significant experience with government accounting standards, generally accept government auditing standards (GASB, GAAP, GAAS, etc.).
- Prior experience as an Audit Committee Consultant for a government or corporate entity.
- Prior experience providing advice or service to an independent local government audit committee. Alternatively, experience with internal and/or external audit work, preferably for local government and subject to a peer review every three years.
- Demonstrated familiarity with the five essential elements of a comprehensive integrated framework of internal control as identified by The Council of Sponsoring Organizations (COSO) of the Treadway Commission.
- Understanding and/or experience applying elements of the Sarbanes-Oxley Act of 2002 to extrapolate and incorporate useful elements of this Act for utilization by public pension fund.
- Broad knowledge of public pension and investment practices and emerging trends including principles and practices of public pension fund finance administration, accounting systems, controls, budgeting, procurement, and investments
- Specific knowledge of '37 Act Pension Systems.
- Strong sense of corporate governance

EXHIBIT B STATEMENT OF WORK

The Audit Committee Consultant serves as the Audit Committee's designated technical expert and provides advice on audit and financial matters. Consultant services include, but are not limited to the following:

- Attend Audit Committee meetings (at least 4-6 meetings per year):
 - Review materials presented to Audit Committee prior to each Audit Committee meeting and advise the Chief Audit Executive and the Committee Chair of any potential issues or concerns.
 - Actively participate in discussion and provide the Audit Committee with information and advice.
 - Provide information and/or educational pieces to help the Audit Committee in fulfilling their roles and responsibilities.

- Advise the Audit Committee as necessary on the review of LACERA's annual financial statement audit, as well as assisting and advising the Audit Committee in their review of additional public accountability reports from LACERA's external financial auditors.

- Support the Audit Committee in fulfilling their roles and responsibilities as defined in their Audit Committee Charter by providing the following:
 - Best practices of other public and private sector audit committees and recommend practices that could enhance the effectiveness of LACERA's Audit Committee.
 - Public company regulatory matters that may affect LACERA (e.g. SEC, Sarbanes-Oxley, PCAOB, PEPRA, etc.)
 - Emerging risk areas

- When necessary, participate in teleconference calls with the Chief Audit Executive (CAE), Committee Chair, and Vice Chair.

- Advise the Audit Committee on the retention of and subsequent interaction with outside auditors.

- Advise the Audit Committee in their reviewing of the Internal Audit Risk Assessment and Audit Plan.

- Advise the Audit Committee on their review of Internal Audit progress on Audit Plan, audits, and recommendations.

- Providing advice relating to financial matters related to other public pension funds that may impact LACER Issues related to fraud or misconduct common within pension funds or other organizations similar in size and operations to LACERA.

**EXHIBIT C
SELECTION CRITERIA**

The selection criteria below and the weighting schedule of the evaluation factors is a guide only and does not bind or limit LACERA in any way in its selection of vendor(s).

	CRITERIA	WEIGHT
1	Proposal	25%
2	Experience/Knowledge	45%
3	References	20%
4	Fees	10%
5	Total	100%

EXHIBIT D - PROPOSAL REQUIREMENTS

REQUIREMENTS Your proposal shall include, at a minimum, the following information:

1. Provide a brief description of your relevant work history, including a summary of each type of service and years of experience directly related to the services we are seeking, and as specified in the **Exhibit B- Statement of Work**.
2. Describe your education, including any degrees or certifications.
3. Describe your knowledge and experience in the following areas:
 - Advanced Degree and related certifications (includes: Doctor of Law (JD), Doctor of Philosophy (PhD), in business-related areas, Master of Business Administration (MBA), Certified Public Accountant (CPA) or Certified Internal Auditor (CIA),
 - Prior experience advising Audit Committees
 - Specific knowledge of '37 Act Pension Systems
 - Broad knowledge of public pension and investment practices and emerging trends Knowledge of financial regulatory sources (GASB, GAAP, GAAS, etc.)
 - Enterprise Risk Management
4. Provide three references from clients that you have acted in a similar advisory role. Provide the dates and type(s) of service provided. Also include the name, title and contact information of individuals that can attest to the quality of your work.
5. LACERA values diversity and inclusion and is committed to fostering diversity in its RFP process and obtaining a diverse pool of applicants. Candidates responding, who are associated with a firm, or firms responding on behalf of candidate(s) employed by them, should include the following in their proposal, in addition to the above:
 - a. Description of diversity policies, practices, and procedures maintained by the firm regarding equal employment opportunity, including the recruitment, development, retention, and promotion of a diverse and inclusive workforce, non-discrimination based on gender, race, ethnicity, sexual orientation, age, veteran's status, and other legally protected categories, and prohibition of sexual harassment in the workplace.
 - b. Description of the oversight, monitoring, and other compliance processes for implementation and enforcement of the firm's diversity policies, practices, and procedures.

6. Describe any known or perceived conflicts of interest which may result if you are engaged to perform this consulting service. Have you or your firm provided consulting or other services to LACERA or Los Angeles County within the past five years? If so, please describe.
7. Provide any additional information that illustrates your strengths and competitive advantage.
8. State your fees for the following:
 - Attending Audit Committee Meetings: Provide the cost per meeting.
 - Other services: Provide your hourly rate for other expenses (e.g., preparing for meetings, teleconference calls, etc).

Note: Travel expenses are reimbursed in accordance with LACERA's Education and Travel Policy.

For each of your responses, restate the RFP item question immediately above your response. Bidders are welcome to provide additional information. However, all information provided should be concise and clearly relevant to the information requested.

By submitting this response, the undersigned hereby affirms and represents that they have reviewed the proposal requirements and have submitted a complete and accurate response to the best of their knowledge. By signing below, I hereby affirm that the respondent has reviewed the entire RFP and intends to comply with all requirements.

Respondent specifically acknowledges the following facts:

1. Respondent possesses the required technical expertise and has sufficient capacity to provide the services outlined in the RFP.
2. Respondent has no unresolved questions regarding the RFP and believes that there are no ambiguities in the scope of work.
3. The Fee Schedule Submitted in response to the RFP is for the entire scope of work and no extra charges or expenses will be paid by LACERA.
4. Respondent has completely disclosed to LACERA all facts bearing upon any possible interests, direct or indirect, that Respondent believes any member of LACERA, or other officer, agent or employee of LACERA presently has, or will have, in this contract, or in the performance thereof, or in any portion of the profits thereunder.

5. Materials contained in proposals and all correspondence and written questions submitted during the RFP process are subject to disclosure pursuant to the Act.
6. Respondent is not currently under investigation by any state or federal regulatory agency for any reason.
7. The signatory below is authorized to bind the respondent contractually.

EXHIBIT E
AUDIT CONSULTING SERVICES AGREEMENT

This Contract for audit committee consulting services ("Contract") is made and entered into by and between Los Angeles County Employees Retirement Association ("LACERA") and [] ("Consultant"), and is effective as of the date shown in Section 5.

Recitals

LACERA seeks the services of a company that offers certain consulting services to the Audit Committee ("Committee") established jointly by the LACERA Board of Investments and Board of Retirement and to LACERA staff.

Consultant represents to Committee that they possess the qualifications and expertise necessary to provide consulting services to assist the Committee in the performance of its duties and desires to provide such services to LACERA.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

Contract

1. Services to be Provided

1.1 Consultant agrees to perform the services ("Services") described in the Statement of Work ("Statement of Work") attached to this Contract as Attachment A.

1.2 Consultant agrees to perform the Services at LACERA's offices, and with LACERA's consent, via telephone or email, and when appropriate, at a location of Consultant's choice.

1.3 All writings prepared or furnished by Consultant to LACERA in the performance of this Contract shall be the exclusive property of LACERA and may be used by LACERA, as LACERA deems appropriate.

1.4 Consultant's quality of service will be at least equivalent to that which Consultant provides to other clients he serves in the same capacity. Consultant will be held to the same standard of care, skill, prudence and diligence that applies to other experts practicing in a like enterprise.

2. Independent Contractor

2.1. Consultant agrees to perform the Services as an independent contractor and agrees they will be acting at all times as such. Neither party intends, and this

Contract may not to be construed, to create any relationship of agent, servant, employee, partnership, joint venture or association between Consultant and LACERA. Consultant is not, and will not be deemed to be for any purpose (including, without limitation, Workers' Compensation) an employee of Los Angeles County (the "County"). Consultant is not entitled to any rights, benefits, or privileges of County employees. Consultant is not eligible to participate in any insurance, savings, pension or deferred compensation offered by LACERA or the County.

2.2. Consultant has no power or authority to assume or create any obligation or responsibility, express or implied, on behalf of LACERA or the County, or to bind LACERA or the County in any way whatsoever.

2.3. Consultant accepts full and complete responsibility for filing all tax returns and paying all taxes, which may be required, or due for payments received from LACERA under this Contract. LACERA will memorialize payments for Consultant's services on a Form 1099.

2.4. Consultant represents and warrants that they comply with all applicable federal, state, and local laws, including without limitation, those laws respecting business licenses, withholding, reporting, and payment of taxes. Consultant further represents and warrants that they will report any income accruing to him from this Contract to the appropriate taxing authorities.

3. LACERA's Project Director

LACERA's Project Director, or designee, has responsibility for determining whether the Services are performed to LACERA's satisfaction. LACERA's Project Director is Richard Bendall.

4. Indemnification and Insurance

4.1 Consultant shall indemnify, defend and save harmless LACERA, its agents, officers and employees from and against any and all liability, damage, suit, cost of suit, or expense, including defense costs and attorney's fees, arising out of or connected with third party claims for damages of any nature whatsoever arising from or connected with Consultant's operations or its services, including, without limitation, claims for bodily injury, death, personal injury, or property damage, including damage to Consultant's property, caused by Consultant in the performance of this agreement. Notwithstanding the foregoing, the Consultant shall not be liable for any special, consequential, incidental, exemplary damages or loss (or any lost profits, taxes, interest, tax penalties, savings or

business opportunity) or any loss, damage, or liability arising from the negligence or willful misconduct of LACERA.

LACERA agrees that the liability of Consultant, including but not limited to, Consultant's negligence shall not exceed five times the fees he receives for the portion of the work giving rise to such liability. In addition, LACERA agrees that Consultant shall not under any circumstances be liable for any special, consequential, incidental or exemplary damages or loss (nor any lost profits, taxes, interest, tax penalties, savings or business opportunity), even if Consultant was advised in advance of such potential damages. This limitation shall not apply to the extent that it is finally determined to be the result of the Consultant's willful misconduct or fraud. This paragraph shall apply to any type of claim asserted, including contract, statute, tort, or strict liability, whether by LACERA, Consultant, or others.

4.2 Without limiting Consultant indemnification of LACERA, Consultant shall provide and maintain at its own expense during the term of this Agreement the following policy or policies of insurance covering its operations hereunder. Such insurance shall be secured through a carrier satisfactory to LACERA and certificates evidencing such insurance shall be delivered to LACERA on or before the effective date of this Agreement. LACERA is to be given by Consultant at least thirty (30) days written notice in advance of any modification or cancellation of any policy of insurance.

4.2.1 Liability. Such insurance shall be primary in all instances and shall name Los Angeles County Employees Retirement Association as an additional insured, and shall include:

Certificate(s) or other evidence of coverage satisfactory to LACERA shall be delivered to prior to commencing services under this Contract and annually thereafter to:

[Contact Name]
300 N. Lake Avenue,
Pasadena, CA 91101-4199

4.3 Such certificates or other evidence shall:

4.3.1 Specifically identify this Contract.

4.3.2. Clearly evidence all coverages required in this Contract.

4.3.3 Contain the express condition that LACERA is to be given written notice by mail at least 45 days in advance of cancellation for all policies, or, alternatively, in the event the insurers that otherwise provide satisfactory insurance hereunder do not assume third-party notification provisions, Consultant hereby agrees to notify LACERA at least 45 days in advance of any cancellation of any of the policies provided for herein.

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

4.3.5 Self-Insured Retentions must be declared to and approved by the LACERA. LACERA may require Consultant to purchase coverage with no retention or provide proof of ability to pay losses and related investigations, claim administration, and defense expenses within the retention. The policy language shall provide, or be endorsed to provide, that the self-insured retention will be satisfied by the named Consultant

4.3.6 LACERA reserves the right to modify these requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage, or other special circumstances.

4.4 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.

4.5 Failure to Maintain Coverage. Consultant's failure Consultant 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 Contract. LACERA, at its sole option, may obtain damages from Consultant resulting from said breach.

4.6 Compensation for LACERA Costs. In the event that Consultant fails to comply with any of the indemnification or insurance requirements of this Contract, and such failure to comply results in any costs to LACERA, Consultant shall pay full compensation for all costs incurred by LACERA up to levels of insurance stipulated below.

4.7 Cooperation Regarding Insurance. LACERA may elect to procure insurance against loss or damage it may sustain in connection with Consultant's performance under this Contract. Consultant will promptly cooperate with any reasonable request for information regarding Consultant which is required to obtain such insurance.

4.8 Survival of Obligations. Consultant's obligations under this Section 4 shall survive expiration or termination of this Contract.

4.9 Commercial General Liability. Consultant 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 Consultant's business operations and services that Consultant provides pursuant to this Contract. 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 \$1,000,000 per occurrence and an annual aggregate of at least \$1,000,000.

4.10 Auto Liability. Consultant 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 \$300,000 each occurrence.

4.11 Workers' Compensation. Consultant shall bear sole responsibility and liability for furnishing Workers' Compensation benefits to Consultant's employees for injuries arising from or connected with any services provided to LACERA under this Contract. Consultant shall provide and maintain a program of Workers' Compensation, in an amount and form to meet all applicable statutory requirements, if Consultant hires employees.

5. Term

The term of this Agreement commences on the EFFECTIV DATE and continues through [DATE]. LACERA may terminate this Agreement for its convenience by giving CONSULTANT at least 30 days prior written notice of termination. CONSULTANT may terminate the Agreement for his convenience by giving LACERA's Committee at least 30 days prior written notice of termination.

6. Non-Exclusive Services

This Contract is not exclusive. Consultant has the right to perform services for others during the term of this Contract, but Consultant agrees not to engage in any business, work or services of any kind under contract, or otherwise, for any person, organization or agency, which in the opinion of LACERA is detrimental to the interests of LACERA or that would materially interfere with the performance of the Services. Consultant agrees to disclose such information regarding business, work, or services they perform on behalf of any person, organization, or agency as LACERA may reasonably require verifying Consultant's compliance with this Section.

7. Compensation

LACERA will compensate CONSULTANT for services rendered hereunder at the rate of [\$XXX] per hour plus reasonable expenses. Expenses include, for example and without limitation, postage, copying fees, and similar expenses, but specifically exclude, without limitation, workplace rental, office equipment and supplies, internet access, facsimile, pager and telephone expenses, utilities, clerical support, and mileage (except as mileage may be expressly authorized under LACERA's Education and Travel Policy. In no event, except as otherwise provided herein or by law, shall CONSULTANT's compensation exceed \$XXXXX per calendar year during the term of this Agreement, unless the Audit Committee engages the CONSULTANT to perform assignments supplemental to this agreement. From time to time, Consultant may receive certain incentives in the form of bonuses and rewards from its corporate card and other vendors. Such incentives to the extent received will be retained by Consultant to cover firm expenses.

8. Invoices

Consultant agrees to submit invoices to LACERA's Project Director, in arrears, by the tenth day of each calendar month for Services performed during the previous calendar month. Each invoice must (a) describe in detail the Services performed and expenses incurred by Consultant during the invoice period, (b) show the cumulative charges year-to-date (based on a fiscal year beginning July 1) for all Services and expenses, and (c) include such other information as LACERA may reasonably request. Each invoice will be payable within thirty days of receipt by LACERA. If LACERA's Project Director disputes any portion of an invoice, however, LACERA will pay the undisputed portion only and notify Consultant in writing of the disputed portion. Consultant and LACERA agree to act in good faith to resolve such disputes.

9. Contract Not Assignable

Consultant may not assign any of its rights, duties, or obligations under this Contract without the prior written consent of LACERA, which LACERA may grant or withhold in its sole discretion.

10. Confidentiality

10.1 Confidential Information. Consultant understands that, during the performance of this Contract, it will have access to confidential and proprietary LACERA information, policies and procedures, benefits, business practices, and technology concerning LACERA's operations, as well as sensitive confidential member information and business critical non-member information (collectively, "Confidential Information"). For clarity, Confidential Information includes all information of any and every kind provided to Consultant, regardless of whether it may previously have been disclosed by LACERA or others in other contexts, in that LACERA needs to know to whom, when, where, and how all of its information has been disseminated and reserves to itself the

right to determine to whom, when, where, and how such information is released. Confidential Information further includes all information related in any way to LACERA provided to Consultant.

Confidential Information may be provided to Consultant or generated or stored by Consultant in written, electronic, verbal, and all others forms. Consultant understands and agrees that:

10.1.1 Consultant shall not disclose Confidential Information to any person within its organization except those persons required to perform the services of the Contract.

10.1.2 Consultant shall not disclose Confidential Information to any third party without LACERA's advance written approval.

10.1.3 Consultant's agreement not to disclose Confidential Information includes an agreement not to disclose information even on a no-names basis.

10.1.4 Consultant will use best efforts, including but not limited to the highest level of care Consultant accords to its own most sensitive information and the most sensitive information of its other clients, to secure and maintain the confidential nature of the Confidential Information.

10.1.5 Consultant will not use the Confidential Information for any purpose other than to perform the services required by this Contract. This confidentiality provision will survive the termination of the Contract.

11. Nondiscrimination

Consultant hereby promises and agrees that it will comply with Subchapter VII of the Civil Rights Act of 1964, 43USC Section 2000e through 2000e (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 Contract, or under any project, program or activity supported by this Contract.

Consultant shall take affirmative action to ensure that applicants and employees are treated in an unbiased manner without regard to their race, color, religion, sex, age, ancestry, or national origin, physical or mental handicap, marital status, or political affiliation. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

12. Compliance with Laws

Consultant shall comply with all applicable Federal, State and local laws, rules, regulations, ordinances, and directives, and all provisions required to be included in this Contract are incorporated by this reference. Consultant shall indemnify and hold

LACERA harmless from any loss, damage or liability resulting from a violation by Consultant of any such laws, rules, regulations, ordinances, and directives. Notwithstanding the foregoing, Consultant shall not be liable for any special, consequential, incidental, exemplary damages or loss (or any lost profits, taxes, interest, tax penalties, savings or business opportunity) or any loss, damage, or liability arising from the negligence or willful misconduct of LACERA.

13. Conflict of Interest

No officer or employee of LACERA whose position enables him or her to influence the award of this Contract or any competing agreement, and no spouse or economic dependent of such officer or employee shall be employed in any capacity or in any way remunerated by Consultant, or have any direct or indirect financial interest in this Contract or in Consultant.

14. Modifications

Any modification to this Contract must be in writing, signed by Consultant and LACERA, to be effective.

15. Termination for Default

Services performed under this Contract may be terminated in whole or in part by LACERA providing to Consultant a written Notice of Default if (1) Consultant fails to perform the services within the time specified in this Contract or any extension approved by LACERA, provided Consultant shall not be liable for delays beyond his reasonable control, or (2) Consultant fails to materially perform any other covenant or condition of this Contract, or (3) Consultant fails to make progress so as to endanger its performance under this Contract provided Consultant shall not be liable for delays beyond his reasonable control.

Consultant shall have ten (10) calendar days from the date of the Notice of Default in which to cure the Default(s), however, in its sole discretion, LACERA may extend this period or authorize a longer period for cure.

Without limitation of any additional rights or remedies to which it may be entitled, if LACERA terminates all or part of the services for Consultant's Default, LACERA, in its sole discretion, may procure replacement services.

If it is determined that Consultant was not in Default under the provisions of this Contract, or that the Default was excusable, then the rights and obligations of the parties shall be the same as if the Notice of Termination had been issued under Section 16. Termination for Convenience.

16. Termination for Convenience.

Services performed under this Contract may be terminated in whole or in part at any time LACERA or Consultant deems that termination is in its best interest. LACERA or Consultant shall terminate services by delivering a written Termination Notice which specifies the extent to which services are terminated and the effective termination date.

After receiving a Termination Notice under this section, and unless otherwise expressly directed by LACERA, Consultant shall take all necessary steps and shall stop services on the date and to the extent specified in the Termination Notice and shall complete services not so terminated.

In the event that Consultant determines, in his professional judgment, that he cannot complete the services, Consultant may withdraw from the engagement without liability. In addition, Consultant reserves the right to, in whole or in part, decline to perform services if information comes to his attention indicating that performing any Services could cause Consultant to be in violation of applicable law, regulations or standards or in a conflict of interest, or to suffer reputational damage. On termination of this Contract for whatever reason: (i) Consultant shall render an invoice in respect of any Services performed and expenses incurred since the date of the last invoice issued, and (ii) LACERA shall pay the undisputed amounts of such invoice.

17. Disaster Recovery & Business Continuity

Consultant will implement and maintain disaster recovery and business continuity procedures that are reasonably designed to recover data processing systems, data communications facilities, information, data and other business related functions of LACERA in a manner and time frame consistent with legal, regulatory and business requirements applicable to LACERA.

18. Data Breach Verification

18.1 Consultant shall provide an annual written, signed attestation that to the best of its knowledge, no data breach, hacking, or incidental divulging of Member Records has occurred and that no Member Record has been compromised. The attestation shall verify that adequate internal policies and procedures exist to prevent data theft and unauthorized access.

18.3 Consultant shall comply with California Civil Code § 1798.29(e) and California Civ. Code § 1798.82(f). In the event of a security breach of more than 500 records, the Consultant shall electronically submit a single sample copy of that security breach notification, excluding any personally identifiable information, to the Attorney General.

18.4 Consultant shall notify any California resident whose unencrypted personal information, as defined, was acquired, or reasonably believed to have been acquired, by

an unauthorized person as required by California Civil Code §1798.29(a) and California Civ. Code §1798.82(a).

18.5 Notwithstanding the legal notification requirements in the preceding paragraphs, Consultant will immediately notify LACERA upon its discovery of any incident or data breach.

19. Entire Contract and Severability

This document (including Attachment A) constitutes the final, complete, and exclusive statement of the terms of the Contract between LACERA and Consultant for the services to be performed and supersedes all prior and contemporaneous understandings or Contracts of the parties. The provisions of this Contract are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions or parts thereof shall nevertheless be binding and enforceable and the invalid, illegal or unenforceable provision shall be replaced by a mutually acceptable valid, legal and enforceable provision which comes closest to the intent of the parties.

20. Governing Law and Venue

20.1 This Contract 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.

20.2 Any party bringing a legal action or proceeding against any other party arising out of or relating to this Contract 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 or in any court of the State of California sitting in Los Angeles County.

20.3 Each party to this Contract consents to the exclusive personal and subject matter jurisdiction of any United States District Court sitting in the County of Los Angeles and any court of the State of California sitting in the County of Los Angeles, and their appellate courts for the purpose of all legal actions and proceedings arising out of or relating to this Contract or the transactions it contemplates, including all claims of any nature or type, whether in contract, tort, statutory, equitable, legal, or otherwise.

21. Attorney's Fees

In the event of litigation between the parties concerning this Contract, the prevailing party shall be entitled to recover reasonable costs and expenses incurred therein, including attorney's fees, which shall be included in the limitation of liability described in Section 4. 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.

22. Interpretation

Consultant acknowledges they have been given the opportunity to have counsel of their own choosing to participate fully and equally in the review and negotiation of this Contract. The language in all parts of this Contract shall be construed in all cases 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 Contract.

23. Waiver

No waiver of a breach, failure of any condition, or any right or remedy contained in or granted by the provisions of this Contract 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.

24. Standards of Performance

LACERA acknowledges that the Services will involve analysis, judgment and other performance from time to time in a context where the participation of LACERA or others is necessary, where answers often are not certain or verifiable in advance, and where facts and available information change with time. Accordingly, evaluation of Consultant's Services shall be based solely on his substantial conformance with any standards or specifications expressly set forth in this Contract and any applicable Statement of Work hereunder, and all applicable federal and state laws and regulations and applicable professional standards (including, but not limited to, the American Institute of Certified Public Accountants ("AICPA") Statements on Standards for Consulting Services). LACERA acknowledges that the Services will involve the participation and cooperation of management and others of LACERA. Unless LACERA and Consultant agree otherwise, in writing, Consultant shall have no responsibility to update any of his work after its completion.

25 Other Costs

Unless expressly provided for, the Services do not include giving testimony or appearing or participating in discovery proceedings, in administrative hearings, in court, or in other legal or regulatory inquiries or proceedings. Except with respect to a dispute or litigation between Consultant and LACERA, Consultant’s costs, expenses, and time spent in legal and regulatory matters or proceedings arising from this Agreement, such as subpoenas, testimony, bankruptcy filings or proceedings, consultation involving private litigation, arbitration, government or industry regulation inquiries, whether made at LACERA’s request or the request of a third party, will be billed to LACERA separately at Consultant’s standard rates for such services.

26 Third Party Beneficiaries

The information contained in documents prepared by Consultant in the course of providing services under the terms of this Contract is for the sole use of LACERA in accordance with the purpose of this Contract hereunder. The Deliverables are not for a third party’s benefit of reliance, and Consultant disclaims and contractual or other responsibility or duty of care to others based upon the Services, Work Product or Deliverables. Any Work Product, Deliverables, or documents delivered by Consultant shall be released only as redacted in accordance with law or with the prior written permission of Consultant. Except to the extent expressly provided hereto to the contrary, no third-party beneficiaries are intended under this Contract.

IN WITNESS WHEREOF, Consultant has signed this Contract, and the [SIGNATORY TITLE] of LACERA has signed this Contract, effective as of the date indicated in Section 5.

LACERA:

[Consultant Name]:

Los Angeles County Employees
Retirement Association

By: _____
[TITLE]

[Authorized Signatory Title]

Address for notices:

Address for notices:

Richard Bendall,
Chief Audit Executive
LACERA
300 N. Lake Avenue, Suite [XXX]
Pasadena, CA 91101

[NAME]
[STREET]
[CITY, STATE, ZIP]

Approved as to form:

John Harrington
LACERA Staff Counsel

**AUDIT COMMITTEE CONSULTANT AGREEMENT
ATTACHMENT A - STATEMENT OF WORK**

THE STATEMENT OF WORK WILL BE AS STATED IN THE RFP.