

INVESTMENT MANAGEMENT AGREEMENT

BETWEEN

[INVESTMENT MANAGER]

AND

**SAN FRANCISCO CITY AND COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

[_____, ____]

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INVESTMENT MANAGEMENT AGREEMENT

This Investment Management Agreement (this “Agreement”) is made and entered into as of this ____ day of _____, ____ in the City and County of San Francisco, State of California, by and between [_____] (“Investment Manager”) and the San Francisco City and County Employees’ Retirement System (the “Retirement System”).

RECITALS

WHEREAS, the Retirement Board of the Retirement System (“Retirement Board”) has plenary authority and fiduciary responsibility for investment of monies and administration of the Retirement System, including the authority to segregate the Retirement System’s assets into one or more accounts and to appoint investment managers to manage a portion or portions of the assets so segregated;

WHEREAS, the Retirement System recommended, and the Retirement Board approved, selection of Investment Manager [based on Investment Manager’s representations in a competitive selection process]; and

WHEREAS, the Retirement System wishes to appoint Investment Manager as a full discretionary investment manager to provide investment management and advisory services to the Retirement System.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, Investment Manager and the Retirement System do hereby agree as follows:

ARTICLE I

DEFINITIONS

1.01 Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below or as otherwise specified herein:

“Account” has the meaning set forth in Section 2.01 hereof.

“ADA” means the Americans with Disabilities Act of 1990, as amended.

“Advisers Act” means the Investment Advisers Act of 1940, as amended.

“Agents” means Investment Manager’s employees, agents and representatives providing services in connection with this Agreement.

“Agreement” has the meaning set forth in the introductory paragraph hereof.

“AMEX” means the American Stock Exchange.

“Authorized Instructions” has the meaning set forth in Section 2.06 hereof.

“Authorized Persons” has the meaning set forth in Section 2.05(a) hereof.

[“CFTC” has the meaning set forth in Section 4.11(c)(i) hereof.]

“Chief Investment Officer” has the meaning set forth in Section 2.03(b) hereof.

“City” means the City and County of San Francisco, a municipal corporation.

“City Attorney” means the Office of the City Attorney of the City and County of San Francisco.

“Charter” means the Charter of the City and County of San Francisco, as amended.

“Claims” means any and all claims, demands, damages, losses, liabilities, suits, costs, charges, expenses, judgments, fines and penalties, of any kind, nature and description whatsoever (including without limitation settlement liabilities, special, consequential, indirect or incidental damages, court costs, attorneys’ fees, litigation expenses, fees of expert consultants or witnesses in litigation and costs of investigation).

“Custodian” means the custodian bank designated by the Retirement System.

“Disclosure Statement” has the meaning set forth in Section 4.09 hereof.

“Effective Termination Date” means the date upon which the termination of this Agreement is effective.

“Executive Director” has the meaning set forth in Section 2.03(b) hereof.

“False Claims Ordinance” means Section 21.35 of the San Francisco Administrative Code, as amended.

“Fee Schedule” has the meaning set forth in Section 3.01(a) hereof.

“FINRA” means the Financial Industry Regulatory Authority.

“Force Majeure Event” has the meaning set forth in Section 6.03 hereof.

“Gifts Ordinance” means Section 3.216 of the San Francisco Campaign and Governmental Conduct Code, as amended.

“Government Code” means the California Government Code, as amended.

“Guidelines” has the meaning set forth in Section 2.02(a) hereof.

“Indemnified Parties” has the meaning set forth in Section 6.02(a) hereof.

“Interested Person” has the meaning set forth in Section 4.06 hereof.

“Investment Manager” has the meaning set forth in the introductory paragraph hereof.

“Investment Policy Statement” has the meaning set forth in Section 2.02(a) hereof.

“Key Personnel” has the meaning set forth in Section 2.23(a) hereof.

“Legal Requirements” has the meaning set forth in Section 8.11 hereof.

“Managed Assets” means the assets allocated by the Retirement System to Investment Manager in the Account, together with all interest, earnings, accruals and capital growth thereon.

“NYSE” means the New York Stock Exchange.

“Open Meetings Act” means the Ralph M. Brown Act (Sections 54950 et seq. of the Government Code), as amended.

“Placement Agent Policy” means the Retirement System’s Placement Agent Policy, dated June 8, 2010.

“Political Activity Ordinance” means Chapter 12G of the San Francisco Administrative Code, as amended.

“Public Records Act” means the California Public Records Act (Sections 6250 et seq. of the Government Code), as amended.

[“QIR Policy” has the meaning set forth in Section 4.11(a) hereof.]

“Retirement Board” has the meaning set forth in the recitals.

“Retirement System” has the meaning set forth in the introductory paragraph hereof.

“Retirement System Records” has the meaning set forth in Section 2.19(a) hereof.

“SEC” means the United States Securities and Exchange Commission.

“Standard of Care” has the meaning set forth in Section 2.04(a) hereof.

“Sunshine Ordinance” means Chapter 67 of the San Francisco Administrative Code, as amended.

“Termination Invoice” has the meaning set forth in Section 7.04(a)(ii) hereof.

“Transition Period” has the meaning set forth in Section 7.04(a) hereof.

ARTICLE II
APPOINTMENT, AUTHORITY AND RESPONSIBILITY OF
INVESTMENT MANAGER

2.01 Appointment. The Retirement System hereby appoints Investment Manager as a fiduciary of the Retirement System with discretion and authority to invest and manage the assets allocated to Investment Manager in a separate custody account established by Custodian on its books and records (the “Account”). The Retirement System hereby authorizes Investment Manager to invest and manage the Managed Assets. Investment Manager hereby accepts such appointment, assumes full fiduciary 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 and as otherwise imposed upon it pursuant to applicable law.

2.02 Guidelines; Code of Ethics and Trading Policy.

(a) Investment Manager shall have the authority to make investments of the Managed Assets in accordance with the investment objectives and guidelines set forth in the Investment Policy Statement attached hereto as Exhibit A and incorporated by reference as if fully set forth herein (the “Investment Policy Statement”), and set forth in the Statement of Objectives, Guidelines and Procedures attached hereto as Exhibit B and incorporated by reference as if fully set forth herein (the “Guidelines”).

(b) Investment Manager hereby acknowledges that it has reviewed and shall comply with the Investment Policy Statement and the Guidelines. The Retirement System may amend the Investment Policy Statement and the Guidelines from time to time in writing, and will notify Investment Manager of any changes made to the Investment Policy Statement or the Guidelines. Investment Manager shall be given a reasonable opportunity to bring the Managed Assets into compliance with any such amendments.

(c) Investment Manager shall at all times comply with its code of ethics and trading policy. Investment Manager shall have provided the Retirement System with copies of its code of ethics and trading policy prior to execution of this Agreement, and shall notify the Retirement System if it amends its code of ethics or trading policy during the term of this Agreement, and provide updated copies.

2.03 Management of Assets.

(a) Investment Manager shall have full discretion and authority to exercise all rights, powers and authority granted to it under this Agreement with respect to the Managed Assets and shall be subject to each of the obligations, duties, limitations and restrictions contained in this Agreement, including but not limited to the Investment Policy Statement and the Guidelines.

(b) Additional investment management services will be provided only upon and in accordance with a written request by the executive director of the Retirement System (the “Executive Director”) or the chief investment officer of the Retirement System (the “Chief Investment Officer”) acting on behalf of the Retirement System.

2.04 Fiduciary Duty; Standard of Care.

(a) Investment Manager acknowledges and agrees that this Agreement places it in a fiduciary relationship with the Retirement System and the Retirement Board. As a fiduciary, Investment Manager shall discharge each of its duties and exercise each of its powers (as those duties and powers are set forth herein) with respect to the Retirement System, the Retirement Board and the Managed Assets with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, in conformance with Article XVI, Section 17 of the California Constitution, as amended, and Section 12.100 of the Charter, and with the customary standard of care of a professional investment manager providing services to a public pension plan (collectively, the “Standard of Care”). Investment Manager shall cause any and all of its Agents to exercise the same Standard of Care. Investment Manager shall be liable to the Retirement System and the Retirement Board for any Claim which arises from or relates to any failure by Investment Manager or any of its Agents to exercise the Standard of Care or any other duty (contractual or otherwise) owed by Investment Manager to the Retirement System and the Retirement Board.

(b) Investment Manager further acknowledges that it is a “fiduciary” under the Advisers Act, and agrees that it shall carry out its fiduciary duties with respect to the Managed Assets in accordance with the fiduciary standards applicable to investment advisers registered with the SEC pursuant to the Advisers Act.

(c) Investment Manager acknowledges that, to comply with the fiduciary duties and Standard of Care as set forth herein, it must maintain independence from all interests other than the interests of the Retirement System members and beneficiaries, as those interests are expressed by the Retirement Board. Investment Manager further acknowledges that the Retirement System staff acts as the agent for the Retirement Board in its relationship with Investment Manager, but is subordinate to the Retirement Board and cannot direct Investment Manager to consider interests contrary to those expressed by the Retirement Board. Investment Manager shall not delegate its fiduciary responsibilities under this Agreement.

2.05 Authorized Persons.

(a) The list of authorized Retirement System personnel (“Authorized Persons”) permitted to advise, inform and direct Investment Manager on the Retirement System’s behalf, [together with signature specimens of such Authorized Persons], are set forth in Exhibit C, attached hereto and incorporated by reference as if fully set forth herein. Any changes to the list of Authorized Persons shall be made in writing to Investment Manager and signed by the Executive Director or the Chief Investment Officer. Until notified of any change and subject to the provisions of Section 2.06 hereof, Investment Manager shall (i) communicate with

Authorized Persons with respect to the services under this Agreement and (ii) only be permitted to rely on and act upon instructions and notices received from an Authorized Person identified on the then current list furnished by the Retirement System.

(b) In no event will any Authorized Person have any liability to Investment Manager for any act or omission of that Authorized Person while acting or purporting to act as an Authorized Person.

2.06 Authorized Instructions. All directions and instructions to Investment Manager from any Authorized Person ("Authorized Instructions") shall be in writing; *provided, however*, that the Retirement System may, in its discretion, provide oral Authorized Instructions subject to written confirmation of same from the Authorized Person issuing the Authorized Instruction. Authorized Instructions shall bind Investment Manager upon receipt of written confirmation. If Investment Manager receives instructions or notices from a source other than an Authorized Person, Investment Manager shall not comply with them and shall immediately notify the Chief Investment Officer in writing of such unauthorized instructions or notices.

2.07 Custody of Assets.

(a) The Retirement System shall instruct its Custodian to: (i) establish the Account and (ii) maintain the Account in a manner that enables Custodian to account for the Managed Assets and transactions with respect thereto.

(b) Ownership of the Managed Assets shall remain with the Retirement System at all times. Investment Manager shall not, under any circumstances, act as a custodian of the Managed Assets or otherwise take physical control or possession, custody, title, or ownership of any Managed Assets. Investment 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 Investment Manager in any manner acquire or become possessed of any income or proceeds distributable by reason of selling, holding or controlling any Managed Assets. Accordingly, Investment Manager shall have no responsibility with respect to the collection of income, reclamation of withheld taxes (subject to Section 2.18 hereof), physical acquisition or the safekeeping of the Managed Assets. All such duties of collection, physical acquisition or safekeeping shall be the sole obligation of Custodian.

2.08 Withdrawal of Assets from Management. The Retirement System may withdraw from or decrease the Managed Assets immediately upon written notice to Investment Manager. Any written notice shall set forth the amount of any withdrawal or identify the Managed Assets and amount of cash to be withdrawn, the date when the withdrawal is effective, and any other information that the Retirement System deems necessary or appropriate. On and after the effective date of a withdrawal or decrease of the Managed Assets, and except as may otherwise be set forth in the written notice, Investment Manager shall cease to be responsible for future investment of the withdrawn Managed Assets.

2.09 Trading Procedures. All transactions authorized by this Agreement shall be settled through Custodian, who shall retain sole possession of and have complete custodial responsibility for the Managed Assets. Investment Manager shall be the sole entity to notify and

instruct Custodian on: (i) orders that Investment Manager places for the sale, purchase, or exchange of any Managed Assets and the management or disposition of Managed Assets and (ii) the purchase or acquisition of other securities or property for the Account. All orders shall be based upon “best execution.” Investment Manager shall provide Custodian with all trade information that Custodian may require to effect settlement, within the time frames as Custodian may designate. Investment Manager shall obtain Custodian’s detailed procedures and settlement instructions upon execution of this Agreement, and shall comply with such procedures and instructions with respect to the Managed Assets.

2.10 Investment Manager Not Acting as Principal. Investment Manager shall not act as a principal in sales or purchases of the Managed Assets, unless Investment Manager has received prior written consent from the Executive Director or Chief Investment Officer to act in such capacity for a particular transaction.

2.11 Brokerage.

(a) Investment Manager shall have authority and discretion to establish accounts with one or more duly registered broker-dealers. Consistent with its fiduciary duties regarding the Managed Assets, Investment Manager shall engage in a prudent and diligent broker-dealer selection and monitoring process. Investment Manager shall ensure that all orders are placed with only reputable, qualified and financially sound broker-dealers. Investment 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 Investment Manager to engage any broker-dealer solely on the basis of obtaining the lowest commission rate if the other standards set forth herein are satisfied.

(b) Notwithstanding the foregoing, Investment Manager shall not place orders with any broker-dealer that: (i) the Retirement System has determined may not execute trades on behalf of the Retirement System, as communicated by written notice to Investment Manager by the Retirement System, (ii) is affiliated with any investment consultant that provides non-brokerage related services to the Retirement System, as reflected on a list provided by the Retirement System, which the Retirement System may change at any time during the term of this Agreement, or (iii) is a related party or otherwise affiliated with Investment Manager. In addition, Investment Manager shall not engage in transactions that involve a broker acting as a principal where the broker is also an investment manager, without the Retirement System’s prior written consent.

(c) From time to time, Investment Manager shall refer to the directory of local brokerage firms whose services the Retirement System would like Investment Manager to utilize in connection with the Account, which directory is available at: <http://sfgov.org/cmd/directory-certified-lbes>. To the extent one or more of the firms on the list are qualified to provide services under this Agreement, Investment Manager should make a good faith effort to retain the firms to further the Retirement Board’s policy of encouraging the use of local business enterprises.

(d) Notwithstanding the provisions of Section 9.04 hereof, the Retirement System shall have the right to amend this Section 2.11 without the prior written consent of Investment

Manager to reflect any changes made in the law governing broker-dealers or soft dollar arrangements.

2.12 Trade Settlement. Investment Manager shall cooperate with Custodian and other parties to the trade to promptly resolve any trade settlement discrepancies or disputes.

2.13 Discretionary Rights and Powers Affecting the Managed Assets. Investment Manager may receive information from Custodian concerning the Managed Assets, 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 Investment Manager. Investment Manager agrees to timely direct Custodian as to the exercise of such rights and powers where Investment Manager has actual knowledge of same.

2.14 Acting on Illegal Information. Investment Manager and its Agents shall not place orders to purchase or sell any Managed Assets on the basis of any material information obtained, or utilized, by Investment Manager or its Agents in violation of the securities laws of the United States, or any other country in which Investment Manager transacts business on the Retirement System's behalf.

2.15 Soft Dollar Targets.

(a) **Generally.** If the Retirement System establishes any soft dollar targets, and provides notice to Investment Manager of those targets, Investment Manager shall use its best efforts to meet those soft dollar targets when such transactions can be done without jeopardizing its best execution. Investment Manager shall conduct soft dollar and directed brokerage arrangements in accordance with Sections 6930 et seq. of the Government Code. The term "soft dollar and directed brokerage arrangements" shall have the same meaning herein as in Section 6930 of the Government Code. Each securities transaction or brokerage agreement carried out by Investment Manager pursuant to a soft dollar and directed brokerage arrangement shall be executed at the lowest responsible transaction cost available.

(b) **Use of Proceeds.** Investment Manager shall use the proceeds provided to Investment Manager by a broker-dealer pursuant to soft dollar and directed brokerage arrangements to supplement and enhance Investment Manager's investment research and portfolio management capabilities and for all other purposes permitted by Section 28(e) of the Securities Exchange Act of 1934, as amended, for the benefit of the Retirement System.

(c) **Records and Record-Keeping.** Investment Manager shall maintain complete and detailed records of all billed services provided pursuant to soft dollar and directed brokerage arrangements. Investment Manager shall clearly define the services which may be provided by a broker-dealer pursuant to soft dollar and directed brokerage arrangements. Investment Manager shall provide the Retirement System and Custodian with the following:

(i) On a quarterly basis within 10 days of the end of each calendar quarter, a statement of each broker-dealer's soft dollars and the total commissions paid to each broker-dealer for the Retirement System account.

(ii) On a semi-annual basis within 10 days of the end of each second and fourth calendar quarter:

(A) A list of all billed services provided pursuant to soft dollar and directed brokerage arrangements with respect to investment transactions for the Retirement System;

(B) The justification for providing each of such services;

(C) The maximum percentage of the investment transactions of the Retirement System planned for use in soft dollar and directed brokerage arrangements;

(D) A statement of all billed services provided during the previous year under soft dollar and directed brokerage arrangements with respect to investment transactions for the Retirement System; and

(E) A determination of whether each service provided under soft dollar and directed brokerage arrangements with respect to investment transactions for the Retirement System is proprietary to the Retirement System or is being shared by other clients of Investment Manager.

2.16 Recapture Commission Target. If the Retirement System establishes any recapture commission targets, and provides notice to Investment Manager of those targets, Investment Manager shall use its best efforts to meet those recapture commission targets when such transactions can be performed without jeopardizing its best execution. Investment Manager shall provide the Retirement System with a quarterly statement of each broker-dealer's recapture commissions and the total commissions paid to each broker-dealer for the Account.

2.17 Account Reconciliation. Investment Manager shall promptly review all performance and other reports provided to it by Custodian with respect to the Managed Assets. Investment Manager shall cooperate with Custodian to reconcile any information relating to the Account each month, including without limitation accounting, transaction and asset summary data, and shall promptly notify the Retirement System in writing of any discrepancies which are not resolved with Custodian.

2.18 Notification of Tax Liabilities. Investment Manager hereby acknowledges that the Retirement System is a tax-exempt entity, and that it is unlikely to be subject to any tax withholding requirements of U.S. federal, state, or local laws. Investment Manager shall use its best efforts to invest the Managed Assets in a way so as not to create any tax liabilities for the Retirement System in any federal, state, local or international jurisdiction. Notwithstanding the foregoing, Investment Manager shall promptly notify the Retirement System if at any time

Investment Manager is aware of any taxes withheld by any federal, state, local or international jurisdiction, or of any actual or potential requirement of the Retirement System to pay any federal, state, local or international taxes or stamp duties, or to file any returns or other documents with respect to income earned on the Managed Assets. Investment Manager acknowledges that the Retirement System is relying on Investment Manager for notice of such taxation matters. Investment Manager shall be liable for all penalties and interest due to any failure by Investment Manager to promptly notify the Retirement System of such tax matters.

2.19 Administration of Records.

(a) **Record Maintenance and Retention.** Investment Manager shall keep and maintain all records related to the Managed Assets, including without limitation any pertinent transaction, activity, time sheets, cost, billing, accounting and financial records, proprietary data, electronic recordings and any other records created in connection with Investment Manager's performance of services under this Agreement ("Retirement System Records"). Investment Manager shall keep and maintain Retirement System Records for no less than six (6) years following the expiration or earlier termination of this Agreement. Investment Manager agrees that, except for accounts and records routinely or customarily destroyed in the ordinary course of business in compliance with existing laws governing the retention of such documents, Investment Manager shall not destroy any accounts and records unless Investment Manager first notifies the Retirement System in writing of its intention to do so and then provides the Retirement System with the opportunity to take possession of those accounts and records as the Retirement System and Investment Manager shall mutually agree.

(b) **Record Review and Audit.** Investment Manager shall provide to the Retirement System and its Authorized Persons, on reasonable notice (which in no event need ever be more than five (5) business days) and during ordinary business hours, full access to (including usable electronic data format), and the right to examine, audit, excerpt, copy or transcribe, any Retirement System Records maintained by Investment Manager in connection with services performed under this Agreement at any time during the term of this Agreement and any time for up to six (6) years after the expiration or earlier termination of this Agreement. Regardless of any interest, proprietary or otherwise, of Investment Manager in reports, memoranda, or other documents prepared by Investment Manager in connection with services performed under this Agreement, all such reports, memoranda, and documents prepared by Investment Manager shall become the property of and will be transmitted to the Retirement System in a useable format (including electronic data format) upon demand. Investment Manager shall make the persons responsible for creating and maintaining Retirement System Records available to the Retirement System during such review for the purpose of responding to the Retirement System's inquiries.

(c) **Survival.** This Section 2.19 shall survive expiration or earlier termination of this Agreement.

2.20 Reporting.

(a) Investment Manager shall provide the Retirement System and its staff, auditors, accountants, attorneys and other professional advisers, with documents, reports, data, and other

information as the Retirement System may request, in a form satisfactory to, and approved by, the Retirement System. Such requested reports may include reports of use of soft dollars, performance reports, statements to the Retirement System and Custodian confirming all transactions relating to the Managed Assets, the existence and status of any claims, tax liabilities and withholdings, and reports regarding Investment Manager's system of internal control and security. Investment Manager shall also provide Custodian with documents, reports, data, and other information as Custodian or the Retirement System may require.

(b) Investment Manager shall also regularly review data provided by the Retirement System or its Custodian on the Retirement System aggregate holdings when making investments with the Managed Assets and promptly notify the Retirement System if any transaction triggers a legal filing or reporting obligation under applicable law. An authorized officer of Investment Manager shall sign all reports and shall certify that such reports are accurate and consistent with the Investment Policy Statement. Additionally, Investment Manager shall furnish to the Retirement System the reports as set forth in the Guidelines, with accompanying certifications, at the times set forth therein.

2.21 Proxy Voting. Investment Manager shall not exercise any voting rights attaching to the investments comprising the Managed Assets.

2.22 Meetings. At the Retirement System's request and at mutually agreed upon times, Investment Manager shall meet with the Retirement System to review Investment Manager's performance and to discuss Investment Manager's present and future investment strategy. Investment Manager shall be available to answer questions from time to time as needed.

2.23 Key Personnel.

(a) Certain Investment Manager officers, principals, partners and employees who are "Key Personnel" are identified in Exhibit D, attached hereto and incorporated by reference as if fully set forth herein. The Retirement System may update Exhibit D from time to time during the term of this Agreement, by designating in writing additional or alternate Key Personnel. Investment Manager shall notify the Retirement System, by an immediate phone call to the Chief Investment Officer and a written notice within three (3) business days, of any changes in Key Personnel. In addition, Investment Manager shall facilitate the replacement of Key Personnel in such a manner as to ensure an orderly succession and uninterrupted performance of the investment management services under this Agreement.

(b) Before assigning Key Personnel, whether as an initial assignment or as a replacement, Investment Manager shall: (i) notify the Retirement System, by an immediate phone call to the Chief Investment Officer and a written notice within three (3) business days, of the proposed assignment and provide such individual's résumé; (ii) specify how long such individual has been with Investment Manager; (iii) at the Retirement System's request, introduce the individual to appropriate representatives of the Retirement System; and (iv) consult with the Retirement System prior to implementing such assignment.

ARTICLE III
COMPENSATION

3.01 Fee Structure.

(a) As compensation for providing the services under this Agreement, Investment Manager shall be compensated as set forth in the fee schedule attached hereto as Exhibit E and incorporated by reference as if fully set forth herein (the “Fee Schedule”). For each calendar quarter during which this Agreement is in effect, Investment Manager shall be paid in arrears for its services hereunder in accordance with the Fee Schedule. The Fee Schedule is subject to annual adjustment by the Retirement System upon thirty (30) days’ advance written notice. The fees set forth in the Fee Schedule shall be the sole compensation owed by or to any person for all services and deliverables under this Agreement, including all labor, expenses and other costs. In no event shall the Retirement System be liable for interest or late charges for any late payments.

(b) No charges shall be incurred under this Agreement nor shall any payments become due to Investment Manager until all services and deliverables required under this Agreement are received from Investment Manager and approved by the Retirement System as satisfactory. The Retirement System may withhold payment to Investment Manager in any instance in which Investment Manager has failed or refused to satisfy any material obligation provided for under this Agreement.

(c) In no event shall the annual compensation amount of this Agreement exceed [_____ Dollars] (\$[_____]).

3.02 Invoices. Investment Manager shall submit to the Retirement System an itemized quarterly invoice within thirty (30) calendar days of the close of the quarter for which services were provided. Invoices shall only cover work already performed; no compensation shall be paid to Investment Manager in advance of services rendered. Investment Manager shall send invoices by first class mail and e-mail to the recipient at the address and e-mail addresses set forth as follows (or to such other address or e-mail address or to the attention of such other person as has been indicated in writing by the Retirement System to Investment Manager in accordance with the provisions of Section 9.01 hereof):

[William J. Coaker, Jr.
Chief Investment Officer
San Francisco City and County Employees’ Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103
E-mail: [_____]]

3.03 Most Favored Nation. For so long as this Agreement remains effective, Investment Manager shall promptly notify the Retirement System in writing of any fee agreement or arrangement between Investment Manager and any of its other clients that contains

terms more favorable than those set forth in this Agreement and its exhibits. The Retirement System shall automatically be entitled to receive the benefit of any such more favorable terms at its option.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF INVESTMENT MANAGER

4.01 Reliance. Investment Manager acknowledges that the Retirement System has relied upon the representations, warranties, acknowledgments, covenants and agreements set forth in this Article IV, which constitute a material inducement to the Retirement System's decision to enter into this Agreement. This Article IV shall survive the expiration or earlier termination of this Agreement.

4.02 Organization and Powers. Investment Manager represents and warrants that it is duly organized, validly existing, and in good standing under the laws of the state of its organization and has full corporate power and authority to carry on its business as it has been and is conducted. Investment Manager further represents and warrants that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby are within the power of Investment Manager and have been duly authorized by all necessary corporate and other action.

4.03 Authorization. Investment Manager represents and warrants that it has duly authorized, executed and delivered this Agreement, and this Agreement constitutes the legal, valid and binding agreements and obligations of Investment Manager, enforceable against Investment 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. Investment Manager further represents and warrants that it 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 Investment Manager's execution, delivery or performance of this Agreement.

4.04 Qualifications and Quality of Services. Investment Manager represents and warrants that it is qualified to perform the services required by the Retirement System under this Agreement. Investment Manager further represents and warrants that it is willing and capable of performing all of the services described in this Agreement. Investment Manager shall notify the Retirement System promptly of any changes in Investment Manager's organization or legal status which may affect its willingness or capability to perform the services under this Agreement. Investment Manager further represents and warrants that all services that Investment Manager provides hereunder shall meet the requirements and standards set forth in this Agreement and its exhibits. Investment Manager shall promptly correct any errors or omissions in the provision of such services.

4.05 Fees to Third Parties. Investment Manager represents and warrants that it has not employed or retained any person or selling agency to solicit or secure this Agreement under

any agreement or understanding for a commission, percentage, brokerage, contingent fee or other amount, except for bona fide employees of Investment Manager and Investment Manager's affiliates or bona fide established commercial or selling agencies maintained by Investment Manager for the purpose of securing business. Investment Manager further represents and warrants that it has received and reviewed the Placement Agent Policy, and hereby confirms compliance therewith. If Investment Manager in any way breaches or violates the representations or warranties as set forth in this Section 4.05, in addition to the remedies set forth in Section 7.03 hereof for termination for default, the Retirement System may, in its sole discretion, deduct from Investment Manager's compensation under this Agreement, or otherwise recover, the full amount of such commission, percentage, brokerage, contingent fee or other amount paid to any person or selling agency (except for bona fide employees of Investment Manager and Investment Manager's affiliates or bona fide established commercial or selling agencies maintained by Investment Manager for the purpose of securing business) to solicit or secure this Agreement.

4.06 Prohibited Activities.

(a) Investment Manager represents and warrants that it does not and shall not knowingly employ, retain or compensate in any capacity: any employee, fiduciary, agent, consultant or other service provider of the Retirement System, or any member of the Retirement Board, 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 ("Interested Person"), and any spouse or economic dependent of any Interested Person.

(b) By executing this Agreement, Investment Manager certifies that it does not know of any fact which constitutes a violation of: (i) Section 15.103 of the Charter, (ii) Article III, Chapter 2 of the San Francisco Campaign and Governmental Conduct Code, as amended, (iii) Section 87100 et seq. of the Government Code or (iv) Section 1090 et seq. of the Government Code, and further agrees promptly to notify the Retirement System if it becomes aware of any such fact during the term of this Agreement. Investment Manager further acknowledges that individuals who will provide services under this Agreement may be deemed consultants under state and local conflict of interest laws. Investment Manager agrees to use its best efforts to require that such individuals submit a Statement of Economic Interests, California Fair Political Practices Commission Form 700, to the Retirement System within ten (10) calendar days of the Retirement System's written request.

(c) Investment Manager further acknowledges that it is familiar with the Gifts Ordinance, which prohibits an officer or employee of the Retirement System from soliciting or accepting any gift from a person who the officer or employee knows or has reason to know is a restricted source. The Gifts Ordinance defines "restricted source" to mean: (i) a person doing business with or seeking to do business with the department of the officer or employee; or (ii) any person who during the prior twelve (12) months knowingly attempted to influence the officer or employee in any legislative or administrative action. Investment Manager certifies that it does not know of any facts that constitute a violation of those provisions and agrees that it will immediately notify the Retirement System if it becomes aware of any such fact during the term of this Agreement.

4.07 Registered Investment Adviser. Investment Manager represents and warrants that it meets all qualifications set forth in the Guidelines to act as an investment adviser to the Retirement System and that Investment Manager meets all qualifications required of investment advisers by law, including without limitation the Investment Company Act of 1940, as amended, the Advisers Act and 15 U.S.C. §§ 80b-1 et seq., as amended; and it has completed, obtained and performed all registrations, filings, approvals, authorizations, consents, and examinations required by any governmental authority for its services contemplated by this Agreement. Investment Manager further represents and warrants that it is duly registered as an investment adviser with the SEC pursuant to the Advisers Act, and that such registration is in full force and effect. Investment Manager shall immediately notify the Retirement System if, at any time during the term of this Agreement, Investment Manager's registration under applicable laws is denied, suspended or revoked.

4.08 Investment Manager's Agents. Investment Manager represents and warrants that the Agents of Investment Manager responsible for discharging Investment Manager's duties and obligations under this Agreement are and will be individuals licensed, as applicable, and experienced in the performance of the various services and functions contemplated by this Agreement. Investment Manager further represents and warrants that none of these individuals has 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, violations of any federal or state securities law or the FINRA Code of Conduct, or bankruptcy law violations.

4.09 Disclosure Statement. Investment Manager represents and warrants that it has delivered to the Retirement System, at least five (5) business days prior to the execution of this Agreement, Investment Manager's current SEC Form ADV, Part II (the "Disclosure Statement"), unless it is exempt from such requirement, in which case Investment Manager has provided the Retirement System with a letter from its counsel explaining the basis for the exemption. Investment Manager shall deliver to the Retirement System the following documents within thirty (30) days of such filing with the SEC: (i) a copy of the annual Disclosure Statement, and (ii) copies of any amendments or updates to the Disclosure Statement.

4.10 Misstatements and Omissions. Neither any representation or warranty contained in this Agreement nor any written statement, certificate, or document furnished or to be furnished to the Retirement System by or on behalf of Investment Manager under this Agreement contains or will contain any misstatement of a material fact, or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

4.11 [Qualified Independent Representative. Investment Manager: (a) acknowledges the receipt of the Retirement System's "Policy Regarding the Selection and Monitoring of Qualified Independent Representatives" ("QIR Policy"), attached hereto as Exhibit F; (b) agrees to serve as the Retirement System's qualified independent representative for any swaps offered to or entered into by Investment Manager on behalf of the Retirement System; and (c) represents and warrants that, with respect to its designation as a qualified

independent representative for the Retirement System for the swaps offered to and entered into by Investment Manager on behalf of the Retirement System:

(i) It has policies and procedures reasonably designed to ensure that it satisfies the requirements set forth in Commodity Futures Trading Commission (“CFTC”) Rule Section 23.450(b)(1)(i)-(vii). Investment Manager shall provide copies of these policies and procedures to the Retirement System upon request and shall promptly notify the Retirement System if Investment Manager amends or otherwise revises the policies and procedures;

(ii) It meets the requirements for a qualified independent representative set forth in Section III(B) of the QIR Policy and CFTC Rule Section 23.450(b)(1)(i)-(vii), and is legally obligated to meet those requirements under the terms of this Agreement;

(iii) It will enter into a swap transaction on behalf of the Retirement System with a swap dealer only if Investment Manager meets the independence test set forth in Section III(C) of the QIR Policy and CFTC Rule Section 23.450(c) with respect to such swap dealer, and shall provide the conflict disclosures required to meet the independence test; and

(iv) It shall inform the Retirement System immediately if any of the foregoing representations and warranties cease to be true.]¹

ARTICLE V

COVENANTS OF INVESTMENT MANAGER

5.01 Reliance. Investment Manager acknowledges that the Retirement System has relied upon the covenants and agreements set forth in this Article V, which constitute a material inducement to the Retirement System’s decision to enter into this Agreement. This Article V shall survive the expiration or earlier termination of this Agreement.

5.02 Intellectual Property. In connection with its performance under this Agreement, Investment 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.

5.03 Audited Financial Statements. Investment Manager shall provide the Retirement System with copies of its audited financial statements, including its audited balance sheet, income statement and statement of cash flow, within fifteen (15) days after the financial statements become available.

5.04 Changes. Investment Manager shall notify the Retirement System in writing immediately, but in no event later than three (3) business days, of any of the following: (i) Investment Manager becomes aware that any of its representations or warranties set forth in this

¹ [Note to Draft: Insert Section 4.11 if Investment Manager is permitted to utilize swaps.]

Agreement cease to be materially true and correct, or Investment Manager breaches any of its covenants set forth herein; (ii) there is any change in Investment Manager's directors, executive officers, or senior management personnel within its organization; (iii) there is any change in ownership, organizational structure or control of Investment Manager; (iv) Investment Manager becomes aware of any other material change in its business organization, including without limitation its financial condition; (v) Investment Manager is unable to pay its debts as they become due, commences a filing for bankruptcy (or a third party commences an involuntary filing of bankruptcy against the Investment Manager), or otherwise makes an assignment of all or substantially all of its assets for the benefit of creditors; (vi) within a six (6) month period, there is a withdrawal of at least five percent (5%) of Investment Manager's total assets under management; or (vii) any time any client with assets under management with Investment Manager withdraws at least \$100 million in the aggregate in assets within a one-year period from, or terminates its relationship with, Investment Manager. If any client with assets under management with Investment Manager withdraws at least \$100 million in assets within a one-year period, Investment Manager shall notify the Retirement System of any subsequent withdrawals by such client.

5.05 Investigations and Complaints. To the extent not prohibited by applicable law, Investment Manager shall immediately advise the Retirement System in writing of any subpoena, investigation, examination, complaint, disciplinary action or other proceeding (i) relating to or affecting Investment Manager or (ii) involving any investment professional employed by Investment Manager who has performed any services with respect to the Account or Managed Assets or otherwise under this Agreement in the preceding twenty-four (24) months, which is commenced by the SEC, the NYSE, the AMEX, FINRA, any attorney general or any regulatory agency of any state of the United States, any United States governmental department or agency, or any governmental agency regulating securities of any country in which Investment Manager is doing business. To the extent not prohibited by applicable law, Investment Manager shall provide records requested by the Retirement System regarding any such subpoena, investigation, examination, complaint, disciplinary action or other proceeding.

5.06 Reporting Assistance. Investment Manager shall assist the Retirement System and Custodian, as necessary or as requested by Retirement System or Custodian, to prepare required reporting or regulatory forms and filings regarding the Managed Assets; shall take action necessary to recover any taxes improperly paid or withheld; and shall use diligence to identify and evaluate any material Claims relating to any of the Managed Assets, including without limitation class action lawsuits, advise the Retirement System of any such Claims relating to any of the Managed Assets and pursue, or assist the Retirement System in pursuing, any such Claims as directed by the Retirement System.

5.07 Independent Contractor. Investment 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 the Retirement System and Investment Manager. For all purposes, including without limitation workers' compensation liability, Investment Manager understands and agrees that all persons furnishing services under this Agreement are deemed employees solely of Investment Manager and not of the Retirement System. If any governmental authority

should, nevertheless, determine that Investment Manager or any of its Agents is an employee of the Retirement System, then the Retirement System's payment obligations hereunder shall be reduced by any payments made by the Retirement System to such governmental authority. Investment Manager shall refund any amounts necessary to effect that reduction.

5.08 Confidentiality. Investment Manager shall retain as strictly confidential and shall not disclose any information about the Retirement System, the Account, the Managed Assets and financial transactions regarding the Managed Assets received in performing services under this Agreement; *provided, however*, that such restrictions shall not apply to any disclosure required by regulatory authorities, applicable law or the rules of any securities exchange that may be applicable. Investment Manager shall inform all of its Agents of the confidentiality provisions of this Agreement. Investment Manager may not use information about the Retirement System, the Account, the Managed Assets and financial transactions regarding the Managed Assets for any purpose other than to provide services to the Retirement System under this Agreement.

5.09 Publicity. Investment Manager shall not issue or release any press release or other public announcement concerning this Agreement or the services Investment Manager provides under this Agreement, without the prior written consent of the Retirement System.

5.10 Replacement of Investment Manager's Agents. Upon demand by the Retirement System, Investment Manager shall replace any Agent assigned to perform services under this Agreement whom the Retirement System determines is unable to effectively execute the services and responsibilities required by this Agreement.

5.11 Cooperation in Contract Administration. Investment Manager shall cooperate with consultants as the Retirement System may retain from time to time to assist the Retirement System in the administration of this Agreement, including without limitation investment consultants, attorneys, and accountants.

ARTICLE VI

INSURANCE AND INDEMNIFICATION

6.01 Insurance.

(a) Without in any way limiting Investment Manager's liability under the indemnification provisions as set forth in Section 6.02 hereof, Investment Manager must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

(i) commercial general liability insurance, with limits not less than [_____] Dollars (\$[_____]) each occurrence, for bodily injury and property damage, including contractual liability, personal injury, products and completed operations;

(ii) errors and omissions insurance, with a per-occurrence limit of at least [_____] Dollars (\$[_____]) and an annual aggregate of at least [_____] Dollars (\$[_____]);

(iii) workers' compensation insurance, in an amount and form to meet all applicable statutory requirements, to cover all of Investment Manager's employees, with employers' liability limits not less than [_____] Dollars (\$[_____]) each accident, injury, or illness; and

(iv) a fidelity or financial institution bond policy that provides protection to the Retirement System against loss by reason of fraud or dishonesty on the part of Investment Manager or its Agents, with at least the following coverages and amounts: (A) employee dishonesty coverage with limits not less than [_____] Dollars (\$[_____]), and (B) computer theft coverage with limits not less than [_____] Dollars (\$[_____]).

(b) Commercial general liability insurance policy must be endorsed to: (i) name as additional insured the Retirement System and its officers, agents, and employees; and (ii) provide that such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

(c) All policies shall be endorsed to provide thirty (30) days' advance written notice to the Retirement System of cancellation for any reason, intended non-renewal, or reduction in coverages. Notices shall be sent to the Retirement System in accordance with Section 9.01 hereof.

(d) Should any of the required insurance be provided under a claims-made form, Investment Manager shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of five (5) years beyond the expiration or earlier termination of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration or earlier termination of the Agreement, such claims shall be covered by such claims-made policies.

(e) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified in Section 6.01(a) hereof.

(f) Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Retirement System receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Retirement System may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

(g) Before commencing any services under this Agreement, Investment Manager shall furnish to the Retirement System certificates of insurance and additional insured policy

endorsements with insurers with ratings comparable to A-, VIII or higher, that are authorized to do business in the State of California, and that are satisfactory to the Retirement System, in form evidencing all coverages set forth herein. Investment Manager shall also furnish to the Retirement System such certificates and endorsements on an annual basis.

(h) If Investment Manager will use any subcontractor(s) to provide services under this Agreement, Investment Manager shall require the subcontractor(s) to provide all necessary insurance and to name the Retirement System, its officers, agents and employees and the Investment Manager as additional insureds.

(i) Approval of the insurance by the Retirement System shall not relieve or decrease the liability of Investment Manager hereunder.

(j) This Section 6.01 shall survive the expiration or earlier termination of this Agreement.

6.02 Indemnification.

(a) Investment Manager shall indemnify, hold harmless and, if requested, defend the Retirement System, its officers, fiduciaries (excluding Investment Manager), employees, and agents, and the Retirement Board and members of the Retirement Board (collectively, the “Indemnified Parties”), from and against any Claims, arising from, pertaining to or relating to, in whole or in part, directly or indirectly, any bad faith, negligence, willful misconduct, misrepresentation, improper or unethical practice, infringement of intellectual property rights (including without limitation patent rights, copyright, trade secret or any other proprietary rights or trademark), breach of fiduciary duty, breach of the Standard of Care, breach of trust, breach of confidentiality, breach of contract, or violation of any Legal Requirement by Investment Manager or any of its Agents acting in connection with this Agreement.

(b) In addition to Investment Manager’s obligation to indemnify the Indemnified Parties, Investment Manager specifically acknowledges and agrees that it has an independent and immediate obligation to defend the Indemnified Parties from any claim that actually or potentially falls within this indemnification provision even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time a claim is tendered to Investment Manager by the Indemnified Parties and continues at all times thereafter.

(c) This Section 6.02, and the indemnification obligations hereunder, shall survive the expiration or earlier termination of this Agreement.

6.03 Force Majeure. Investment Manager shall not be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent any default or delay is caused, directly or indirectly, by: flood, earthquake, elements of nature or acts of God; acts of the public enemy; riots, civil disorders, rebellions or revolutions in any country; or any other unforeseeable cause beyond the reasonable control of Investment Manager (each a “Force Majeure Event”); but in every case (a) the default or delay in performance must be beyond the reasonable control and without the fault or negligence of Investment Manager, and (b)

Investment Manager must use best efforts (i) to immediately mitigate any losses to the Retirement System and (ii) to recommence performance whenever and to whatever extent reasonably possible without delay, including through the use of alternate sources, workaround plans, or other means; *provided, however*, that the use of such alternate sources, workaround plans, or other means shall cease upon the cessation of the Force Majeure Event. Upon knowledge of a Force Majeure Event, Investment Manager shall, as soon as possible, notify the Retirement System of the occurrence of the Force Majeure Event and describe in reasonable detail the nature of the Force Majeure Event and the steps Investment Manager is taking and will take to mitigate any default or delay caused by the Force Majeure Event. Whenever a Force Majeure Event or other disaster or business interruption causes Investment Manager to allocate limited resources, Investment Manager will not do so in any way that grants to any other clients of Investment Manager priority over the Retirement System. In addition, in no event shall Investment Manager redeploy or reassign any Key Personnel to any other clients upon the occurrence of a Force Majeure Event or other disaster or business interruption.

6.04 Limitation on Liability of the Retirement System. The Retirement System's payment obligations hereunder shall be limited to the payments under Section 3.01 hereof. Notwithstanding any other provision of this Agreement, in no event shall the Retirement System or its officers, employees or fiduciaries be liable, regardless of whether the claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including without limitation lost profits, arising out of or in connection with this Agreement or the services performed in connection with this Agreement.

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

ARTICLE VII

TERM AND TERMINATION

7.01 Term. The term of this Agreement shall commence on [_____, ____], and expire on [_____, ____], unless terminated earlier in accordance with Section 7.02 hereof or Section 7.03 hereof. In its sole, absolute discretion, the Retirement System may extend the term of this Agreement for additional five (5) year periods by written amendment.

7.02 Termination for Convenience. The Retirement System shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof and with immediate effect, for convenience and without cause. The Retirement System shall exercise this option by giving Investment Manager written notice of termination for convenience that specifies the Effective Termination Date. In no event shall the Retirement System's termination of this Agreement under this Section 7.02 be deemed a waiver of the Retirement System's right to make a claim or take other action against Investment Manager for damages resulting from any default, act or omission by Investment Manager that occurred before the Effective Termination Date or during the Transition Period.

7.03 Termination for Default.

(a) The Retirement System may immediately terminate this Agreement by delivering to Investment Manager a written notice of termination for default that specifies the Effective Termination Date, under any one of the following circumstances:

(i) if Investment 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 that default within thirty (30) calendar days (or such longer period as the Retirement System may authorize in writing) after receipt of written notice from the Retirement System specifying the default;

(ii) upon notice but without further cure period, if Investment Manager fails to perform according to this Agreement following notice and failure to cure under Section 7.03(a)(i) hereof;

(iii) without notice or opportunity to cure if Investment Manager materially breaches any of the representations, warranties or covenants made in Article IV and Article V hereof;

(iv) without notice or opportunity to cure if Investment Manager files for bankruptcy or is placed into involuntary bankruptcy, becomes insolvent or generally cannot pay its debts as they become due;

(v) without notice or opportunity to cure if Investment Manager is subject to 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, or moral turpitude; or

(vi) without notice or opportunity to cure if Investment Manager attempts or purports to assign this Agreement, or any portion hereof, or any of its rights or obligations hereunder, without obtaining the Retirement System's prior written consent.

(b) If the Retirement System terminates this Agreement for default under this Section 7.03, the Retirement System shall be entitled to recover from Investment Manager all reasonable damages resulting from the default, act or omission of Investment Manager related to such default. The running of any period to cure a default under this Section 7.03 shall not limit the Retirement System's right to terminate this Agreement for convenience at any time, under Section 7.02 hereof.

7.04 Rights, Remedies and Responsibilities Upon Termination.

(a) In the event of any termination of this Agreement, all of the terms and conditions of this Agreement shall continue to apply through the Effective Termination Date and through any period following the Effective Termination Date, during which Investment 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 (“Transition Period”). [Any Transition Period shall not exceed three (3) months after the Effective Termination Date.] The following provisions shall also apply to any termination of this Agreement.

(i) **Post-Termination Responsibilities.** Upon notice of termination of this Agreement in accordance with the provisions of Section 9.01 hereof, Investment Manager shall commence and perform, with diligence and in accordance with the Standard of Care, all actions necessary on the part of Investment Manager to effect the termination of this Agreement on the Effective Termination Date and to minimize the liability of Investment Manager and the Retirement System to third parties as a result of the termination. All such actions shall be subject to the prior approval of the Retirement System and shall include without limitation the orderly liquidation of the portfolio, the cessation of trading, or such other actions as reasonably directed by the Retirement System.

(ii) **Termination Invoice.** Following the Effective Termination Date, Investment Manager shall submit to the Retirement System, in the form and with any reasonable certifications as may be requested by the Retirement System, Investment Manager’s final invoice (“Termination Invoice”). The Termination Invoice shall prorate Investment Manager’s quarterly fees for work already performed but for which Investment Manager has not been compensated through the Effective Termination Date, in accordance with Investment Manager’s then current compensation level, by multiplying those fees by a fraction, the numerator of which is the number of days in the quarter that Investment Manager managed the Managed Assets and the denominator of which is the number of days in such quarter. Investment Manager shall submit such Termination Invoice no later than thirty (30) days after the Effective Termination Date. If Investment Manager fails to timely submit its Termination Invoice, the Retirement System may determine, on the basis of information available to it, the amount, if any, due to Investment Manager and that determination shall be final. Subject to the provisions of Section 7.04(a)(iii) hereof, the Retirement System shall authorize payment to Investment Manager after the Retirement System’s receipt of the Termination Invoice or the Retirement System’s determination of the final amount due, as applicable.

(iii) **Payment Withheld for Default.** The Retirement System shall not authorize and shall withhold payment for services provided if the Retirement System terminates this Agreement for default under Section 7.03 hereof.

(iv) **Good Faith Transfer.** Upon notice of termination of this Agreement in accordance with the provisions of Section 9.01 hereof, Investment Manager shall continue to serve as a manager hereunder at the then existing compensation level under this Agreement for the duration of the Transition Period. Investment Manager shall cooperate with the Retirement System in good faith to effect a smooth and orderly transfer of services and all records. Upon termination of this Agreement, Investment Manager shall retain all Retirement System Records according to the record retention provisions set forth in Section 2.19 hereof.

(v) **Cumulative Nature of Rights and Remedies.** The rights and remedies of the Retirement System provided by this Section 7.04 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.

(b) This Section 7.04 shall survive expiration or earlier termination of this Agreement.

ARTICLE VIII

LEGAL REQUIREMENTS

8.01 False Claims. The full text of the False Claims Ordinance, including the enforcement and penalty provisions, is incorporated into this Agreement. Investment Manager acknowledges that Investment Manager is subject to the False Claims Ordinance. Pursuant to the False Claims Ordinance, if Investment Manager submits a false claim, Investment Manager shall be liable for the statutory penalties set forth therein. Investment Manager is deemed to have submitted a false claim to the Retirement System if Investment Manager: (i) knowingly presents or causes to be presented to an officer or employee of the Retirement System a false claim or request for payment or approval; (ii) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Retirement System; (iii) conspires to defraud the Retirement System by getting a false claim allowed or paid by the Retirement System; (iv) knowingly makes, uses or causes to be made or used a false record or statement to conceal, avoid or decrease an obligation to pay or transmit money or property to the Retirement System; or (v) is a beneficiary of an inadvertent submission of a false claim to the Retirement System, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Retirement System within a reasonable time after discovery of the false claim.

8.02 Nondiscrimination Requirements.

(a) **Non Discrimination in Contracts.** Investment Manager shall comply with the provisions of Chapters 12B and 12C of the San Francisco Administrative Code, as amended, which are incorporated herein by reference. Investment Manager shall incorporate by reference in all subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all subcontractors to comply with such provisions. Investment Manager is subject to the enforcement and penalty provisions in such chapters.

(b) **Nondiscrimination in the Provision of Employee Benefits.** Investment Manager shall comply with the provisions of San Francisco Administrative Code Section 12B.2. Investment Manager does not as of the date of this Agreement, and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by the City, or where work is being performed for the Retirement System elsewhere in the United States, discriminate in the provision of employee benefits between employees with domestic partners and employees with spouses and/or between the domestic partners and spouses of such

employees, subject to the conditions set forth in San Francisco Administrative Code Section 12B.2.

(c) **Condition to Agreement.** As a condition to this Agreement, Investment Manager shall execute and submit the “S.F. Administrative Code Chapters 12B and 12C Declaration: Nondiscrimination in Contracts and Benefits” form (form CMD-12B-101) with supporting documentation to the Retirement System.

8.03 MacBride Principles – Northern Ireland. The provisions of San Francisco Administrative Code Section 12F, as amended, are incorporated herein by this reference and made part of this Agreement. By executing this Agreement, Investment Manager confirms that Investment Manager has read and understood that the City urges companies doing business in Northern Ireland to resolve employment inequities and to abide by the MacBride Principles, and urges San Francisco companies to do business with corporations that abide by the MacBride Principles.

8.04 Tropical Hardwood and Virgin Redwood Ban. Pursuant to San Francisco Environment Code Section 804(b), as amended, the City urges Investment Manager not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood wood product.

8.05 Alcohol and Drug-Free Workplace. The Retirement System reserves the right to deny access to, or require Investment Manager to remove from, the Retirement System’s or the City’s facilities Agents of Investment Manager who the Retirement System has reasonable grounds to believe has engaged in alcohol abuse or illegal drug activity which in any way impairs the Retirement System’s ability to maintain safe work facilities or to protect the health and well-being of the Retirement System’s employees and the general public. The Retirement System shall have the right of final approval for the entry or re-entry of any such person previously denied access to, or removed from, the Retirement System’s or the City’s facilities. Alcohol abuse means possessing, furnishing, selling, offering, or using alcoholic beverages, or being under the influence of alcohol. Illegal drug activity means possessing, furnishing, selling, offering, purchasing, using or being under the influence of illegal drugs or other controlled substances for which the individual lacks a valid prescription.

8.06 Compliance with Americans with Disabilities Act. Investment Manager shall provide the services under this Agreement in a manner that complies with the ADA, including but not limited to Title II's program access requirements, and all other applicable federal, state and local disability rights legislation.

8.07 Limitations on Contributions. By executing this Agreement, Investment Manager acknowledges that it is familiar with Section 1.126 of the San Francisco Campaign and Governmental Conduct Code, as amended, which prohibits any person who contracts with the City for the rendition of personal services, for the furnishing of any material, supplies or equipment, for the sale or lease of any land or building, or for a grant, loan or loan guarantee, from making any campaign contribution to (1) an individual holding a City elective office if the contract must be approved by the individual, a board on which that individual serves, or the

board of a state agency on which an appointee of that individual serves, (2) a candidate for the office held by such individual, or (3) a committee controlled by such individual, at any time from the commencement of negotiations for the contract until the later of either the termination of negotiations for such contract or six months after the date the contract is approved. The prohibition on contributions applies to each prospective party to the contract; each member of Investment Manager's board of directors; Investment Manager's chairperson, chief executive officer, chief financial officer and chief operating officer; any person with an ownership interest of more than 20 percent in Investment Manager; any subcontractor listed in the bid or contract; and any committee that is sponsored or controlled by Investment Manager. Investment Manager must inform each such person of the limitation on contributions imposed by Section 1.126 of the San Francisco Campaign and Governmental Conduct Code and provide the names of the persons required to be informed to the Retirement System.

8.08 Prohibition on Use of Public Funds for Political Activity. In performing the services under this Agreement, Investment Manager shall comply with San Francisco Administrative Code Chapter 12G, as amended, which prohibits funds appropriated for this Agreement from being expended to participate in, support, or attempt to influence any political campaign for a candidate or for a ballot measure. Investment Manager is subject to the enforcement and penalty provisions in such chapter.

8.09 Services Provided by Attorneys. Any services to be provided by a law firm or attorney on behalf of the Retirement System must be reviewed and approved in writing in advance by the City Attorney. No invoices for services provided on behalf of the Retirement System by law firms or attorneys, including without limitation as subcontractors of Investment Manager, will be paid unless the provider received prior written consent from the City Attorney.

8.10 [Minimum Compensation Ordinance. Investment Manager shall pay covered employees no less than the minimum compensation required by San Francisco Administrative Code Chapter 12P. Investment Manager is subject to the enforcement and penalty provisions in Chapter 12P. By signing and executing this Agreement, Investment Manager certifies that it is in compliance with Chapter 12P.]

8.11 [Health Care Accountability Ordinance. Investment Manager shall comply with San Francisco Administrative Code Chapter 12Q. Investment Manager shall choose and perform one of the Health Care Accountability options set forth in San Francisco Administrative Code Chapter 12Q.3. Investment Manager is subject to the enforcement and penalty provisions in Chapter 12Q.]

8.12 [First Source Hiring Program. Investment Manager must comply with all of the provisions of the First Source Hiring Program, Chapter 83 of the San Francisco Administrative Code, that apply to this Agreement, and Investment Manager is subject to the enforcement and penalty provisions in Chapter 83.]

8.13 Public Disclosure.

(a) Investment Manager hereby acknowledges that the Retirement System is a “public agency” subject to the provisions of the Public Records Act, which provides generally that all records relating to a public agency’s business constitute “public records or files,” and are open to public inspection, disclosure and copying in the manner provided in the Public Records Act, unless specifically exempted under the Public Records Act. Investment Manager hereby acknowledges that the Retirement System is subject to the Open Meetings Act, which provides generally for open meetings for legislative bodies, including the Retirement Board, and the Sunshine Ordinance, which provides generally that all records relating to a public agency’s business are open to public inspection and copying unless exempted under the Sunshine Ordinance and for open meetings for policy bodies such as the Retirement Board.

(b) Investment Manager shall not make any claim against the Retirement System if the Retirement System makes available to the public or otherwise discloses any report, notice or other information the Retirement System received from Investment Manager or its Agents which was required to be made public or is disclosed by the Retirement System pursuant to the Public Records Act, the Open Meetings Act or the Sunshine Ordinance or as required by a governmental authority or otherwise required by law and that the Retirement System determines in good faith is not exempt from disclosure.

(c) Investment Manager acknowledges that under Section 67.24(e) of the San Francisco Administrative Code, as amended, contracts, contractors’ bids, responses to requests for proposals and all other records of communications between the Retirement System and persons or firms seeking contracts, shall be open to public inspection immediately after a contract has been awarded. All information provided by Investment Manager that is covered by that ordinance (as it may be amended) will be made available to the public upon request.

8.14 Compliance with Legal Requirements. Investment Manager shall comply with the Charter, and with all applicable foreign, international, federal, State of California, other state, and local laws, regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations (the “Legal Requirements”), and all provisions required by the Legal Requirements to be included in this Agreement are hereby incorporated by reference.

ARTICLE IX

MISCELLANEOUS

9.01 Notices. All notices, requests or demands required by or pertaining to this Agreement or required under any law now or hereafter in effect shall be in writing. Any such notice, request or demand shall be deemed to have been given upon receipt when personally delivered, mailed by first class registered or certified mail (postage prepaid and return receipt requested), delivered by facsimile (with telephone confirmation of receipt) or transmitted by e-mail, or delivered by reputable overnight courier service (charges prepaid), in each case to the recipients at the address, facsimile number or e-mail address set forth as follows (or to such other address, facsimile number or e-mail address or to the attention of such other person as has been indicated in writing to the other party in accordance with the provisions of this Section 9.01):

To the Retirement System:

Jay Huish
Executive Director
San Francisco City and County Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103
Fax No.: [_____]
E-mail: [_____]

William J. Coaker, Jr.
Chief Investment Officer
San Francisco City and County Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103
Fax No.: [_____]
E-mail: [_____]

To Investment Manager:

[_____]

All other communications and correspondence related to the purchase, management and disposition of the Managed Assets, including without limitation any reports required under this Agreement shall be transmitted by e-mail to the following recipients at the e-mail address set forth opposite each recipient's name (or to such other e-mail address or to the attention of such other person as has been indicated in writing to the Investment Manager in accordance with the provisions of this Section 9.01):

<u>Name</u>	<u>Title</u>	<u>E-mail Address</u>

9.02 No Assignment, Subcontracting or Delegation. The services under this Agreement are personal in nature and Investment Manager shall perform the work contemplated with resources available within its own organization. Investment Manager shall not assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the Retirement System, which consent may be granted or withheld in the Retirement System's sole discretion. Despite the Retirement System's consent, no assignment shall release Investment Manager of any of its obligations or alter any of its obligations under this Agreement, unless such consent expressly provides for a release of Investment Manager. Any attempted assignment or delegation of this provision shall be void and shall entitle the Retirement System to terminate this Agreement by default.

9.03 No Waiver. All rights, powers and remedies provided under this Agreement or otherwise available at law or in equity are cumulative and not alternative, and the exercise of any right, power or remedy by a party shall not preclude the simultaneous or later exercise of any other right, power or remedy by that party. No waiver of any breach, right, remedy, or failure of any condition contained in or granted by this Agreement is effective unless it is in writing and executed by the party waiving the breach, right, remedy or failure. Any waiver by the Retirement System shall be executed by the Executive Director. The failure by either party at any time to enforce any default or right reserved to it, or to require performance by the other party of any of the terms, covenants, or provisions of this Agreement at the time designated, shall not constitute a waiver of any such default or right to which that party is entitled, nor shall it in any way affect the right of that party to enforce the default or rights thereafter.

9.04 Amendments. This Agreement may be amended or modified only by a written instrument executed by both parties hereto and by making specific reference to this Agreement and to 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 the Retirement System, or any foreign, international, federal, state, county or local statute, rule, regulation or ordinance which governs any aspect of this Agreement.

9.05 Administrative Remedy. All disputes, controversies or claims arising under or relating to this Agreement shall be settled by the Executive Director. The Executive Director's decision shall be deemed an exhaustion of all administrative remedies. However, the Executive Director's decision shall not preclude resorting to judicial remedy.

9.06 Section Headings. Headings used in this Agreement are for convenience and reference only and shall in no way restrain, affect or otherwise modify 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 either party. Any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not apply in interpreting this Agreement.

9.07 Entire Agreement. This Agreement, and any and all exhibits, schedules and appendices attached hereto, contains the entire and exclusive statement of the terms of the agreement between the parties pertaining to the subject matter of this Agreement, and supersedes all 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.

9.08 Governing Law; Jurisdiction; Venue. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of California, without regard to choice of law rules. The parties hereby submit to the jurisdiction of the courts of the State of California, or of the United States of America sitting in the State of California, over any

action, suit, or proceeding arising out of or relating to this Agreement. Venue for any action, suit, or proceeding arising out of or relating to this Agreement shall be in San Francisco. Nothing herein shall affect the right of the Retirement System to serve process in any manner permitted by law or limit the right of the Retirement System to bring proceedings against Investment Manager in the competent courts of any other jurisdiction or jurisdictions.

9.09 Severability. If any provision of this Agreement is found to be invalid or unenforceable, that finding shall not affect the validity of any other provision hereof; and that provision shall be enforced to the maximum extent possible so as to effect the intent of the parties.

9.10 Further Acts and Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and delivered by or on behalf of the parties hereto, the parties hereby agree to perform, execute and deliver or cause to be performed, executed and delivered any and all such further acts, deeds, and assurances as the other party may reasonably require to consummate the transactions contemplated hereby.

9.11 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which counterparts shall together constitute one and the same instrument.

9.12 Exhibits. The exhibits attached hereto are incorporated in and made a part of this Agreement by reference. The exhibits may be modified by the Retirement System at any time, without an amendment hereto, upon written notice from an Authorized Person. 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: (i) the terms of this Agreement; and (ii) the terms of the exhibits according to the order in which they appear.

9.13 Word Usage. Unless the context clearly requires otherwise, (i) the plural and singular number shall each be deemed to include the other; (ii) the masculine, feminine, and neuter genders shall each be deemed to include the others; (iii) “shall,” “will,” or “agrees” are mandatory, and “may” is permissive; (iv) “or” is not exclusive; (v) “includes” and “including” are not limiting; and (vi) “hereof,” “herein,” and other variants of “here” refer to this Agreement as a whole.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first referenced above.

**SAN FRANCISCO CITY AND COUNTY
EMPLOYEES' RETIREMENT SYSTEM**

[INVESTMENT MANAGER]

By: _____
JAY HUI SH
Executive Director

By: _____
Name: _____
Title: _____

EXHIBIT A

INVESTMENT POLICY STATEMENT

EXHIBIT B

STATEMENT OF OBJECTIVES, GUIDELINES AND PROCEDURES

EXHIBIT C

AUTHORIZED PERSONS

The following persons are Authorized Persons under this Agreement:

Name	Title	[Signature]

EXHIBIT D

KEY PERSONNEL

The following persons are Key Personnel under this Agreement:

1. [Name, Title]
2. [Name, Title]
3. [Name, Title]

EXHIBIT E

FEE SCHEDULE

[The fee shall be based on the average market value of the Account as calculated by the Custodian as of the end of each month within such quarter. For any partial quarter, the fee shall be calculated by multiplying the Investment Manager's quarterly fees by a fraction, the numerator of which is the number of days in the quarter that Investment Manager managed the Managed Assets and the denominator of which is the number of days in such quarter. The annual fee schedule applicable to the Account shall be:]

[_____]

[EXHIBIT F]

SAN FRANCISCO CITY AND COUNTY EMPLOYEES' RETIREMENT SYSTEM

POLICY REGARDING THE SELECTION AND MONITORING OF QUALIFIED INDEPENDENT REPRESENTATIVES

I. PURPOSE

The purpose of this policy is to establish general guidelines for the selection and monitoring of qualified independent representatives with respect to swaps offered to or entered into by the San Francisco City and County Employees' Retirement System ("SFERS").

II. BACKGROUND

Pursuant to amendments to the Commodity Exchange Act, 7 U.S.C. *et seq.*, added by The Dodd-Frank Wall Street Reform and Consumer Protection Act, the Commodity Futures Trading Commission ("CFTC") has adopted certain rules for swaps dealers and major swap participants (together, "swap dealers") governing their dealings with counterparties, including "Special Entities" as defined under the Commodity Exchange Act and CFTC Regulations. As an employee benefit plan that is a governmental plan as defined in Section 3 of the Employee Retirement Income Security Act ("ERISA"), SFERS is a Special Entity within the meaning of Section 4s(h)(2)(C)(iv) of the Commodity Exchange Act and CFTC Regulation Section 23.401(c)(4).

The CFTC has adopted "Business Conduct Standards for Swap Dealers and Major Swap Participants with Counterparties" ("Standards"). Among other requirements, these Standards require swap dealers that offer to enter or enter into a swap with a Special Entity to have a reasonable basis to believe that the Special Entity has a "qualified independent representative" ("QIR") that meets certain criteria.

The CFTC adopted certain safe harbors that the swap dealer may rely on in meeting this QIR requirement, including one that allows swap dealers to rely on written representations from a Special Entity that it has complied in good faith with written policies and procedures reasonably designed to ensure that it has selected a QIR that satisfies the applicable requirements and that those policies and procedures provide for ongoing monitoring of the performance of the QIR consistent with the applicable requirements.

In addition, a QIR must represent in writing to the Special Entity that it has policies and procedures reasonably designed to ensure that it satisfies the applicable requirements, meets the independence test, and is legally obligated to comply with the applicable requirements by agreement, condition of employment, law, rule, regulation, or other enforceable duty.

For swap dealers to rely on this safe harbor rather than conduct costly due diligence, which costs may be borne by SFERS, and to avoid potential overreach by the swap dealers in requesting information from SFERS, SFERS has determined that it is reasonable and prudent to adopt a policy that is reasonably designed to ensure that it has selected one or more QIRs that satisfy the regulatory qualifications and that the performance of those QIRs is subject to ongoing monitoring consistent with those qualifications.

III. SELECTION OF QIRs

A. **Role of Investment Managers.** Each investment manager selected by SFERS investment staff and approved by the Retirement Board that is authorized under its Investment Management Agreement with SFERS to offer and enter into swaps on behalf of SFERS shall serve as the QIR for SFERS with respect to swap transactions initiated by that investment manager. In recommending to the Board an investment manager that will be authorized to engage in swap transactions, SFERS investment staff shall determine that the investment manager meets the requirements set forth in Section III(B) below (the “Requirements”), which are designed to satisfy the requirements prescribed by the CFTC pursuant to CFTC Rule Section 23.450, and which will permit swap dealers to comply with the Standards. SFERS investment staff shall verify in the recommendation to the Retirement Board that the investment manager with investment authority to enter into swaps on SFERS’ behalf meets the Requirements.

B. **Determining Compliance with Requirements.** SFERS investment staff shall determine that the investment manager meets the following Requirements:

1. Has sufficient knowledge to evaluate the transaction and risks of the swap;
2. Is not subject to a statutory disqualification under Section 8a(2) or 8a(3) of the Commodity Exchange Act;
3. Is independent of the swap dealer, as defined in CFTC Rule Section 23.450(c);
4. Undertakes a duty to act in the best interests of SFERS;
5. Makes appropriate and timely disclosures to SFERS of compensation and all material conflicts of interest that would be sufficient to permit SFERS to assess the conflict and take steps to mitigate it;
6. Evaluates the fair pricing and the appropriateness of the swap and compliance with the investment policies of SFERS; and
7. Is subject to restrictions on certain political contributions that may be imposed by the CFTC, the Securities and Exchange Commission (“SEC”), or a self-regulatory organization subject to jurisdiction of the CFTC or the SEC.

In making the determination that an investment manager satisfy the Requirements for purposes of the initial designation as a QIR for SFERS, SFERS investment staff may take into account, among other things, any information provided by the investment manager, including the QIR Representations (as defined in Section IV(B), below), and any documentation provided by the investment manager regarding its satisfaction of the Requirements. SFERS investment staff may, as appropriate, consult with legal counsel familiar with the Requirements to determine whether an investment manager initially satisfies the Requirements.

C. **Determining Independence.** With respect to independence as required under Section III(B)(3), above, SFERS investment staff shall determine that an investment manager is independent if:

1. The investment manager is not and, within one year of representing SFERS in connection with the swap, was not an associated person of the swap dealer within the meaning of Section 1a(4) of the Commodity Exchange Act;
2. There is no principal relationship between the investment manager and the swap dealer;
3. The investment manager:
 - a) Provides timely and effective disclosure to SFERS of all material conflicts of interest that could reasonably affect the judgment or decision making of the investment manager with respect to its obligations to SFERS; and
 - b) Complies with policies and procedures reasonably designed to manage and mitigate such material conflicts of interest;
4. The investment manager is not directly or indirectly, through one or more persons, controlled by, in control of, or under common control with the swap dealer; and
5. The swap dealer did not refer, recommend, or introduce the investment manager to SFERS within one year of the investment manager's representation of the swap dealer in connection with the swap.

D. **Authorized Representations.** Upon selecting an investment manager that meets the Requirements and is designated as a QIR, SFERS investment staff shall be authorized to make the representations described in CFTC Rule Section 23.450(d)(1)(i) with respect to that investment manager acting as SFERS' QIR. These representations may be made, as appropriate, on a relationship basis in counterparty relationship documentation to avoid transaction-by-transaction compliance.

IV. MONITORING OF QIRS

A. **Requirements on SFERS.** SFERS investment staff shall conduct ongoing monitoring of the performance of all investment managers designated as QIRs, consistent with the Requirements. SFERS shall make a good faith determination, no less than annually, that each investment manager designated as a QIR continues to satisfy the Requirements, and SFERS investment staff shall prepare and retain written reports documenting that determination. In making the determination that an investment manager designated as a QIR continues to satisfy the Requirements on an ongoing basis, SFERS investment staff may take into account, among other things, any information provided by the investment manager designated as a QIR, including the QIR Representations and any documentation provided by the investment manager designated as a QIR regarding its satisfaction of the Requirements. SFERS investment staff may, as appropriate, consult with legal counsel familiar with the Requirements to determine

whether an investment manager designated as a QIR continues to satisfy the Requirements on an ongoing basis.

B. QIR Representations. Each investment manager under review for QIR designation or designated as a QIR for SFERS shall represent in writing to SFERS that it satisfies the requirements below (collectively, the “QIR Representations”):

1. It has policies and procedures reasonably designed to ensure that it satisfies the Requirements;
2. It meets the Requirements for a qualified independent representative set in Section III(B) above and CFTC Rule Section 23.450(b)(1)(i)-(vii);
3. It will ensure that it is independent from any swap dealer offering or entering a swap transaction with SFERS through that investment manager, as the term independence is defined in CFTC Rule Section 23.450(c), and will only enter into a swap transaction on behalf of SFERS with a swap dealer with which it is independent; and
4. It is legally obligated to comply with the Requirements by agreement, condition of employment, law, rule, regulation, or other enforceable duty (collectively, the “QIR Representations”).

In addition, each investment manager designated as a QIR shall agree to inform SFERS immediately if any of the QIR Representations cease to be true.

Issued 9/3/14