

REQUEST FOR PROPOSALS

FOR

GENERAL CONSULTING SERVICES

RFP Issue Date: July 8, 2019

**Questions Due: July 22, 2019
by 3:00 pm Eastern**

**Proposals Due: August 12, 2019
by 3:00 pm Eastern**

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<http://www.state.nj.us/treasury/doinvest/>

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1.0 INFORMATION FOR BIDDERS

1.1 PURPOSE AND INTENT

The State of New Jersey, Department of the Treasury, Division of Investment (“DOI”) is seeking certain investment related services. The purpose of this Request for Proposal (“RFP”) is to obtain the services of experienced research firms (each, a “Bidder”) with the skills, expertise and resources to assist and support the DOI in meeting its corporate governance goals and monitor class action securities litigation.

The intent of this RFP is to award one (1) contract to that responsible bidder whose proposal, conforming to this RFP, are most advantageous to the State, price and other factors considered. The State, however, reserves the right to separately procure individual requirements that are the subject of the contract during the contract term, when deemed by the Director to be in the State’s best interest.

It is anticipated that the term for the contract for General Consulting Services will be for five (5) years. There will be a provision to extend the term for two (2) additional one-year periods beyond the initial term upon mutual agreement of the parties.

The General Consulting Services contract is a firm fixed price project with a timeline to be agreed upon by the DOI and the contractor.

The State of New Jersey Standard Terms and Conditions (Rev. 4/15/2019) (“Standard Terms & Conditions”), as modified in Section 6.15, are incorporated herein by reference, are in addition to the terms and conditions set forth in this RFP, and should be read in conjunction with them. The Standard Terms & Conditions are available online at:

<https://www.nj.gov/treasury/purchase/forms/StandardTermsandConditions.pdf>

1.2 BACKGROUND

The DOI and the State Investment Council (“SIC”) were created by P.L. 1950, c. 270. An important objective of the statute was to centralize all functions relating to purchases, sales or exchanges of securities for the State's diverse funds under experienced and professional management.

Today, the SIC consists of sixteen members, eight appointed for staggered five-year terms by the Governor, three appointed for three-year terms by the trustees of three of the State’s pension systems, two appointed for five-year terms by the Governor from candidates nominated by the New Jersey State AFL-CIO, one appointed for a three-year term by the Governor from candidates nominated by the New Jersey Education Association (NJEA), one appointed for a five-year term by the Governor from candidates nominated by the President of the Senate and Speaker of the Assembly, and one appointed for a three-year term by the Governor from candidates nominated by the State Troopers Fraternal Association. The eight gubernatorial appointments (excluding those nominated by the Senate President and Assembly Speaker, AFL-CIO, NJEA, and State Troopers Fraternal Association) are made with the advice and consent of the Senate. No member of the SIC shall hold any office, position

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or employment in any political party, nor shall any member benefit directly or indirectly from any transaction made by the DOI. Members of the SIC serve without compensation.

The role of the SIC is to establish the policies it deems necessary or proper, which govern the methods, practices and procedures for investment to be followed by the DOI. New regulations adopted by the SIC from time to time are filed with the Office of Administrative Law and published in the New Jersey Register for public comment prior to adoption.

Implementation of investment policies is vested in the Director of the DOI (the "Director"). The Director is subject to the standards of prudent investment set forth in N.J.S.A. 52:18A-89. As part of the Director's fiduciary role, the Director retains the power and right to select, monitor, and terminate consultants when doing so is in the best interest of the State. In making these decisions, the Director may consider many factors, including whether the consultant is complying with applicable statutes and regulations, and whether the consultant is meeting the investment goals and direction established by the SIC and the Director.

The DOI invests the assets of seven State pension funds (collectively, the "Pension Fund"), which totaled approximately \$79.5 billion as of April 30, 2019. The assets are primarily managed through two common pension trust funds, Common Pension Fund D and Common Pension Fund E (the "Common Pension Funds"). Common Pension Fund D invests primarily in global equity, fixed income, and certain derivative securities. Common Pension Fund E invests primarily in alternative investments, which includes private equity, real estate, real asset, and absolute return strategy funds, and global diversified credit funds. In addition to the Common Pension Funds, DOI is responsible for managing the Supplemental Annuity Collective Trust (SACT), a portion of NJBEST (the State's 529 plan) and a portion of the Deferred Compensation Plan (DCP), all of which invest in equities. Permissible securities are governed by the SIC Regulations (N.J.A.C. 17:16).

1.3 MINIMUM QUALIFICATIONS; SCREENING CRITERIA

The bidder should describe how the following minimum criteria are met:

- A. The firm's principals should have experience in providing general investment consulting services to pension fund clients with aggregate assets of at least approximately \$100 billion, which must include at least one (1) public pension fund and two (2) other funds (which may or may not be public pension funds) with total assets for each exceeding approximately \$10 billion (the "3 Funds"). The firm's principals should have served as a consultant to each of the 3 Funds for a period of not less than three (3) years as of the date of this RFP, and each of the 3 Funds should have allocations in domestic and international equities, fixed-income securities, and alternative investments (private equity, real assets, and hedge funds).
- B. The primary individual assigned to DOI's account should have a minimum of three (3) years experience, either at the current or a prior firm, in a lead role (either as a primary consultant, chief executive officer, executive director, or chief investment officer) of a public pension fund with assets of at least \$10 billion preparing or overseeing investment policies, asset allocation strategies and guidelines, evaluating specialty sub-consultants, and evaluating and recommending domestic, international, and alternative investments.

- C. The firm should maintain or have access to a database of domestic and international investment funds and/or advisers across a broad range of asset classes and have at least about five (5) years experience in providing performance analysis on portfolios for pension fund clients.

1.4 **KEY EVENTS**

1.4.1 **ELECTRONIC QUESTION AND ANSWER PERIOD**

DOI will electronically accept questions and inquiries from all potential Bidders via email at gina.costello@treas.nj.gov.

- The RFP should be clearly referenced in the subject line;
- Questions should be directly tied to the RFP and asked in consecutive order, from beginning to end, following the organization of the RFP ;
- Each question should begin by referencing the RFP page number and section number to which it relates; and
- Questions regarding the Standard Terms & Conditions and exceptions to mandatory requirements should contain requested changes.

Bidders must not contact DOI staff directly, in person, by telephone or by e-mail, other than through the email above, concerning this RFP.

The cut-off date for electronic questions and inquiries relating to this RFP is indicated on the cover sheet. Addenda to this RFP, if any, will be posted on the DOI website, <http://www.state.nj.us/treasury/doinvest/rfp.shtml>, after the cut-off date. (See RFP Section 1.5 for further information)

1.4.2 **DEADLINE AND LOCATION FOR SUBMISSION OF PROPOSAL**

In order to be considered for award, the proposal must be received by DOI on or before the due date and time as indicated on the cover sheet.

ANY PROPOSAL NOT RECEIVED BY THE DATE AND TIME INDICATED ON THE COVER SHEET WILL BE REJECTED.

If a Bidder requests, prior to the deadline, that the Director postpone the deadline due to a documentable cause of delay that is beyond the control of the Bidder, or if the Director otherwise determines that postponement is in the State's best interest, the Director shall designate a revised deadline. The Director shall post notice of any postponement of the deadline on the DOI website, <http://www.state.nj.us/treasury/doinvest/rfp.shtml>.

Bidders using U.S. Postal Service express mail services should allow additional time since the U.S. Postal Service does not deliver directly to DOI.

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Bidders are required to provide proposals to the addresses and in the specific delivery format as described in Section 4.0.

1.5 ADDITIONAL INFORMATION

1.5.1 ADDENDA: REVISIONS TO THIS RFP

If it becomes necessary to clarify or revise this RFP, such clarification or revision will be by addendum. Any addendum to this RFP will become part of this RFP and part of any contract awarded as a result of this RFP.

ALL ADDENDA WILL BE ISSUED ON DOI'S WEB SITE:

<http://www.nj.gov/treasury/doinvest/rfp.shtml>

There are no designated dates for release of addenda. Therefore, interested Bidders should check DOI's website on a daily basis from the time of RFP issuance through the proposal submission deadline.

It is the sole responsibility of the Bidder to be knowledgeable of all addenda related to this procurement.

1.6 BIDDER RESPONSIBILITY

The Bidder assumes sole responsibility for the complete effort required in submitting a proposal in response to this RFP. It is the sole responsibility of the Bidder to be knowledgeable as to all of the requirements of this RFP and any Addenda. No special consideration will be given after proposals are opened because of a Bidder's failure to be knowledgeable as to such requirements.

1.6.1 COST LIABILITY

The State assumes no responsibility and bears no liability for costs incurred by a Bidder in the preparation and submittal of a proposal in response to this RFP.

1.6.2 PUBLIC DISCLOSURE OF PROPOSAL

The Bidder's proposal and all information submitted by Bidders in response to this RFP may be released to the public under the New Jersey Open Public Records Act, N.J.S.A. 47:1A-1 et seq., ("OPRA") or the common law right to know, notwithstanding any disclaimers to the contrary submitted by a Bidder, except as may be exempted from public disclosure by OPRA and the common law.

A Bidder may designate specific information as not subject to disclosure pursuant to the exceptions to OPRA (see N.J.S.A. 47:1A-1.1) or the common law, when the Bidder has a good faith legal and/or factual basis for such assertion. The location in the proposal of any such designation should be clearly stated in a cover letter. The State reserves the right to make the determination as to what is exempt from disclosure, and will advise the Bidder accordingly. **The State will not honor any attempt by a Bidder to designate its entire proposal or the prices offered as exempt from disclosure.** In the event of any

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challenge to the Bidder's assertion of confidentiality with which the State does not concur, the Bidder may elect to defend its assertion in a timely manner at its own expense.

All received proposals will remain unopened until the deadline for proposal submission. After the deadline, only the names and addresses of the Bidders submitting proposals may be made public. The contents of the proposals shall not be available for public inspection until the Notice of Intent to Award is issued by the Director.

After the Notice of Intent to Award is issued, each proposal and, if applicable, documentation relating to any negotiations, will be available for public inspection in accordance with governing law.

1.6.3 PRICE ALTERATION IN HARD COPY PROPOSALS

Proposal prices must be typed or written in ink. Any price change (including "white-outs") must be initialed. Any price alteration that has not been initialed shall be disregarded, unless a duplicate copy within the Bidder's proposal packet contains the same alteration. Examples of alterations include, but are not limited to, cross-outs, erasures, white-outs, write-overs, and strikeovers, with re-entered prices. If the alteration has not been initialed, that particular item only shall be rejected, except if the extended price is verifiably correct and does not contain an alteration or if the extended total price is verifiably correct and does not contain an alteration, it shall be considered the offered price. In the event of a rejection of a single line of a proposal responding to a request for multiple prices for multiple items, the remainder of the proposal shall be evaluated.

1.6.4 WITHDRAWING PROPOSAL

A Bidder discovering an error in its bid proposal prior to the proposal submission deadline may request, in writing, that its submitted proposal be withdrawn. If the request is granted, the Bidder may submit a revised bid proposal provided it is received prior to the proposal submission deadline.

A Bidder discovering an error in its bid proposal after the proposal submission deadline but before the contract award may make written application to the Director for authorization to withdraw its bid proposal. The Director shall consider the Bidder's good faith in making the request, as evidenced by: whether the mistake relates to a material feature or term of the proposal; whether the mistake occurred notwithstanding the Bidder's exercise of reasonable care; and whether the error is so significant that to enforce the contract resulting from the proposal would be unconscionable. The Director shall also consider whether DOI would be significantly prejudiced by granting the request.

1.6.5 JOINT VENTURE

If a joint venture is submitting a proposal, the agreement between the parties relating to such joint venture should be submitted with the joint venture's proposal. Authorized signatories from each party comprising the joint venture must sign the proposal. A separate Ownership Disclosure Form, MacBride Principles Form, Source Disclosure Form, Disclosure of Investigations and Other Actions Involving Bidder Form, Disclosure of Investment Activities in Iran, Vendor Certification and Political Contribution Disclosure Form, Chapter

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51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions Form, and Affirmative Action Employee Information Report must be supplied for each party to a joint venture. Each party comprising the joint venture must also possess a valid Business Registration Certificate (“BRC”) issued by the Department of Treasury, Division of Revenue prior to the award of a contract. Refer to Section 8.1.6 of this RFP.

2.0 DEFINITIONS

2.1 GENERAL Definitions

The following definitions will be part of any contract awarded or order placed as result of this RFP.

Addendum – Written clarification or revision to this RFP issued by the Division of Investment.

All-Inclusive Hourly Rate – A rate comprised of all direct and indirect costs including, but not limited to: overhead, fee or profit, clerical support, travel expenses, safety equipment, materials, supplies, managerial support and all documents, forms, and reproductions thereof. This rate also includes portal-to-portal expenses as well as per diem expenses such as food.

Amendment – A change in the scope of work to be performed by the contractor. An amendment is not effective until it is signed by the Director, Division of Investment.

Bidder – An individual or business entity submitting a proposal in response to this RFP.

Contract – This RFP, any addendum to this RFP, and the bidder's proposal submitted in response to this RFP, as accepted by the State.

Contractor – The bidder awarded a contract resulting from this RFP.

Director – Director, Division of Investment, Department of the Treasury.

Division – The Division of Investment.

DOI Contract Manager – The DOI employee responsible for the approval of all deliverables, i.e., tasks, sub-tasks or other work elements in the Scope of Work, as set forth in Section 3.0.

Evaluation Committee – A committee established by the Director to review and evaluate proposals submitted in response to this RFP and to recommend a contract award to the Director.

Firm, Fixed Price – A price that is all-inclusive of direct cost and indirect costs, including, but not limited to, direct labor costs, overhead, fee or profit, clerical support, equipment, materials, supplies, managerial (administrative) support, all documents, reports, forms, travel, reproduction and any other costs. No additional fees or costs shall be paid by the State unless there is a change in the scope of work.

Joint Venture – A business undertaking by two or more entities to share risk and responsibility for a specific project.

May – Denotes that which is permissible, not mandatory.

Project – The undertaking or services that are the subject of this RFP.

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Request for Proposal (RFP) – This document which establishes the bidding and contract requirements and solicits proposals to meet the purchase needs of the using agencies as identified herein.

Selection Committee – A committee established by the Director to review and evaluate proposals submitted in response to this RFP and to recommend a contract award to the Director.

Shall or Must – Denotes that which is a mandatory requirement. Failure to meet a mandatory requirement will result in the rejection of a proposal as materially non-responsive.

Should – Denotes that which is recommended, not mandatory.

Standard Terms & Conditions – State of New Jersey Standard Terms and Conditions (Rev. 4/15/2019) which are available online at:

<https://www.nj.gov/treasury/purchase/forms/StandardTermsandConditions.pdf>

State – State of New Jersey.

Subtasks – Detailed activities that comprise the actual performance of a task.

Subcontractor – An entity having an arrangement with a State contractor, where by the State contractor uses the products and/or services of that entity to fulfill some of its obligations under its State contract, while retaining full responsibility for the performance of all the contractor's obligations under the contract, including payment to the subcontractor. The subcontractor has no legal relationship with the State, only with the contractor.

Task – A discrete unit of work to be performed.

Using Agency(ies) – The entity(ies) for which the Division has issued this RFP and will enter into a contract.

2.2 CONTRACT-specific definitions

Common Fund – An investment fund whereby the assets of the various Pension Funds are commingled (similar to an internal mutual fund).

DOI – Division of Investment

Fund – A pool of assets.

GIC – General Investment Consultant

IPC – Investment Policy Committee

Mandate – A course of action based on a policy decision.

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Pension Fund – A Fund created and maintained to provide benefits under a pension plan.

PFRS – Police and Fireman Retirement System

SIC – State Investment Council

3.0 SCOPE OF WORK

While the contractor shall work closely with the Investment Policy Committee (IPC), the Director and Deputy Director of DOI, and other staff, the contractor shall report to the State Contract Manager, unless otherwise noted. All requests referenced in this RFP shall be considered to be from the State Contract Manager and all written deliverables shall be to the attention of the State Contract Manager, unless otherwise noted. The firm shall serve in a fiduciary capacity without qualification. In all cases, the firm and its employees shall offer advice to DOI solely in the interest of the DOI and the plan participants.

The consultant shall perform the following duties.

3.1 POLICY DUTIES

- A. Develop a written Investment Policy Statement (IPS) and at least annually thereafter or, upon request, perform a comprehensive and complete review of the IPS. The IPS shall include long-term investment policies and objectives.
- B. Develop a written Investment Plan (written report and analytics/calculation and demonstration on an annual basis or upon request). The Plan must include, but is not limited to,
 - 1. Current Asset class target allocations based upon long term asset allocation.
 - 2. Portfolio structure review and recommendations.
- C. Provide recommendations, in writing, regarding General Consulting Services upon request.
- D. Formulate, in writing, and advise on rebalancing policies upon request.
- E. Provide written recommendations concerning risk management strategies, at least annually or upon request.

3.2 ASSET ALLOCATION AND PORTFOLIO CONSTRUCTION DUTIES

- A. Conduct an annual (at minimum as requested) asset allocation review and provide a detailed, written report of results and recommendations.
- B. Conduct a portfolio structure review (at minimum as requested) at least every year and provide a detailed, written report of results and recommendations.
- C. Conduct an asset/liability study at least every three (3) years and provide a detailed, written report of results and recommendations.
- D. Provide a detailed written review and report multi-level of portfolio risk (i.e. total and component VaR and decomposition) as frequently as necessary. Must have an understanding of the modeling issues pertaining to alternative assets.
- E. Provide written asset class research, analysis, and recommendations upon request

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- F. Present written results of any of the above to the IPC and SIC upon request.
- G. Coordinate as needed with asset class consulting firms (Real Estate, Private Equity, Hedge Funds, etc).
- H. Provide investment fee negotiation services as requested.

3.3 INTERNAL STAFF/INVESTMENT ADVISER OVERSIGHT DUTIES

- A. Provide ongoing analysis and monitoring of internal investment staff. Provide written reports upon request.
- B. Provide investment adviser selection services and recommendations, when requested; including, but not limited to, assisting in drafting of Requests for Proposal, summarizing and analyzing responses, and participating in finalist evaluation.
- C. Provide written, quarterly (at minimum as requested) external adviser due diligence and performance analysis; including but not limited to, organizational overview, adherence to investment strategy, philosophy and process, performance and peer comparison metrics.
- D. Evaluate internal staff and investment adviser compliance with CFA Institute guidelines or best practices. Provide written reports upon request.
- E. Provide recommendations concerning internal staff and investment adviser allocation and structure, adviser guidelines, and benchmark identification. Provide written reports upon request.

3.4 TRAINING, EDUCATION AND CLIENT SERVICE DUTIES

- A. Provide investment education and training to DOI personnel and trustees as requested.
- B. Provide assistance on special projects as requested.
- C. Participate in ad hoc workshops on specific issues designated by the State Contract Manager.
- D. Communicate when necessary or requested with DOI staff about workflow and any other operational issues.
- E. Develop educational materials on requested topics or projects.
- F. Respond to inquiries in an appropriate and timely manner.
- G. Share all firm research, including white papers, and provide access to research staff.

3.5 OPERATIONAL DUTIES

- A. Prepare requested presentations for SIC meetings and all subcommittee meetings including IPC meetings, including the Annual Meeting.
- B. Upon request provide a written review and recommendations concerning securities lending strategies.
- C. Provide written recommendations concerning custodial arrangements as requested.
- D. Provide written recommendations concerning brokerage issues, including directed brokerage, commission recapture, and low transaction cost trading strategies.

3.6 PERFORMANCE MEASUREMENT DUTIES

- A. Evaluate total portfolio investment performance and custom benchmark performance and provide written report.
- B. Evaluate portfolios/accounts performance to appropriate custom benchmarks and peer groups.
- C. Provide performance review reports and commentary to the IPC and/or SIC, as frequently as necessary.
- D. Provide benchmark evaluation, implementation and analysis.
- E. Provide access to analytical software, if any.
- F. Provide detailed performance attribution and risk analysis by asset class, composite external advisor internal management team, and at the aggregate fund level.
- G. Conduct performance measurement reporting which includes an independent verification of performance by account and asset class on a quarterly and annual basis in accordance with external reporting deadlines. The contractor shall accept a data feed from the custodian(s) or internal accounting systems or provide the ability to upload data directly to the contractor's systems.

3.7 OTHER SERVICES

- A. On an ongoing basis, apprise the SIC and DOI staff of new and innovative investment vehicles and techniques that may be appropriate for the State.
- B. Attend SIC and PFRS Board meetings, approximately six (6) annually, in person and IPC meetings, approximately six (6) annually by telephone and any other meeting as requested.

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- C. At the request of the State Contract Manager, support DOI through written and/or oral presentations at meetings with legislative, executive, and regulatory entities; and other parties as necessary.
- D. Assist DOI staff in reviewing and negotiating business terms of agreements.
- E. Provide DOI staff and the SIC with such other relevant, reliable, and timely research and information, as may be requested by the State Contract Manager.

3.7.1 SPECIAL PROJECTS

In order for DOI to fulfill its fiduciary responsibilities for the State's pension funds, the contractor may be required to perform additional scope of work directly related to this RFP and other services that are relevant but outside the scope of work of this RFP. If so, such additional work, whether within or outside the scope of work of this RFP, shall be performed pursuant to a written plan developed by the contractor and approved by the State Contract Manager. The plan shall include a detailed budget and timeline for performing the requested services. The hourly fee schedules provided by the contractor in the Price Schedule shall be used to compensate the contractor for such services.

Such additional work may include, but not be limited to, the following:

1. Performing background checks on fund managers
2. Providing valuation services with respect to certain investments.
3. Providing an analysis of new legislation that impacts the Pension Fund and Division of Investment's fiduciary responsibilities.

4.0 PROPOSAL PREPARATION AND SUBMISSION

4.1 PROPOSAL PREPARATION - GENERAL

4.1.1 IN ORDER TO BE CONSIDERED, A PROPOSAL MUST ARRIVE AT DOI IN ACCORDANCE WITH THE INSTRUCTIONS ON THE RFP COVER PAGE. BIDDERS ARE CAUTIONED TO ALLOW ADEQUATE DELIVERY TIME TO ENSURE TIMELY DELIVERY OF PROPOSALS. LATE PROPOSALS SHALL BE INELIGIBLE FOR CONSIDERATION.

4.1.2 The Bidder is advised to thoroughly read and follow all instructions contained in this RFP, including the instructions on the RFP's cover page, in preparing and submitting its proposal.

4.1.3 Use of URLs in a proposal should be kept to a minimum and may not be used to satisfy any material term of an RFP. If a preprinted or other document included as part of the proposal contains a URL, a printed (or if a bid is submitted electronically, electronic) copy of the URL page should be provided and will be considered as part of the proposal. Additional URLs on the copy of the URL page shall not be considered as part of the proposal unless a copy of those URL pages are also provided.

4.2 PROPOSAL SUBMISSION

The Bidder must submit the following proposal copies via overnight courier to the addresses provided below.

DELIVER TO DOI at the following address:

**Attn: Gina Costello
Division of Investment
Department of the Treasury
50 West State Street, 9th Floor
Trenton, NJ 08608**

If using U.S. Postal Service express mail:

**Attn: Gina Costello
Division of Investment
Department of the Treasury
50 West State Street, P.O. Box 290
Trenton, NJ 08625-0290**

Bidders using U.S. Postal Service express mail services should allow additional time since the U.S. Postal Service does not deliver directly to DOI.

- **One (1) complete ORIGINAL proposal clearly marked as the “ORIGINAL” proposal.**
- **Seven (7) complete and exact copies clearly marked “COPY.”**
- **Two (2) complete and exact ELECTRONIC copies** of the original proposal in PDF file format on disc (CD or DVD) or portable USB drive to be viewable and "read only" by State evaluators using Adobe Acrobat Reader software.
- **One (1) complete and exact ELECTRONIC copy** of the original proposal in an editable and “writable” PDF file format on disc (CD or DVD) or portable USB drive for redaction.

Copies are necessary in the evaluation of the proposal and for record retention purposes. A Bidder failing to provide the requested number of copies will be charged the cost incurred by the State in producing the requested number of copies. The Bidder should make and retain a copy of its proposal.

4.3 PROPOSAL ORGANIZATION

The proposal should be submitted in two volumes with the content of each volume as indicated below:

4.3.1 VOLUME 1

- Section 1 - Forms (Sections 4.5 and 4.6)
- Section 2 – Price Schedule (Exhibit I)

4.3.2 VOLUME 2

- Section 1 - Technical Proposal (Section 5)

4.4 CERTIFICATIONS

4.4.1 NON-COLLUSION

By submitting a proposal, the Bidder certifies as follows:

- The price(s) and amount of its proposal have been arrived at independently and without consultation, communication or agreement with any other Contractor, Bidder or potential Bidder.
- Neither the price(s) nor the amount of its proposal, and neither the approximate price(s) nor approximate amount of this proposal, have been disclosed to any other firm or person who is a Bidder or potential Bidder, and they will not be disclosed before the deadline for proposal submission.
- No attempt has been made or will be made to induce any firm or person to refrain from bidding on this contract, or to submit a proposal higher than

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this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.

- The proposal is made in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.
- The Bidder and its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last four (4) years been convicted of, or found liable for, any act prohibited by state or federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding on any public contract.

4.4.2 BUSINESS ETHICS GUIDE

The Treasurer has established a business ethics guide to be followed by State Contractors in their dealings with the State. The guide provides further information about compliance with Section 2.8 of the Standard Terms & Conditions. The guide can be found at:

http://www.state.nj.us/treasury/purchase/ethics_guide.shtml

By submitting a proposal, the Bidder is automatically certifying that it has read the guide, understands its provisions and is in compliance with its provisions.

4.5 FORMS REQUIRED WITH PROPOSAL

4.5.1 COVER LETTER

The Bidder shall submit a cover letter with its proposal, including the signature of an authorized representative of the Bidder. If the Bidder is a limited partnership, the cover letter must be signed by a general partner. If the Bidder is a joint venture, the cover letter must be signed by a principal of each party to the joint venture.

4.5.2 OWNERSHIP DISCLOSURE FORM

Pursuant to N.J.S.A. 52:25-24.2, in the event the Bidder is a corporation or partnership, the Bidder must complete the attached Ownership Disclosure Form. A current completed Ownership Disclosure Form must be received prior to or accompany the proposal.

4.5.3 DISCLOSURE OF INVESTIGATIONS AND OTHER ACTIONS INVOLVING BIDDER

The Bidder shall provide a detailed description of any investigation, litigation, including but not limited to administrative complaints or other administrative proceedings, involving any public sector clients during the past five (5) years.

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This description shall include the nature and status of the investigation, and, for any litigation, the caption of the action, a brief description of the action, the date of inception, current status, and, if applicable, disposition. The Bidder shall use the Disclosure of Investigations and Other Actions Involving Bidder form for this purpose. This form may be found at the following website:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

4.5.4 SUBCONTRACTOR UTILIZATION PLAN

All Bidders intending to use a subcontractor must submit a completed Subcontractor Utilization Plan. The Subcontractor Utilization Plan form may be found at the following website:

<http://www.state.nj.us/treasury/purchase/forms/SubContractingForms.pdf>

4.5.5 DISCLOSURE OF INVESTMENT ACTIVITIES IN IRAN

Pursuant to N.J.S.A. 52:32-58, the Bidder must certify, at the time the bid is submitted, that neither the Bidder, nor any of its parents, subsidiaries or affiliates, is identified on the State of New Jersey Department of Treasury's list of entities determined to be engaged in prohibited investment activities in Iran. The Bidder shall use the Disclosure of Investment Activities in Iran form for this purpose. This form can be found at the following website:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

4.6 FORMS REQUIRED BEFORE CONTRACT AWARD THAT SHOULD BE SUBMITTED WITH THE PROPOSAL

4.6.1 SOURCE DISCLOSURE CERTIFICATION FORM

Pursuant to N.J.S.A. 52:34-13.2, all services performed under a State contract or under any subcontract under the State contract shall be performed within the United States, except when it is certified in writing that a required service cannot be provided by a Contractor or subcontractor within the United States and the certification is approved by the State Treasurer. Refer to Section 3.6 of the Standard Terms & Conditions.

The Bidder shall disclose the location by country where services under the Contract, including subcontracted services, will be performed. If any of the services cannot be performed within the United States, the Bidder shall state with specificity the reasons why the services cannot be so performed. The Bidder shall use the Source Disclosure Certification form for this purpose. This form can be found at the following website:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

5.0 TECHNICAL PROPOSAL

This section of the proposal should at a minimum contain the information identified below, including the Bidder's answers to the questions presented. The questions below should be included in the proposal followed by its corresponding answer. For convenience, the questions in this section are included as an MS Word attachment to this RFP. The Bidder should include the level of detail it determines necessary to assist the selection committee in its review of the Bidder's proposal.

5.1 TECHNICAL PROPOSAL INFORMATION

5.1.1 TECHNICAL PROPOSAL

In this section, the bidder shall describe its approach and plans for accomplishing the work outlined in the Scope of Work section, i.e., Section 3.0. The bidder must set forth its understanding of the requirements of this RFP and its ability to successfully complete the contract. This section of the proposal should minimally contain the information identified below.

State whether the bidder provides any customized computer-based analytical tools or web access to its clients. If the bidder maintains a portal for its clients, provide a temporary login and password for the portal for evaluation purposes.

5.1.2 MANAGEMENT OVERVIEW

The bidder shall set forth its overall technical approach and plans to meet the requirements of the RFP in a narrative format. This narrative should demonstrate to the State that the bidder understands the objectives that the contract is intended to meet, the nature of the required work and the level of effort necessary to successfully complete the contract. This narrative should demonstrate to the State that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

Mere reiterations of RFP tasks and subtasks are strongly discouraged, as they do not provide insight into the bidder's ability to complete the contract. The bidder's response to this section should be designed to demonstrate to the State that the bidder's detailed plans and approach proposed to complete the Scope of Work are realistic, attainable and appropriate and that the bidder's proposal will lead to successful contract completion.

As to the following categories, the bidder should:

A. Organization

1. Provide an Executive Summary of not more than three (3) pages identifying and substantiating why the bidder is the best qualified firm to provide the requested services.

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2. Provide a brief history of the firm including the year organized and the year the firm began providing investment consulting services to US tax-exempt clients.
3. Describe the ownership structure of the organization giving specific details with regard to any parents or affiliates. Describe any changes over the last five (5) years. Include an organizational chart and a description of the firm's distribution of ownership interest.
4. Discuss the overall business objectives of the firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Include:
 - a) Total assets or client relationships that will be accepted.
 - b) Maximum limits on asset amounts or number of clients per consultant.
 - c) Plans to develop and expand resources, merge or acquire other firms, or spin-off subsidiaries.
5. Explain whether the organization exercises discretionary investment authority along with investment consulting services for any clients. If so, describe how the firm addresses potential conflicts.

B. Clients and Staffing

1. Identify the total number of clients by type (e.g., corporate plan or public plan), the average client to consultant ratio, and the maximum number of clients assigned to a consultant.
2. Provide the number of clients gained and number of clients lost in each of the last three (3) years, and identify the five (5) largest clients lost over the last three (3) to five (5) years, including the reason(s) for termination.
3. Provide the firm's mission statement.
4. Briefly describe the firm's philosophy with respect to investment consulting mandates and the nature of the service provided. Describe the key strengths and competitive advantages the firm possesses that generate superior performance and service for clients.
5. State whether the firm's employees comply with the Code of Ethics and Standards of Professional Conduct of the CFA Institute. If not, indicate whether the firm maintains a code of ethics. Provide a copy of the firm's Code of Ethics.
6. State whether the firm is registered with the Securities and Exchange Commission or the New Jersey Bureau of Securities, as an investment adviser. If so, provide all disclosures required under those laws (including Parts I and II of Form ADV).
7. Describe all licenses held and maintained by the firm, its directors, officers, and principals, and any of the individuals who will be responsible for providing the services described in this RFP that are required in order to do business with the State or elsewhere. Provide a listing of any and all suspensions or expulsions of the firm or any of its personnel by any regulatory agency during the past five (5) years

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with an explanation of the reason for such suspensions or expulsions and the time period for such actions.

8. State whether the firm has been subject to or is currently being reviewed or audited by the Securities and Exchange Commission or other regulatory agencies. If so, describe the nature of the investigation.
9. State whether over the last five (5) years, the firm, or any principal or officer of the firm has been involved in any business litigation, regulatory, or other legal proceedings or government investigation involving allegations of fraud, negligence, criminal activity, or breach of fiduciary duty. If so, describe.
10. Describe the firm's experience and ability to support issues relating to securities lending, custodial services, transition management, and trading related issues.
11. Complete the following table regarding consulting staff that left or joined your firm within the last three (3) years. Include anticipated personnel changes for the next year.

Name & Title	Joined or Left	Date Joined	Date Left	Reason

12. Briefly describe the firm's compensation system for principal staff, and indicate specific incentives utilized to ensure key professionals do not leave the firm either as a group or individually. Explain how the firm ties client performance and satisfaction to a consultant's performance.

C. Research

1. Describe the firm's commitment to research, performance, and database system enhancements.
2. State whether the firm prepares white papers on relevant investment topics. If so, provide a sample.

D. Investment Policy / Asset Allocation / Portfolio Construction

1. Describe how frequently the firm recommends asset allocation reviews, asset/liability reviews, and portfolio structure reviews and describe the firm's methodology. Provide samples of an asset allocation review and asset/liability modeling study.
2. Identify the firm's capital market model, specifically, whether the model is proprietary or an outside contractor's model. If an outside contractor's model, indicate the name of the contractor, the name of the model, and the reason for using that contractor's model.
3. Explain how the firm develops inputs to the capital market model.

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4. State whether the firm develops standard inputs to the capital market model for all clients and whether these inputs can be customized based upon the individual client's views, needs, or requirements.
 5. Provide the firm's current inputs to the asset allocation model, including at a minimum, expected returns, standard deviations, and correlations.
 6. Provide a sample of the firm's most recent five (5) years of capital market assumptions (projected returns, volatiles, and corrections) in tabular form.
 7. Describe the firm's view on the risk budgeting approach being used by several pension funds.
 8. Describe the firm's view on the Risk Parity investment approach.
 9. Outline the firm's approach to the development of an investment policy. Provide a sample with the response.
 10. Detail the firm's process for recommending an overall portfolio structure. Give particular attention to its relationship with investment policy and asset allocation.
 11. State whether the firm provides any customized computer-based analytical tools or web access to its clients. If so, describe, and include a cost proposal.
 12. Acknowledge in writing the firm's fiduciary status and its acceptance of fiduciary responsibility for recommendations to DOI.
 13. State whether the firm has recommended significant changes to client portfolios due to the recent turmoil in the financial markets. If yes, describe the recommendations.
 14. Describe the level of liquidity the firm recommends for a public pension plan.
 15. Explain how the firm assesses risk in clients' portfolios and new methodologies being considered by the firm.
- E. Internal Investment Management
1. Describe the firm's experience with clients who manage a portion of their assets internally. Be specific with regard to the asset classes and types of portfolios (active vs. passive) managed by clients internally. Describe the firm's role with regard to the internal management capabilities.
 2. Describe any studies the firm has completed for clients with internal management regarding employee compensation and incentive compensation plans.
- F. Adviser Searches and Evaluations
1. Describe the firm's philosophy, experience, and capability with respect to adviser evaluations. Besides investment returns, describe the key criteria the firm considers in overall adviser evaluations.

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2. Explain the frequencies with which on-site due diligence visits are conducted with advisers.
3. Provide a copy of a recently completed and redacted adviser evaluation.
4. Describe in detail the firm's adviser database.
5. Describe the process by which new investment advisers are added to the firm's database.
6. Describe in detail the firm's process for the search and selection of investment advisers. List the criteria the firm uses to screen its database. Detail some of the key issues the firm would examine in the process. Include an actual adviser research report with the response- a redacted sample is acceptable.
7. Provide a sample of a "finals" report for a recently completed public markets search.

G. Performance Measurement

1. Describe how the firm monitors and analyzes investment performance, including how the firm determines appropriate benchmarks. Describe any databases used by the firm. Provide a sample performance report.
2. State whether the firm's performance reports can be customized and whether there are charges for additional information requests.
3. State the anticipated turnaround time to produce a performance report.
4. Describe how the firm obtains data from the client's custodian and how the firm verifies the accuracy of the data received from the custodian.
5. Describe the firm's step-by-step process for return reconciliation.

5.1.3 CONTRACT MANAGEMENT

The bidder should describe its specific plans to manage, control and supervise the contract to ensure satisfactory contract completion according to the required schedule. The plan should include the bidder's approach to communicate with the Director of Investment including, but not limited to, status meetings, status reports, etc.

5.1.4 POTENTIAL PROBLEMS

The bidder should set forth a summary of any and all problems that the bidder anticipates during the term of the contract. For each problem identified, the bidder should provide its proposed solution.

5.1.5 ORGANIZATIONAL SUPPORT AND EXPERIENCE

The bidder should include information relating to its organization, personnel, and experience, including, but not limited to, references with contact names and telephone numbers, evidencing the bidder's qualifications, and capabilities to perform the services required by this RFP. This section of the proposal must minimally contain the information identified below.

5.1.6 LOCATION

The bidder should include the address of the bidder's office where responsibility for managing the contract will take place. The bidder should include the telephone number and name of the individual to contact.

5.1.7 ORGANIZATION CHARTS

- A. Contract-Specific Chart. The bidder should include a contract organization chart, with names showing management, supervisory and other key personnel (including subcontractor management, supervisory or other key personnel) to be assigned to the contract. The chart should include the labor category and title of each such individual. The bidder should identify at least three (3) senior consultants to perform the scope of work set forth in RFP Section 3.0. While one (1) may be designated as the primary consultant, the secondary consultant shall be fully capable of handling all aspects of the contract in the absence of the primary consultant.
- B. Chart for Entire Firm. The bidder should include an organization chart showing the bidder's entire organizational structure. This chart should show the relationship of the individuals assigned to the contract to the bidder's overall organizational structure.

5.1.8 RESUMES

Detailed resumes should be submitted for all management, supervisory and key personnel to be assigned to the contract. Resumes should emphasize relevant qualifications and experience of these individuals in successfully completing contracts of a similar size and scope to those required by this RFP. Resumes should include the following:

- The individual's previous experience in completing each similar contract.
- Beginning and ending dates for each similar contract.
- A description of the contract demonstrating how the individual's work on the completed contract relates to the individual's ability to contribute to successfully providing the services required by this RFP.
- With respect to each similar contract, the name and address of each reference together with a person to contact for a reference check and a telephone number.

The bidder should:

- Provide biographies of the key individuals who would be assigned to the account, as well as other key human resources of the firm.
- Describe whether the firm's investment consultants have portfolio management or plan sponsor experience. Give details and identify such individuals.

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- Complete the following table as it pertains to the team who would be assigned to this account:

Average number of years of general consulting experience:	Average number of years tenure with the firm:	Number of years consulting professionals have worked together as a team:
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The bidder should provide detailed resumes for each subcontractor’s management, supervisory, and other key personnel that demonstrate knowledge, ability, and experience relevant to that part of the work which the subcontractor is designated to perform. The bidder shall redact the social security numbers, home addresses, personal telephone numbers and any other personally identifying information other than the individual’s name from the resume.

5.1.9 BACKUP STAFF

The bidder should include a list of backup staff that may be called upon to assist or replace primary individuals assigned. Backup staff must be clearly identified as backup staff.

In the event the bidder must hire management, supervisory, and/or key personnel if awarded the contract, the bidder should include, as part of its recruitment plan, a plan to secure backup staff in the event personnel initially recruited need assistance or need to be replaced during the contract term.

5.1.10 EXPERIENCE WITH CONTRACTS OF SIMILAR SIZE AND SCOPE

The bidder should provide six (6) references, including at least three (3) clients for whom similar services have been provided, preferably public pension funds. Contact names, positions, and phone numbers should be included.

5.1.11 FINANCIAL CAPABILITY OF THE BIDDER

In order to provide the State with the ability to judge the bidder’s financial capacity and capabilities to undertake and successfully complete the contract, the bidder should submit certified financial statements which include a balance sheet, income statement, statement of cash flow, and all applicable notes for the most recent calendar year or the bidder’s most recent fiscal year. If certified financial statements are not available, the bidder should provide either a reviewed or compiled statement from an independent accountant setting forth the same information required for the certified financial statements, together with a certification from the Chief Executive Officer and the Chief Financial Officer, that the financial statements and other information included in the statements fairly present in all material respects the financial condition, results of operations and cash flows of the bidder as of and for the periods presented in the statements. In addition, the bidder should submit a bank reference.

If the information is not supplied with the proposal, the State may still require the bidder to submit it. If the bidder fails to comply with the request within seven (7) business days, the State may deem the proposal non-responsive.

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A bidder may designate specific financial information as not subject to disclosure when the bidder has a good faith legal/factual basis for such assertion. A bidder may submit specific financial documents in a separate, sealed package clearly marked "Confidential-Financial Information" along with the proposal.

The State reserves the right to make the determination to accept the assertion and shall so advise the bidder.

5.1.12 CONFLICT OF INTEREST DISCLOSURE

The bidder should describe in detail:

- A. The investment activity in which the firm has been engaged as a principal or an adviser, which may conflict with the firm's duties as contractor to the State.
- B. Existing or potential conflicts of interest, as well as the firm's representation of parties or other relationships that might be considered a conflict of interest or that may affect or involve this solicitation or the State. This includes, but is not limited to, all contracts that the bidder or any of its owners or employees has with the State.

The bidder should describe whether it:

- A. Has any affiliations with or receives any revenue from investment advisers, investment managers, mutual funds, trusts, brokerage firms, etc. If so, a breakdown of such revenue should be provided. If the bidder has such affiliations or receives such revenues, it should indicate how it intends to avoid any potential conflicts of interest.
- B. Has any financial relationship with outside broker/dealers or commission recapture firms. It should describe whether it provides such services internally. It should indicate the percentage of its gross and net revenue derived from such relationships, if any.
- C. Receives revenue from money management firms for services other than advising such firms regarding their pension plans. It should describe whether such revenues would include strategic consulting, conferences or institute fees, or fees to be included in databases. It should identify the amount and percentage of the bidder's gross and net revenue that is derived from such sources, if any.
- D. Receives any products or services from investment advisers or managers. It should identify each such product or service and whether compensation is paid to such advisers or managers. It should state the amount of compensation paid, if any, to each adviser or manager.

If the information is not supplied with the proposal, the State may still require the bidder to submit it. If the bidder fails to comply with the request within seven (7) business days, the State may deem the proposal non-responsive.

5.2 FEE PROPOSAL

- 5.2.1** As full compensation for the services and all other obligations to be performed by the Bidder, the Bidder shall submit an annual firm fixed price for all services, including travel, performed under Section 3.0 of this RFP. Please complete the Price Schedule(s), as applicable, attached hereto as Exhibit I.
- 5.2.2** The State reserves the right to negotiate final price with the Bidder selected to provide these service(s).
- 5.2.3** The State's obligation to pay the Contractor is contingent upon the availability of appropriated funds from which payment for contract purposes can be made. No legal liability on the part of the State for payment of any money shall arise unless funds are made available each fiscal year to the DOI by the Legislature for such purposes.

5.3 PRICE SCHEDULE

The Bidder must submit its pricing using the format set forth in the State-supplied price schedules accompanying this RFP. Failure to submit all information required may result in the proposal being considered non-responsive. Each Bidder is required to hold its prices firm through award of the Contract and shall not increase such prices during the term of the Contract.

Proposal prices must be typed or written in ink. Any price change (including "white-outs") must be initialed.

6.0 TERMS AND CONDITIONS

6.1 ENTIRE AGREEMENT; PRECEDENCE OF CONFLICTING TERMS

- 6.1.1** The Contract awarded as a result of this RFP shall consist of this RFP (including the Standard Terms & Conditions as modified in Section 6.15 of this RFP), any Addenda to this RFP, Contractor's proposal, Contractor's best and final offer, and DOI's Notice of Award.
- 6.1.2** Unless specifically stated within this RFP, the Modifications and Changes to the Standard Terms & Conditions (as contained in Section 6.15 of this RFP) take precedence over the Standard Terms & Conditions accompanying this RFP.
- 6.1.3** In the event of a conflict between the provisions of this RFP (including the Standard Terms & Conditions as modified in Section 6.15 of this RFP), any Addenda to this RFP, Contractor's proposal, and Contractor's best and final offer, the order of precedence from most controlling to least shall be the following: any Addendum to the RFP, the RFP (including the Standard Terms & Conditions as modified in Section 6.15 of this RFP), Contractor's best and final offer, and Contractor's proposal.

6.2 CONTRACT TERM AND EXTENSION OPTION

- 6.2.1** The contract for the General Consulting Services will be for three (5) years. There will be a provision to extend the term for two (2) additional one-year periods beyond the initial term upon mutual agreement of the parties.
- 6.2.2** The General Consulting Services contract is a firm fixed price project with a timeline to be agreed upon by the DOI and the contractor.

6.3 CONTRACT TRANSITION

In the event that a new contract has not been awarded prior to the contract expiration date, as may be extended herein, it shall be incumbent upon the Contractor to continue the contract under the same terms and conditions until a new contract can be completely operational. At no time shall this transition period extend more than one year beyond the expiration date of the contract.

6.4 CONTRACT AMENDMENT

Any changes or modifications to the terms of the contract shall be valid only when they have been reduced to writing and signed by the Contractor and the Director.

6.5 CONTRACTOR RESPONSIBILITIES

- 6.5.1** The Contractor shall have sole responsibility for the complete effort specified in the contract. Payment will be made only to the Contractor. The Contractor shall have sole responsibility for all payments due any subcontractor.
- 6.5.2** The Contractor is responsible for the professional quality, technical accuracy and timely completion and submission of all deliverables, services or commodities required to be provided under the contract. The Contractor shall, without additional compensation, correct or revise any errors, omissions, or other deficiencies in its deliverables and other services. The approval of deliverables furnished under this contract shall not in any way relieve the Contractor of responsibility for the technical adequacy of its work. The review, approval, acceptance or payment for any of the services shall not be construed as a waiver of any rights that DOI may have arising out of the Contractor's performance of this contract.

6.6 OWNERSHIP OF MATERIAL

- 6.6.1** All data, technical information, materials gathered, originated, developed, prepared, used or obtained in the performance of the contract, including, but not limited to, all reports, surveys, plans, charts, literature, brochures, mailings, recordings (video and/or audio), pictures, drawings, analyses, graphic representations, software computer programs and accompanying documentation and print-outs, notes and memoranda, written procedures and documents, regardless of the state of completion, which are prepared for or are a result of the services required under this contract shall be and remain the property of DOI and shall be delivered to DOI upon thirty (30) days notice by DOI. With respect to software computer programs and/or source codes developed for DOI, the work shall be considered "work for hire," i.e., DOI, not the Contractor or subcontractor, shall have full and complete ownership of all software computer programs and/or source codes developed. To the extent that any of such materials may not, by operation of the law, be a work made for hire in accordance with the terms of this contract, the Contractor or subcontractor hereby assigns to the State all right, title and interest in and to any such material, and the State shall have the right to obtain and hold in its own name and copyrights, registrations and any other proprietary rights that may be available.
- 6.6.2** Should the Bidder anticipate bringing pre-existing intellectual property into the project, the intellectual property must be identified in the proposal. Otherwise, the language in the first paragraph of this section prevails. If the Bidder identifies such intellectual property ("Background IP") in its proposal, then the Background IP owned by the Bidder on the date of the contract, as well as any modifications or adaptations thereto, remain the property of the Bidder. Upon contract award, the Bidder or Contractor shall grant the State a non-exclusive, perpetual royalty free license to use any of the Bidder/Contractor's Background IP delivered to the State for the purposes contemplated by the contract.

6.7 SECURITY AND CONFIDENTIALITY

6.7.1 DATA CONFIDENTIALITY

All financial, statistical, personnel, customer and/or technical data supplied by DOI to the Contractor are confidential. The Contractor must secure all data from manipulation, sabotage, theft or breach of confidentiality. The Contractor is prohibited from releasing any financial, statistical, personnel, customer and/or technical data supplied by DOI that is deemed confidential. Any use, sale, or offering of this data in any form by the Contractor, or any individual or entity in the Contractor's charge or employ, will be considered a violation of this contract and may result in contract termination and the Contractor's suspension or debarment from State contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

The Contractor shall assume total financial liability incurred by DOI and/or the Contractor associated with any breach of confidentiality.

6.7.2 SECURITY STANDARDS

6.7.2.1 Contractor shall maintain network security that, at a minimum, includes: network firewall provisioning, intrusion detection and prevention, vulnerability assessments and regular independent third party penetration testing. Contractor shall maintain network security that conforms to current standards set forth and maintained by the National Institute of Standards and Technology (NIST), including those at:

<http://web.nvd.nist.gov/view/ncp/repository>

or any recognized comparable security standard that Contractor then applies to its own infrastructure. Industry standards such as ISO 27002, PCI Data Security Standard and ISF Standard of Good Practice, align with security best practices from SANS and CISecurity.

6.7.2.2 Contractor shall protect and maintain the security of data in accordance with generally accepted industry practices.

6.7.2.3 Data usage, storage, and protection are subject to any applicable federal and state regulatory requirements.

6.7.2.4 Contractor shall only transmit or exchange DOI data with other parties when expressly requested in writing and permitted by and in accordance with requirements of DOI. Contractor shall only transmit or exchange data with DOI or other parties through secure means supported by current technologies.

6.7.2.5 All provisions applicable to data include data in any form of transmission or storage, including but not limited to: database files, text files, backup files, log files, XML files, and printed copies of the data.

6.7.2.6 All DOI-provided data shall be used expressly and solely for the purposes enumerated in the Contract. Data shall not be distributed, repurposed or shared across other

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applications, environments, or business units of Contractor. No DOI-provided data of any kind shall be transmitted, exchanged or otherwise passed to other Contractors or interested parties (other than DOI's custodian) except on a case-by-case basis as specifically agreed to in writing by the DOI Contract Manager.

6.7.2.7 Contractor shall comply with all applicable State and Federal laws that require the notification of individuals in the event of unauthorized release of personally identifiable information or other event requiring notification. In the event of a breach of any of Contractor's security obligations or other event requiring notification under applicable law ("Notification Event"), Contractor shall assume responsibility for informing the DOI Contract Manager and all such individuals in accordance with applicable law and to indemnify, hold harmless and defend the State (including but not limited to DOI), its officials, and employees from and against any claims, damages, or other harm related to such Notification Event.

6.8 NEWS RELEASES

The Contractor is not permitted to issue news releases pertaining to any aspect of the services being provided under this contract without the prior written consent of the Director.

6.9 ADVERTISING

The Contractor shall not use the State's name, logos, images, or any data or results arising from this contract as a part of any commercial advertising without first obtaining the prior written consent of the Director.

6.10 LICENSES AND PERMITS

The Contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform this contract. The Contractor shall, upon request, supply the DOI Contract Manager with evidence of all such licenses, permits and authorizations. All costs associated with any such licenses, permits and authorizations must be considered by the Bidder in its proposal.

6.11 CLAIMS AND REMEDIES

6.11.1 CLAIMS

All claims asserted against the State (including DOI) by the Contractor shall be subject to the New Jersey Tort Claims Act, N.J.S.A. 59:1-1, et seq., and/or the New Jersey Contractual Liability Act, N.J.S.A. 59:13-1, et seq.

6.11.2 REMEDIES

Nothing in the contract shall be construed to be a waiver by the State (including DOI) of any warranty, expressed or implied, of any remedy at law or equity, except as specifically and expressly stated in a writing executed by the Director.

6.12 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS

In the event the Contractor fails to comply with any material contract requirements, the Director may take steps to terminate the contract in accordance with the Standard Terms & Conditions, authorize the delivery of contract items by any available means, with the difference between the price paid and the defaulting Contractor's price either being deducted from any monies due the defaulting Contractor or being an obligation owed the State by the defaulting Contractor as provided for in the State administrative code, or take any other action or seek any other remedies available at law or in equity.

6.13 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

- 6.13.1** The Contractor shall not perform additional work or special projects without first obtaining written approval from both the DOI Contract Manager and the Director.
- 6.13.2** In the event of additional work and/or special projects, the Contractor must present a written proposal to perform the additional work to the DOI Contract Manager. The proposal should provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the Contractor in its proposal.
- 6.13.3** The Contractor's written proposal must provide a detailed description of the work to be performed, broken down by task and subtask. The proposal should also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.
- 6.13.4** The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. Whenever possible, the price schedule should be a firm, fixed price to perform the required work. A payment schedule, tied to successful completion of tasks and subtasks, must be included.
- 6.13.5** Upon receipt and approval of the Contractor's written proposal, the DOI Contract Manager shall forward it to the Director for the Director's written approval.
- 6.13.6** No additional work and/or special project may commence without the Director's written approval. In the event the Contractor proceeds with additional work and/or special projects without the Director's written approval, it shall be at the Contractor's sole risk. DOI shall be under no obligation to pay for work performed without the Director's written approval.

6.14 ORGAN DONATIONS

Pursuant to N.J.S.A. 52:32-33, Contractors are encouraged to notify their employees, through information and materials or through an organ and tissue awareness program, of organ donation options. The information provided to employees shall be prepared in collaboration with the organ procurement organizations designated pursuant to 42 U.S.C. §1320b-8 to serve in this State.

NOTE: Selected bidders will be required to register with the State's centralized accounting system through NJStart in order to be paid. Vendors not already registered may do so at:

<https://www.njstart.gov/bsol/>

6.15 MODIFICATIONS AND CHANGES TO THE STANDARD TERMS & CONDITIONS

6.15.1 The third, fourth and fifth sentences of Section 1 of the Standard Terms & Conditions are deleted and replaced with the following sentence:

“In the event that the Bidder would like to present terms and conditions that are in conflict with either these terms and conditions or those set forth in the RFP, the Bidder must present those conflicts for the State to consider during the Question and Answer period or during negotiations prior to contract award. The negotiated terms and conditions may not conflict with any of the material terms and conditions as set forth in the RFP.”

6.15.2 Section 4.2 of the Standard Terms & Conditions regarding insurance is modified by:

(i) modifying the Certificate Holder to read:

State of New Jersey, Department of the Treasury
Division of Investment
P.O. Box 290
Trenton, New Jersey 08625

(ii) amending the e-mail address for certificates and notices of cancellation to read:

doi@treas.nj.gov

and (iii) adding the following section regarding professional liability insurance:

“Professional Liability Insurance: Contractor shall carry Errors and Omissions, Professional Liability Insurance and/or Professional Liability Malpractice Insurance sufficient to protect Contractor from any liability arising out the professional obligations performed pursuant to the requirements of the Contract. The insurance shall be in the amount of not less than \$10,000,000 and in such policy forms as shall be approved by DOI. If Contractor has claims-made coverage and subsequently changes carriers during the term of the Contract, it shall obtain from its new Errors and Omissions, Professional Liability Insurance and/or Professional Malpractice Insurance carrier an endorsement for retroactive coverage to the date of Contract commencement.”

7.0 PROPOSAL EVALUATION

7.1 RIGHT TO WAIVE

The Director reserves the right to waive minor irregularities or omissions in a bid proposal. The Director also reserves the right to waive a requirement provided that:

- A. the requirement is not mandated by law;
- B. all the otherwise responsive proposals failed to meet the requirement; and
- C. in the sole discretion of the Director, the failure to comply with the requirement does not materially affect the procurement or the State's interests associated with the procurement.

7.2 RIGHT TO REJECT OR AWARD IN PART

The Director reserves the right to reject any or all proposals, or to award in whole or in part, if the Director deems it to be in the best interest of the State to do so. Notice of such a rejection shall be posted on the DOI website, <http://www.state.nj.us/treasury/doinvest/rfp.shtml>.

7.3 RIGHT TO INSPECT BIDDER'S FACILITIES

The Director reserves the right to inspect, or to direct an employee or member of the Selection Committee to inspect, the Bidder's establishment before making an award, for the purposes of ascertaining whether the Bidder has the necessary facilities for performing the Contract.

7.4 RIGHT TO REQUEST FURTHER INFORMATION

7.4.1 The Director reserves the right to request all information which may assist him or her in making a contract award, including factors necessary to evaluate the Bidder's financial capabilities to perform the Contract.

7.4.2 The Director reserves the right to request a Bidder to explain, in detail, how the proposal price was determined.

7.4.3 The Director reserves the right to consult with clients of the Bidder during the evaluation of bids.

7.5 SELECTION COMMITTEE

Proposals shall be evaluated by a Selection Committee composed of members of DOI staff and/or other State employees. The Director may also recommend technical advisors,

including members of the Council, DOI employees, consultants, and/or attorneys to assist the Selection Committee.

7.6 ORAL PRESENTATIONS AND/OR DEMONSTRATIONS

- 7.6.1** After the submission of proposals, unless requested by DOI as noted below, contact between DOI staff and any Bidder or its employees/representatives regarding the RFP is still not permitted.
- 7.6.2** After the proposals are reviewed, a Bidder may be asked to clarify certain aspects of its proposal. The process of clarification is not an opportunity for the Bidder to revise or modify its proposal, and any response or portion of a response by the Bidder to a request for clarification that attempts to revise or modify its proposal shall be given no effect.
- 7.6.3** The Bidder may be required to give an oral presentation to the Selection Committee concerning its proposal. The Selection Committee may request the Bidder to provide a demonstration of the Bidder's systems. Bidders may not attend the oral presentations or demonstrations of their competitors.
- 7.6.4** It is within the Director's discretion whether to request a Bidder to clarify its proposal or to give an oral presentation. Such a request should not be construed to imply acceptance or rejection of a proposal.

7.7 EVALUATION CRITERIA

- 7.7.1** All proposals will be reviewed to determine responsiveness. Non-responsive proposals will be rejected without evaluation. Responsive proposals will be evaluated by the Selection Committee.
- 7.7.2** Responses/proposals may be eliminated for failing to meet the minimum qualifications and screening criteria listed in RFP Section 1.3 above. A Bidder with a history of performance problems, as demonstrated by formal complaints and/or cancellations of contracts for cause, may also be eliminated from consideration for an award under this RFP.
- 7.7.3** The following evaluation criteria categories, separate or combined in some manner, and not necessarily listed in order of significance, will be used to evaluate proposals received in response to this RFP. The evaluation criteria categories may be used to develop more detailed evaluation criteria to be used in the evaluation process:
 - 7.7.3.1** The qualifications and experience of the Bidder's management, supervisory, or other key personnel assigned to the Contract, with emphasis on documented experience in successfully completing work on contracts requiring services of similar size and scope.
 - 7.7.3.2** The Bidder's documented experience in successfully completing contracts requiring services of similar size and scope to the work required by this RFP.
 - 7.7.3.3** Ability of the Bidder to mobilize, undertake and successfully complete the services required by this RFP.

7.8 PRICING DISCREPANCIES

- 7.8.1** If, during the proposal evaluation process, it is discovered that there is an arithmetic disparity between the unit price and the total extended price, the unit price shall prevail. In the event of such disparity, the Director will request, in writing, confirmation by the Bidder of the revised total extended price. The Bidder will have five (5) business days after receipt of the request to confirm the price. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only confirm and may not modify or amend its price. The Director shall determine whether any intended confirmation is a modification or amendment.
- 7.8.2** If any other obvious pricing error is found, the Director shall issue a written request for confirmation to the Bidder. The Bidder will have five (5) business days after receipt of the request to confirm its pricing. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only confirm and may not modify or amend its price. The Director shall determine whether any intended confirmation is a modification or amendment.
- 7.8.3** If there is an ambiguity in the pricing, other than a disparity between the unit price and extended price or other obvious pricing error, and the Bidder's intention is not readily discernible from other parts of the proposal, the Director shall issue a written request for clarification to the Bidder. The Bidder will have five (5) business days after receipt of the request to clarify its pricing. If the Bidder fails to respond, its proposal shall be considered withdrawn, and no further consideration shall be given to it. The Bidder may only clarify and may not modify or amend its price. The Director shall determine whether any intended clarification is a modification or amendment.

7.9 NEGOTIATION AND BEST AND FINAL OFFER (BAFO)

- 7.9.1** After evaluating proposals, DOI may enter into negotiations with one Bidder or multiple Bidders. The primary purpose of negotiations is to maximize the State's ability to obtain the best value based on the mandatory requirements, evaluation criteria, and cost. Negotiations will be structured by DOI to safeguard information and ensure that all Bidders are treated fairly.
- 7.9.2** Similarly, the Division may invite one (1) Bidder or multiple Bidders to submit a best and final offer (BAFO). The invitation will establish the time and place for submission of the BAFO. Any BAFO that is not equal to or lower in price than the pricing offered in the Bidder's original proposal will be rejected as non-responsive, and DOI will revert to consideration and evaluation of the Bidder's original pricing.
- 7.9.3** If required, after review of the BAFO(s), clarification may be sought from the Bidder(s). DOI may conduct more than one round of negotiation and/or BAFO in order to attain the best value for the State.
- 7.9.4** **Negotiations will be conducted and/or BAFO(s) requested only in those circumstances where they are deemed by DOI or the Director to be in the**

State's best interests and to maximize the State's ability to obtain the best value. Therefore, the Bidder is advised to submit its best technical and price proposal in response to this RFP since DOI may, after evaluation, make a contract award based on the content of the initial submission without further negotiation with and/or BAFO from any Bidder.

7.10 PROPOSAL RECOMMENDATION

7.10.1 After evaluation of proposals and, as applicable, negotiation(s) and/or BAFO(s), the Selection Committee will recommend to the Director the responsible Bidder(s) whose proposal(s), conforming to the RFP, is/are most advantageous to the State, price and other factors considered. The Director may accept, reject or modify the recommendation of the Selection Committee. The Director may initiate additional negotiation or BAFO procedures with the selected Bidder(s).

7.10.2 Until a Notice of Intent to Award the Contract is issued, all contacts, records of initial evaluations, any correspondence with Bidders related to any request for clarification, negotiation or BAFO, any revised technical and/or price proposals, the Selection Committee Report, and the Award Recommendation will remain confidential.

8.0 CONTRACT AWARD

8.1 DOCUMENTS REQUIRED BEFORE CONTRACT AWARD

8.1.1 POLITICAL CONTRIBUTION DISCLOSURES

8.1.1.1 The State shall not enter into a contract with a Bidder that has solicited or made certain political contributions or payments to political parties during certain specified time periods. These prohibitions are set forth in P.L. 2005, Chapter 51, Executive Order No. 117 (2008), and P.L. 2005, Chapter 271.

8.1.1.2 Pursuant to P.L. 2005, Chapter 271, at least ten (10) days prior to contract award, the Bidder shall complete and submit the attached Vendor Certification and Political Contribution Disclosure Form.

8.1.1.3 Pursuant to P.L. 2005, Chapter 51 and Executive Order No. 117 (2008), prior to the award of any contract, the Bidder shall complete and submit the attached Chapter 51 / Executive Order 117 Vendor Certification and Disclosure of Political Contributions form. Instructions for completing this form are available for review on the Division of Purchase and Property's website at:

<http://www.state.nj.us/treasury/purchase/forms/eo134/Chapter51.pdf>

8.1.2 SOURCE DISCLOSURE CERTIFICATION REQUIREMENTS

8.1.2.1 Pursuant to N.J.S.A. 52:34-13.2, all services performed under a State contract or under any subcontract under the State contract shall be performed within the United States, except when it is certified in writing that a required service cannot be provided by a Contractor or subcontractor within the United States and the certification is approved by the State Treasurer. Refer to Section 3.6 of the Standard Terms & Conditions.

8.1.2.2 The Bidder shall disclose the location by country where services under the Contract, including subcontracted services, will be performed. If any of the services cannot be performed within the United States, the Bidder shall state with specificity the reasons why the services cannot be so performed. The Bidder shall use the Source Disclosure Certification form for this purpose. This form can be found at the following website:

<http://www.state.nj.us/treasury/doinvest/rfp.shtml>

8.1.3 AFFIRMATIVE ACTION

8.1.3.1 Pursuant to N.J.S.A. 10:5-32, no contract shall be awarded to any Bidder which has not agreed and guaranteed to afford equal opportunity in performance of

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the contract and in accordance with an affirmative action program approved by the State Treasurer.

8.1.3.2 The intended awardee must submit a copy of a New Jersey Certificate of Employee Information Report, or a copy of Federal Letter of Approval verifying it is operating under a federally approved or sanctioned Affirmative Action program. Intended awardee(s) not in possession of either a New Jersey Certificate of Employee Information Report or a Federal Letter of Approval shall complete and submit the attached Affirmative Action Employee Information Report.

8.1.4 MACBRIDE PRINCIPLES

The intended awardee shall certify that it either (1) has no business operations in Northern Ireland or (2) that it will take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride principles of nondiscrimination in employment as set forth in Section 2 of P.L.1987, c.177 (N.J.S.A. 52:18A-89.5), and in conformance with the United Kingdom's Fair Employment (Northern Ireland) Act of 1989, and permit independent monitoring of their compliance with those principles. The intended awardee shall use the attached MacBride Principles Form for this purpose.

8.1.5 BUSINESS REGISTRATION

8.1.5.1 Pursuant to N.J.S.A. 52:32-44(b), a Bidder and its named subcontractors must have a valid Business Registration Certificate ("BRC") issued by the Department of Treasury, Division of Revenue prior to the award of a contract. See Section 2.1 of the Standard Terms & Conditions.

8.1.5.2 Any Bidder, inclusive of any named subcontractors, who does not have a valid business registration at the time of the proposal submission opening or whose BRC was revoked prior to the submission of the proposal should proceed immediately to register its business or seek re-instatement of a revoked BRC. Bidders are cautioned that it may require a significant amount of time to secure the re-instatement of a revoked BRC. The process can require actions by both the Division of Revenue and the Division of Taxation. For this reason, a Bidder's early attention to this requirement is highly recommended. The Bidder and its named subcontractors may register with the Division of Revenue, obtain a copy of an existing BRC or obtain information necessary to seek re-instatement of a revoked BRC online at:

<http://www.state.nj.us/treasury/revenue/busregcert.shtml>

8.1.5.3 A Bidder receiving a contract award as a result of this procurement and any subcontractors named by that Bidder will be required to maintain a valid business registration with the Division of Revenue for the duration of the Contract, inclusive of any contract extensions.

8.1.6 INSURANCE CERTIFICATES

Contractor shall provide DOI with current certificates of insurance for all coverages required by the terms of this contract, naming DOI as an Additional Insured. Refer to Section 4.2 of the Standard Terms & Conditions accompanying this RFP.

8.1.7 NOTICE TO BIDDERS OF SET-OFF FOR STATE TAXES

Pursuant to N.J.S.A. 54:49-19 and notwithstanding any provision of the law to the contrary, whenever any taxpayer, partnership, or S corporation under contract to provide goods or services or construction projects to the State of New Jersey or its agencies or instrumentalities, is entitled to payment for those goods and services at the same time a taxpayer, partner or shareholder of that entity is indebted for any State tax, the Director of the Division of Taxation shall seek to set off that taxpayer's or shareholder's share of the payment due the taxpayer, partnership, or S corporation. The amount set off shall not allow for the deduction of any expenses or other deductions which might be attributable to the taxpayer, partner or shareholder subject to set off under this act.

8.2 FINAL CONTRACT AWARD

8.2.1 AWARD OR REJECTION OF PROPOSALS

Contract award(s) shall be made with reasonable promptness by written notice to that responsible Bidder(s), whose proposal(s), conforming to this RFP, is(are) most advantageous to the State, price and other factors considered. Any or all proposals may be rejected when the Director determines that it is in the public interest to do so. The Director shall make his or her decision consistent with his or her fiduciary duties pursuant to N.J.S.A. 52:18A-89.

8.2.2 NOTICE OF INTENT TO AWARD; PROTESTS

The Director shall post a Notice of Intent to Award on the DOI website. In the event that the Director determines that all proposals shall be rejected or no award shall be made, the Director shall post a notice of such determination on the DOI website. The DOI website is located at: www.state.nj.us/treasury/doinvest/rfp.shtml.

A non-successful Bidder, within ten (10) business days following the Notice of Intent to Award, may submit a written protest. If a contract award is protested, DOI shall not award the contract in question until a final decision is rendered on the merits of the protest, unless the Director finds that the failure to award the contract will result in substantial cost to the State or that public exigency so requires. In such event, DOI shall notify all interested parties.

Protests must be submitted to the Director, and must concern one or more of the following:

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- a) Rejection of the Bidder's proposal for failing to meet the minimum qualifications and screening criteria listed in Section 1.3 above. Such protest may not challenge the validity of the requirements or criteria, but rather may assert that its proposal complied with such requirements or criteria; and/or
- b) Notice of intent to award contract(s) to another Bidder as part of the same procurement.

A protest shall contain the following:

- a) Identification of the particular procurement;
- b) The specific grounds for challenging the rejection of its proposal or the scheduled contract award, as applicable, including all arguments, materials and/or other documentation that may support the protester's position; and
- c) A statement as to whether the protester requests an opportunity for an in-person presentation and the reason(s) for the request.

The Director has sole discretion to determine if an in-person presentation by the protester is necessary to reach an informed decision on the protest. In-person presentations are fact-finding for the benefit of the Director, who has the discretion to limit attendance at an in-person presentation to those parties likely to be affected by the outcome of the protest.

The Director is entitled to request, receive, and review copies of any and all records and documents deemed appropriate and relevant to the issues and arguments set forth in the protest. Upon receipt of any such request, the Bidder shall promptly provide the requested records and documents in the time, place, and manner specified in the request. Failure to do so may constitute a reasonable basis for the Director to resolve the protest against the Bidder submitting the protest. The Director may also consider relevant information requested and received from other parties as he or she deems appropriate.

The Director may disregard any protest not containing all of the items set forth above or filed after the 10-day protest period.

The protest shall be resolved by written decision of the Director based on the Director's review of the written record including, but not limited to, the written protest, the terms, conditions and requirements of the RFP, the proposals submitted in response to the RFP, written reports and/or the award recommendation documents, pertinent administrative rules, statutes, and case law, and any associated documentation deemed appropriate. In cases where no in-person presentation is held, such review of the written record shall, in and of itself, constitute an informal hearing.

The Director may designate someone, from within or outside DOI, to perform a review of the written record and conduct an in-person presentation. In the case of a review or in-person presentation being handled by a reviewer from outside DOI, the

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determination of such designee shall be in the form of a report to the Director, which shall not be binding on the Director but rather advisory in nature. The protesting party shall receive a copy of the reviewer's report and shall have a period of ten (10) business days to provide written comments or exceptions to the report to the Director.

The Director shall make a final written decision on the protest.

Protests are not contested cases subject to the requirements of the Administrative Procedure Act, N.J.S.A. 52:14B-1 et seq., and the Uniform Administrative Procedure Rules, N.J.A.C. 1:1. Final agency determinations by the Director on protests are appealable to the Appellate Division of the Superior Court of New Jersey.

9.0 CONTRACT ADMINISTRATION

9.1 CONTRACT MANAGER

The DOI Contract Manager is the DOI employee responsible for the overall management and administration of the Contract, including directing Contractor to perform the work of the Contract and resolving minor disputes between Contractor and DOI.

The DOI Contract Manager for the Contract will be identified when the Contract is awarded. At that time, Contractor will be provided with the DOI Contract Manager's name, address, telephone number, and e-mail address. The DOI Contract Manager is the person that Contractor will contact after the Contract is executed for answers to any questions and concerns about any aspect of the Contract.

PRICE SCHEDULE

Exhibit 1

Page 1

General Investment Consulting Services

The bidder shall complete a separate, two (2)-page Price Schedule.

Refer to RFP Section 3.0 Scope of Work for task requirements and deliverables, Section 2.0 for a definition of "Firm Fixed Price" and "All-Inclusive Hourly Rate," and Section 4.4.6 Price Schedule for additional information regarding this Price Schedule.

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Price Schedule

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Bidder's Name: _____

Firm, Fixed Price

		Contract Year					Total
		1	2	3	4	5	
1	<u>Policy Duties</u> Section 3.1	\$	\$	\$	\$	\$	\$
2	<u>Asset Allocation and Portfolio Construction Duties</u> Section 3.2	\$	\$	\$	\$	\$	\$
3	<u>Internal Staff / Investment Adviser Oversight Duties</u> Section 3.3	\$	\$	\$	\$	\$	\$
4	<u>Training, Education and Client Services Duties</u> Section 3.4	\$	\$	\$	\$	\$	\$
5	<u>Operational Duties</u> Section 3.5	\$	\$	\$	\$	\$	\$
6	<u>Performance Measurement Duties</u> Section 3.6	\$	\$	\$	\$	\$	\$
7	<u>Other Services</u> Section 3.7	\$	\$	\$	\$	\$	\$
Total		\$	\$	\$	\$	\$	*\$

Price used to rank bids.

Price Schedule

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Bidder's Name: _____

All-Inclusive Hourly Rate

Contract Year	Senior Consultant	Junior Consultant
1	\$	\$
2	\$	\$
3	\$	\$
4	\$	\$
5	\$	\$

ATTACHMENT 1

SUBCHAPTER 4. STATE INVESTMENT COUNCIL'S POLICY CONCERNING POLITICAL CONTRIBUTIONS AND PROHIBITIONS ON INVESTMENT MANAGEMENT BUSINESS

N.J.A.C. 17:16-4

17:16-4.1 Purpose

(a) It is the policy of the Council to ensure that the selection of investment management firms to provide investment management services to the State Pension and Annuity Funds is based on the merits of such firms and not on the political contributions made by such firms. This subchapter is designed to protect the beneficiaries of the Pension and Annuity Funds, the State taxpayers and the public interest by:

1. Prohibiting investment management firms from being engaged to provide investment management services to the State if certain political contributions have been made; and
2. Requiring investment management firms that provide or are applying to provide investment management services to the State to disclose certain political contributions, as well as other information, thereby allowing meaningful public scrutiny of the selection of investment management firms.

17:16-4.2 Definitions

The following words and terms, when used in this subchapter, shall have the following meanings, unless the context clearly indicates otherwise:

"Control" means the power to exercise a controlling influence over the management or policies of an investment management firm or political action committee.

"Investment management firm" means one or more natural persons, corporations, partnerships or other entities, incorporated or unincorporated, that provide investment management services.

"Investment management professional" means:

1. Any person associated with an investment management firm who is primarily engaged in the provision of investment management services;
2. Any person associated with an investment management firm involved in client development or the solicitation of business for investment management services from pension fund clients;
3. Any person associated with an investment management firm who is a supervisor of any person described in 1 or 2 above, up through and including the Chief Executive Officer or similarly situated official; or

4. Any person associated with an investment management firm, its parent company, or any other entity that controls the investment management firm, who is a member of the executive or management committee of such firm or controlling entity, or similarly situated officials, if any.

"Investment management services" means:

1. The business of making or recommending investment management decisions for or on behalf of the State Pension and Annuity Fund clients;
2. The business of advising or managing a separate entity which makes or recommends investment management decisions for or on behalf of the State Pension and Annuity Fund clients; or
3. The provision of financial advisory or consultant services to State Pension and Annuity Fund clients.

"Payment" means any gift subscription, loan, advance, or deposit of money or anything of value.

"Political contribution" means any gift, subscription, loan, advance, or deposit of money or anything of value made:

1. For the purpose of influencing any election for State office;
2. For the purpose of influencing any election for local office by a person who is also:
 - i. A State official; or
 - ii. An employee or advisor of either the State or a State official;
3. For payment of debt incurred in connection with any such election; or
4. For transition or inaugural expenses incurred by the successful candidate in any such election.

"Political party" means any political party or political committee organized in this State, including county and independent committees.

"State official" means any person (including any election or political action committee for such person) who was, at the time of the political contribution, an incumbent, candidate or successful candidate for Governor or for a seat in the Legislature. Communication with a State official includes communication with the employees and advisors of such official.

"Third party solicitor" means a third party lobbyist who solicits investment management business through direct or indirect communication with a State officer, employee or official on behalf of an investment management firm, but does not include any person whose sole basis of compensation from the investment management firm is the actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance.

17:16-4.3 Restrictions

(a) The Division of Investment shall not engage an investment management firm to provide investment management services for the benefit of the State Pension and Annuity Funds and shall terminate the contract of any investment management firm if, within the two years prior to such engagement or during the term of such engagement, any political contribution or payment to a political party covered by this policy has been made or paid by:

1. The investment management firm, its parent company, or any other person or entity that controls the investment management firm;

2. Any investment management professional associated with such investment management firm;

3. Any third party solicitor associated with such investment management firm; or

4. Any political action committee controlled by the investment management firm, its parent company, or any other entity that controls the investment management firm, or by an investment management professional of such investment management firm or controlling entity.

(b) The provision of (a) above shall not, however, prohibit the investment management firm from being engaged to provide investment management services to the State if the only political contributions made by a person noted above within the two years prior to, and during, any such engagement were/are made by the contributor to State officials for whom the contributor was/is entitled to vote. Political contributions made by a contributor, pursuant to this subsection, shall not exceed \$ 250.00 per State official, per election.

(c) The provision of (a) above shall not, however, prohibit the investment management firm from being engaged to provide investment management services to the State if the only payments to any political party made by a person noted above within the two years prior to, and during, any such engagement did/do not exceed \$ 250.00 per political party, per year.

(d) The provisions of (a) through (c) above shall apply to political contributions and payments to political parties made by any individual or entity for the 12-month period prior to such individual or entity becoming an investment management firm, investment management professional or third party solicitor.

17:16-4.4 Solicitations

(a) Any investment management firm, investment management professional or third party solicitor that is engaged or is seeking to be engaged in providing investment management services to the State shall not:

1. Solicit any person or political action committee to make a political contribution or payment to a political party;
2. Coordinate political contributions or payments to a political party;
3. Fund political contributions or payments to a political party made by third parties, including consultants, attorneys, family members or persons controlling the investment management firm; or
4. Engage in any exchange of political contributions or payments between State officials or political parties to circumvent the intent of this policy.

17:16-4.5 Indirect violations

No investment management firm, investment management professional or third party solicitor shall, directly or indirectly, through or by any other person or any means whatsoever, do any act which would violate the provisions of N.J.A.C. 17:16-4.3 or 4.4.

17:16-4.6 Reporting

(a) Each investment management firm that seeks to be engaged to provide investment management services to the State shall designate those persons who qualify as investment management professionals.

(b) Except as otherwise provided in (c) and (d) below, each investment management firm that is engaged to provide investment management services to the State shall, prior to engagement and by the last day of the month following the end of each calendar quarter during the term of such engagement, send to the Council and the Division of Investment the following information:

1. Any updates to designations pursuant to (a) above;
2. For all political contributions and payments to political parties in the State made by persons described in N.J.A.C. 17:16-4.3(a), excluding any political contribution or payment to a political party made pursuant to N.J.A.C. 17:16-4.3(b) and (c):
 - i. The name and address of the contributor;
 - ii. The name and title of each State official or political party receiving the political contribution or payment;
 - iii. The amount of the political contribution or payment to the political party; and

iv. The date of the political contribution or payment to the political party.

3. Whether any political contribution or payment to a political party listed in (b) above is the subject of an exemption pursuant to N.J.A.C. 17:16-4.10, and the date of such exemption; and

4. For any payment made to a third party solicitor: the name and business address of the recipient, the services provided by the recipient, the compensation arrangement between the investment management firm and the recipient, and the total dollar amount of payments made during the report period.

(c) No investment management firm shall be required to report to the Council and the Division any contributions or payments made prior to April 18, 2005.

(d) No investment management firm shall be required to report to the Council and the Division of Investment for any calendar quarter in which such investment management firm has no information that is required to be reported pursuant to (b) above for such calendar quarter.

(e) Once a political contribution or payment to a political party or third party solicitor has been disclosed on a report, the investment management firm need not disclose that particular contribution or payment on subsequent reports.

(f) Each investment management firm seeking to be engaged to provide investment management services to the State shall report the information required by this section on forms provided by the Division of Investment.

(g) Each Council member shall comply with the reporting provisions of (b) above for their term as a member of the Council. Each Council member shall further send to the Council quarterly disclosure reports as provided in (b) above for the four quarters immediately proceeding April 18, 2005.

(h) It is prohibited for any Council member to receive any form of compensation, gratuity, gift, service or payment in connection with the hiring or retention of any investment management firm by the Division of Investment, any investment management professional associated therewith or third party solicitor related thereto during the Council member's term and for a two-year period immediately following the completion of such Council member's term. This subsection shall include any and all compensation, gratuity, service or payment from such investment management firm, investment management professional or third party solicitor made to the Council member's immediate family. For the purposes of this subsection, "immediate family" shall mean a person's spouse, child, parent or sibling residing in the same household or a person's domestic partner as defined in P.L. 2003, c.246 (N.J.S.A. 26:8A-3).

17:16-4.7 Public disclosure

The Council and the Division of Investment shall make public a copy of each report received from an investment management firm within 30 days of its receipt or as otherwise required by law.

17:16-4.8 Additional information

The Council and the Division of Investment will accept additional information related to political contributions, payments to political parties and payments to third party solicitors voluntarily submitted by investment management firms or others.

17:16-4.9 Contract termination

The Division of Investment shall provide in each contract with an investment management firm that a violation of the provisions in this subchapter shall be cause for immediate termination of such contract.

17:16-4.10 Exemptions

(a) An investment management firm that is prohibited from being engaged to provide investment management services to the State pursuant to N.J.A.C. 17:16-4.3 may exempt itself from such prohibition, subject to (b) and (c) below, upon satisfaction of the following requirements:

1. The investment management firm demonstrates in writing that:

i. The firm discovered the political contribution or the payment to a political party that resulted in the prohibition on business within four months of the date of such contribution or payment;

ii. Such political contribution or payment to a political party did not exceed \$250.00;
and

iii. The contributor obtained a return of the political contribution or payment to the political party within 60 calendar days of the date of discovery of such contribution or payment; or

2. The investment management firm demonstrates in writing that the violation of this subchapter was unintentional and inadvertent, and the Council determines that the beneficiaries of the Pension and Annuity Funds, the State taxpayers, and the public are best served by such an exemption.

(b) An investment management firm is entitled to no more than two exemptions for every 12-month period.

(c) An investment management firm may not utilize more than one exemption relating to political contributions or payment to a political party by the same investment management professional or third party solicitor regardless of the time period.

17:16-4.11 Effectiveness

The prohibitions and disclosures found in this subchapter, except for the provisions of N.J.A.C. 17:16-4.6(h) relating to Council members, arise only from political contributions, payments to political parties or payments to third party solicitors made or paid on or after April 18, 2005. The reporting requirements found in this subchapter, as applicable, shall take effect upon April 18, 2005. Completed Form should be submitted via USPS to: Director, NJ Division of Investment, PO Box 290, Trenton, NJ 08625 Via Facsimile to: 609-341-3269