

Placement Agent Disclosure Policy

I. Background and Purpose

This Policy sets forth the circumstances under which the Orange County Employees Retirement System (“OCERS”) shall require the disclosure of payments to Placement Agents in connection with OCERS’ investments in or through External Managers. This Policy is intended to apply broadly to all of the types of investment partners with whom OCERS 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. OCERS 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 OCERS’ investment decisions are made solely on the merits of the investment opportunity by individuals who owe a fiduciary duty to OCERS.

This Policy is adopted pursuant to Government Code section 7513.85, enacted as part of A.B. 1584 during the 2009 legislative session (Stats. 2009, Ch. 301) and was amended December 20, 2010 to comply with Government Code section 7513.8, as amended in A.B. 1743 enacted during the 2010 legislative session (Stats. 2010, Ch. 668). This policy was further amended December 19, 2011 to comply with Government Code sections 7513.8 and 7513.87 as amended in S.B. 398 enacted during the 2011 legislative session (Stats. 2011, Ch. 704).

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

II. Application

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, the agreement is amended in any way (including by a vote, consent, or waiver by the limited partners/investors or a subset of the limited partners/investors or separate side agreement or amendment to a side agreement) to continue, terminate, or extend the term of the agreement or the investment period, increase the commitment of funds by OCERS 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.A. of this Policy shall apply to the Amendment and not to the original agreement.

OCERS is an independent district located in the County of Orange, governed by the Board of Retirement. While the County of Orange has adopted a Lobbyist Registration Ordinance, such Ordinance requires registration for “County lobbyists” who engage in “lobbying activities” which is defined as “any oral, written, or electronic communication to a County Supervisor, made directly or indirectly, for the purpose of persuading or influencing official actions or decisions of the Orange County Board of Supervisors.” OCERS is not governed by the Orange County Board of Supervisors, and as such, does not believe the Lobbyist Registration Ordinance adopted by Orange County requires registration by any Placement Agent.

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III. Definitions

A. **Consultant:** Person(s) or firm(s), including key personnel of such firm(s), who are contractually retained by OCERS to provide advice to OCERS on investments, External Manager selection and monitoring, and other services, but who do not exercise investment discretion.

B. **External Manager:** A person who is seeking to be, or is, retained by the OCERS' Board or an Investment Vehicle to manage a portfolio of securities or other assets for compensation, or a person who manages an Investment Fund and who offers or sells, or has offered or sold, an ownership interest in the Investment Fund to OCERS or an Investment Vehicle. "Person" means an individual, corporation, partnership, limited partnership, limited liability company, or association, either domestic or foreign. The External Manager usually has full discretion to manage OCERS' assets, consistent with investment management guidelines provided by OCERS and fiduciary responsibility.

C. **Placement Agent:** Any person directly or indirectly hired, engaged, or retained by, or serving for the benefit of or on behalf of, an External Manager or an Investment Fund managed by an External Manager, who acts or has acted for compensation as a finder, solicitor, marketer, consultant, broker, or other intermediary in connection with the offer or sale to OCERS or an Investment Vehicle (a) the investment management services of the External Manager or (b) an ownership interest in an Investment Fund managed by the External Manager.

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.

D. **Investment Vehicle:** A corporation, partnership, limited partnership, limited liability company, association, or other entity, either domestic or foreign, constituting or managed by an External Manager in which OCERS is the majority investor and that is organized in order to invest with, or retain the investment management services of, other External Managers.

E. **Investment Fund:** A private equity fund, public equity fund, venture capital fund, hedge fund, fixed income fund, real estate fund, infrastructure fund, or similar pooled investment entity that is, or holds itself out as being, engaged primarily, or proposes to engage primarily, in the business of investing, reinvesting, owning, holding, or trading securities or other assets.

IV. Implementation Responsibilities

A. Each External Manager is responsible for:

1. Providing the following information (collectively, the "Placement Agent Information Disclosure") in writing to Staff in connection with any request for information, request for qualifications or request for proposal initiated by OCERS:
 - a. 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 OCERS.

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- b. 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. If any such person is a current or former OCERS Board member, employee or Consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
 - c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the nature, timing and value thereof.
 - d. A description of the services to be performed by the Placement Agent.
 - e. A copy of any and all agreements between the External Manager and the Placement Agent that relate to any activities affecting OCERS.
 - f. The names of any current or former OCERS Board members, employees, or Consultants who suggested the retention of the Placement Agent.
 - g. 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.
 - h. A statement whether the Placement Agent or any of its affiliates are registered as lobbyists with any state or national government.
2. Providing an update of any changes to any of the information included in the Placement Agent Information Disclosure within ten (10) business days of the occurrence of the change in information.
 3. Representing and warranting the accuracy of the information included in the Placement Agent Information Disclosure in any final written agreement with a continuing obligation to update any such information within ten (10) business days of any change in the information.
 4. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to OCERS, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the OCERS Board or Staff, or Consultant, during the prior twenty-four month period.
 5. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with an OCERS's investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the OCERS Board or Staff, or Consultant, during such period.
- B. OCERS' Consultant and Investment Staff ("Staff") are responsible for all of the following:
1. Providing External Managers and Placement Agents with a copy of this Policy at the time that due diligence in connection with a prospective investment or engagement begins.
 2. 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.
 3. For new contracts and amendments to contracts existing as of the date of the Policy, confirming that the final written agreement between OCERS and the External Manager provides that the External Manager shall be solely responsible for, and OCERS shall not pay (directly or indirectly), any fees, compensation or expenses for any Placement Agent used by the External

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Manager. A provision that allows the External Manager to pay Placement Agent fees or compensation from capital contributed by OCERS with a corresponding reduction in the management fee payable with respect to OCERS' investment shall not be regarded as a payment of the Placement Agent fee or compensation by OCERS for purposes of this Policy.

4. Prohibiting any External Manager or Placement Agent from soliciting new investments from OCERS for five years after they have committed a violation of this Policy; provided, however, that OCERS' Board, by majority vote at a noticed, public meeting, may reduce this prohibition upon a showing of good cause.
5. Providing copies of the Placement Agent Information Disclosure and the Placement Agent disclosures referred to in Sections IV A. 4 and 5, above, to the Board, the Chief Executive Officer and the Chief Investment Officer.
6. 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.

C. External Managers shall comply with this Policy and cooperate with the Consultant and Staff in meeting their obligations under this Policy.

D. Violations

1. OCERS shall not in any case enter into any agreement with an External Manager that does not agree in writing to comply with this Policy and provide the required disclosures. This provision is not subject to any reduction in penalty as described in section 4 below.
2. Any External Manager or Placement Agent that violates this Policy by, among other things, failing to properly disclose, misrepresenting, misstating, or omitting a relationship between the External Manager and a Placement Agent, or making any other misrepresentation in the disclosure, shall not solicit new investments from OCERS for five (5) years after the violation was committed. OCERS' Consultant and Staff shall monitor the time from commission of any violation in order to ensure OCERS does not enter into any new investments with a manager that violates this policy.
3. In the event of a violation of this policy, the CIO shall inform the Board or Investment Committee of a known or discovered violation and advise the Board or Investment Committee whether it is feasible and / or advisable to redeem OCERS' investment with the violating manager. Factors to be considered include, but are not limited to, whether the redemption may be accomplished without penalty, the availability of alternative investments, OCERS contractual obligations, and possible impairment of OCERS' investment due to the liquidation.
4. Notwithstanding sections 2 and 3 above, upon a showing of good cause at a public meeting of the Board or Investment Committee, the Board or Investment Committee by majority vote may elect to reduce or eliminate the remedies described in sections 2 and 3 above. For purposes of this provision, "good cause" may include, but is not limited to, consideration of the relative materiality of the omission, inaccuracy or violation; the External Manager's performance for

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OCERS; the Board's determination of the effect of exercising the remedy on its ability to access the market segment in which the External Manager invests; and the impact of exercising the remedy on the Board's asset allocation policies.

V. Policy Review

The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

VI. Policy History

This policy was adopted by the OCERS' Board of Retirement on June 21, 2010. It was revised on December 19, 2011, October 20, 2014, and October 28, 2015.

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.



10/28/15

Steve Delaney
Secretary of the Board

Date

Disclosure Statement Regarding Use of Placement Agents

The undersigned is a current or proposed "External Manager" for the Orange County Employees Retirement System ("OCERS"), as defined under OCERS' Placement Agent Disclosure Policy initially adopted on June 21, 2010 ("Policy.") We have received a copy of the Policy from OCERS. We hereby disclose to OCERS the information set forth below, 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 (whether or not employed by us) or entity to act as a Placement Agent (as defined in the Policy) in connection with any investment by OCERS, except as disclosed on Attachment 1 to this Disclosure Statement.

[IF THERE IS NOTHING TO DISCLOSE IN ATTACHMENT 1, ITEMS 2-8 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 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, and whether any such person is a current or former OCERS 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, including the nature, timing and value thereof.
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 copy of any and all agreements between us and the Placement Agent.
6. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 6 to this Disclosure Statement the names of any current or former OCERS Board members, employees, or Consultants who suggested the retention of the Placement Agent.
7. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 7 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.
8. To the extent of any disclosure set forth on Attachment 1, we attach as Attachment 8 to this Disclosure Statement a statement whether the Placement Agent or any of its affiliates are registered as lobbyists with any state or national government.

We further represent and warrant as follows:

- A. We shall provide an update of any changes to any of the information included in this Disclosure Statement within five (5) business days of the occurrence of the change in information.



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- B. We shall cause our engaged Placement Agent, if any, prior to acting as a Placement Agent with regard to OCERS, to disclose to OCERS in writing any campaign contribution, gift or other item of value made or given to any member of the OCERS Board or Staff, or Consultant (as defined in the Policy), during the prior twenty-four month period.

- C. We shall cause our engaged Placement Agent, during the time it is receiving compensation in connection with an OCERS' investment, to disclose to OCERS any campaign contribution, gift or other item of value made or given to any member of the OCERS Board or Staff, or Consultant, during such period.

Dated

External Manager

Name of Entity

By:

Authorized Signatory

Print Name

Its