

**REQUEST FOR PROPOSALS FROM FINANCIAL ORGANIZATIONS  
FOR THE PROVISION OF A SEPARATELY MANAGED FIXED  
INCOME CASH PORTFOLIO FOR THE DEFERRED COMPENSATION  
PLAN FOR EMPLOYEES OF THE STATE OF NEW YORK AND OTHER  
PARTICIPATING PUBLIC JURISDICTIONS ("PLAN")**

**October 22, 2012**

**Designated Contact for this Procurement:**

*Mark Kline*  
*Callan Associates*

**All contact/inquires shall be made by e-mail to the following address: [kline@callan.com](mailto:kline@callan.com)**

## **I. PURPOSE**

The State of New York, through the New York State Deferred Compensation Board (the “Board”), is seeking formal written proposals from financial organizations to provide a separately managed fixed income cash portfolio (the “Cash Portfolio”) within the Plan’s Stable Income Fund (the “Fund”).

To be eligible for selection, the financial organization must be an organization duly authorized to do business in the State of New York prior to the allocation of assets, and be (i) a registered investment adviser under the Investment Advisers Act of 1940, as amended, or (ii) a bank, as defined in that Act; or (iii) an insurance company qualified under the laws of more than one state to manage, acquire or dispose of assets of plans which meet the requirements for qualification under the Internal Revenue Code, governmental plans and eligible state deferred compensation plans.

This Request For Proposal is divided into nine sections. The sections include (I) Purpose, (II) Background, (III) Product Design Requirements, (IV) Timing and Procedures Governing Submission of Proposals, (V) Selection Process, (VI) Conditions, (VII) Contract Questionnaire, (VIII) Firm History and Experience, and (IX) Product Detail Information. In addition to the nine sections, this Request For Proposal includes the following exhibits:

- Exhibit A: Standard Clauses for all New York State Contracts
- Exhibit B: Affirmative Action/Equal Employment Opportunity/Non-Discrimination Policy
- Exhibit C: The Plan’s Procurement Guidelines
- Exhibit D: Stable Income Fund Assets by Category
- Exhibit E: Policy and 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 F: Stable Income Fund Investment Policies and Guidelines
- Exhibit G: Vendor Responsibility Questionnaire, Form ADM-288
- Exhibit H: Plan Assets by Investment Option.

Pursuant to the guidelines in Exhibit E, the designated contact person for this contracting opportunity during the restricted period will be Mark Kline at [kline@callan.com](mailto:kline@callan.com).

## II. BACKGROUND

The Plan is intended to satisfy the requirements for an eligible deferred compensation plan under Section 457 of the Internal Revenue Code of 1986, as amended (the “IRC”) applicable to governmental employers described in Section 457(e)(1)(B) of the IRC (such an eligible plan being a “Section 457 Plan”). Plan participants are able to defer income into the Plan through automatic payroll deductions and direct the investment of such deferrals into the various Plan investment options. The Plan permits participants to allocate their deferrals to a pre-tax account or a Roth 457 account in accordance with Section 457. Deferrals to the pre-tax account, including any income attributable thereto, will not be included in the gross income of Plan participants until the taxable year or years in which such amounts are actually distributed to the participant or the participant’s beneficiary. Deferrals to the Roth 457 account will be taxable in the year of contribution and exempt from further income taxation in accordance with state and federal law. A copy of the current Plan Document is available on the Board’s website, <http://www.goer.ny.gov/nysdcp/> (under the New York State Deferred Compensation Plan - Participating Employers link). The Plan is governed by Section 457 of 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.

Participants are currently given a choice of directing their contributions to any or all of the following investment options: (i) various no-load mutual funds managed by independent investment advisers; (ii) active and passive international equity portfolios managed by several underlying independent investment advisers; (iii) PCRA brokerage window and/or (iv) a Stable Income Fund consisting of a cash account, GICs, separate account investment contracts and wrapped fixed income separate accounts managed by registered investment advisers. All assets of the Plan are held in trust to comply with Section 457(g) of the IRC.

The benefits provided to any participant under the Plan depend upon the aggregate amount deferred and the investment performance of the investment options in which such amounts are invested. Plan participants may direct their future contributions to any of the investment options which are offered, may change their investment direction as to future contributions, and, subject to certain restrictions, may generally transfer their accumulated contributions and earnings from one investment option to another, on a daily basis. In addition, participants may take loans from their plan accounts and convert any pre-tax amounts to a Roth 457 account when eligible to receive a roll over eligible distribution.

As of August 31, 2012, the State and approximately 1,360 other public employers had adopted the Plan and approximately 195,000 employees were participating in the Plan. As of that date, assets in the Plan were approximately \$13.7 billion. Contributions to the Plan are currently being made at the rate of approximately \$72 million per month.

The following organizations currently provide administrative, custodian, trustee and investment services to the Plan:

Administrative Service Agency: Nationwide Retirement Solutions, Inc.

Custodian/Trustee: The Bank of New York Mellon

Auditor: CliftonLarsonAllen LLP

Stable Value Structure Manager: Dwight Asset Management Company LLC

Independent Consultant: Callan Associates Inc.

Legal Counsel: Shearman and Sterling LLP

#### Financial Organizations

No-Load Mutual Fund Providers: Columbia Management Distributors, Inc  
Davis Selected Advisors, LP  
Eaton Vance Management  
Federated Shareholder Services company  
Fidelity Shareholder Services Company  
Hartford Securities Distribution Company, Inc.  
Janus Capital Group  
Morgan Stanley Investment Management, Inc.  
Pax World Funds Series Trust I  
Perkins Investment Management  
Principal Funds Distributors, Inc.  
T. Rowe Price Associates, Inc.  
The Vanguard Group, Inc.  
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 Investment Services

Stable Income Fund (the “Fund”)

The following organizations are anticipated to provide services to the Fund by year-end:

Sub- Managers:

BlackRock Financial Management, Inc.  
Babson Capital Management  
Earnest Partners, LLC.  
Goldman Sachs Asset Management, L.P.  
ING Investment Management  
Jennison Associates, LLC.  
MacKay Shields LLC.

Wrap Issuers:

The Prudential Insurance Company of America  
State Street Bank and Trust Company

Separate Account Issuers:

ING Life Insurance and Annuity Company  
Massachusetts Mutual Life Insurance Company  
New York Life Insurance Company

As of August 31, 2012, approximately \$7.5 billion was invested in 32 no-load mutual funds and two separately managed international equity portfolios. Under the current structure the international active portfolio consists of five underlying separate account managers, while the international passive portfolio has one underlying portfolio manager. Approximately \$6.0 billion in assets were invested in the Fund. A detailed summary is provided in Exhibit H.

All payroll deductions are transmitted directly to the combined custodian and Trustee (hereinafter referred to as Trustee) by the State and local employers. The Trustee then allocates such funds among the Plan’s investment options pursuant to instructions provided by the Plan’s Administrative Service Agency and based on the aggregated directions of the Plan participants. In accordance with the Rules and Regulations, all funds received by the Trustee are transmitted to the appropriate investment options within two business days of receipt.

### **III. PRODUCT DESIGN REQUIREMENTS**

The Board is seeking proposals from financial organizations to provide a Cash Portfolio within the Fund. The cash manager will seek to provide liquidity required to meet the cash needs of the Fund on a daily basis.

Proposers should have a clearly defined investment style and process. The Cash Portfolio may invest in securities rated A-1 and P-1 or Aaa/AAA by Standard & Poor's (S&P) and Moody's Investor's Service (Moody's), respectively. The duration of the Cash Portfolio shall be 90 days or less and the maximum maturity of any security shall be one year. The Cash Portfolio must seek to maintain a constant net asset value of \$1.00 per share. The Cash Portfolio must adhere to the investment guidelines issued by the Board as enclosed in Exhibit F, paying particular attention to Section III A. Sector Guidelines.

The Cash Portfolio will be targeted to hold 5% of the Fund for daily liquidity, but will fluctuate between 0% and 10% of the overall Fund over time as necessary to meet liquidity demands. All participant contributions to the Fund are initially deposited into the Cash Portfolio. Payments made from the Fund at any time as a result of transfers by participants to other investment options under the Plan, distributions to participants, or withdrawals by participants under the Plan, are currently made from the Cash Portfolio. The Board reserves the right to make payments, on a pro-rata basis from all GICs, separate account investment contracts, and wrapped fixed income separate accounts managed by registered investment advisers to the extent that the Cash Portfolio is depleted by participant withdrawals. The withdrawal methodology may be changed during the life of this contract.

### **IV. TIMING AND PROCEDURES GOVERNING SUBMISSION OF PROPOSALS**

#### *A. Calendar of Events*

<u>Activity</u>	<u>Date</u>
1. Distribution of RFP	October 22, 2012
2. Closing date for Submission of Questions	November 2, 2012
3. Posting of Response to Questions	November 9, 2012

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|---|------------------------------------|
| 4. Closing Date for Submission of Proposals   | December 5, 2012                   |
| 5. Review by Consultant and Stable Value Structure Manager and Notification of Finalists Selected | On or about<br>January 7, 2013     |
| 6. Presentations to the Board, Board Staff, and/or Board Advisers.                                | On or about<br>January 21-25, 2013 |
| 7. Anticipated Notification of Successful Investment Managers                                     | On or about<br>February 25, 2013   |
| 8. Allocation of Funds  | On or about<br>July 1, 2013        |

Submission of Questions:

Proposers may submit written questions regarding this RFP to the Plan no later than 5:00 p.m. (ET), Friday, November 2, 2012 via the internet only to [kline@callan.com](mailto:kline@callan.com). Responses to all questions will be posted to the Board’s website, similar questions posed by different proposers may be combined for a single response. While all questions will be answered, the entity submitting the question will not be identified.

*B. Form and Substance of Proposals*

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. Proposals must indicate whether, over the past five years, your organization, or any officer or principal of your organization, has been involved in any business litigation or legal proceeding, including, without limitation, those matters involving the State or any agency or political subdivision thereof. If any business litigation or legal proceeding applies, you must provide a brief explanation and indicate the current status.

All contracts with the Board 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 State law. A copy of the Rules and Regulations may be obtained from the Board’s web site, <http://www.goer.ny.gov/nysdcp> The Board currently submits contracts to the Attorney General and Comptroller of the State of New York for review and approval. The Office of the State Comptroller requires that the selected proposer meet the definition of a Responsible Vendor as defined by the State (more information is provided on the Office of the State Comptroller’s web

site, [www.osc.state.ny.us/vendrep/index.htm](http://www.osc.state.ny.us/vendrep/index.htm)). The Board is required to conduct a review of a prospective contractor to provide reasonable assurances that the vendor is responsible. In addition, all contractors must abide by the State's affirmative action considerations and the Plan's Procurement Guidelines. 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 the contract with the Board, if selected.

In accordance with subdivision 2 of section 5 of the New York State Finance Law, the Board is committed to ensuring the inclusion of MWBE Asset Managers and MWBE Financial and Professional Service Firms in requests for proposals or searches conducted by or on behalf of the Board with respect to the selection of service providers to the New York State Deferred Compensation Plan. Proposals should indicate if your organization, or any investment managers proposed for the mandate, are designated MWBE.

The standard clauses for State contracts, Affirmative Action Guidelines and the Plan's Procurement Guidelines are attached hereto as Exhibits A, B, and C, respectively. The Fund Assets by Category are attached hereto as Exhibit D. The Policy and Guidelines for Implementing the New York State Procurement Lobbying Law, Sections 139-j and 139-k of the New York State Finance Law are attached as Exhibit E. The Fund Investment Policies and Guidelines are attached hereto as Exhibit F. The Vendor Responsibility Questionnaire, Form ADM-288, is attached as Exhibit G and the Plan Assets by Investment Option is attached as Exhibit H.

To receive consideration, all proposals must (i) conform to the specifications set forth in this RFP, (ii) include a fully completed questionnaire providing the information requested in **Sections VII, VIII and IX**. Additionally, the firm will be required to submit a fully completed Application for Competitively Bid Contract (ADM 28) and a Vendor Responsibility Questionnaire (ADM-288), Exhibits E and G. The proposal must also contain a representation that the proposal complies with all requirements of the Rules and Regulations. Neither the Board nor the State 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 because of any misunderstanding or misinterpretation of the specifications, because of any misinformation or lack of information or because such proposer is not selected to provide the services proposed.

To receive consideration, **three (3) copies** of all proposals must be received at the following address no later than the close of business **Wednesday, December 5, 2012**. *In addition to the hard copies, please include one CD containing pdf files of your full response including performance history.*

New York State Deferred Compensation Board  
Empire State Plaza Station  
P.O. Box 2103  
Albany, NY 12220-2103

Attn: Mr. Edward Lilly  
Executive Director

Additionally, an electronic copy of all proposals and proposed product quarterly performance history must be sent to the following email addresses no later than the close of business Wednesday, December 5, 2012.

[kline@callan.com](mailto:kline@callan.com)  
[mckechnie@callan.com](mailto:mckechnie@callan.com)  
[dstarr@dwright.com](mailto:dstarr@dwright.com)  
[mmastro@dwright.com](mailto:mmastro@dwright.com)  
[dwestbrook@dwright.com](mailto:dwestbrook@dwright.com)  
[jbissett@dwright.com](mailto:jbissett@dwright.com)

Any financial organization that receives a copy of this RFP, but who declines to make a proposal is requested to send a formal "Decline to Make a Proposal" letter to the address below:

New York State Deferred Compensation Board  
c/o David Starr  
Dwight Asset Management Company LLC  
100 Bank Street, Suite 800  
Burlington, VT 05401

*C. Award or Rejection*

All qualified proposals will be evaluated and an award will be made to the financial organization whose product represents the best option to the Plan and whose product is determined to be in the best interests of the Plan's participants.

The evaluation of proposals will be made by the Board based on information supplied in the financial organization's proposal including, without limitation, the provision of references by the

proposer and verification thereof and such other available information which the Board determines advisable to consult. A summary of the information used in the selection process with regard to a responding financial organization, other than information received from such financial organization, will be made available to that financial organization upon written request, but not to any other responding financial organization.

## **V. SELECTION PROCESS**

### *A. General Evaluation Criteria*

In selecting a financial organization in response to the Request for Proposals, the Board will use criteria that comply with the requirements of the Rules and Regulations including sections 9003.2 and 9003.3 thereof, in addition to the provider's agreement to the description of the terms contained in the Plan's standard investment management agreement. Examples of information that will be evaluated to rank proposals against these criteria are as follows:

- (i) the qualification of the organization as evidenced by the experience, reputation, and clients over a substantial period of time;
  - a. Investment philosophy and portfolio strategy.
  - b. Risk control measures.
  - c. Investment record over substantial period of time.
  - d. Length of time offering similar products.
  
- (ii) the ability of the organization to meet its contractual obligations and to provide the services set forth herein;
  - a. Stability of the firm as measured by its organizational structure and financial condition.
  - b. Organization's ability to provide the product described in Section III, Product Design Requirements.
  
- (iii) the organization's experience with plans that meet the requirement for qualification under the Code, including eligible state Section 457 Plans;
  - a. Experience providing services to 457, 401 (k) and 403 (b) plans.
  - b. Number of plans serviced by size and type and categories of services provided.

- (iv) the organization's ability to interface with financial organizations with which the Board might have contact.
  - a. Experience receiving assets from investment options managed by different financial organizations with which the Board has or may have a contract.
  - b. Experience transferring assets to investment options managed by different financial organizations with which the Board has or may have a contract.
  
- (v) the overall cost efficiency of the proposal;
  - a. Fee structure.
  - b. Supplemental costs involved.
  
- (vi) the overall quality and scope of the services to be provided;

Each financial organization selected will be required to provide appropriate evidence of adequate insurance and adequate bonding in accordance with Section 9005.4 of the Rules and Regulations. The final determination as to whether adequate insurance and adequate bonding are provided by the relevant financial organization will be made by the Board, in accordance with the Rules and Regulations, at the time of selection.

*B. Review by Stable Value Structure Manager*

Based on the criteria described above, Dwight Asset Management will review and screen all bids and recommend finalists to the Board on or about January 7, 2013. All finalists will receive notice of their selection.

*C. Presentations to Board*

The Board, Board Staff and/or Board advisors may conduct interviews of selected finalists on or about January 21-25, 2013.

*D. Notification of Selected Financial Organization(s)*

It is anticipated that the selected financial organization(s) will be notified by the Board on or about February 25, 2013.

*E. Allocation of Funds*

Allocations to the selected financial organization(s) will begin on or after July 1, 2013.

*F. Terms of Contract*

The Board expects to enter into a contractual arrangement of up to ten years as permitted by the Rules and Regulations of the Board. The Board's Rules and Regulations permit the Board to provide two one-year extensions where such extension would be in the best interests of the Plan and Plan participants.

*G. Contract Terms and Conditions*

The written contract with the awarded financial organization shall be a standard State contract and shall include, without amendment, the "Standard Clauses for New York State Contracts" (Exhibit A).

If awarded a contract, the financial organization 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 financial organization. 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.

**Rights Reserved**

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

1. Postpone or cancel this RFP upon notification to all proposers.
2. Amend the specifications after their release with appropriate notice to all proposers.
3. Request proposers to present supplemental information clarifying their proposal, either in writing or in formal presentation.
4. Waive or modify minor irregularities in proposals received after prior notification to the proposer.
5. Reject any and all proposals received in response to this RFP.
6. Negotiate with the next highest rated proposer if negotiating a contract with the selected proposer(s) cannot be accomplished within an acceptable time frame. No proposer will have any rights against the Board or the Plan arising from such negotiations.
7. Make any payment contingent upon the submission of specific deliverables.
8. Negotiate all terms of the contract with the selected proposer, including fees, and make the selection contingent on successful negotiation of the contract.

### **Electronic Files or Data**

Electronic files that are to be exchanged as a part of this proposal or as a product of the contract, 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 899-aa; State Technology Law Section 208).

### **Conflict of Interest**

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

### **Indemnification**

No proposer will be entitled to include a provision in the contract providing indemnification rights to the proposer. Any written contract with the Awarded financial organization will contain a provision acknowledging that no indemnification will be provided to the financial organization. Any contract will, however, be required to provide for the proposer's indemnification of the Board, the Plan, Plan participants, employers participating in the Plan, the Trustee and the staff of the Board in connection with the services provided.

## **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 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 the contract may not be released without prior written approval from the Board.

## **Freedom of Information Law and Proposer's Proposals:**

The purpose of the State's Freedom of Information Law ("FOIL"), which is contained in Public Officers Law 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 governmental 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 a RFP. After formal contract approval by the State Comptroller's Office, the proposal of the successful proposer and the proposals of the non-successful proposers are subject to disclosure under FOIL. Further information on this law is available at: <http://www.dos.ny.gov/coog/foil2.html>

Pursuant to Section 87(2)(d) of Public Officers Law, 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 you may claim as proprietary, copyrighted, or rights reserved is not protected from disclosure under FOIL.

**If there is information in your proposal that meets the definition set forth in Section 87(2)(d) of the Public Officers Law, 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 the 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) may result in such information being disclosed if a FOIL request is received.**

It is your responsibility to contact an attorney with any questions about FOIL.

### **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 submit a copy to the DTF and the Contractor Certification to Covered Agency Form ST-220—CA and submit a copy to the Board. More information regarding this requirement and copies of the required forms are available online at the Board’s website, <http://www.goer.ny.gov/nysdcp> (under the Procurement Opportunities and Information for Vendors link).

### **Vendor Responsibility**

The Board is required to conduct a review of a proposer to provide reasonable assurances that the vendor is responsible. If selected, the contractor is required to complete a Vendor Responsibility Questionnaire, Form ADM-288 (see attached Exhibit G). Such questionnaire will require a certification by the contractor 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 the contract with the Board, if selected.

The Board or designated Board staff will make a finding of responsibility or non-responsibility, considering any information that comes to its attention concerning the contractor’s responsibility. The Board or designated Board staff will contact the contractor should potentially negative information come to their attention in the proposal. If the Board finds a contractor to be 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 contractor is required to update their responsibility determination if a material event occurs during the contract term requiring an amendment.

### **Relationship Between the Board and Contractor**

The relationship of the selected financial organization 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.

### **Information Security**

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 Law Section 208). A contractor shall be liable for the cost associated with such breach if caused by Contractor's negligent or willful acts or omissions of the Contractor's agents, officers, employees or subcontractors.

### **Cancellation**

Cancellation for Convenience: The Board retains the right to cancel the contract without reason provided that the contractor is given written notice of its intent to cancel. This provision should not be understood as waiving the Board's right to terminate the contract for cause or stop working immediately for unsatisfactory work, but is supplementary to that provision.

### **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 was intentionally false or intentionally incomplete.

If a contractor fails to make the certifications required by Section 5-a of the New York State Tax Law, the contract cannot take effect. If during the term of the contract, the Tax Department or

the covered agency discovers that a certification was false, then such false certification may subject the contractor to civil or criminal sanctions, and a finding of non-responsibility for future procurements. Under certain circumstances, the statute provides that the contract shall be subject to termination if the covered agency determines that termination of the contract is in the best interest of New York State.

## **VI. CONDITIONS**

Responding financial organizations are advised to become familiar with all conditions, instructions, and specifications governing this RFP, as well as the 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 financial organizations 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 financial organizations 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. Responding financial organizations are further advised that the Board may refuse to accept any proposal not accompanied by a representation that the selected financial organizations (i) will provide written comments to the Board's legal counsel within seven days of receipt from the Board's counsel of a contract, with such comments 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 thirty days of receipt from the Board's counsel of a contract, or such other shorter period as the Board may announce prior to selection. The Board reserves the right, to the extent permitted by law, to make all final determinations about whether a financial organization has adequately satisfied the Conditions. The Board shall not be deemed to have waived any requirement set forth in this RFP unless the Board agrees to such a waiver in writing.

## **VII. CONTRACT QUESTIONNAIRE**

### **I. GENERAL BACKGROUND INFORMATION AND CONTRACT PARAMETERS**

1. As of August 31, 2012, there were approximately 195,000 Plan participants, of which 142,000 participants have a balance in the Fund. Monthly deferrals to the Fund, ranged between \$20.4 million and \$31.3 million during the 12 month period ending on August 31, 2012. The average monthly deferral to the Fund was \$28.7 million during the same period.

2. Transfers to the Fund are permitted each Business Day from all investment options currently offered under the Plan.
  
3. Under the Plan, distributions are permitted on a participant's termination of employment, retirement, death, or the occurrence of an unforeseeable emergency as defined by the Plan or, in certain cases, following a participant's attainment of age 70 1/2 while still employed. The Plan also provides for a loan program. In addition, distributions may be required if a participating public employer withdraws from the Plan. Participants and their beneficiaries may elect to receive distributions in lump sum payments, a fixed dollar amount payment or substantially equivalent monthly, quarterly or annual installment payments over a fixed number of years. Distributions for unforeseeable emergencies are made in a single sum payment.
  
4. Except as otherwise provided in Section III of this Request for Proposals, all distributions and transfers from the Fund will be made from the Cash Portfolio, GICs, separate account investment contracts, or wrapped fixed income accounts managed by registered investment advisors on a net pro-rata basis or as otherwise determined by the Board in the event the withdrawal methodology is modified as described in Section III. No surrender charges or other fees may be imposed for participant directed withdrawals, distributions and transfers from the Fund.

**VIII. FIRM HISTORY AND EXPERIENCE**

**1. Firm Name:** \_\_\_\_\_

**Address:** \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**Telephone:** \_\_\_\_\_

**Contact(s)/Title:** \_\_\_\_\_

**Email address:** \_\_\_\_\_

## 2. History & Background

- a. Describe the ownership of your firm. Specify whether ownership is public or private, identify major owners (holders of 10% or more of equity in the company), and the major owners' working interests in the operation and investment management phases of the organization. Include any recent or anticipated changes in the ownership structure. How long have the principals been in place?
- b. Describe your firm's business plan. What are the long-term objectives of your firm? Do you plan to limit the total number of accounts, total value of assets to be managed, or the number of professional and staff employees? What growth factors do you feel are important to control in order to maintain an ability to provide superior investment results and why?
- c. Provide the year that investment management services were initiated for institutional clients.
- d. Provide the year your firm began offering separately managed fixed income cash portfolios.
- e. Describe any commercial or business relationship that your company, including the parent company, any holding company and subsidiaries and affiliates or any outside investment manager, subsidiaries and affiliates, has had with Dwight Asset Management Company LLC (Stable Value Structure Manager of the Fund), Goldman Sachs & Co. (parent company to Dwight Asset Management), Callan Associates, (Investment Consultant to the Fund) or Shearman and Sterling LLP, (Legal Counsel to the Fund), or with any of their subsidiaries or affiliates.
- f. Is your firm registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940?
- g. State whether your organization is a "qualified professional asset manager (QPAM)" as defined in the Department of Labor Prohibited Transactions Exemption 84-14.
- h. Provide a copy of your most recent ADV, SAS 70, or Form 10-K.
- i. Provide a current organizational chart of your firm and proposed investment managers listing individuals that would be responsible for the management of the proposed strategy.
- j. Discuss briefly your firm's disaster recovery plan. When was the plan last updated?
- k. Provide the date when your organization became duly authorized to do business in the State of New York. If you are not currently authorized, provide the date which you would anticipate being duly authorized.

### **3. Conflicts, Ethical Compliance:**

**Please provide the following information with respect to the organization providing the investment management services for the Cash Portfolio**

- a. Specify all affiliates of the firm and attach an organization chart showing same. What are the lines of relationship between the firm and its affiliates and their respective lines of business? Would the affiliates have any role in the investment process related to the Plan?
- b. If the firm accepts soft dollars as a method of payment for services, describe the parties involved and the nature of such arrangements.
- c. Does your firm have a written personal trading policy and established methods for monitoring the same? Is it automated? Have there been any violations of the personal trading policy within the past 12 months and what was the response?
- d. What services, if any, does your firm or its affiliates offer in addition to asset management services? What is the total revenue generated by asset management services and its percentage of the firm's (parent) total income?
- e. Has the firm been involved in litigation within the last five years relating to separate accounts, the management of clients' assets or the provision of advisory services such as those proposed?
- f. Within the past five years, has the firm, or any officer or principal of the firm, been the subject of, or sanctioned as a result of, any criminal or civil administrative proceeding or investigation by a federal, state or local prosecuting or investigative agency (other than routine examinations) relating to investment advisory or related services? If so, describe and provide the outcome and/or status.
- g. Please provide amount of insurance coverage and bonding in:
  - 1) Errors and Omissions
  - 2) Fiduciary Liability
  - 3) Other insurance

### **4. Staffing**

- a. Provide the following information about your staff that has responsibility for this strategy:
  1. Number of fixed income investment professionals (provide information about the number of portfolio managers, research analysts, traders, etc.)
  2. Number of other staff
  3. Total staff

- b. Who are the key decision makers for this strategy?
- c. Have there been any changes in the professionals assigned to the product? Has the lead portfolio manager for the strategy taken on any additional responsibilities in the past 12 months? How many portfolios is the manager currently managing? How many cash portfolios is the manager currently managing?

**5. Clients**

- a. Please list the number of plans (clients) and the amount of assets for which management services in connection with cash management have been provided by your firm for the past 5 years.

As of (Date)	Number of Plans (Clients)	Total Market Value of Assets
June 30, 2012		
December 31, 2011		
December 31, 2010		
December 31, 2009		
December 31, 2008		
December 31, 2007		

- b. Please list your 3 largest Section 457 Plan accounts by amount of assets for which management services in connection with cash management are provided by your firm:

Client	Assets (\$ Mil.)
1.	
2.	
3.	

- c. Provide a listing of all tax-exempt cash management accounts that were gained or lost since December 31, 2007. For each account, include the asset size and client type and a brief explanation for each account lost.

## **IX. PRODUCT DETAIL INFORMATION**

1. Briefly describe the investment philosophy and portfolio strategies and resources employed for fixed income cash management services. Please include how your firm attempts to add value relative to the benchmark, the types of screening models employed and the type of fundamental analysis completed at the security level.
2. Discuss the risk control and monitoring systems utilized by your firm that impact the proposed strategy in addition to a description of your process for assessing, limiting, and monitoring counterparty and individual issuer exposures.
3. Compare the 1, 3, 5, 10-year, and since inception performance of the appropriate cash management fixed income product or composite (specify) to the benchmark for the periods ending June 30, 2012.
4. Provide an attribution of performance for the past 1, 3, and 5-year periods ending June 30, 2012 for the product or composite relative to the benchmark.
5. Discuss any dispersion of returns in this product's composite.
6. Describe any changes, revisions or clarifications that you would require of the Cash Portfolio Investment Guidelines contained in the Fund Investment Policies and Guidelines that are included in Exhibit F.
7. Can your organization represent that it will make available all resources necessary to ensure that an agreement acceptable to the Board is negotiated within thirty days of receipt from the Board's counsel of a contract, or such shorter period as the Board may announce prior to selection, of selection?
8. Provide a complete fee schedule for this strategy. Provide a fee amount assuming a \$100 million account, a \$200 million account and a \$300 million account.
9. Describe your daily unitization method for cash management fixed income accounts.
10. Provide your firm's operational cut off time for transactions and wires.

11. Describe your firm's experience in coordinating with third party recordkeepers and custodians.

12. As of June 30, 2012, please complete the following tables for your cash management fixed income product or composite

<b>Sector Distribution</b>						
	<b>Market Value Weighted</b>			<b>Duration Weighted</b>		
<b>Sector</b>	<b>Fund</b>	<b>Index</b>	<b>Difference</b>	<b>Fund</b>	<b>Index</b>	<b>Difference</b>
Treasury	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agency	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Commercial Paper	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rule 144A Securities	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Certificates of Deposit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Promissory Notes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Master Notes	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Funding Agreements	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Sovereigns	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RMBS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
CMBS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Repurchase Agreements:						
Treasuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agencies	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Money Market Funds	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Temp Fund	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Credit Quality Distribution</b>						
	<b>Market Value Weighted</b>			<b>Duration Weighted</b>		
<b>Quality Rating</b>	<b>Fund</b>	<b>Index</b>	<b>Difference</b>	<b>Fund</b>	<b>Index</b>	<b>Difference</b>
A-1/ P-1	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
AAA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<AAA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<b>Duration Distribution</b>			
	<b>Market Value Weighted</b>		
<b>Duration Bucket</b>	<b>Fund</b>	<b>Index</b>	<b>Difference</b>
< 90 Days	0.00%	0.00%	0.00%
90 Days - 1 Year	0.00%	0.00%	0.00%
>1 Year	0.00%	0.00%	0.00%

**Effective Duration:**

**Yield:**