

REQUEST FOR PROPOSALS

INDEPENDENT INVESTMENT CONSULTING FIRMS

DEFERRED COMPENSATION PLAN
FOR EMPLOYEES OF THE STATE OF NEW YORK AND
OTHER PARTICIPATING PUBLIC JURISDICTIONS (THE “PLAN”)

State of New York
May 6, 2015

Designated Contact for this Procurement:
David E. Fischer, Executive Director

All contacts/inquiries shall be made by e-mail to the following address: David.Fischer@nysdcp.com or by fax at: (518) 473-7255

TABLE OF CONTENTS

I.	Calendar of Events.....	1
II.	Introduction.....	2
III.	Background.....	2
IV.	Scope of Services.....	4
V.	Form and Substance of Proposals.....	5
VI.	Procedures for Submission of Proposal.....	7
VII.	Evaluation and Selection Process.....	9
VIII.	Additional Contract Terms & Conditions.....	11
IX.	Compliance Requirements.....	16
X.	Addendum – Questionnaire.....	18
XI.	Addendum – Fee Schedule.....	24

EXHIBITS

Exhibit A:	Standard Clauses for all New York State Contracts
Exhibit B:	Affirmative Action Guidelines
Exhibit C:	The Plan’s Procurement Guidelines
Exhibit D:	Policy Guidelines for Implementing the New York State Procurement Lobbying Law, Sections 139-j and 139-k of the New York State Finance Law, Form ADM-28 (Application for Competitively Bid Contract)
Exhibit E:	Vendor Responsibility Questionnaire Form ADM-288
Exhibit F:	Consultant Disclosure Forms A and B
Exhibit G:	Current Contractors and Anticipated RFPs

I. Calendar of Events

Issuance of Request for Proposals	May 6, 2015
Closing Date for Written Questions	May 22, 2015
Deadline for Responses to Inquiries	June 5, 2015
Final Filing Date – Proposals Due	June 26, 2015
Proposals Evaluated	July 2015
Finalists Determined	July 31, 2015
Interviews of Finalists by Board and/or Board Staff	week of August 10, 2015
Selection of Firm	August Board Meeting
Contract Effective Date	April 1, 2016

II. Introduction

The New York State Deferred Compensation Board (the “Board”), is seeking formal written proposals from registered financial advisers to provide Independent Investment Consulting Services to the Board and to the Plan. To be eligible for consideration, the qualified firm must be an investment firm registered and duly authorized to do business in the State of New York and registered as an investment adviser under the Investment Advisers Act of 1940, as amended. The Board expects to enter into a contractual arrangement of five years with the successful proposer, with the option for the Board to extend the contract for up to two consecutive one-year periods. Upon expiration of the contract, competitive request for proposal (“RFP”) procedures will be followed in awarding a new contract.

The designated contact person for this contracting opportunity during the restricted period per the attached Procurement Lobbying Law (Exhibit D) will be David E. Fischer, Executive Director.

A copy of this proposal and attachments is available from the Board’s Web site: www.goer.ny.gov/nysdcp.

For consideration, responses to this RFP from interested parties must be received at the Board’s office no later than 5:00 p.m. EST on June 26, 2015. Proposers are solely responsible for delivery of their proposal by the due date.

III. Background

General Overview of the Plan

The Plan is a voluntary retirement savings plan that is offered to New York State employees and employees of approximately 1,400 local government jurisdictions that have adopted the Plan. Its mission is to help New York State and local public employees achieve their retirement savings goals by providing high quality, cost effective investment products, investment education and related services. The Plan is governed by Section 457 of the Internal Revenue Code of 1986, as amended (the “IRC”), Section 5 of the New York State Finance Law, Parts 9000 – 9006 of the New York State Code of Rules and Regulations (the “Rules and Regulations”), and all other applicable federal, state, and local laws and regulations. A copy of the current plan document is available on the Board’s Web site: www.goer.ny.gov/nysdcp (under the New York State Deferred Compensation Plan – Participating Employers link).

As of January 31, 2015, the Plan had approximately 205,000 participants and held \$18 billion of assets. Participant assets are generally accumulated through automatic payroll deductions and are invested at the direction of participants.

Participants may currently choose to direct their contributions to any or all of the following investment options: (i) various no load or load waived mutual funds managed by independent investment advisers and held by an independent trustee, (ii) active and passive international equity portfolios managed by several underlying independent investment advisers and held by an independent trustee, (iii) a Stable Value Fund which may invest in a cash account, guaranteed investment contracts (GICs), separate account investment contracts and wrapped fixed income separate accounts managed by registered investment advisers, and (iv) a

brokerage window allowing investments in mutual funds and exchange traded funds. All assets are held in trust to comply with Section 457(g) of the Internal Revenue Code.

The core investment options include the T. Rowe Price Retirement Date Funds.

Information pertaining to the Plan, including the Plan Document, the Rules and Regulations, the Plan's financial statements and the Plan's investment policy may be obtained from the Plan's Web site: www.nysdcp.com. Prospective proposers are advised to review these documents.

Current Service Providers

The following organizations currently provide Administrative, Trust/Custody, Legal, Investment Management, Auditing, and Investment Consulting services to the Plan:

Legal:	Shearman & Sterling, LLP
Administrative Service Agency:	Nationwide Retirement Solutions, Inc.
Trustee/Custodian:	State Street Bank & Trust Company
Certified Public Accountant:	CliftonLarsonAllen, LLP
Stable Value Structure Manager:	GSAM Stable Value, LLC
Independent Consultant:	Callan Associates, Inc.
No-Load Mutual Funds:	Columbia Management Distributors, Inc., Davis Selected Advisors, LP, Federated Shareholder Services Company, Fidelity Shareholder Services Company, Hartford Securities Distribution Company, Inc., Morgan Stanley Investment Management, Inc., Perkins Investment Management, Pax World Management Series Trust, Principal Funds Distributors, Inc., T. Rowe Price Associates, Inc., The Vanguard Group, Inc., and Wells Fargo Funds Management, LLC
International Equity Separate Accounts:	Dimensional Fund Advisors, Manning & Napier Advisors, LLC, MFS Institutional Advisors, Inc., Wellington Management Company, LLP, Northern Trust Global Investments
Stable Income Fund:	BlackRock Financial Management, Inc. (cash management), Babson Capital Management, Earnest Partners, ING Investment Management, Income Research & Management, JPMorgan Asset Management, Jennison Associates, LLC, MacKay Shields, LLC, and Wells Capital Management.

Book Value Wrappers: The Prudential Insurance Company of America, State Street Bank & Trust Company, and Bank of Tokyo Mitsubishi (BTMU)

Self-Directed Investment Window: Charles Schwab

IV. Scope of Services

The Plan's Independent Investment Consultant will provide the following services:

- Assist the Board in the formulation and on-going review of policies and procedures pertaining to the Plan's investment options and its administration.
- Evaluate and make recommendations to the Board regarding the Plan's investment options and potential modifications to the Plan's investment structure or investment options.
- Prepare and distribute RFPs in accordance with the Rules and Regulations and applicable laws for administrative services agency, core investment managers (mutual fund and separate account), trustee/custodian, transition manager, and Stable Value Structure Manager for the Stable Income Fund, at least one year prior to the maturity dates listed in Exhibit G.
- Analyze the responses to the RFPs cited above and assist the Board in reviewing and selecting finalists for the above service providers and assist in ensuring that contracts provide the best value to the Plan and its participants.
- If requested by the Board, conduct independent search processes for the selection of financial organizations in accordance with the Rules and Regulations and applicable laws.
- Prepare and distribute RFPs for active managers and cash manager(s) for the Stable Income Fund. Analysis of these RFPs and recommendation to select providers for the Stable Income Fund is the responsibility of the Plan's Stable Value Structure Manager. The Independent Investment Consultant will assist the Board in the selection process by providing secondary independent analysis.
- Assist in the ongoing review and evaluation of service providers to the Plan, including investment managers (mutual fund and separate account), administrative services agency, trustee/custodian, transition manager, and Stable Value Structure Manager.
- Maintain an extensive database which includes minority and female-owned firms and firms owned by persons with a disability, and must demonstrate non-discriminatory practices in the construction and maintenance of this database.
- Assist with the development of state-of-the-art disclosures to Plan participants of fees and fee arrangements of service providers to the Plan and assist the Board in identifying indirect compensation elements of service providers.
- Update the Board on developments in the financial services industry and financial markets, including alternative investment products, and provide analysis and recommendations with respect to such developments.
- Identify and assist the Board in understanding the types of alternative investments or investment products that may be used by the Plan's investment managers (such as derivatives, futures contracts, currency hedging, securities lending, etc.) and the potential risks and benefits of such investments.
- Prepare quarterly reports that detail the financial performance of the Plan's investment options, compare such performance with market or customized indices, identify changes in

investment characteristics or personnel, and include recommendations with respect to any of the investment options. Present written quarterly summaries of investment manager activities, performance, and risk to the Board.

- Attend quarterly Board meetings, requiring travel to New York City, and meet with the Board or legal counsel in Albany or New York City as requested (at no additional cost).

V. Form and Substance of Proposals

RFP

All proposals must be in writing, must describe the scope of the services to be performed, and clearly indicate all fees for the provision of services described herein. Proposals must fully disclose any sponsorship or similar arrangement, as well as any business relationship the proposing firm has with current or potential services providers to the Plan. Proposals must indicate whether, over the past five years, the proposer's organization, or any officer or principal of such organization has been involved in any business litigation or legal proceeding, including, without limitation, those matters involving the State of New York or any agency or political subdivision thereof. If so, provide a brief explanation and indicate the current status.

It is the Board's policy to submit contracts to the Attorney General and Comptroller of the State of New York for review and approval. In addition, all contracts are subject to the terms of the Plan and the Rules and Regulations, as both are amended from time to time, and all other applicable requirements of New York State Law. All contractors must abide by the State of New York's affirmative action requirements and the Plan's Procurement Guidelines.

To receive consideration, all proposals must conform to the specifications set forth herein and must include (i) a completed Questionnaire found as an addendum of this RFP, (ii) required forms as indicated below, (iii) a fully completed fee schedule found as an addendum to this RFP and, (iv) a representation that the proposal complies with all requirements of the Rules and Regulations of the Board. Neither the Board nor the State of New York will be liable for any costs of work performed in the preparation and production of a proposal or for any work performed prior to the execution of an effective contract. By submitting a proposal, each proposer agrees not to make any claims for, or to have any right to, damages (A) because of any misunderstanding or misrepresentation of the specifications, (B) because of any misinformation or lack of information, (C) or because such proposer is not selected to provide the services proposed.

Proposers may attach separate sheets containing supplemental information or statements that bring to the attention of the Board additional information needed to make a full and fair presentation. All proposers must submit the enclosed proposal submission form along with their proposals. To receive consideration, all three (3) copies must be received at the Board's address by no later than 5:00 p.m. EST on June 26, 2015. Any proposer who receives a copy of the RFP, but who declines to make an offer, is requested to send a "Decline to Offer" letter.

Required Forms:

The following forms must be submitted with the RFP response:

1. Application for Competitively Bid Contract (ADM-28)

Each prospective proposer/contractor is required to complete ADM-28, Application for Competitively Bid Contract (Exhibit D) that includes certification by the prospective proposer that all information provided with respect to State Finance Law Sections 139-j and 139-k is complete, true and accurate. This form also includes a statement indicating the proposer's willingness to enter into a contractual agreement, which will include those terms and conditions set forth in "Appendix A, Standard Clauses for all New York State Contracts" (Exhibit A) without amendment.

2. Vendor Responsibility Questionnaire (ADM-288)

New York State Procurement Law requires that state agencies award contracts only to responsible vendors. The Board must conduct a review of a prospective contractor to provide reasonable assurances that the vendor is responsible. To assist the Board, each proposer is required to complete a Vendor Responsibility Questionnaire, Form ADM-288 (Exhibit E). Such questionnaire will require a certification by the finalist certifying to the accuracy of the information provided thereon. Please note that all proposals must be submitted by the same legal entity that fills out the Vendor Responsibility Questionnaire and that would be the party to complete the contract with the Board, if selected.

The Board or designated Board staff will make a finding of responsibility or non-responsibility before making an award, considering any information that comes to its attention concerning the vendor's responsibility.

The Board or designated Board staff will contact the proposer should potentially negative information come to its attention in the proposal. If the Board finds a vendor non-responsible, a written notice will be provided detailing the reason(s) for the preliminary determination and an opportunity to be heard before the determination is finalized.

A proposer who is awarded a contract is required to update their responsibility determination if a material event occurs requiring an amendment to the Vendor Responsibility Questionnaire. Contractors must update their Vendor Responsibility Questionnaires as new information becomes available.

The Board reserves the right to terminate a contract for non-responsibility, including failure to disclose information.

3. Tax Certification under Forms ST-220-TD and ST-220-CA

State Tax Law Section 5-a requires that certain contractors with the Board must certify whether or not the contractor, its affiliates, its subcontractors and affiliates of the subcontractors are required to register to collect State sales and compensating use tax. If a contractor is required to register, the contractor must also certify that it is so

registered with the State Department of Tax and Finance (“DTF”). The law prohibits the State Comptroller, or other applicable approving agencies, from approving a contract awarded to a selected proposer meeting the registration requirements, but who is not registered with the DTF in accordance with the law.

Proposers must complete and sign, under penalty of perjury, the Contractor Certification Form ST-220-TD and submit a copy directly to the DTF. Unless the information upon which the ST-220-TD is based changes, this form only needs to be filed once with the DTF. If the information changes for the contractor, its affiliate(s), its subcontractor(s), or affiliates of the subcontractor(s), a new form ST-220-TD must be filed with the DTF.

The proposer must also complete and submit to the Board the Contractor Certification to Covered Agency Form ST-220-CA certifying that the contractor filed the ST-220-TD with the DTF. Failure to make either of these filings may render a proposer non-responsive and non-responsible. Proposers shall take the necessary steps to provide properly certified forms within a timely manner to ensure compliance with the law.

General information on this requirement, including links to Publication 223, Questions and Answers Concerning Tax Law Section 5-a and Forms ST-200-TD and ST-220-CA, can be obtained from the Board’s web site: www.goer.ny.gov/nysdcp under the Procurement Opportunities and Information for Vendors link.

Cost Proposal

Using the addendum to this RFP, based on the scope of services indicated in Section IV above, the proposer must complete a cost proposal. The cost proposal must list the cost for each RFP in connection with services issued as well as an annual retainer for each year of the contract.

VI. Procedures for Submission of Proposal

A. Policy and Prohibitions Regarding Permissible Contact – Restrictions on Contact

Pursuant to State Finance Law Sections 139-j and 139-k, this RFP includes and imposes certain restrictions on communications between a Governmental Entity and a prospective proposer/contractor during the procurement process.

From the date this RFP is released/advertised in the Contract Reporter through final award/approval, all contacts concerning this RFP/Procurement Contract must be directed to the designated staff, as of the date hereof, identified on page 1 of this RFP, unless it is a contact that is included among certain statutory exceptions set forth in State Finance Law Section 139-j (3)(a). This period is referred to as the “restricted period”. The Board is also required to obtain certain information when contacted during the restricted period and make a determination of the responsibility of the prospective proposer/contractor pursuant to State Finance Law Sections 139-j and 139-k. Certain findings of non-responsibility can result in rejection of a contract award and, in the event of two findings within a 4-year period, the prospective proposer/contractor is barred from obtaining governmental Procurement Contracts. Prospective proposers/contractors are directed to Exhibit D to read the full policy and guidelines.

B. Proposers' Questions Concerning this RFP

Proposers may submit typed questions via electronic mail to: David.Fischer@nysdcp.com, by fax at 518-473-7255, or by mail to the following address:

David E. Fischer, Executive Director
New York State Deferred Compensation Plan
P.O. Box 2103
Empire State Plaza Station
Albany, NY 12220-2103

Questions regarding the RFP will be accepted until 5pm EST on May 22, 2015. No telephone inquiries will be accepted. Answers to all questions will be posted on the Board's Web site, www.goer.ny.gov/nysdcp, no later than June 5, 2015. The firm that posed the question(s) will not be identified.

C. Proposal Due Date

Proposals are due no later than 5pm EST on June 26, 2015. Any proposals or solicited amendments to proposals received after the due date and cut-off time will not be considered in the review process and will be returned unopened to the proposer. Proposers are responsible for submitting their proposals on time. The Board takes no responsibility for any third party error in the delivery of proposals (e.g. US Post Office, Federal Express, UPS, courier, etc.).

D. Proposal Mailing Instructions

The delivery/ mailing address for proposals is:

Via Overnight Mail

Sharon Lukacs, Associate Director
NYS Deferred Compensation Plan
Empire State Plaza Concourse – North
Room 124
Albany, NY 12223

Via Regular Mail

Sharon Lukacs, Associate Director
NYS Deferred Compensation Plan
Empire State Plaza Station
P.O. Box 2103
Albany, NY 12220-2103

Proposers must submit (i) three copies of the completed proposal, each with an original signature, (ii) one completed Application for Competitively Bid Contract form (ADM-28) (Exhibit D), (iii) Vendor Responsibility Questionnaire (ADM-288) (Exhibits E), and (iv) both forms ST-220-TD and ST-220-CA.

VII. **Evaluation and Selection Process**

A. General Evaluation Criteria

The Board will designate an Evaluation Committee to review proposals based on the agreed upon criteria.

Specific criteria include the following:

- (i) **The qualification of the organization as evidenced by its experience, reputation, and clients over a substantial period of time;**
 - a) Total value of assets for which the organization provides comparable services.
 - b) Client retention statistics and quality of client references (if contacted).
 - c) Independence and freedom from conflicts of interest.
- (ii) **The ability of the organization to meet its contractual obligations and to provide the services set forth herein;**
 - a) Organization's ability to perform the services described in Section IV, including performance monitoring and service provider search capabilities.
 - b) Ability to provide advice on the investment structure of the Plan, including the Stable Income Fund (if applicable).
 - c) Ability to provide advice and expertise on alternative investments and market developments.
 - d) Ability to act as a fiduciary to the Plan with respect to the services provided.
- (iii) **The organization's experience with plans that meet the requirements for qualification under the IRC, including eligible state deferred compensation plans under Section 457 of the IRC;**
 - a) Experience providing services to Section 457, 401(k) and 403(b) plans.
 - b) Relevant experience of staff to be assigned to the Plan.
- (iv) **The organization's familiarity with public pension systems and obligations of fiduciaries under the Employee Retirement Income Security Act of 1974, and similar federal and state statutes;**
 - a) Experience providing services to public sector retirement plans.
 - b) Experience exercising duties and responsibilities as a fiduciary for clients.
- (v) **The overall quality and scope of the services to be provided;**
 - a) Quality and range of proposed general consulting services.
 - b) Quality of consulting services offered to unbundled defined contribution plans.
- (vi) **The overall cost efficiency of the proposal;**
 - a) Competitiveness of fee for general consulting services and RFP issuance.
- (vii) **Whether the services described in the proposal are of the highest quality and soundness in all respects.**

- a) Number of clients serviced by and comparable experience of proposed consultant.
- b) Quality of research and quality of investment reporting.

The Board, based upon the recommendation of the evaluation committee and thorough interviews of the finalist firms, will make the final selection. The finalists will be notified of the date, location, and time of their interview.

B. Interviews

The Board reserves the right to conduct more than one interview of selected finalists. These interviews may be conducted in Albany, New York and/or New York City. The interview is designed to allow the proposer to demonstrate their ability to provide the required services and further explain the contents of their proposal.

References may be checked for the top rated firms in the final stage of evaluation. The Board reserves the right to re-evaluate any decision as a result of reference checks.

C. Selection Process

All qualified proposals will be evaluated and an award made to the proposer whose bid represents the best value to the Plan and is determined to be in the best interests of the Plan's participants. This determination will be based on factors including the proposer's ranking relative to the evaluation criteria described in Section A above, the outcome of potential calls to references, potential finalists' presentations, and potential site visits. The findings that result from one or more of these activities and/or the inability to complete and submit required forms could result in elimination of a proposal. The Board reserves the unqualified right to reject any or all proposals or to accept a proposal based on the evaluation committee's recommendations, which does not conform in all respects to the terms set forth herein, provided such proposal is in substantial conformity with such terms, and provided further that such award is determined to be in the best interest of the Plan's participants.

D. Minimum Requirements

- The proposing firm must have a minimum of three (3) public and/or private sector pension fund clients with assets of at least \$1 billion each.
- The proposing firm must possess at least three (3) years' experience in providing investment consulting services to defined contribution plan clients, one of which must have assets of at least \$2 billion.
- The primary consultant must possess a minimum of five (5) years' experience serving as primary consultant and/or chief executive/chief investment officer for a retirement plan (defined benefit or defined contribution plan) with assets of at least \$2 billion.
- Proposing firms must attest in writing if the firm or its key professionals will encounter a conflict of interest in providing the services requested.

D. Conditions

Proposing firms are advised to become familiar with all conditions, instructions, and specifications governing this RFP, as well as the Board's Rules and Regulations and the terms and provisions of the Plan (all of the foregoing hereinafter referred to as the "Conditions"). The Conditions shall be incorporated by reference into the final contract. Once a proposal has been accepted, (i) the selected firm shall not refuse to enter into a contract where such refusal is based on an objection to any of the Conditions and (ii) the selected firm shall not be entitled to additional compensation, or to alter the terms of its proposal as a result of an objection to any of the Conditions. Proposing firms are further advised that the Board may refuse to accept any proposal not accompanied by a representation that the selected firm (i) will provide to the Board's legal counsel within 7 days of selection a contract complying with all terms required by this RFP; and (ii) will make available all resources necessary to ensure that an agreement acceptable to the Board is negotiated within 30 days of selection, or such other shorter period as the Board may announce prior to selection.

VIII. **Contract Terms and Conditions:**

The written contract with the finalist Investment Consultant shall be a standard State contract in a form prepared by the Board's legal counsel including "Standard Clauses for New York State Contracts" (Exhibit A).

If awarded a contract, the Investment Consultant will be required to submit certain forms and comply with the following information:

Equal Employment Opportunity

All proposers must submit an "Equal Employment Opportunity (EEO) Policy Statement" on their letterhead and signed by an official of the Investment Consultant. The "EEO Policy Statement" must be submitted before a contract can be awarded.

Non-Discrimination/Americans with Disabilities Act (ADA)

The Plan does not discriminate on the basis of race, color, national origin, sex, religion, age, disability, or sexual orientation in the admission to, access to, or employment in its program or activities. A reasonable accommodation will be provided on request. Any product(s) developed as a result of this RFP must be in a format that can be converted for use by individuals with disabilities to meet the reasonable accommodation standards established by the Americans with Disabilities Act.

1. Rights Reserved

In order to serve the best interests of the Plan and its participants, the Board reserves the right to:

- Postpone or cancel this RFP upon notification to all proposers.
- Amend the specifications after their release with appropriate notice to all proposers.
- Request proposers to present supplemental information clarifying their proposal, either in writing or in presentation form.
- Ask for a best and final offer from all finalists.
- Waive or modify minor irregularities in proposals received after prior notification to the proposer.
- Reject any and all proposals received in response to the RFP.
- Negotiate with the next highest rated proposer if negotiating a contract with the selected proposer cannot be accomplished within an acceptable time frame. No proposer will have any rights against the Board or the Plan arising from such negotiations.
- Make any payment contingent upon the submission of specific deliverables.

2. Assurances

The proposer agrees that it will perform all of its obligations in the resultant contract in accordance with all applicable federal, state and local laws, regulations and policies now or hereafter in effect. The proposer affirms that the terms of the RFP and the attachments do not violate any contracts or agreements to which it is a party, and that its other contractual obligations will not adversely influence its capabilities to perform under the contract.

3. Contract Negotiations

The Board's selection of the finalist Investment Consultant is subject to the negotiation of a mutually acceptable service agreement based on a form of agreement prepared by the Board's legal counsel.

4. Cancellation

The Board retains the right to cancel the contract without reason on reasonable notice to the Investment Consultant. This provision should not be understood as waiving the Board's right to terminate the contract for cause or stop work immediately for unsatisfactory work, but is supplementary to that provision.

5. Contract Extension

The Board's Rules and Regulations provide that the Board may elect to extend the term of the contract with a service provider for up to two consecutive one-year periods. The contract with the selected Investment Consultant will therefore provide for the possibility of extension at the Board's election.

6. Contract Termination Provision

The Board reserves the right to terminate any contract resulting from this RFP in the event it is found that the certification filed by the Contractor in accordance with New York State Finance Law Sections 139-j and 139-k or New York State Tax Law Section 5-a (ST-220 filings) was intentionally false or intentionally incomplete. Upon such finding, the Board

may exercise its termination right by providing written notification to the Contractor in accordance with the written notification terms of the contract.

7. Electronic Files or Data

If electronic files are to be exchanged as a part of this proposal or as a product of the contract, they must conform to the requirements of the Plan and the selected manager will be required to comply with the Information Security Breach and Notification Act (General Business Law Section 889-aa; State Technology Law Section 208).

8. Conflict of Interest

Proposers may be requested to provide evidence that the award of the contract from this RFP will not result in any conflict of interest with regard to either other work performed by the contractor or to potential conflict of interest among specific contractor staff or subcontractors.

9. Indemnification

Contracts between the Board and contractors for services to the Plan do not contain provisions providing for indemnification from the State of New York, the Board or the Plan in favor of the contractor.

10. Publicity

Publicity includes, but is not limited to, news conferences, news releases, advertising, brochures, reports, and/or presentations at conferences or meetings. The inclusion of Plan materials, the name of the Plan, or other such reference to the Plan or the Board in any document or forum is considered publicity. News releases or any other public announcements regarding work to be performed under this contract may not be released without prior approval from the Board.

11. Freedom of Information Law and Proposer's Proposals

The purpose of New York State's Freedom of Information Law ("FOIL"), which is contained in Public Officers Law ("POL") Sections 84-90, is to promote the public's right to know the process of governmental decision making and to grant maximum public access to government records. Thus, a member of the public may submit a FOIL request for contracts awarded by the Board or for the proposals submitted to the Board in response to an RFP. After formal contract approval by the New York State Comptroller's Office, the proposal of the successful proposer and the proposals of the non-successful proposers are subject to disclosure under FOIL.

Pursuant to Section 87(2)(d) of FOIL, the Board may deny access to those portions of proposals or portions of a successful proposer's contract which are "trade secrets or submitted to the Board by a commercial enterprise or derived from information obtained from a commercial enterprise and which, if disclosed, would cause substantial injury to the competitive position of the subject enterprise". Please note that information, which may be

claimed as proprietary, copyrighted, or rights reserved is not necessarily protected from disclosure under FOIL.

If there is information in your proposal that meets the definition set forth in Section 87(2)(d) of FOIL, you must so inform the Board in a letter accompanying your proposal. This letter must contain the following information:

1. Identification by page, line or other appropriate designation of that specific portion of the proposal which contains the information; and
2. A detailed justification of why disclosure of such information to the public under FOIL would cause substantial injury to your competitive position. Please note that State courts have ruled that a mere conclusory statement that certain information is a trade secret and that disclosure would cause injury to your competitive position is insufficient to protect it from disclosure under FOIL.

Failure to identify the information you believe should be protected by Section 87(2)(d) of FOIL may result in such information being disclosed if a FOIL request is received.

12. Tax Certification

State Tax Law Section 5-a requires that certain contractors with the Board must certify whether or not the contractor, its affiliates, its subcontractors and affiliates of the subcontractors are required to register to collect State sales and compensating use tax. If a contractor is required to register, the contractor must also certify that it is so registered with the State Department of Taxation and Finance (“DTF”).

The selected proposer(s) will be required to complete and sign, under penalty of perjury, the Contractor Certification Form ST-220-TD and ST-220-CA, and submit a copy, if available, of the firm’s Certificate of Authority from the DTF (or if not available, the firm must represent that it is so registered and that it has confirmed such status with the DTF). Blank forms are available on the Board’s Web site: www.goer.state.ny.us/nysdcp.

13. Vendor Responsibility

The Board is required to conduct a review of a prospective contractor to provide reasonable assurances that the vendor is responsible. To assist the Board, each proposer is required to complete a Vendor Responsibility Questionnaire, Form ADM-288 (see attached Exhibit E). Such questionnaire will require a certification by the finalist certifying to the accuracy of the information provided thereon.

The Board reserves the right to terminate a contract for non-responsibility, including failure to disclose information.

14. Relationship Between the Board and Contractor

The relationship of the selected firm to the Board shall be that of an independent contractor. In accordance with such status as an independent contractor, the Contractor covenants and agrees to act consistent with such status: to neither hold itself out as, nor claim to be, an officer or employee of the Plan or the State by reason hereof; and not to, by

reason hereof, make any claim, demand, or application to or for any right or privilege applicable to an officer or employee of the Plan, including but not limited to workers' compensation coverage, unemployment benefits, social security coverage, or retirement membership credit.

15. Information Security

Effective August 30, 2006, any selected contractor is required to comply with the provisions of the New York State Information Security Breach and Notification Act (General Business Law Section 899-aa; State Technology Section 208). This act requires that State entities and persons or businesses conducting business in New York who own or license computerized data which includes private information including an individual's unencrypted personal information plus one or more of the following: social security number, driver's license number or non-driver ID, account number, credit or debit number plus security code, access code or password which permits access to an individual's financial account, must disclose to a New York resident when their private information was, or is reasonably believed to have been, acquired by a person without valid authorization. Notification of breach of that private information to all individuals affected or potentially affected must occur in the most expedient time possible without unreasonable delay, after measures are taken to determine the scope of the breach and to restore integrity; provided, however, that notification may be delayed if law enforcement determines that expedient notification would impede a criminal investigation. When notification is necessary, the State entity or person or business conducting business in New York must also notify the following New York State agencies: the Attorney General, the Office of Cyber Security and Critical Infrastructure Coordination (CSCIC) and the Consumer Protection Board (CPB). Information relative to the law and the notification process is available at: <http://www.cscic.state.ny.us/security/securitybreach/>. A contractor shall be liable for the cost associated with such breach if caused by Contractor's negligent or willful acts or omissions, or the negligent or willful acts or omissions of the Contractor's agents, officers, employees or subcontractors.

16. State Consulting Service Reporting

Chapter 10 of the Laws of 2006 amended certain sections of State Finance Law and Civil Service Law to require disclosure of information regarding contracts for consulting services in New York State.

The winning proposer for procurements involving consultant services must complete a "State Consultant Services Form A, Contractor's Planned Employment from Contract Start Date through End of Contract Term" in order to be eligible for a contract.

Winning proposers must also agree to complete a "State Consultant Services Form B, Contractor's Annual Employment Report" for each New York State fiscal year covered by the resulting contract. This report must be submitted annually to the Board, the Office of the State Comptroller, and the Department of Civil Service.

Both of these forms are attached as Exhibit F.

IX. Compliance Requirements

Compliance with New York State Policy

I (we), the undersigned, affirm that we are willing to comply with all the conditions set forth in the RFP, specifically, those set forth in Exhibit A, “Standard Clauses for all New York State Contracts” and all the statutes and regulations pertaining thereto.

Non-Discrimination in Employment in Northern Ireland: MacBride Fair Employment Principles

In accordance with Chapter 807 of the Laws of 1992, the proposer, by submission of this proposal, certifies that it or any individual or legal entity in which the proposer holds a 10% or greater ownership interest, or any individual or legal entity that holds a 10% or greater ownership interest in the proposer, either (answer Yes or No to one or both of the following, as applicable):

A. Operates a business in Northern Ireland? Yes No

If yes, shall take lawful steps in good faith to conduct any business operations they have in Northern Ireland in accordance with the MacBride Fair Employment Principles relating to non-discrimination in employment and freedom of workplace opportunity regarding such operations in Northern Ireland, and shall permit independent monitoring of their compliance with such principles.

Yes No

Non-Collusive Proposal

By submission of this proposal, the proposer and each person signing on behalf of the proposer certifies, and in the case of a joint proposal, each party thereto certifies as to its own organization, under penalty of perjury, that to the best of his or her knowledge and belief:

- A. The fee schedule in this proposal have been arrived at independently without collusion, consultation, communication, or agreement, for the purposes of restricting competition, as to any matter relating to such fees with any other proposer or with any competitor.
- B. Unless otherwise required by law, the fee schedule quoted in this proposal has not been knowingly disclosed by the proposer and will not knowingly be disclosed by the proposer prior to the day following the Closing Date for Submission of Proposals, directly or indirectly, to any other proposer or to any competitor.
- C. No attempt has been made or will be made by the proposer to induce any other person, partnership or corporation to submit or not to submit a proposal for the purpose of restricting competition.

I (we), the undersigned, attest that I am (we are) authorized to bind the proposer to the provisions of this Request for Proposals.

Name/Title of Individual or Firm’s Officer Authorized to Sign Contract:

Signature: _____ **Date:** _____

X. ADDENDUM

QUESTIONNAIRE

(Responses to Questions are Required for All Proposals)

A. General Information Regarding Firm

- (1) Provide firm name (legal name of the contracting entity) and address along with relevant contact name(s) and title(s).
- (2) Provide a brief history of your firm and, if applicable, its parent organization. Please provide an organizational chart of your firm and describe the relationship between the investment consulting group and the other divisions of your firm.
- (3) Please indicate the dollar amount and percentage of your firm's revenue derived from investment consulting.
- (4) Where are your firm's headquarters located? Where is your firm's primary investment consulting office located? Which office would provide the Board's servicing?
- (5) State whether your firm, its affiliate, or any subsidiary is a registered investment adviser with the SEC under the Investment Adviser's Act of 1940, as amended.
- (6) Describe significant changes that have been made to your firm in the past three years. Do you anticipate significant changes in the future?
- (7) Provide data relating to turnover ratios of your consulting, technical and research staff.
- (8) Provide information on your insurance coverage and bonding.

Type of Policy/Bond	\$ Amount Per ____ (Indicate)
Fiduciary Liability	
Errors and Omissions	
Other (describe)	

- (9) Please list the number of plans (clients) and the amount of assets for which your firm has provided general investment consulting service.

As of (Date)	Number of Plans (Clients)	Total Market Value of Assets
December 31, 2014		
December 31, 2013		
December 31, 2012		
December 31, 2011		
December 31, 2010		

- (10) Please list your five largest defined contribution plan clients by category (corporate or public).

As of (Date)	Category	Total Market Value of Assets
1.		
2.		
3.		
4.		
5.		

- (11) During the past five years, has your firm, or any officer or principal of your firm, been involved in any business litigation or legal proceedings, including, without limitation, litigation or legal proceedings involving the State of New York or any agency or political subdivision thereof? Are there any circumstances specifically related to your investment consulting activities under which your firm, its officers or employees receive direct or indirect compensation from investment managers? If so, please provide a detailed explanation of how your firm prevents potential conflicts of interest.
- (12) Does your firm charge investment managers any fees when they participate in searches you conduct on behalf of clients? If so, explain how you prevent potential conflicts of interest.
- (13) Describe in detail any potential conflicts of interest your firm may experience in providing services to the Board. Include activities of all affiliated organizations as well as existing relationships with all categories of Plan service providers.
- (14) Describe your firm's affirmative action program and commitment to nondiscrimination and equal opportunities in hiring and promoting.

- (15) Would your firm be able to acknowledge that it is a fiduciary with respect to the advice and services provided to the Board? If not, please explain.

B. Proposed Client Team

- (1) Identify the primary consultant dedicated to the Board and the secondary consultant and explain how the primary consultant dedicated to the Board would function, including the responsibilities of the primary consultant, the availability of the secondary consultant to assist when the primary consultant is unavailable, back-up and quality control procedures, and support services.
- (2) Provide the resumes of all principals, other professionals and support personnel who would provide service to the Board. Background information regarding proposed personnel should include years of experience advising public entities and large defined contribution plans.
- (3) Describe areas of expertise for each member of the proposed client team.
- (4) Will the Board be the primary consultant's only account? If not, how many client relationships will the primary consultant service in addition to the Board?
- (5) Please list the primary consultant's current clients and engagements by asset size, category of client and type of engagement (e.g. general consulting, special project).
- (6) Have any senior investment consulting personnel left your firm within the past three years? If so, please explain the circumstances.
- (7) Describe your firm's backup communication procedures when personnel assigned to the Board are traveling or unavailable. Describe your firm's standard and emergency communication procedures.
- (8) How are consultant's client recommendations reviewed and monitored?
- (9) Does your firm have a written code of ethics or conduct? If so, please provide.
- (10) Describe your firm's compensation arrangement for professional staff. How does this arrangement encourage the retention of key professionals?

C. General Investment Consulting Capabilities

- (1) Describe the range of services your firm provides to clients and identify specialty areas in which your firm believes that it delivers exceptional value relative to industry standards.
- (2) Provide a brief narrative describing the unique investment consulting characteristics of your firm.
- (3) Describe your firm's ability to complete special projects or reports on time.

- (4) Describe your firm's system of quality control.
- (5) Explain your firm's approach to developing investment policies and investment guidelines.
- (6) Describe your firm's process for assisting in the ongoing review of investment policies and procedures and for monitoring compliance with investment policies and procedures.
- (7) Describe your firm's capabilities and specific services you offer in assisting in the design of an investment provider program and in the selection of investment managers.
- (8) Describe your firm's capabilities and expertise with respect to advising the Board on alternative investments and investment products.
- (9) What guidance can you offer the Board with respect to securities lending?
- (10) How often do you visit with investment managers that you actively monitor? What does a due diligence visit to an investment manager usually entail?
- (11) Has your firm worked with other large public sector and corporate defined contribution plans in designing and implementing an investment program? If so, please provide the name and size of the Plan, number of participants, contact personnel, and the scope of services provided. The Board may contact these clients as references.

D. Development, Issuance and Evaluation of Request for Proposals

- (1) Describe the resources within your firm to assist with the issuance of Request for Proposals (RFP) on behalf of the Board.
- (2) For each of the vendors listed in Exhibit G, other than investment managers, please list the years of expertise and specific skills of the team(s) responsible for developing and analyzing the RFP responses.
- (3) If one team is responsible for developing, issuing and analyzing the RFPs for all of the vendors listed, please explain what additional resources, if any, are used to ensure the Board is receiving the technical expertise required for each of these services.

E. Selection and Review of Financial Services Providers

- (1) Describe how your firm gathers, verifies, updates and maintains information regarding investment managers for inclusion in your firm's database.
- (2) Indicate how your firm identifies and evaluates MWBE firms and your commitment to outreach with these firms. Explain how this results in their inclusion in the selection process for the Board.
- (3) Does your firm designate professionals who are dedicated to manager search and evaluation? If so, how many and where are they located? Describe their role in the manager search process.

- (4) Describe, in detail, your firm's process for evaluation and selection of investment managers. Provide a list of criteria your firm uses to screen its database and the respective weightings generally assigned to each criterion. Detail some of the key issues your firm would typically examine in the process.

F. Investment Program Design

- (1) Describe your firm's experience in evaluating design alternatives based on objectives of asset diversification, cost effectiveness, encouraging participation and overall quality.
- (2) Describe your firm's services including, but not limited to, project-based services for assisting in the evaluation of potential modifications to the Plan's investment structure.
- (3) Describe your firm's view of best practices for large defined contribution plans.
- (4) Explain whether you believe the Plan currently offers too many or too few investment options as core investments.
- (5) If the Board was advised to terminate a fund manager and have those assets transitioned to a different manager, would you negotiate to have this done as a cash transaction or suggest the use of a transition manager?
- (6) Describe your firm's capabilities in assisting in a plan's transition from one investment structure (e.g. mutual funds) to another (e.g. separate accounts).

G. Performance Evaluation

- (1) How does your firm monitor the performance of an investment manager?
- (2) Provide an overview of your firm's performance reporting services.
- (3) What methods and sources of data does your firm use in calculating investment performance? Does your firm have a database of managers in house or do you use an outside firm? Is it proprietary? Does your firm sell its database to third parties?
- (4) Describe your firm's process for reconciling performance with investment managers and custodians.
- (5) How frequently are performance reports produced and delivered? Provide a timeline for production and delivery to a client. What quality control processes and written procedures does your firm have in place? Include a sample performance evaluation report for a similar client.
- (6) Do your firm's reports provide executive summary sections that highlight any issues that need to be discussed or investigated? Explain how such reports monitor compliance with investment guidelines.

H. Assistance in Management of the Stable Income Fund (if Applicable)

- (1) Describe your firm's qualifications for advising the Board on the structure and asset allocation of the Stable Income Fund.
- (2) Describe your firm's qualifications for evaluating various stable income fund managers, in accordance with recommendations made by the Plan's Stable Value Structure Manager.

I. Client Relations

- (1) Provide a current list of the firm's five largest relevant clients, including name, contact, telephone number, asset values, length of relationship, and the service(s) provided. The Board may contact any of these clients as references.
- (2) Provide details of any client relationships that have been terminated within the last two years, along with the reasons for termination. The Board may contact these organizations as references.
- (3) Provide details of any new relevant client relationships that have been implemented within the last two years. The Board may contact any of these organizations and references.

J. Contract Terms:

- (1) Will your firm agree to indemnify and hold the NYS Deferred Compensation Plan harmless from all claims, losses, damages, and expenses (including attorney's fees) resulting from your firm's negligence, omissions or breach of contract?
- (2) Would your firm agree to a "most favored nations" clause with respect to fees to be charged? Explain how fees are determined among your clients if there are differences among your clients.

XI. ADDENDUM

FEE PROPOSAL

Annual Retainer (General Consulting Services, including Stable Income Fund):

April 1, 2016 - March 31, 2017 = \$ _____

April 1, 2017 - March 31, 2018 = \$ _____

April 1, 2018 - March 31, 2019 = \$ _____

April 1, 2019 - March 31, 2020 = \$ _____

April 1, 2020 - March 31, 2021 = \$ _____

Issuance/Analysis/Recommendation of RFPs

Administrative Services Agency = \$ _____

Investment Managers = \$ _____ (per asset class)

\$ _____ (per additional asset class
– same RFP)

\$ _____ (individual RFP maximum)

Stable Income Fund Investment Managers = \$ _____ (per duration mandate)

\$ _____ (per additional duration
mandate in same RFP)

\$ _____ (individual RFP maximum)

Trustee/Custodian = \$ _____

Securities Lending Institution = \$ _____

Stable Value Structure Manager = \$ _____

Cash Manager – Stable Income Fund = \$ _____

Transition Manager = \$ _____

If applicable, note any activity-based assumptions that form the basis of the proposal, including the number of RFPs the firm will issue on behalf of the Board. When formulating this assumption, please make note of scheduled maturities from Appendix G.