

**REQUEST FOR PROPOSALS FROM FINANCIAL ORGANIZATIONS
FOR THE PROVISION OF SEPARATE ACCOUNT INVESTMENT
CONTRACTS TO INVEST IN FIXED INCOME SECURITIES FOR THE
DEFERRED COMPENSATION PLAN FOR EMPLOYEES OF THE
STATE OF NEW YORK AND OTHER PARTICIPATING PUBLIC
JURISDICTIONS ("PLAN")**

January 31, 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

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 separate account investment contracts ranging in size from \$500 million up to \$1.5 billion of Plan assets. Proposals may be submitted for one or more fixed income strategies ranging from short duration to core, with the underlying assets fully wrapped by the financial organization.

To be eligible for selection, the financial organization providing the above described services must be duly authorized to do business in the State of New York. The financial organization must also be duly 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 seven sections and one product appendix. The sections include (I) Purpose, (II) Background, (III) Product Design Requirements, (IV) Timing and Procedures Governing Submission of Proposals, (V) Selection Process and (VI) Conditions. The Contract Questionnaire begins in section (VII) and is followed by a product Appendix. Please fill out one appendix for each product proposed. In addition to the seven sections and the appendix, 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.

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; and/or (iii) 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 December 31, 2011, the State and approximately 1,360 other public employers had adopted the Plan and approximately 192,000 employees were participating in the Plan. As of that date, assets in the Plan were approximately \$12.6 billion. Currently, contributions to the Plan are 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: Clifton Gunderson 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 Wanger Asset Management, LP
Davis Selected Advisors, LP
Eaton Vance Investment Managers
Federated Investors, Inc.
Fidelity Management & Research
Hartford Investment Financial Services
Janus Capital Management, LLC
Morgan Stanley Investment Management
Pax World Management Corp.
Perkins Investment Management
Principal Financial Group
T. Rowe Price Associates, Inc.
The Vanguard Group
Wells Fargo Funds Management, LLC

International Equity

Separate Accounts:

Alliance Bernstein Institutional Investment
Artio Global Management, LLC
Martin Currie Investments
Tradewinds Global Investors, LLC
Northern Trust Global Investments

Stable Income Fund (the “Fund”)

Sub- Managers:

BlackRock Financial Management, Inc.
Earnest Partners, LLC.
Goldman Sachs Asset Management, L.P.
Jennison Associates, LLC.
MacKay Shields LLC.
NISA Investment Advisors, LLC.
Western Asset Management Company

Wrap Issuers: Bank of America, N.A.

JP Morgan Chase Bank, National Association
The Prudential Insurance Company of America
State Street Bank and Trust Company

Separate Account Issuer:

New York Life Insurance Company

As of December 31, 2011, approximately \$6.7 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. The remaining \$5.7 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 separate account investment contracts ranging in size from \$500 million to \$1.5 billion of Fund assets. The Board may select one or more separate account investment contract providers. Providers should clearly indicate the proposed benchmark index for the fixed income mandate(s) submitted.

Proposers should have a clearly defined investment style and process. The portfolio manager should seek to provide returns in excess of their comparable benchmark while controlling and restricting overall portfolio risk. Investment Policies and Guidelines issued by the Board are attached as Exhibit F.

The Fund includes a cash account to provide for daily liquidity. All participant contributions to the Fund are initially deposited into the cash account. 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 account. 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 account is depleted by participant withdrawals. The withdrawal methodology may be changed during the life of this contract. All proposals submitted must provide for such access to funds on either basis, or for reallocations to/from other managers.

IV. TIMING AND PROCEDURES GOVERNING SUBMISSION OF PROPOSALS

A. Calendar of Events

<u>Activity</u>	<u>Date</u>
1. Distribution of RFP	January 31, 2012
2. Closing date for Submission of Questions	February 10, 2012
3. Posting of Response to Questions	February 22, 2012
4. Closing Date for Submission of Proposals	March 14, 2012

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| 5. Review by Consultant and Stable Value Structure Manager and Notification of Finalists Selected | On or about
April 13, 2012 |
| 6. Presentations to the Board, Board Staff, and/or Board Advisers. | On or about
May 1-4, 2012 |
| 7. Anticipated Notification of Successful Investment Managers | On or about
May 21, 2012 |
| 8. Allocation of Funds | On or about
October 1, 2012 |

Submission of Questions:

Proposers may submit written questions regarding this RFP to the Plan no later than 5:00 p.m. (ET), Friday, February 10, 2012 via the internet only to 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. Additionally each proposal must contain a CD with quarterly performance history in an Excel file for all products proposed going back ten years (or since the inception date). Please identify whether the performance is inclusive of securities lending revenue. 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(s) 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). 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 **Section VII as well as an Appendix**, attached hereto, for each product being proposed. 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, **six (6) copies** of all proposals must be received at the following address no later than the close of business **Wednesday, March 14, 2012**. ***The proposals must contain a CD with the proposed product(s) quarterly performance history in an Excel file.***

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

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 noted above.

C. Award or Rejection

All qualified proposals will be evaluated and an award will be made to the financial organization(s) whose product(s) represent(s) the best option to the Plan and whose product(s) is (are) 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 contract terms being offered by the contract

provider. 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 submitting a bid must have at least an “A” rating by Nationally Recognized Statistical Rating Organizations

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 April 13, 2012. 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 May 1- 4, 2012.

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 May 21, 2012.

F. Allocation of Funds

Allocations to the selected financial organization(s) will begin on or about October 1, 2012.

G. 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.

H. 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

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 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: www.dos.state.ny.us/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 to the Board's legal counsel within seven 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 thirty days of selection, 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. A CONTRACT QUESTIONNAIRE

I. GENERAL BACKGROUND INFORMATION AND CONTRACT PARAMETERS

1. There are approximately 192,000 Plan participants, of which 141,000 participants have a balance in the Fund. Monthly deferrals to the Fund, ranged between \$20.4 million and \$32.3 million during calendar year 2011. The average monthly deferral to the Fund was \$26 million during the same period.
2. Transfers to the Fund are permitted each Business Day from the mutual funds 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 account, 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.

VII. B. 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 Separate Account Investment Contracts.
- e. Please 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), Callan Associates, (Investment Consultant to the Fund) or Shearman and Sterling, (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 separate account investment contract and any manager providing the investment management services

- 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

Please proceed to the Product Appendix. *If you are submitting multiple products please complete a separate Appendix for each product submitted.*

APPENDIX

SEPARATE ACCOUNT INVESTMENT CONTRACT TO INVEST IN FIXED INCOME SECURITIES

PRODUCT STRUCTURE

Responders are encouraged to submit responses for any fixed income strategies or investment managers they consider competitive for the Stable Value Structure described in this RFP.

A separate appendix MUST be submitted for each fixed income strategy (ranging from short duration to core) and also for each investment manager being proposed.

I. EXPERIENCE

1. Portfolio Management

A. Would the investment management be conducted in-house or by an outside investment manager?

1. If the portfolio manager is a sub-adviser, what criteria are used by the financial organization to select the sub-adviser?
2. Will the Board have any discretion over the selection of the sub-adviser?
3. Is there a list of available sub-advisers and, if so, does the Board have discretion to select from the list?
4. Under what circumstances might a sub-adviser be replaced over the duration of the contract? What approval of the Board is required/permitted to replace a sub-adviser?
5. Are distributions in kind permitted from the separate account GIC? If so, are there any circumstances where in-kind distributions would not be permitted?
6. Who would have custody of the underlying managed assets?

B. Staffing

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

C. Who are the key decision makers for this strategy?

D. 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?

2. Who is your primary regulator? If your primary regulator is not in New York State, please provide information with respect to how your primary regulator treats separate accounts in the event of an insurer insolvency.

3. Clients

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

As of (Date)	Number of Plans (Clients)	Total Market Value of Assets
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 fixed income are provided by your firm:

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

II. PRODUCT DETAIL INFORMATION

1. Briefly describe the investment philosophy and portfolio strategies and resources employed for fixed income separate account investment contracts. Please include how your firm

attempts to add value relative to the specified benchmark index, the types of screening models employed, the role that cash plays, and the type of fundamental analysis completed at the security level. What is the targeted annual excess return? Please include a list of subadvisors managing fixed income separate accounts for the strategy your firm is proposing. Responses to questions 2. through 13. below should include internal capabilities or those of subadvisors as appropriate.

2. Briefly describe the book value benefit responsive provisions of the separate account investment contract, crediting re-set timeframe, conditions under which the book value benefit responsiveness would not be applicable.
3. Discuss the risk control and monitoring systems utilized by your firm that impact the proposed strategy.
4. Are futures, options, or other derivatives utilized (when and how much)?
5. Compare the 1, 3, 5, 10-year, and since inception performance of the appropriate fixed income product or composite (specify) to the benchmark for the periods ending December 31, 2011.
6. Provide an attribution of performance for the past 1, 3 and 5-year periods ending December 31, 2011 for the product or composite relative to the benchmark.
7. Discuss any dispersion of returns in this product's composite.
8. Describe any changes, revisions or clarifications that you would require of the Stable Income Fund Investment Policies and Guidelines that are included in Exhibit F.
9. Attach a proposed contract.
10. Can your organization represent that it (i) will provide the Board's legal counsel within seven days, or such other shorter period as the Board may announce prior to selection, of selection a contract complying with all terms required by this Request for Proposals; and (ii) will make available all resources necessary to ensure that an agreement acceptable to the Board is negotiated within thirty days, or such shorter period as the Board may announce prior to selection, of selection?

11. Provide a complete fee schedule for this strategy. Provide a fee amount assuming a \$500 million minimum placement, a \$1.0 billion placement and a \$1.5 billion placement.

12. Is the Plan able to use its custodian or do you require that the assets be held by your custodial agent?

13. As of December 31, 2011, please complete the following tables for your fixed income product or composite that you are proposing

Sector Distribution						
	Market Value Weighted			Duration Weighted		
Sector	Fund	Index	Difference	Fund	Index	Difference
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%
Agency MBS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Agency MBS						
ABS	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%
Corporate - Investment Grade	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Corporate - High Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Municipals	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Emerging Market Debt	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-Dollar	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Cash and Cash Equivalent	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Credit Quality Distribution						
	Market Value Weighted			Duration Weighted		
Quality Rating	Fund	Index	Difference	Fund	Index	Difference
Govt/Cash	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%
AA	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
BBB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<BBB	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Duration Distribution						
	Market Value Weighted					
Duration Bucket	Fund	Index	Difference			
< 1 Year	0.00%	0.00%	0.00%			
1 - 3 Years	0.00%	0.00%	0.00%			
3 - 5 Years	0.00%	0.00%	0.00%			
5 - 7 Years	0.00%	0.00%	0.00%			
> 7 years	0.00%	0.00%	0.00%			

Effective Duration:

III. COMPLIANCE REQUIREMENTS

1. 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 New York State Contracts” and all the statutes and regulations pertaining thereto.

2. 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

- B. **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

3. Non-Collusive Proposals

By submission of this proposal, proposer and each person signing on behalf of 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 prices 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 prices with any other proposer or with any competitor.

- B. Unless otherwise required by law, the costs quoted in this proposal have 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.

4. Compliance with Minimum Requirements

I (we), the undersigned, affirm that we meet with the minimum compliance requirements as set forth in the RFP.

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

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

Signature: _____

Date: _____