

## REQUEST FOR PROPOSALS

# Hedge Fund and Private Credit Investment Consulting Services

RFP Issue Date: August 15, 2019

Questions Due: August 29, 2019 by 3:00 PM Eastern

Proposals Due: September 27, 2019 by 3:00PM Eastern

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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 investment consultants (“Investment Consultants”) for its Hedge Fund and Private Credit/Global Diversified Credit (GDC) portfolios. The firms shall possess the experience, skills, expertise, and resources necessary to assist and advise DOI in making prudent investment decisions, implementing such decisions, and evaluating current and proposed investment strategies, structure, and design, and providing performance measurement services.

In order to ensure that the Director of DOI (the “Director”) continues to meet his fiduciary responsibilities pursuant to N.J.S.A. 52:18A-89, the Director shall have the power to select and monitor Investment Consultants, and terminate, subject to the contractual terms of the engagement, any Investment Consultant that does not meet the standards and requirements set forth in the Contract, including this RFP, and in any other applicable policies of the State Investment Council (the “SIC”).

It is DOI’s intention to award up to five contracts to Investment Consultants based on unique expertise within the Hedge Fund and Private Credit asset classes. At least one contract will be awarded for Hedge Fund Investment Consulting services and at least one contract will be awarded for Private Credit Investment Consulting services.

The State of New Jersey Standard Terms and Conditions (Rev. 4/15/2019) (“Standard Terms & Conditions”), as modified in Section 6.16, 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 SEARCH OBJECTIVES**

DOI seeks proposals from bidders that can provide investment advice to DOI with respect to its Hedge Fund and Private Credit/GDC portfolios and any other similar investments authorized by applicable New Jersey State Investment Council Regulations (N.J.A.C. 17:16).

For Fiscal Year 2020, DOI's target allocation to the Hedge Fund asset class is 3% and 6% to the Private Credit/GDC asset class of total pension fund assets (the "Pension Funds").

DOI's Hedge Fund portfolio currently consists of approximately 27 direct investments and 3 fund of fund relationships. DOI's Hedge Fund allocation comprises part of three segments of DOI's overall asset allocation. For example, absolute return strategies are part of the Risk Mitigation allocation, credit-oriented strategies are part of the Income Allocation, and equity-oriented strategies are part of the Global Growth allocation.

DOI's Private Credit/GDC portfolio currently consists of approximately 18 direct investments and 1 fund of fund relationship. The Private Credit/GDC allocation is part of DOI's Income Allocation.

## **1.3 BACKGROUND**

DOI and the SIC were created by P.L. 1950, c. 270, which became effective on July 1, 1950. An important objective of the law was to centralize all functions relating to purchases, sales, or exchanges of securities for the State's diverse funds under experienced and professional management.

The SIC consists of sixteen (16) members:

- Eight (8) appointed for staggered five (5)-year terms by the Governor, with the advice and consent of the Senate
- Three (3) appointed for three (3)-year terms by the trustees of three (3) of the State's pension systems
- Two (2) appointed for a five (5)-year term by the Governor from a list of candidates put forward by the State AFL-CIO
- One (1) appointed for a three (3)-year term by the Governor from a list of candidates put forward by the New Jersey Education Association (NJEA)
- One (1) appointed for a three (3)-year term by the Governor from a list of candidates put forward by the State Troopers Fraternal Association
- One (1) appointed for a five (5)-year term by the Governor from among three (3) persons nominated jointly by the President of the Senate and the Speaker of the General Assembly.

No member of the SIC shall hold any office, position, or employment in any political party, nor shall any member benefit directly or indirectly from any transaction made by DOI. Members of the SIC serve without compensation.

The role of the SIC is to establish the methods, practices and procedures it deems necessary or proper, which govern the investment activities of DOI. New investment 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. The Director is subject to the standards of prudent investment set forth in N.J.S.A. 52:18A-89. DOI invests the assets of seven different State pension plans (the "Pension Plans"), which totaled approximately \$76 billion as of May 31, 2019. DOI manages the assets of these funds through the use of common funds.

In addition to the Pension Plans, DOI also manages other State funds, which include the State of New Jersey Cash Management Fund, a portion of NJBEST, a portion of the New Jersey Deferred Compensation Plan, and other funds.

Any consultant retained by DOI must comply with various laws, regulations, policies and procedures of the State. By submitting a proposal in response to this RFP, you are pledging to comply with all applicable laws, regulations, policies and procedures.

#### **1.4 MINIMUM QUALIFICATIONS; SCREENING CRITERIA**

1.4.1 The bidder's principals must have experience in providing Hedge Fund and/or Private Credit investment consulting services to large institutional clients. This 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 \$1 billion (the "3 Funds"). The bidder's principals must have served as consultant to each of the 3 Funds for a period of not less than three (3) years as of the date submissions to this RFP are due. The bidder should have a minimum of five years experience as an asset consultant for hedge funds and/or a minimum of five years experience as an asset consultant for private credit.

1.4.2 Key members of the bidder's investment team assigned to DOI's account must have at least a three (3) year history of advising clients with allocations to the Hedge Fund and/or Private Credit asset class(es), and the bidder must maintain or have access to a database of Hedge Fund and/or Private Credit managers/investments across a broad range of investment strategies.

Additional screening criteria to be considered may include, but are not limited to: key team member retentions; experience working with institutional investors; and fee structure.

## 1.5 **KEY EVENTS**

### 1.5.1 **Electronic Question and Answer Period**

DOI will electronically accept questions and inquiries from all potential bidders via email at [gina.costello@treas.nj.gov](mailto: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
- 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, [www.state.nj.us/treasury/doinvest](http://www.state.nj.us/treasury/doinvest), after the cut-off date. (See RFP Section 1.6 for further information)

### 1.5.2 **Deadline for Submission of Proposals**

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>.

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

Bidders are required to provide proposals to the addresses and in the specific delivery format as described in Section 4.2.

## **1.6 ADDITIONAL INFORMATION**

### **1.6.1 Addenda: Revisions to this RFP**

In the event that it becomes necessary to clarify or revise this RFP, such clarification or revision will be by Addendum. Any Addendum 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.state.nj.us/treasury/doinvest>.

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.

### **1.6.2 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.

### **1.6.3 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.

### **1.6.4 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 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.

#### **1.6.5 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.

#### **1.6.6 Withdrawing Proposals**

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.

#### **1.6.7 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, Disclosure of Investigations and Other Actions Involving Bidder Form, Disclosure of Investment Activities in Iran, Vendor Certification and Political Contribution Disclosure Form, Chapter 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 8.1.5 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** – A written clarification or revision to this RFP issued by DOI.

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

**Contract** – This RFP, any addenda to this RFP, the Standard Terms & Conditions, the bidder's proposal submitted in response to this RFP, and the bidder's Best and Final Offer,.

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

**Director** – The Director of DOI.

**DOI** – The Division of Investment, State of New Jersey, Department of the Treasury.

**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 Sections 3.0 and 9.1.

**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.

**Request for Proposal (RFP)** – This document which establishes the bidding and contract requirements and solicits proposals to meet the needs of DOI 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.

**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>

All references in the Standard Terms & Conditions to the Director of the Division of Purchase and Property shall for this RFP be references to the Director of DOI. All references in the Standard Terms & Conditions to the Division of Purchase and Property shall for this RFP be references to DOI.

**State** – The 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, whereby the State Contractor uses the products and/or services of that entity to fulfill some of its obligations under its State contract, while the State Contractor retains full responsibility for the performance of all of its obligations under the contract, including payment to the subcontractor. The subcontractor has no legal relationship with the State, only with the State Contractor.

**Task** – A discrete unit of work to be performed.

## 2.2 **CONTRACT-SPECIFIC DEFINITIONS**

**Common Pension Fund** – A common trust fund used to pool the assets of the individual Pension Plans for the purposes of investing.

**Council** – The State Investment Council

**Global Diversified Credit (GDC)/Private Credit** - An investment fund or other entity investing in securities that do not trade in the public markets or have low market liquidity. Strategies include but not always limited to mezzanine and senior debt, distressed debt and opportunistic or specialty finance.

**Hedge Fund** - An investment fund or other entity investing in securities pursuant to a specified investment strategy or strategies, including but not limited to equity- and credit-oriented funds, global macro funds, opportunistic funds, CTA funds, and multi-strategy funds.

**Investment Consultant** – A consultant to be engaged pursuant to this RFP to assist and advise DOI in making prudent investment decisions, implementing such decisions, and evaluating current and proposed investment strategies, structure and design with respect to DOI's Hedge Fund portfolio.

**Pension Plans** – The individual retirement systems: Public Employees' Retirement System (PERS), Teachers' Pension & Annuity Fund (TPAF), Police and Firemen's

Retirement System (PFRS), State Police Retirement System (SPRS), Judicial Retirement System (JRS), Consolidated Police and Firemen's Pension Fund (CPFPPF), and Prison Officers' Pension Fund (POPF).

**Pension Fund** – the aggregate of the seven Pension Plans and the Common Pension Funds.

**State Investment Council (SIC):** A sixteen member board whose role is to establish the methods, practices, and procedures it deems necessary or proper to govern the investment activities of DOI.

### **3.0 SCOPE OF WORK**

DOI is seeking one or more qualified firms with substantial public fund experience to provide comprehensive investment consulting services for its Hedge Fund and Private Credit/Global Diversified Credit (GDC) portfolios. The selected investment consulting firm(s) shall report to the Director of DOI, through staff, with additional reporting responsibility to the SIC. The selected Consultant(s) shall work closely with the Investment Policy Committee (IPC) of the SIC, the Director and Deputy Director of DOI, and internal staff. The firm(s) shall serve in a fiduciary capacity and shall acknowledge in writing the firm's fiduciary status, without qualification. In all cases, the firm(s) and its employees shall offer advice to DOI solely in the interest of the DOI and the plan participants.

#### **3.1 HEDGE FUND INVESTMENT CONSULTING**

The following duties shall be performed based upon a firm, fixed price schedule:

##### **3.1.1 Policy Duties:**

- A. Draft and/or review, upon award and annually thereafter, DOI's Hedge Fund investment policies, procedures, objectives, and guidelines, and make recommendations.
- B. Perform investment reviews of the Hedge Fund portfolio, on a quarterly basis, to determine and ensure conformance with the policies, procedures, objectives, and guidelines. Reviews should include risk and correlation analyses and other investment characteristics.

##### **3.1.2 Asset Allocation and Portfolio Construction Duties:**

- A. Conduct a portfolio structure review of the Hedge Fund portfolio upon contract award and on an annual basis and provide a detailed report of results and recommendations. The recommendations shall take into account the projections of future cash flows and other economic factors.
  - a. The study shall estimate the absolute and relative rates of return of the investments, monitor and interpret rates of return and volatility of the investments, and make recommendations for reallocation of assets when necessary.
  - b. The study should also include underlying investment exposures by geographic, industry and sector along with breakdown between debt and equity investments.
- B. Conduct a review of portfolio risk and provide a detailed report of results and recommendations.

- C. Provide recommendations concerning fund manager allocation and structure, fund manager guidelines, and benchmark identification. Provide written reports upon request.
- D. Assist with special projects, secondary sales and other ad-hoc reports.
- E. Provide a forward looking redemption schedule for all Hedge Fund investments that includes cashflow and liquidity analysis.

**3.1.3 Searches, Databases, and Due Diligence Duties:**

- A. Assist in developing a search strategy to identify high quality Hedge Fund investments.
- B. Provide access to a database containing information on Hedge Funds and/or Hedge Fund managers, which includes information regarding their philosophy, predominant strategy and what underpins it, management personnel, audited performance results, investors, and fees, for both domestic and international managers/funds and across all different types of Hedge Fund investments. Provide access to operational due diligence reports.
- C. At least twice annually, provide a list of new fund managers and/or funds coming to the market, and established funds with additional investment capacity. Maintain a list of recommended funds, niche strategies, emerging managers and minority and women owned businesses.
- D. Review the qualifications of each fund's general partner, conduct due diligence on funds sourced by DOI and by the Contractor, including conducting interviews of potential candidates, conducting reference checks, conducting background checks when appropriate, and negotiating business terms and appropriate structural incentives with successful candidates.
- E. Prepare due diligence reports prior to submission to the IPC and SIC and provide DOI, the IPC, and the SIC with such other relevant, reliable, and timely research and information as requested.
- F. Assist DOI staff in reviewing and negotiating business terms of agreements.
- G. Track relevant industry insights, flows and statistics for peers.

**3.1.4 Fund Manager Oversight Duties:**

- A. Provide ongoing analysis and monitoring of fund managers. Provide written reports upon request.
- B. Notify the Director or his designee in writing of any under-performance, noncompliance, significant changes, or adverse events, and provide analysis and advice on such issues as soon as discovered.
- C. Conduct organizational and performance audits of each fund manager, including onsite visits.
- D. Provide advice in connection with such concerns as probation and termination/redemption procedures.
- E. When appropriate, recommend the sale, dissolution, redemption or replacement of Hedge Fund investments.
- F. Evaluate fund manager compliance with CFA Institute guidelines or best practices. Provide written reports upon request including updates on ESG policies and initiatives.
- G. Monitor and report to the Division in a timely manner on any significant changes in valuation methodologies employed by the funds or any significant restatements of NAV, including restatements between previously unaudited NAVs and final audited NAVs. Provide information regarding funds and fund managers (e.g., regulatory assets under management) to assist the Division in monitoring compliance with laws and regulations.
- H. Prepare a report to the Division no later than August 31 for cases where fund's fiscal year end differs from the Division's fiscal year end (June 30). The report should provide the Division with the reasonableness of the change in the NAV between the fund's fiscal year end and June 30 considering appreciation/depreciation, additions, distributions and other changes. Also, include reference to any available indices to support assessment of the returns during the period.
- I. Monitor and evaluate all fund expenses, along with management and incentive fees paid in connection with all hedge fund investments, and report findings to the Division.

### **3.1.5 Performance Measurement**

#### **A. Database and Software**

- 1. Provide access to an online system, database or performance measurement tool, which shall provide performance information for all of DOI's Hedge Fund investments (including separate accounts) on an ongoing basis. The

information must be as up-to-date and current as practicable, based on monthly cash flows received via data feed from DOI's custodian, and include information on the underlying investments of each fund.

2. Provide electronic access to analytical reporting tools and/or risk analysis reporting tools, which have the capability to drill-down and provide aggregate and fund-level data including: sector composition, factor biases, geographic composition, strategic breakdown, and asset class.
3. Provide access to the data of the underlying investment in downloadable form. DOI retains ownership of the data.
4. Provide bi-weekly performance estimates.
5. Upon request and at contract completion, transfer or convert data to a usable format and provide to DOI.

**B. Evaluation and Reporting**

1. Evaluate total Hedge Fund portfolio investment performance relative to the appropriate benchmark and provide written report.
  - a) Within 15 days after month end, provide an estimated performance report including, but not limited to, estimated investment balances, liquidity analysis, and risk/return data.
  - b) Within 45 days after quarter end provide both a summary of portfolio as well as a report on each investment. The reports should include, but not be limited to, estimated investment balances, strategy/geographic allocations, liquidity analysis, risk/return data, and other data requested by DOI.
2. Evaluate fund performance relative to designated custom benchmarks and peer groups.
  - a) Provide benchmark evaluation and analysis.
  - b) Provide review of portfolio risk.
  - c) Perform cash flow modeling.
  - d) Provide general, customized, and ad hoc reports upon request and in a timely manner.

- e) Conduct performance measurement reporting, which includes an independent verification of performance by manager and investment strategy on a monthly, quarterly and annual basis in accordance with external reporting deadlines. Contractor must have the ability to accept a data feed from the custodian(s) or internal accounting systems and an ability to upload data to Contractor's systems.
- f) Perform quarterly reconciliation of data with DOI's custodian.

### **3. Operational Duties**

- a) Be available to DOI staff on a regular basis to discuss the analytics engagement, data and information.
- b) Meet with DOI staff at least quarterly and conduct regular update calls on a monthly basis, and as requested, to present performance reviews.
- c) Provide performance review and commentary to the IPC and/or Council, at least quarterly and as requested.
- d) Coordinate effectively with DOI's general investment consultant.

### **3.2 PRIVATE CREDIT INVESTMENT CONSULTING**

The following duties shall be performed based upon a firm, fixed price schedule:

#### **3.2.1 Policy Duties:**

- A. Draft and/or review, upon award and annually thereafter, DOI's Global Diversified Credit (GDC) investment policies, procedures, objectives, and guidelines, and make recommendations.
- B. Annually, hold an in-person meeting with DOI staff to create an annual investment plan for the GDC portfolio.
- C. Perform investment reviews of the GDC portfolio, on a quarterly basis, to determine and ensure conformance with the policies, procedures, objectives, and guidelines.

#### **3.2.2 Asset Allocation and Portfolio Construction Duties:**

- A. Conduct a portfolio structure review of the GDC portfolio upon contract award and on an annual basis and provide a detailed report of results and recommendations. The recommendations shall take into account the projections of future cash flows and other economic factors.
  - 1. The study shall estimate the absolute and relative rates of return of the investments, monitor and interpret rates of return and volatility of the investments, and make recommendations for reallocation of assets when necessary.
  - 2. The study should also include underlying investment exposures by geographic, industry and sector along with breakdown between different types of debt investments.
- B. Periodically review risk, for the entire portfolio and for each sub-strategy, and provide a detailed report of results and recommendations
- C. Provide recommendations concerning fund manager allocation and structure, fund manager guidelines, and benchmark identification. Provide written reports upon request.
- D. Provide a forward looking liquidity schedule for GDC investments if appropriate.
- E. Input capital markets assumptions, liquidity profiles and fund features.

**3.2.3 Searches, Databases, and Due Diligence Duties:**

- A. Assist in developing a search strategy to identify high quality Private Credit investments.
- B. At least monthly, conduct pipeline calls with DOI staff to review the GDC manager pipeline.
- C. Maintain a pipeline of minority-and-women-owned businesses within the GDC space consistent with DOI's guidelines.
- D. Provide access to a database containing information on Private Credit Funds and/or Private Credit managers, which includes information regarding their philosophy, management personnel, audited performance results, investors, and fees, for both domestic and international managers/funds and across all different types of Private Credit investments. Provide a list of recommended managers and a focus list with access to notes. Include information on niche strategies and minority and women owned businesses.

- E. At least twice annually, provide a list of new fund managers and/or funds coming to the market, and established funds with additional investment capacity.
- F. Review the qualifications of each fund's general partner, conduct due diligence on funds sourced by DOI and by the Contractor, including conducting interviews of potential candidates, conducting reference checks, conducting background checks, and negotiating business terms and appropriate structural incentives with successful candidates. Include an analysis of competitive advantages and conviction levels. Maintain a pipeline and consult on advisory committee related items with rationale.
- G. Prepare due diligence reports prior to submission to the IPC and SIC and provide DOI, the IPC, and the SIC with such other relevant, reliable, and timely research and information as requested.
- H. Assist DOI staff in reviewing and negotiating business terms of agreements. Provide additional information as needed to assist DOI staff in its review and negotiation of investment terms.

**3.2.4 Fund Manager Oversight Duties:**

- A. Provide ongoing analysis and monitoring of fund managers in the GDC portfolio. Provide written reports upon request.
- B. Notify the Director or his designee in writing of any under-performance, noncompliance, significant changes, or adverse events, and provide analysis and advice on such issues as soon as discovered.
- C. Conduct organizational and performance audits of each fund manager, including onsite visits.
- D. Provide advice in connection with such concerns as probation and termination/redemption procedures.
- E. When appropriate, recommend the sale, dissolution, termination or replacement of Private Credit investments in the GDC portfolio.
- F. Evaluate fund manager compliance with CFA Institute guidelines or best practices. Provide written reports upon request.
- G. Monitor and report to the Division in a timely manner on any significant changes in valuation methodologies employed by the funds or any significant restatements of NAV, including restatements between previously unaudited NAVs and final audited NAVs.

- H. Prepare a report to the Division no later than August 31 for cases where fund's fiscal year end differs from the Division's fiscal year end (June 30). The report should provide the Division with the reasonableness of the change in the NAV between the fund's fiscal year end and June 30 considering appreciation/depreciation, loan losses, additions, distributions and other changes. Also, include reference to any available indices to support assessment of the returns during the period.
- I. Monitor and evaluate all fund expenses, along with management and incentive fees paid in connection with all GDC investments, and report findings to the Division.

### **3.2.5 Performance Measurement**

#### **A. Database and Software**

- 1. Provide access to an online system, database or performance measurement tool, which shall provide performance information for all of DOI's GDC investments (including separate accounts) on an ongoing basis. The information must be as up-to-date and current as practicable, based on monthly cash flows received via data feed from DOI's custodian, and include information on the underlying investments of each fund.
- 2. Provide access to analytical software, where applicable.
- 3. Provide access to the data of the underlying investment in downloadable form. DOI retains ownership of the data.
- 4. Upon request and at contract completion, transfer or convert data to a usable format and provide to DOI.

#### **B. Evaluation and Reporting**

- 1. Evaluate total Private Credit portfolio net investment performance relative to the appropriate benchmark and aggregated by exposure, and provide written report.
- 2. Within 75 days after quarter end, provide an estimated performance report including, but not limited to, estimated investment balances, gross and net IRRs, gross and net MOICs, and other risk/return data.
- 3. Within 75 days after quarter end provide both a summary of portfolio as well as a report on each investment. The reports should include, but not be limited to, estimated investment balances, strategy/geographic allocations, liquidity analysis, risk/return data, and other data requested by DOI. Identify areas of heightened risk, where applicable.

4. Evaluate both individual manager and overall GDC portfolio performance relative to designated custom benchmarks and peer groups.
5. Provide benchmark evaluation and asset class analysis.
6. Provide a semi-annual portfolio risk attribution report highlighting idiosyncratic risks among funds in the portfolio including liquidity analysis, realized and unrealized losses, credit risk, and leverage, Monitor within the portfolio and at the total pension fund level.
7. Perform cash flow modeling. Include monthly reports of capital calls and distributions.
8. Provide general, customized, and ad hoc reports upon request and in a timely manner. Assist with co-investment analysis, where applicable.
9. Conduct performance measurement reporting, which includes an independent verification of net performance by manager and investment strategy on a, quarterly and annual basis in accordance with external reporting deadlines. Contractor must have the ability to accept a data feed from the custodian(s) or internal accounting systems and an ability to upload data to Contractor's systems.
10. Perform shadow accounting and quarterly reconciliation of both cash flow and performance data with DOI's custodian.
11. Provide regular ESG-related reporting for the GDC portfolio, consistent with DOI's ESG policy.

**C. Operational Duties**

1. Be available to DOI staff on a regular basis to discuss the analytics engagement, data and information.
2. Meet with DOI staff periodically, and as requested, to present performance reviews.
3. Provide performance review and commentary to the IPC and/or Council, at least quarterly and as requested.
4. Coordinate effectively with DOI's general investment consultant.

**3.3 Training, Education and Client Service Duties:**

- A. Provide investment education and training to staff and SIC members as requested.
- B. Participate in ad hoc workshops on specific issues designated by DOI staff or the SIC.
- C. Develop educational materials on requested topics or projects.
- D. Respond to inquiries in an appropriate and timely manner.
- E. Share all firm research, including white papers, and provide regular access to research staff.
- F. Upon request, provide meeting space, such as a conference room or meeting room in Contractor's office(s), to DOI staff to conduct meetings. Assist in scheduling meetings, diligence and travel planning. As requested, accompany DOI staff during on-site due diligence meetings.

**3.4 Other Duties:**

- A. Coordinate effectively with DOI's general investment consultant.
- B. Communicate regularly with DOI staff about workflow and any other operational issues.
- C. Attend Annual and/or Advisory Board Meetings of the GDC investments as requested.
- D. Attend SIC meetings (approximately six (6) annually), in person and IPC meetings (approximately six (6) annually), by telephone or in person, and any other meeting as requested, to potentially include, but not limited to, regular meetings of the PFRS (Police & Fire Retirement System) board.
- E. On an ongoing basis, apprise DOI staff of new and innovative investment vehicles and techniques that may be appropriate for the State.
- F. At the request of DOI, support DOI through written and/or oral presentations at meetings with legislative, executive, and regulatory entities; and other parties as necessary.
- G. At the request of DOI and on a per investment basis, review individual real assets (other than real estate) investments in the same manner as Hedge Fund and/or

GDC investments stated above, including due diligence research and performance evaluation.

- H. Provide assistance on special projects as requested.
- I. 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.

**3.5 Special Projects:**

- A. In order for DOI to fulfill its fiduciary responsibilities, 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 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 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. Evaluating risk management systems.
3. Providing valuation services with respect to certain investments.

## **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 shall 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 to the addresses provided below.

#### **4.2.1 DELIVER TO DOI at the following address:**

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

**One (1) complete ORIGINAL proposal clearly marked as the "ORIGINAL" proposal.**

**Seven (8) 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.

### **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 Schedules (Section 5.14)

#### **4.3.2 VOLUME 2**

- Section 1 - Technical Proposal (ALL of Section 5 except for Section 5.14)
- Section 2 – Appendix Documentation

### **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 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, 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 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](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. The bidder shall provide a brief summary of how it meets the minimum qualifications to bid on this procurement and its intent to bid for the Hedge Fund Investment Consulting services contract, the Private Credit Investment Consulting services contract or both contracts.

##### **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. 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 attached Disclosure of Investigations and Other Actions Involving Bidder form for this purpose.

#### **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 attached Disclosure of Investment Activities in Iran form for this purpose.

### **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 awarded 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.

The bidder should 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 attached Source Disclosure Certification form for this purpose.

## **5.0 TECHNICAL PROPOSAL**

In this section, the bidder shall describe its approach and plans for accomplishing the work outlined in Section 3.0 Scope of Work. 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 at a minimum contain the information identified below, including bidder's answers to the questions presented.

The questions below shall 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.

### **5.1 OVERVIEW**

Provide a summary statement of no more than three (3) pages stating why the bidder is most able to provide the services listed herein to the DOI, including how the bidder meets the minimum qualifications to bid.

The summary should address the bidder's 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. It should also demonstrate that the bidder's general approach and plans to undertake and complete the contract are appropriate to the tasks and subtasks involved.

### **5.2 IMPLEMENTATION PLAN AND CONTRACT MANAGEMENT**

- A. Provide a time table for implementation of the contract beginning with the date of notification of contract award.
- B. Describe the bidder's plan to communicate with DOI including, but not limited to, communication with the DOI Contract Manager, status meetings and status reports.
- C. Describe the bidder's plan for the use of subcontractor(s), if any, on this contract. Emphasis should be on how any subcontractor identified will be involved in the mobilization and implementation plan.

### 5.3 ORGANIZATION

- A. Provide a brief history of the firm, including the year organized and the year the firm began providing investment consulting services to public fund clients.
- B. Provide the firm's mission statement.
- C. Describe the ownership structure of the firm, 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.
- D. Describe the firm's lines of business and affiliates and the amount of revenue generated by each line of business and each affiliate.
- E. Indicate what percentage of its asset consultancy is derived from consulting for:
  - 1. Private Equity Consulting
  - 2. Private Credit Consulting
  - 3. Hedge Fund Consulting
  - 4. Real Estate Consulting
  - 5. Real Asset and/or Infrastructure Consulting
- F. Explain whether the firm exercises discretionary investment authority along with investment consulting services for any clients. If so, describe how the firm addresses potential conflicts. What percentage of the firm's revenue comes from discretionary versus non-discretionary services?
- G. 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. Be sure to include in your response:
  - 2. Total assets or client relationships that will be accepted.
  - 3. Maximum limits on asset amounts or number of clients per consultant.
  - 4. Plans to develop and expand resources, merge or acquire other firms, or spin-off subsidiaries.

### 5.4 PERSONNEL

- A. 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.

- B. Provide a contract organization chart, with names showing management, supervisory, research and other key personnel to be assigned to the contract.
- C. 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 five (5) years, including the reason(s) for termination. Provide five (5) largest clients gained.
- D. State whether or not the 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.
- E. 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 with an explanation of the reason for such suspensions or expulsions and the time period for such actions.
- F. Complete the following table regarding consulting staff who 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

- G. Briefly describe the firm's compensation system for principal staff, and indicate what specific incentives are 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 compensation.

**5.5 LOCATION**

- A. Identify the location of the main offices of the bidder.
- B. Identify the location of the office(s) of the bidder from which services would be provided to the State of New Jersey.

**5.6 FINANCIAL CAPABILITY OF THE BIDDER**

- A. Please submit certified financial statements which include a balance sheet, income statement and statement of cash flow, and all applicable notes for the most recent calendar year or the bidder's most recent fiscal year.
- B. Has the audit opinion on the bidder's financial statements been "unqualified" for the last three years? If not, please explain. Has the bidder had a change in auditors over the last three years? If so, explain why.
- C. 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.

**5.7 POTENTIAL PROBLEMS**

Provide 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.

**5.8 HEDGE FUNDS INVESTMENT CONSULTING SERVICES**

**5.8.1 Investment philosophy and process**

- A. Describe the firm's philosophy regarding Hedge Fund investments and the Hedge Fund market. Describe the factors that influence the Hedge Fund market.
- B. Briefly describe the firm's philosophy with respect to investment consulting mandates, and the nature of the service that you provide. What key strengths and competitive advantages does the firm possess that generate superior performance and service for your clients?
- C. Briefly discuss the firm's investment philosophy with respect to portfolio construction and diversification when considering investment opportunities.
- D. How does the firm view the use of direct Hedge Fund investments versus fund of fund investments? What role should fund of fund investments play in a portfolio?

- E. Describe the firm's approach to the investment selection/due diligence process, including the criteria for investing in Hedge Funds and the relative importance of each criterion, the objective and subjective standards used to evaluate investment opportunities and fund managers, and the firm's internal approval process. Does the firm review the fund manager's Environmental Social and Governance (ESG) policy and practices? Provide an example of two full due diligence reports that have been submitted to a client for a Hedge Fund investment (redaction of fund name is acceptable).
- F. Identify and discuss the firm's tracking system for prospective Hedge Fund investments. How many funds and fund managers are tracked? How many years of performance data are on the system?
- G. Describe the firm's expertise in and coverage of domestic and international hedge fund investments.
- H. Discuss how the firm performs an independent analysis of each investment opportunity and attempt to validate (or not) the general partner's claims and assumptions. When risks of a highly technical nature are involved or key risks in a niche strategy or niche market need to be identified, describe how the firm identifies, engages, and interacts with the appropriate specialists. What factors determine whether the appropriate technical, niche strategy, or niche market specialist has been identified?
- I. Discuss if the firm has performed due diligence on separate account structures or funds of one. Provide a brief of overview of the structure and diligence process.
- J. Provide a copy of the firm's due diligence procedures.
- K. Does the firm utilize an "approved list" of Hedge Funds that it provides to clients? If so, how many funds are on the list? How much annual turnover is typical for the list? Why are funds removed from the approved list?
- L. Describe the firm's operational due diligence process? Is there a separate dedicated team for operational due diligence? Can the operational due diligence team veto a proposed investment? What does the operational due diligence focus on? Provide an example of two operational due diligence reports that have been submitted to a client for a Hedge Fund investment (redaction of fund name is acceptable).
- M. Describe the firm's legal due diligence process, if any. Does the firm use inside or outside counsel for transactions. If in-house, identify the legal staff and their Hedge Fund expertise. If outside counsel, identify the firms used most often.
- N. Describe the firm's philosophy on hedge fund fees and how to best align investor and hedge fund manager interests.

### 5.8.2 Research

- A. Describe the firm's commitment to research, performance, and database system enhancements.
- B. State whether the firm prepares white papers on relevant Hedge Fund investment topics. If so, please provide a sample.

### 5.8.3 Portfolio construction

- A. Detail the firm's process for recommending an overall Hedge Fund portfolio structure.
- B. State whether the firm provides any customized computer-based analytical tools or web access to its clients. If the firm maintains a portal for its clients, provide a temporary login and password for the portal for evaluation purposes.
- C. Acknowledge the firm's fiduciary status and its acceptance of fiduciary responsibility for recommendations to DOI.
- D. Provide a sample of a cash flow model report/redemption schedule.
- E. Generally, what is the optimal number of investments for a hedge fund portfolio?

## 5.9 **PRIVATE CREDIT INVESTMENT CONSULTING SERVICES**

### 5.9.1 Investment Philosophy and Process

- A. Describe the firm's philosophy regarding Private Credit investments and the Private Credit market. Describe the factors that influence the Private Credit market.
- B. For Private Credit, briefly describe the firm's philosophy with respect to investment consulting mandates, and the nature of the service that you provide. What key strengths and competitive advantages does the firm possess that generate superior performance and service for your clients?
- C. For Private Credit, briefly discuss the firm's investment philosophy with respect to portfolio construction and diversification when considering investment opportunities.
- D. How does the firm view the use of direct Private Credit investments versus fund of fund investments? What role should fund of fund investments play in a portfolio?
- E. Describe the firm's approach to the investment selection/due diligence process, including the criteria for investing in Private Credit and the relative importance of

each criterion, the objective and subjective standards used to evaluate investment opportunities and fund managers, and the firm's internal approval process. Does the firm review the fund manager's Environmental Social and Governance (ESG) policy and practices? Provide an example of two full due diligence reports that have been submitted to a client for a Private Credit investment (redaction of fund name is acceptable).

- F. Identify and discuss the firm's tracking system for prospective Private Credit investments. How many funds and fund managers are tracked? How many years of performance data are on the system?
- G. Describe the firm's expertise in and coverage of domestic and international Private Credit investments.
- H. For Private Credit, discuss how the firm performs an independent analysis of each investment opportunity and attempt to validate (or not) the general partner's claims and assumptions. When risks of a highly technical nature are involved or key risks in a niche strategy or niche market need to be identified, describe how the firm identifies, engages, and interacts with the appropriate specialists. What factors determine whether the appropriate technical, niche strategy, or niche market specialist has been identified?
- I. For Private Credit, discuss if the firm has performed due diligence on separate account structures or funds of one. Provide a brief of overview of the structure and diligence process.
- J. Provide a copy of the firm's due diligence procedures for Private Credit investments.
- K. Does the firm utilize an "approved list" of Private Credit funds that it provides to clients? If so, how many funds are on the list? How much annual turnover is typical for the list? Why are funds removed from the approved list?
- L. For Private Credit investments, describe the firm's operational due diligence process? Is there a separate dedicated team for operational due diligence? Can the operational due diligence team veto a proposed investment? What does the operational due diligence focus on? Provide an example of two operational due diligence reports that have been submitted to a client for a Private Credit investment (redaction of fund name is acceptable).
- M. Describe the firm's legal due diligence process, if any. Does the firm use inside or outside counsel for transactions. If in-house, identify the legal staff and their Private Credit expertise. If outside counsel, identify the firms used most often.
- N. Describe the firm's philosophy on Private Credit fund fees and how to best align investor and Private Credit manager interests.

#### 5.9.2 Research

- A. Describe the firm's commitment to research, performance, and database system enhancements.
- B. State whether the firm prepares white papers on relevant Private Credit investment topics. If so, please provide a sample.

#### 5.9.3 Portfolio construction

- F. Detail the firm's process for recommending an overall Private Credit portfolio structure.
- G. State whether the firm provides any customized computer-based analytical tools or web access to its clients. If the firm maintains a portal for its client, provide a temporary login and password for the portal for evaluation purposes.
- H. Acknowledge the firm's fiduciary status and its acceptance of fiduciary responsibility for recommendations to DOI.
- I. Provide a sample of a cash flow model report and/or liquidity forecast.
- J. Generally, what is the optimal number of investments for a Private Credit portfolio?

#### **5.10 ADDITIONAL INFORMATION FOR HEDGE FUND INVESTMENT CONSULTING SERVICES**

- A. Provide five (5) references of clients who employ the bidder to provide Hedge Fund consulting services. Include a contact name, phone number, inception date and the market value of the assets the bidder advises for each reference. Please include longer term clients to the extent possible.
- B. Please provide three (3) references of institutional clients that have discontinued their use of the bidder's hedge fund consulting services. Include a contact name, market value of the assets advised at the time of termination, termination date, and the specific reason(s) for termination.

#### **5.11 ADDITIONAL INFORMATION FOR PRIVATE CREDIT INVESTMENT CONSULTING SERVICES**

- A. Provide five (5) references of clients who employ the bidder to provide Private Credit consulting services. Include a contact name, phone number, inception

date and the market value of the assets the bidder advises for each reference. Please include longer term clients to the extent possible.

- B. Please provide three (3) references of institutional clients that have discontinued their use of the bidder's private credit consulting services. Include a contact name, market value of the assets advised at the time of termination, termination date, and the specific reason(s) for termination.

#### **5.12 PERFORMANCE MEASUREMENT**

- A. Describe how the firm monitors and analyzes investment performance, including how the firm determines appropriate benchmarks for Hedge Funds and/or Private Credit funds. Describe any databases used by the firm. What is the source of investment manager returns used in reports? Provide a sample performance report (monthly, quarterly, and/or annual).
- B. If available, provide a temporary userid and password to access a sample portal and online system that demonstrates performance and risk reporting and due diligence reports or notes.
- C. State whether the firm's performance reports can be customized and whether there are charges for additional information requests.
- D. State the anticipated turnaround time to produce a performance report (monthly, quarterly, and/or annual).
- E. 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.
- F. Describe the firm's step-by-step process for return reconciliation.
- G. Describe the firm's performance measurement reporting system and methodologies. Describe the firm's monitoring process and how information provided by the fund managers is verified.
- H. List and describe the Hedge Fund and/or Private Credit benchmarks employed (both market indices and peer group) and those recommended to assist in judging performance.
- I. Outline the process for monitoring and reporting on market trends. Include in your response two research reports for Hedge Funds and/or Private Credit Funds generated by the firm.
- J. Describe the client reporting process the firm typically undertakes in preparing monthly, quarterly and annual reports.

- K. Assuming information is available on a timely basis from the general partners, how long would it take to prepare and deliver quarterly and annual reports to the Division?
- L. Enclose samples of typical monthly, quarterly and annual performance measurement and monitoring reports for a pension fund client.

**5.13 LEGAL AND REGULATORY**

- A. Is the bidder registered as an Investment Advisor under the Investment Advisors Act of 1940? If so, please attach the bidder's ADV Part II. If not, please explain why.
- B. Is the firm in compliance with the USA PATRIOT Act?
- C. Over the last ten (10) years, has the bidder or any officer, director, partner, or principal been the subject of any past or pending non-routine investigation or inquiry by a federal or state agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance and indicate if any directives, letters or opinions were issued concerning said inquiry.
- D. Over the last ten (10) years, has the bidder or any officer, director, partner, or principal been involved in any past or pending civil or criminal litigation or legal proceeding related to the bidder's business? If so, describe each instance.
- E. Over the last ten (10) years, has the bidder or any officer, director, partner, or principal been convicted of, pled guilty to, or pled nolo contendere to a felony? If so, describe each instance.
- F. Summarize the coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by the bidder (i.e., amounts and respective carriers).
- G. Over the last ten (10) years, has the bidder submitted a claim to its errors and omissions, professional liability, fiduciary insurance or fidelity bond carrier(s)? If so, describe each instance.
- H. Has the bidder ever filed, voluntarily or involuntarily, for bankruptcy protection or otherwise been subject to the appointment of a receiver, trustee, or assignee for the benefit of creditors? If so, describe each instance.

**5.14 PRICE SCHEDULE**

The bidder must submit its pricing using the format set forth in the State-supplied price schedules accompanying this RFP. Bidders for Hedge Fund Investment Consulting Services must use Price Schedule A. Bidders for the Private Credit Investment Consulting Services must use Price Schedule B. 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**

- A. The Contract awarded as a result of this RFP shall consist of this RFP (including the Standard Terms & Conditions), any Addenda to this RFP, Contractor's proposal, Contractor's best and final offer, and DOI's Notice of Award.
- B. Unless specifically stated within this RFP, the Modifications and Changes to the Standard Terms & Conditions (as contained in Section 6.16 of this RFP) take precedence over the Standard Terms & Conditions accompanying this RFP.
- C. In the event of a conflict between the provisions of, this RFP, including the Modifications and Changes to the Standard Terms & Conditions, any Addenda to this RFP, the Standard Terms & Conditions, 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, the Standard Terms & Conditions, Contractor's best and final offer, and Contractor's proposal.

### **6.2 TERM AND TERMINATION**

- A. The term of the resulting Contract(s) will be for three (3) years. The term may be extended up to three additional years, provided that each party executes a written extension prior to each additional year.
- B. Either party may terminate the engagement at any time, with or without cause, during the term of the engagement upon thirty (30) days' written notice.
- C. DOI may terminate a Contractor for cause pursuant to the Standard Terms & Conditions. In the event of a "for cause" termination, Contractor shall not be entitled to any payment of fees for services provided after the date of the action that forms the basis for such termination.

### **6.3 CONTRACT TRANSITION**

In the event that a new contract has not been awarded prior to expiration or termination of the Contract, it shall be incumbent upon 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 (1) year beyond the expiration date of the Contract.

#### **6.4 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 Contractor and the Director.

#### **6.5 CONTRACTOR RESPONSIBILITIES**

- A. Contractor shall have sole responsibility for the complete effort specified in the Contract. Payment will be made only to Contractor. Contractor shall have sole responsibility for all payments due to any subcontractor.
- B. 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. 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 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 the State may have arising out of Contractor's performance of this Contract.

#### **6.6 OWNERSHIP OF MATERIAL**

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 the State of New Jersey and shall be delivered to DOI upon thirty (30) days' notice by DOI.

#### **6.7 DATA CONFIDENTIALITY**

- A. All financial, statistical, personnel, customer and/or technical data supplied by the State to Contractor are confidential. Contractor must secure all data from manipulation, sabotage, theft or breach of confidentiality. Contractor is prohibited from releasing any financial, statistical, personnel, customer and/or technical data supplied by the State that is deemed confidential. Any use, sale,

or offering of this data in any form by Contractor, or any individual or entity in Contractor's charge or employ, will be considered a violation of this Contract and may result in contract termination and Contractor's suspension or debarment from State Contracting. In addition, such conduct may be reported to the State Attorney General for possible criminal prosecution.

- B. Contractor shall assume total financial liability incurred by Contractor or any third party associated with any breach of confidentiality.

## **6.8 SECURITY STANDARDS**

- A. 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.

- B. Contractor shall protect and maintain the security of data in accordance with generally accepted industry practices.
- C. Data usage, storage, and protection is subject to any applicable federal and state regulatory requirements.
- D. 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.
- E. 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.
- F. 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 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.

- G. 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.

#### **6.9 NEWS RELEASES**

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.

#### **6.10 ADVERTISING**

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 the prior written consent of the Director.

#### **6.11 LICENSES AND PERMITS**

Contractor shall obtain and maintain in full force and effect all required licenses, permits, and authorizations necessary to perform the Contract. 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.

#### **6.12 CLAIMS AND REMEDIES**

##### **A. Claims**

All claims asserted against the State (including DOI) by 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.

**B. 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.

**6.13 REMEDIES FOR FAILURE TO COMPLY WITH MATERIAL CONTRACT REQUIREMENTS**

In the event that Contractor fails to comply with any material Contract requirements, DOI may take steps to terminate the Contract in accordance with Section 6.2 or the Standard Terms & Conditions, or take any other action or seek any other remedies available at law or in equity.

**6.14 ADDITIONAL WORK AND/OR SPECIAL PROJECTS**

- A. Contractor shall not begin performing any additional work or special projects without first obtaining written approval from both the DOI Contract Manager and the Director.
- B. In the event of additional work and/or special projects, 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 Contractor in its proposal.
- C. 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.
- D. 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.
- E. Upon receipt and approval of Contractor's written proposal, the DOI Contract Manager shall forward same to the Director for the Director's written approval.
- F. No additional work and/or special project may commence without the Director's written approval. In the event Contractor proceeds with additional

work and/or special projects without the Director's written approval, it shall be at Contractor's sole risk. The DOI shall be under no obligation to pay for work performed without the Director's written approval.

### **6.15 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.

### **6.16 REGISTRATION WITH THE STATE'S CENTRALIZED ACCOUNTING SYSTEM**

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/>

### **6.17 MODIFICATIONS AND CHANGES TO THE STANDARD TERMS & CONDITIONS**

- A. 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/offeror 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/offeror must present those conflicts during the Question and Answer period or during negotiations for the State to consider.”

- B. The final sentence of Section 1 of the Standard Terms & Conditions is deleted and replaced with the following sentence:

“Nothing in these terms and conditions shall prohibit the Director of the Division of Investment (Director) from amending a contract when the Director determines it is in the best interest of the State.”

- C. 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.state.nj.us](mailto:doi@treas.state.nj.us)

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 services performed under the Contract. The insurance shall be in the amount of not less than \$10,000,000 and in such policy forms as shall be acceptable to 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.”

- D. References to the “Director” within the Standard Terms & Conditions shall mean the Director of DOI and references to the “State Contract Manager” within the Standard Terms & conditions shall mean the DOI Contract Manager.

## **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:

- the requirement is not mandated by law;
- all of the otherwise responsive proposals failed to meet the requirement; and
- 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>.

### **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 FROM BIDDER, CLIENTS**

- A. 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.
- B. The Director reserves the right to request a bidder to explain, in detail, how the proposal price was determined.
- C. 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 Investment Policy Committee of the Council, DOI employees, consultants, and/or attorneys to assist the Selection Committee.

## **7.6 ORAL PRESENTATIONS AND/OR DEMONSTRATIONS**

- A. 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.
- B. 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.
- C. 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.
- D. 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**

- A. 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.
- B. Responses/proposals may be eliminated for failing to meet the minimum qualifications and screening criteria listed in Section 1.4 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.
- C. 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:

- a. 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.
- b. The bidder's documented experience in successfully completing contracts requiring services of similar size and scope to the work required by this RFP.
- c. Ability of the bidder to mobilize, undertake and successfully complete the services required by this RFP.

## **7.8 PRICING DISCREPANCIES**

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.

If any other obvious pricing error is found, the Director shall issue 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.

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)**

- A. 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. Multiple rounds of negotiations may be conducted with one bidder or multiple bidders. Negotiations will be structured by DOI to safeguard information and ensure that all bidders are treated fairly.
- B. Similarly, DOI may invite one (1) bidder or multiple bidders to submit a best and final offer (BAFO). Said 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.
- C. If required, after review of the BAFO(s), clarification may be sought from the bidder(s). DOI may conduct more than one round of negotiations and/or BAFO in order to attain the best value for the State.
- D. Negotiations will be conducted 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 get 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 and/or BAFO with any bidder.

#### **7.10 PROPOSAL RECOMMENDATION**

- A. 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).
- B. 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**

#### **A. Political Contribution Disclosures**

8.1.A.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), P.L. 2005, Chapter 271, and N.J.A.C. 17:16-4.

8.1.A.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.A.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 & Property's website at:

[http://www.state.nj.us/treasury/purchase/forms/eo134/c51\\_eo117\\_cd\\_instr%2002\\_2009.pdf](http://www.state.nj.us/treasury/purchase/forms/eo134/c51_eo117_cd_instr%2002_2009.pdf)

9.1.2.4 Pursuant to N.J.A.C. 17:16-4, prior to engagement, the bidder shall complete and submit the Disclosure Report of Political Contributions by Investment Management Firm. This form is available at:

<http://www.state.nj.us/treasury/doinvest/pdf/index/CampFinFirmsForm9-05.pdf>

#### **B. Source Disclosure Requirements**

Pursuant to N.J.S.A. 52:34-13.2, all services performed under a State contract or under any subcontract awarded 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 State of New Jersey Standard Terms and 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 attached Source Disclosure Certification form for this purpose.

**C. Affirmative Action**

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

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.

**D. 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.

**E. Business Registration**

Pursuant to N.J.S.A. 52:32-44(b), a bidder and its named subcontractors must each 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.

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>

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.

**F. 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.

**G. Notice to Bidders of Set-Off for State Taxes**

Pursuant to L. 1995, c. 159, effective January 1, 1996, 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**

### A. **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.

### B. **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](http://www.state.nj.us/treasury/doinvest).

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:

- a) Rejection of the bidder's proposal for failing to meet the minimum qualifications and screening criteria listed in Section 1.4 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 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.

**APPENDIX**

**PRICE SCHEDULES**

The Bidder should complete all pages of this Price Schedule. The Bidder should not leave cells blank, but rather utilize “N/C” (No Charge) if applicable.

Refer to RFP Section 3.0 Scope of Work for task requirements and deliverables and RFP Section 5.14 Price Schedule for additional information regarding this Price Schedule.

**PRICE SCHEDULE A**  
 Hedge Fund Investment Consulting Services

SCOPE OF WORK	Year One	Year Two	Year Three	TOTAL
<b>Sections 3.1.1-3.1.4 Consulting Services</b>	\$	\$	\$	\$
<b>Section 3.1.5 Performance Measurement</b>	\$	\$	\$	\$
<b>Section 3.3 and 3.4 Training, Education and Other Duties</b>	\$	\$	\$	\$
<b>TOTAL ANNUAL COST</b>	\$	\$	\$	\$

Professional Title	Hourly Rate
<b>Senior Consultant</b>	\$
<b>Junior Consultant</b>	\$
<b>Other Staff (Please specify)</b>	\$

**PRICE SCHEDULE B**  
 Private Credit Investment Consulting Services

SCOPE OF WORK	Year One	Year Two	Year Three	TOTAL
<b>Section 3.2.1-3.2.4 Consulting Services</b>	\$	\$	\$	\$
<b>Section 3.2.5 Performance Measurement</b>	\$	\$	\$	\$
<b>Section 3.3 - 3.4 Training, Education and Other Duties</b>	\$	\$	\$	\$
<b>TOTAL ANNUAL COST</b>	\$	\$	\$	\$

Professional Title	Hourly Rate
<b>Senior Consultant</b>	\$
<b>Junior Consultant</b>	\$
<b>Other Staff (Please specify)</b>	\$