

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)**  
**PLACEMENT AGENT DISCLOSURE POLICY**

This policy is effective March 1, 2018. This policy is intended to supplement any applicable provisions of state or federal law, which shall govern in the event of any inconsistency.

**I. PURPOSE**

- 1) This Policy was adopted in accordance with California Government Code section 7513.85, as amended, which requires all California public retirement systems to develop and implement a policy requiring the disclosure of payments to placement agents made in connection with system investments. This Policy sets forth the circumstances under which the Fresno County Employees' Retirement System ("FCERA") shall require the disclosure of payments to Placement Agents in connection with FCERA's investments in or through External Managers. This Policy is intended to apply broadly to all of the types of investment partners with whom FCERA does business, including the general partners, managers, investment managers and sponsors of hedge funds, private equity funds, real estate funds and infrastructure funds, as well investment managers retained pursuant to a contract. FCERA adopts this Policy to require broad, timely, and updated disclosure of all Placement Agent relationships, compensation and fees. The goal of this Policy is to help ensure that FCERA's investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to FCERA.

**II. APPLICATION**

- 1) This Policy applies to all agreements with External Managers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Managers if, after the date this Policy is adopted or modified, the agreement is amended to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by FCERA or increase or accelerate the fees or compensation payable to the External Manager (referred to hereafter as "Amendment"). In the case of an Amendment, the disclosure provisions of Section III.1. of this Policy shall apply to the Amendment and not to the original agreement.

**III. DEFINITIONS**

- 1) "Consultant" means any person(s) or firm(s), including key personnel of such firm(s), who are contractually retained by FCERA to provide advice to FCERA on investments, External Manager selection and monitoring, and other services, but who do not exercise investment discretion.
- 2) "External Manager" means an individual, corporation, partnership, limited partnership, limited liability corporation, association or investment vehicle, either domestic or foreign,

(a) who is seeking to be, or is, retained by FCERA to manage a portfolio of securities or other assets, for compensation; or (b) who is engaged, or proposes to be engaged, in the business of investing, reinvesting, owning, holding, or trading securities or other assets and who offers or sells, or has offered or sold, securities to FCERA.

- 3) “Placement Agent” means any person hired, engaged, or retained by, or serving for the benefit of or on behalf of, an External Manager, or on behalf of another Placement Agent, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with the offer or sale of the securities, assets, or services of an External Manager to FCERA, either directly or indirectly.

Notwithstanding the foregoing definition, an individual who is an employee, officer, director, equity holder, partner, member, or trustee of an External Manager and who spends one-third or more of his or her time, during a calendar year, managing the securities or assets owned, controlled, invested, or held by the External Manager is not a Placement Agent.

#### IV. RESPONSIBILITIES

- 1) Each External Manager is responsible for:
- a) Providing the following information (the “Placement Agent Information Disclosure”) per the attached Placement Agent Disclosure Statement form to FCERA Staff not less than thirty (30) days before the Board’s consideration of final candidates for a particular engagement in which the External Manager is a candidate, or before an Amendment becomes effective, whichever is applicable:
    - i. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by FCERA.
    - ii. A resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person’s education, professional designations, regulatory licenses and investment and work experience.
    - iii. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent.
    - iv. A description of the services to be performed by the Placement Agent.
    - v. A statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United

States and the details of such registration or explanation of why no registration is required.

- vi. A statement whether the Placement Agent, or any of its affiliates, is registered as a lobbyist with any state or national government.
  - b) Providing an update of any changes to any of the information included in the Placement Agent Information Disclosure within thirty (30) calendar days of the occurrence of the change in information.
  - c) Representing and warranting in writing the accuracy of the information included in the Placement Agent Information Disclosure contemporaneously with any final written investment agreement, with a continuing obligation to update any such information within thirty (30) calendar days of any change in the information.
  - d) Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to FCERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the FCERA Board or Staff, or Consultant, during the prior twenty-four month period.
  - e) Causing its engaged Placement Agent, during the time it is receiving compensation in connection with a FCERA's investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the FCERA Board or Staff, or Consultant, during such period.
  - f) Agreeing to and complying with this Policy and cooperating with the Consultant and Staff in meeting their obligations under this Policy.
- 2) FCERA's Consultant and Staff ("Staff") are responsible for all of the following:
- a) Providing External Managers and Placement Agents with a copy of this Policy at the time that communications with the External Manager in connection with a prospective investment or engagement begin.
  - b) Confirming that the Placement Agent Disclosure has been received prior to the completion of due diligence and any recommendation to proceed with the engagement of the External Manager or the decision to make any investment.
  - c) For new contracts and amendments to contracts existing as of the date of the initial adoption of this Policy, securing the written agreement of the External Manager to provide FCERA the following non-exclusive remedies in the event that there was or is a material omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy:

- i. Whichever is greater, the reimbursement of any management or advisory fees paid by FCERA for the prior two years or an amount equal to the amounts paid or promised to be paid to the Placement Agent as a result of FCERA's investment; and
- ii. For investments in investment vehicles or separate accounts where the investments can be liquidated reasonably, the authority to terminate immediately the investment management contract or other agreement with the External Manager without penalty, to withdraw the assets without penalty within ninety (90) days and/or or to cease making further capital contributions (and paying any fees on these recalled commitments). For closed-end investments where liquidity is not reasonably attainable, the authority to cease making further capital contributions (and paying any fees on these recalled commitments).

Prior to exercising any remedy available to it, FCERA may, but shall not be required to, meet and confer with External Manager and/or provide the External Manager an opportunity to cure any omission or inaccuracy in the Placement Agent Information Disclosure or any other violation of this Policy.

- d) Prohibiting any External Manager or Placement Agent from soliciting new investments from FCERA for five years after they have committed a material violation of this Policy; provided, however, that FCERA's Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
- e) Providing copies of the Placement Agent Information Disclosure and the Placement Agent disclosures referred to in Sections IV.1.d-e above, to the Board and the Retirement Administrator.
- f) Providing a quarterly report to the Board containing (a) the names and amount of compensation agreed to be provided to each Placement Agent by each External Manager as reported in the Placement Agent Information Disclosures and (b) any material violations of this Policy; and maintaining the report as a public record.

## **V. POLICY REVIEW**

1. The Board shall review this Due Diligence Policy at least every three (3) years, ensuring it remains relevant and appropriate. This policy may be amended from time to time by a majority of the Board.

## **VI. POLICY HISTORY**

The Board of Retirement adopted this policy on December 1, 2010.

The Board of Retirement reviewed and modified this policy on October 30, 2014, February 18, 2015, and February 7, 2018.

**VII. Secretary's Certificate**

I, Donald Kendig, the duly appointed Secretary of the Fresno County Employees' Retirement Association, hereby certify the adoption of this Policy.

February 7, 2018

***Date of Action:***

  
***By: Retirement Administrator***

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**DISCLOSURE STATEMENT REGARDING THE USE OF PLACEMENT AGENTS**

The undersigned is a current or proposed "External Manager" for the Fresno County Employees' Retirement Association ("FCERA"), as defined under FCERA's Placement Agent Disclosure Policy, adopted December 1, 2010, and effective January 1, 2011, December 1, 2014, and March 1, 2018 as amended ("Policy.") We have received a copy of the Policy from FCERA. We hereby disclose to FCERA the following information, which we represent and warrant to be true and correct as of the date hereof:

- 1) Neither we nor any of our principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by FCERA, except as disclosed on Attachment 1 to this Disclosure Statement.

[IF THERE IS NOTHING TO DISCLOSE IN ATTACHMENT 1, ITEMS 2-6 ARE INAPPLICABLE.]

- 2) To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 2 to this Disclosure Statement a resume for each person who is a Placement Agent detailing the person's education, professional designations, regulatory licenses and investment and work experience, and whether any such person is a current or former FCERA Board member, employee or Consultant or a member of the immediate family of any such person.
- 3) To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 3 to this Disclosure Statement a description of any and all compensation of any kind we have provided or have agreed to provide to a Placement Agent.
- 4) To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 4 to this Disclosure Statement a description of the services to be performed by the Placement Agent.
- 5) To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 5 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration (or explanation of why no registration is required.)
- 6) To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 6 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government.
- 7) We further represent and warrant as follows:

- a) We agree to and agree to comply with all of the terms and conditions of the Policy, and agree to cooperate with the Consultant and Staff in meeting their obligations under the Policy. We understand and agree to FCERA's authority to exercise the remedies set forth in Section IV.2.c of the Policy.
- b) The information included in this Disclosure Statement is accurate and complete. We agree to provide an update of any changes to any of the information included in this Disclosure Statement within thirty (30) calendar days of the occurrence of the change in information.
- c) We shall cause our engaged Placement Agent, if any, prior to acting as a Placement Agent with regard to FCERA, to disclose to FCERA in writing any campaign contribution, gift (as defined in Government Code section 82028) or other item of value made or given to any member of the FCERA Board or Staff, or Consultant (as defined in the Policy), during the prior twenty-four month period.
- d) We shall cause our engaged Placement Agent, during the time it is receiving compensation in connection with a FCERA investment, to disclose to FCERA any campaign contribution, gift or other item of value made or given to any member of the FCERA Board or Staff, or Consultant, during such period.

Dated: \_\_\_\_\_ EXTERNAL MANAGER

\_\_\_\_\_  
Name of Entity

BY: \_\_\_\_\_  
Authorized Signatory

Print Name \_\_\_\_\_

Its \_\_\_\_\_

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**

**DISCLOSURE STATEMENT BY PLACEMENT AGENT**

The undersigned is a current or proposed "Placement Agent" for an "External Manager" for the Fresno County Employees' Retirement Association ("FCERA"), as defined under FCERA's Placement Agent Disclosure Policy, adopted December 1, 2010, and effective January 1, 2011, December 1, 2014, and March 1, 2018, as amended ("Policy.") I have received a copy of the Policy. I hereby disclose to FCERA the following information, which I represent and warrant to be true and correct as of the date hereof:

- 8) I have not made or given any campaign contribution, gift (as defined in Government Code section 82028) or other item of value to any member of the FCERA Board or Staff, or Consultant (as defined in the Policy), during the twenty-four month period preceding the date of this Disclosure Statement, except as described below.
  
- 9) I agree that during the time I am receiving compensation in connection with a FCERA investment, to disclose to FCERA any campaign contribution, gift or other item of value made or given to any member of the FCERA Board or Staff, or Consultant, within thirty (30) days thereafter.
  
- 10) I recognize that any material omission or inaccuracy in this Disclosure Statement or in any subsequent disclosures I make may entitle FCERA to exercise its remedies under the Policy.

Dated: \_\_\_\_\_ PLACEMENT AGENT

\_\_\_\_\_  
Signature

Print Name \_\_\_\_\_