

Investment Counsel Services

Request for Proposal – Questions & Answers

April, 2022



Orange County Employees Retirement System (OCERS)

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Question	Response
<p>1. With respect to the requirement to have OCERS named as an additional insured on the firm's insurance policies, it is not possible to have a third party named as an additional insured on a workers compensation policy or on the firm's professional liability policy. Can workers comp and professional liability policies be excluded from this requirement? We note that the Legal Services Agreement requires an additional insured endorsement only for Commercial General and Automotive Liability policies.</p>	<p>Worker compensation policy and professional liability policies may be excluded from the additional insured requirement.</p>
<p>2. Under what circumstances would Lead Counsel be required to file Statements of Economic Interests?</p>	<p>Lead Counsel is a designated consultant under OCERS' Conflict of Interest Code. As such, upon engagement with OCERS, Lead Counsel would be required to file an assuming office Form 700 Statement of Economic Interests with OCERS' Chief Executive Officer within 30 days.</p>
<p>3. What is the typical size/range of OCERS alternative investments?</p>	<p>The range of OCERS' investments varies across asset class: private equity - \$20 to \$100mm; real assets and real estate - \$50 to \$100mm; private income strategies - \$50 to \$150mm; and risk mitigation (hedge funds) - \$100 to \$300mm.</p>
<p>4. What is OCERS approach to assigning work? Is work allocated through a bid process? On a deal by deal basis?</p>	<p>In connection with its evaluation of a potential investment, OCERS will issue a legal services bid request to all the firms in OCERS' pool of investment counsel, and select counsel based on certain factors such as: (1) budget/bid for the transaction, (2) whether the firm represents other clients investing in the same fund, and (3) whether the firm has represented investors in prior funds of the same asset manager.</p>
<p>5. What type of business license would satisfy Section 7: Question 8?</p>	<p>Attorneys providing investment counsel services to OCERS must be licensed to practice law in California in compliance with the State Bar of California.</p>
<p>6. Regarding Article 6.6B of the Legal Services Agreement, our partnership changes on a regular basis as partners may join and depart the firm at any time. What material changes does OCERS intend counsel disclose?</p>	<p>OCERS expects counsel to disclose any material changes to its partnership that would affect its ability to meet its obligations under the Legal Services Agreement.</p>
<p>7. What is the normal range of dollar commitment/investment to a commingled private fund?</p>	<p>The range of OCERS' investments varies across asset class: private equity - \$20 to \$100mm; real assets and real estate - \$50 to \$100mm; and private income strategies - \$50 to \$150mm.</p>

8. Does OCERS expect to have any fund of one investments or separate account relationships in the foreseeable future?	OCERS primarily invests through commingled funds but may invest through a fund of one or separate account on occasion.
9. For new investments, what is the rough percentage that OCERS undertakes with existing OCERS manager relationships versus new manager relationships?	In 2023, 70% of new investments were with existing OCERS' manager relationships and 30% were with new manager relationships.
10. Does OCERS require a fund manager to blend/net performance compensation across all of the manager's funds in which OCERS invests?	No, fund managers are not required to net performance compensation across all the funds in which OCERS invests.
11. Does OCERS have standard formats for legal review reports or a standard side letter?	OCERS has a standard side letter. Additionally, OCERS has a Summary of Key Business Terms template that OCERS requires its investment counsel to complete in connection with investment counsel's legal review of a proposed investment.
12. Does OCERS expect outside investment counsel to provide OCERS with comfort letters on investment deals or other compliance-related deliverables?	In connection with a legal review of a proposed investment, OCERS requires investment counsel to provide a briefing memorandum of its legal review and a completed Summary of Key Business Terms.
13. What has been OCERS' average legal fee spend for each of its investments in commingled funds for the past three years?	During the past two years, the majority of flat-fee bids that OCERS has accepted have been in the range of \$12,000 - \$17,000, with the highest bid accepted at \$22,500.
14. What are the current hourly rates you are paying investment counsel for this work?	Current hourly rates for investment counsel vary depending on the nature of the legal services provided and the billing arrangements agreed to by investment counsel. See the answer to question 13 for more information on legal fees.
15. Regarding question 8 on page 6, can you please define "pertinent licenses?"	See answer to question 5.
16. Regarding Section 10 on page 7, we consider our pricing as a trade secret. Can OCERS confirm if they consider law firm rates trade secrets?	As stated in Section 10 of the RFP, fee and pricing proposals are not considered "TRADE SECRET," "CONFIDENTIAL," or "PROPRIETARY."
17. Regarding Section 11 on page 8, please confirm if exceptions are not limited to the contract itself, but also include the RFP?	OCERS does not expect the RFP to be negotiated by respondents; however, OCERS reserves the rights under Section 12 of the RFP to waive irregularities and to negotiate in any manner necessary to best serve OCERS' interests.
18. Regarding question 9 on page 12, please further define "Represented the fund's asset manager as an investment counsel." Does this ask specifically if we helped with the formation of that specific fund (as opposed to, for example, providing services to the fund that are unrelated to forming it)?	This question is intended to be interpreted broadly. If a firm has represented a fund's asset manager in the capacity as investment counsel (including without limitations the formation of the fund, any prior closings, etc.), then the firm should check the appropriate checkbox.

19. There is a discrepancy in the insurance requirements in the RFP (section 3, page 3) and those in the LSA (General Terms, 4.3, page 23). In addition to the difference in the types and minimum amounts of insurance, there is also a discrepancy in the requirement to name OCERS as an additional insured. The RFP says "OCERS must be listed as an additional insured on the above policies," whereas Section 4.3 of the LSA says we have to name OCERS as additional insured "in the case of Commercial General and Automotive Liability." Please advise which terms will control.

The terms of the insurance requirements in the RFP shall control and the execution version of the Legal Services Agreement shall be updated to reflect the terms of the RFP. See the answer to question 1 with respect to the additional insured requirement.