

**REQUEST FOR PROPOSALS**  
**by the**  
**STATE OF OHIO**  
**BUREAU OF WORKERS' COMPENSATION**  
**for the**  
**Services of a Full Service Investment Consultant**

**November 12, 2015**

**Bid # BWCB16002**

RFP ISSUED:	November 12, 2015
QUESTION PERIOD BEGINS:	November 12, 2015
QUESTION PERIOD ENDS:	December 11, 2015 at 8:00am ET
PROPOSAL DUE DATE:	January 7, 2016 at 2:00pm ET

**PROPOSALS RECEIVED AFTER THE DUE DATE AND TIME WILL NOT BE EVALUATED**

OPENING LOCATION:	Ohio Bureau of Workers' Compensation Procurement Administration 30 W. Spring Street, Level 24 Columbus, OH 43215-2256
-------------------	--

## **TABLE OF CONTENTS**

**Page**

<b>1.0</b>	<b>BACKGROUND AND NATURE OF PROJECT</b>	
1.1	Purpose of the Request for Proposals .....	4
1.2	Definitions and Abbreviations .....	6
1.3	General Background .....	7
1.4	Minimum Qualifications .....	7
<b>2.0</b>	<b>CALENDAR OF EVENTS</b>	
2.1	Dates .....	8
<b>3.0</b>	<b>PROPOSAL INQUIRIES AND SUBMISSIONS</b>	
3.1	Questions .....	9
3.2	Communications Restrictions .....	10
3.3	Proposal Submission .....	10
3.4	Changes to the RFP .....	12
3.5	Supplier Costs for Responses Not Reimbursable .....	12
<b>4.0</b>	<b>SCOPE OF SERVICES</b>	
4.1	General .....	13
4.2	Asset Allocation and Liability Studies .....	13
4.3	Investment Policies, Strategies and Guidelines .....	14
4.4	Performance Monitoring and Reporting .....	15
4.5	Due Diligence for Public Market Managers .....	15
4.6	Market Research and Education .....	16
<b>5.0</b>	<b>PROPOSAL FORMAT</b>	
5.1	General .....	17
5.2	Cover Letter .....	17
5.3	Contact Information .....	17
<b>6.0</b>	<b>EVALUATION AND SELECTION PROCESS</b>	
6.1	Evaluation Approach and Methodology .....	18
6.2	Scoring the Proposals .....	18
6.3	Clarifications and Corrections .....	18
6.4	Basis for Award and Fee Negotiation .....	18
6.5	Validity of Offers .....	19
6.6	Administrative Requirements .....	19
<b>7.0</b>	<b>GENERAL QUESTIONNAIRE</b>	
7.1	Background, Profile and Organizational Practices .....	21
7.2	Quality and Depth of Services, Experience and Professional Staff .....	24
7.3	Fees .....	28

<b>8.0</b>	<b>TERMS AND CONDITIONS</b>	
8.1	General .....	29
8.2	Travel Expenses .....	29
8.3	Resulting Contract .....	29
8.4	Contract Compliance .....	29
8.5	Contract Termination .....	30
8.6	Termination for Convenience .....	30
8.7	Governing Law .....	30
8.8	Compliance with Applicable Laws and Acknowledgement of Fiduciary Status .....	30
8.9	Publicity .....	31
8.10	Non-Discrimination .....	31
8.11	Supplier's Liability .....	31
8.12	Conditions Precedent .....	31
8.13	Method of Remuneration and Billing Procedures .....	32
8.14	Workers' Compensation .....	33
8.15	Other Insurance .....	33
8.16	Default by Supplier .....	34
8.17	Record Retention and Inspection of Time Records and Work Papers .....	34
8.18	Ohio Elections Law .....	34
8.19	Drug-Free Workplace .....	34
8.20	Confidentiality .....	34
8.21	Assignment and Subcontracting .....	34
8.22	Unresolved Finding for Recovery .....	35
8.23	No Secondary Interests .....	35
8.24	Conflicts of Interest and Ethics Compliance Certification .....	35
8.25	Fiduciary Transactions and Responsibilities.....	36
8.26	Background Checks .....	36
8.27	Independent Contractor Relationship.....	37
8.28	Debarment .....	37
8.29	Severability .....	37
8.30	Force Majeure .....	37
<b>9.0</b>	<b>BWC INVESTMENT POLICY STATEMENT .....</b>	<b>38</b>

**REQUEST FOR PROPOSALS**  
**by the**  
**STATE OF OHIO**  
**BUREAU OF WORKERS' COMPENSATION**  
**for**  
**SERVICES OF A FULL SERVICE INVESTMENT CONSULTANT**

**November 12, 2015**

**Bid # BWCB16002**

READ ALL CONDITIONS AS SET FORTH IN THIS REQUEST FOR PROPOSALS (RFP) FOR A FULL UNDERSTANDING OF THE REQUIREMENTS.

**1.0 BACKGROUND AND NATURE OF PROGRAM**

**1.1 Purpose of the Request for Proposals**

The purpose of this request for Proposals (RFP) is to locate and contract with a consulting firm that has demonstrated experience with and success in general investment consulting. Several specific duties are more fully described in Section 4.0 of this RFP to assist the Ohio Bureau of Workers' Compensation (BWC) in its investment efforts.

References in this document to a firm, supplier, contractor, consultant and similar nomenclature in the singular are to be interpreted in the plural, to potentially represent more than one provider.

In the past, the BWC has retained full service consultants to provide specific services, such as development of investment policy, asset allocation, performance measurement, asset/liability studies and other investment analytic functions. The BWC Board of Directors (BOD) seeks a comprehensive range of consulting advice and services provided in an integrated manner. The selected investment consulting firm will play a key role in guiding the BWC Trust Funds and related processes in the future, embracing the establishment of best practices which are critical to the success of the largest exclusive state insurance fund system in the United States. The selected supplier will serve an independent oversight function with respect to the BWC funds, including those that may be internally managed, in fulfilling fiduciary duties relating to these funds.

The selected investment consulting firm will support the BWC and its BOD and operationally work closely with the BWC Administrator, BWC Investment Staff, BWC Finance Staff, and BOD. The BWC prefers to contract with a single investment consulting firm with broad investment expertise and services capable of performing all services listed in Section 4.0 of the RFP.

Given the breadth of services under consideration, the BWC may consider more than one investment consulting firm relationship to ensure best-of-class service for all of its needs. Each responder should indicate their areas of professional emphasis, competitive strength and excellence, as a split mandate or grouping of services may be considered to achieve the best result for the BWC.

## 1.2 Definitions and Abbreviations

- BOD BWC Board of Directors
- BWC Ohio Bureau of Workers' Compensation
- BWC Trust Funds SIF and Specialty Funds
- Consultant To work or serve in an advisory capacity. A person or company that possesses unique qualifications which allow them to perform specialized advisory services usually for a fee
- Contractor Any individual or business having a contract with a governmental body to furnish goods, services, or construction for an agreed-upon price
- Contract for Services A document that will be executed between the BWC and the investment consultant. The Contract for Services shall describe the investment consulting services and specify the objectives and compensation arrangements that will apply to such services
- DAS Ohio Department of Administrative Services
- EC Evaluation Committee
- ERISA Employee Retirement Income Security Act of 1974, as amended
- IC Investment Committee
- IPS Investment Policy Statement
- ORC Ohio Revised Code
- Proposal A proposal is a document submitted by a supplier in response to some type of bid solicitation to be used as the basis for negotiations or for entering into a contract
- RFP Request for Proposal
- Responder One who submits a response to a solicitation document
- SIF State Insurance Fund
- Services Work to be performed as specified in this RFP
- Specialty Funds Disabled Workers' Relief Fund (DWRF)  
Coal Workers' Pneumoconiosis Fund (CWPF)  
Public Work-Relief Employees' Fund (PWRF)  
Marine Industry Fund (MIF)  
Self Insured Employees Guarantee Fund (SIEGF)
- Supplier A seller of goods and/or services. The person or business unit actually performing services, or manufacturing, producing, or shipping supplies required by the contract.

### 1.3 BWC General Background

Under the mandates of the Ohio Revised Code (ORC), the Ohio workers' compensation system is the largest exclusive state insurance fund system in the United States, with investment assets of \$23.6 billion as of September 30, 2015 and annual insurance premiums and assessments of approximately \$2.0 billion. The Ohio workers' compensation system consists of the BWC, responsible for administrative and insurance functions, and the Industrial Commission of Ohio, responsible for claims adjudicative functions. BWC exercises fiduciary authority with respect to the State Insurance Fund (SIF) and related Specialty Funds. These BWC Trust Funds are held for the benefit of the injured workers and employers of Ohio. It is from these trust funds that all claims for both medical and compensation for disability benefits are paid with the exception of self-insured claims. Self-insuring employers have been granted the status of self-insurance by having proven ability to meet certain obligations set forth in ORC 4123.35. BWC monitors self-insuring employers, which administer their own workers' compensation claims. Presently, BWC processes claims, pays compensation and medical benefits to injured workers and underwrites workers' compensation coverage for employers doing business in Ohio. BWC also offers safety training and accident prevention programs to employers and helps injured employees return to work through rehabilitation programs. The BOD, as a fiduciary, oversees BWC's activities and functions.

*Please note: BWC is a non-ERISA agency*

#### SUMMARY OF BWC INVESTMENTS & CASH

(Unaudited as of September 30, 2015)  
(\$ Millions)

<b>Fund Name</b>	<b>Fixed Income</b>	<b>Equity</b>	<b>Real Estate</b>	<b>Cash</b>	<b>Total</b>
State Insurance Fund (SIF)	\$12,803	6,857	\$1,622	\$304	\$21,586
Specialty Funds ( DWRF, CWPF, PWRF, MIF, SIEGF)	\$1,370	\$545	\$0	\$70	\$1,985
<b>Total</b>	<b>\$14,173</b>	<b>\$7,402</b>	<b>\$1,622</b>	<b>\$374</b>	<b>\$23,571</b>

#### 1.4 Minimum Qualifications

To be considered as an Investment Consultant for the purpose stated above, suppliers submitting proposals must:

1. Be able to contract to act as a fiduciary to the BWC and acknowledge in writing to comply with BWC's Investment Policy Statement (IPS). (See IPS Sections II.B & III E). *The link to the current IPS, adopted by the BWC Board of Directors October 30, 2015, is:*

<https://www.bwc.ohio.gov/downloads/blankpdf/OC/2008/InvPolicy.pdf>

2. Be duly and currently registered with the Securities & Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940, as amended.
3. Be able to provide the quarterly investment performance results and quarterly risk characteristics of the BWC Trust Funds to the BOD.
4. Have at least five years experience performing substantially similar services for institutional investors.

Proposals that have been determined not to have met one or more of the minimum qualifications shall be excluded from any further consideration or scoring.

## 2.0 CALENDAR OF EVENTS

The time schedule for this project is outlined below, and is subject to change. BWC may change this schedule at any time. If BWC changes the schedule before the Proposal due date, it will do so through an announcement on the State Procurement Web site area for this RFP. Any schedule change published on the Web site will be followed by an addendum to this RFP, also available through the State Procurement Web site. It is each prospective responder's responsibility to check the Web site question and answer area for this RFP for current information regarding this RFP and its calendar of events through award of the Contract for Services.

### 2.1 Dates

RFP Issued	November 12, 2015
Question Submission Period Begins	November 12, 2015
Question Submission Period Ends	December 11, 2015 (8:00 AM ET)
Questions and Answers Posted	December 15, 2015
<b>Proposals Due</b>	<b>January 7, 2016 (2:00 PM ET)</b>
Potential Interviews	February 24, 2016
Notice of Award Date	March 2016 (estimated)
Contract Commences	July 1, 2016

PLEASE NOTE: These dates are subject to change.

**Proposals received after 2:00 PM ET on the due date will not be evaluated.**

There are references in this RFP to the Proposal due date. Prospective responders must assume, unless it is clearly stated to the contrary, that any such reference means the date and time (Columbus, OH Eastern Time (ET)) that the Proposals are due.

Note: Please See the Ohio BWC website at <http://www.ohiobwc.com/basics/BoardofDirectors/default.asp> to view an updated schedule of meetings of the BOD.

### **3.0 PROPOSAL INQUIRIES AND SUBMISSIONS**

#### **3.1 Questions**

Responders may make inquiries regarding this RFP any time during the inquiry period listed in the Calendar of Events. To make an inquiry, provide reference(s) to the RFP e.g. (Section number and/or item number, etc.) Unreferenced or incorrectly referenced questions will not be answered; Responders must use the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>
2. From the Quick Links on the right, select "Bid Opportunities Search".
3. Under the General Criteria in the Document/Bid Number field, enter the RFP Number found on page 1 of this document. (RFP numbers begin with letters followed by numbers)
4. Click "Search" button.
5. On the Procurement Opportunity Search Results page click on the Document/Bid Number link.
6. On the Procurement Opportunity Search Details page, click the "Submit Inquiry" button.
7. On the Opportunity Document Inquiry page, complete the required "Personal Information" section by providing:
  - a. First and last name of the prospective Responder's representative who is responsible for the inquiry.
  - b. Name of the prospective Responder.
  - c. Representative's business phone number.
  - d. Representative's e-mail address.
8. Type the inquiry in the space provided including:
  - a. A reference to the relevant part of this RFP.
  - b. The heading for the provision under question.
  - c. The page number of the RFP where the provision can be found.
9. Click the "Submit" button.

Responders submitting inquiries will receive an immediate acknowledgement that their inquiry has been received as well as an e-mail acknowledging receipt of the inquiry. Responders will not receive a personalized e-mail response to their question, nor will they receive notification when the question has been answered.

Questions must be received by December 11, 2015 at 8:00 AM ET. BWC will respond to any or all questions exclusively through the above method; however, responses by BWC will not officially modify the RFP in any way unless a written addendum is issued.

Responders may view inquiries and responses using the following process:

1. Access the State Procurement Web site at <http://www.ohio.gov/procure>.
2. From the Quick Links Bar on the right, select "Bid Opportunities Search".
3. Under the General Criteria in the Document/Bid Number field, enter the RFP Number found on page 1 of the document. (RFP numbers begin with letters followed by numbers)
4. Click "Search" button.
5. On the Procurement Opportunity Search Results page click on the Document/Bid Number link.
6. On the Procurement Opportunity Search Detail page, click the "View Q & A" button to display all inquiries with responses submitted to date.

BWC shall not respond to any questions received after the submission period on December 11, 2015 at 8:00 AM ET.

Responders are to base their RFP responses, and the details and costs of their proposed projects, on the requirements and performance expectations established in this RFP for the future contract, not on details of any other potentially related contract or project. If Responders ask questions about existing or past contracts using the Internet Q&A process, BWC will use its discretion in deciding whether to provide answers as part of this RFP process.

BWC is under no obligation to acknowledge questions submitted through the Q&A process if those questions are not in accordance with these instructions or deadlines.

### **3.2 Communications Restrictions**

Assistance will be available to suppliers who seek clarification on specific sections of this RFP. Any and all inquiries relating to this RFP shall be directed to the State Procurement Web site shown below. Section 2.1 of this RFP defines the time periods in which prospective suppliers can submit inquiries relevant to this RFP and when the BWC will respond to all such inquiries. Communications directed elsewhere and/or not written may result in disqualification of the supplier. All BWC responses to inquiries will be in writing and will be made available to all responders to this RFP via the State Procurement Web site shown below.

The BOD, BWC Administrator, and BWC employees or representatives shall be prohibited from responding to any inquiries where there is a potential for bias or favoritism or appearance of impropriety due to personal or potential conflicts of interest. In order to ensure fairness and parity among prospective suppliers, from the time of the release of this RFP until a supplier is selected and a contract is awarded, the suppliers shall not communicate with any BWC staff concerning this RFP, except as provided in this RFP. If the supplier attempts or undertakes an unauthorized communication, BWC reserves the right to reject that supplier's proposal without evaluation. BWC reserves the right to contact any supplier for clarification or correction of any items in the Proposal submitted. BWC shall not be responsible for any supplier's reliance on any information regarding this Request for Proposal or any work hereunder if the information was provided by any source other than through the inquiry process in this Section 3.1.

State Procurement Web site: <http://www.ohio.gov/procure>

### **3.3 Proposal Submission**

Suppliers must carefully review all elements of their final proposals. Once received by the BWC, a proposal cannot be altered except during the negotiation phase of this RFP as provided in Section 6.3 and 6.4 of this RFP. One (1) complete, sealed and signed original proposal, one (1) electronic pdf version on CD or DVD and Five (5) hard copies of each proposal shall be submitted for evaluation. Proposals shall be clearly marked "BWC Investment Consultant, Bid # BWCB16002" on the outside of the envelope. FAX transmittals will not be accepted. All copies must be received by BWC together and in a timely manner consistent with the schedule presented in Section 2.1.

All material submitted to and accepted by BWC in response to the RFP shall become the property of BWC and will be retained by BWC in accordance with the Ohio Public Records Act and Ohio records retention laws. THE CONTENTS OF ALL PROPOSALS ARE SUBJECT TO THE OHIO PUBLIC RECORDS ACT, SECTION 149.43 OF THE OHIO REVISED CODE, UNLESS OTHERWISE EXCEPTED BY LAW.

Any material for which claim of trade secret or other confidentiality is made must be sealed in a separate envelope and marked as Confidential, with an explanation of the basis for claim of confidentiality, including any statute exempting the information from disclosure as a public record. Any claim of confidentiality is waived unless this requirement is met. Any material not separately sealed and annotated will be released upon a proper public records request. Any proposal that claims the entire contents of the proposal are confidential may result in the disqualification of that proposal.

BWC will make the final determination whether the information so marked is exempt from disclosure as an exception to the Ohio Public Records Act. After a contract is awarded, if BWC determines that the information separately sealed by any responder appears not to be exempt and may be released upon a proper request, the supplier will be advised of BWC's intent to release the information.

Proposals must be sealed, and received in BWC Procurement Administration by **2:00 PM ET on January 7, 2016**. Proposals delivered after the deadline will not be accepted nor evaluated, and shall be deemed non-responsive. Proposals will be opened publicly after the 2:00 P.M. ET deadline at BWC.

If mailing proposals, suppliers should allow for sufficient mailing time to ensure timely receipt by the BWC Procurement Administration. All mail and deliveries can be expected to undergo package security screening (amounting to approximately one hour) before receipt in the Procurement Administration. Suppliers must anticipate this additional time when arranging for mail or delivery of proposals. If attending the opening, suppliers must bring photo identification and should allow for additional time for personal security screening (amounting to approximately twenty minutes) and for package security screening (amounting to approximately one hour) if they are also delivering their proposals in person at that time. Submit complete copies of the proposal to:

**BY MAIL OR HAND-DELIVERED:  
Ohio Bureau of Workers' Compensation  
Procurement Administration  
William Green Building  
30 West Spring Street, Level 24  
Columbus, Ohio 43215-2256**

**PLEASE MAKE SURE THE PROPOSALS ARE DELIVERED TO BWC PROCUREMENT ADMINISTRATION ON THE 24<sup>TH</sup> FLOOR BY 2:00 PM ET ON THE DUE DATE. PROPOSALS DELIVERED TO OTHER LOCATIONS MAY NOT BE RECEIVED BY BWC PROCUREMENT ADMINISTRATION IN A TIMELY MANNER. ONLY PROPOSALS RECEIVED IN BWC PROCUREMENT ADMINISTRATION BY 2:00 PM ET ON THE DUE DATE WILL BE OPENED AND CONSIDERED.**

### **3.4 Changes to the RFP by BWC**

The BWC reserves the right to amend specific sections of this RFP at any time during the bidding process. In the event that the BWC does amend the RFP during the bidding process, the BWC will provide notice to prospective responders, to the fullest extent possible. Should the BWC issue an addendum to this RFP, additional time may be given to all prospective responders, if appropriate, to extend the deadline to accommodate needed changes in proposal.

### **3.5 Supplier Costs for Responses Not Reimbursable by BWC**

The BWC shall not be liable for any costs incurred in responding to this RFP, including the costs of proposal preparation and any travel relating to the proposal process.

## **4.0 SCOPE OF SERVICES**

### **4.1 General**

Proposals are hereby solicited for general investment consulting services to be provided to the BWC. The BWC is interested in understanding responders' expertise in delivering these services in both the insurance industry as well as other institutional settings. As such, we are interested in this information for each of the insurance vs. pension/like plans.

In general, the successful supplier will assist the BWC in establishing goals and risk targets, investment policy review and compliance, strategic investment planning, and asset allocation decisions that integrate an assessment of the BWC's insurance liability characteristics and surplus levels. This supplier will support efforts to select investment managers and assist in their ongoing evaluation. The successful supplier will be responsible for providing timely, accurate, and meaningful performance reporting (absolute and risk-adjusted results and brokerage activity) to the BWC and support the development of appropriate market and competitive benchmarks. The BWC will rely on both the consultant(s) and the BWC Investment Staff for investment support and recommendations, depending on levels of expertise. The selected supplier will provide to the BWC an independent assessment of major BWC Investment Staff recommendations and proposed actions as requested by the BOD. The selected supplier should bring its marketplace expertise to share with the BWC best practices on governance issues. The investment consultant may also be asked to provide other services as required by the BOD, BWC Administrator and/or the BWC Investment Staff.

The selected Investment Consultant will be a fiduciary to the BWC, work closely with BWC staff to provide the services described herein and will report independently of BWC staff directly to the BWC Investment Committee and the BOD. The selected Investment Consultant will attend all scheduled monthly Investment Committee meetings of the BWC and be available for other BOD meetings as reasonably requested. It must be noted that the full BOD meetings are typically scheduled in the morning of the next day after all scheduled BWC Investment Committee meetings. The dates of the BWC Investment Committee and BOD meetings tentatively scheduled for calendar year 2016 are provided on the BWC website referenced in the footnote to Section 2.1.

### **4.2 Asset Allocation and Liability Studies**

The BWC periodically completes a comprehensive asset allocation and liability review for the BWC Trust Funds. The BWC anticipates the next asset allocation and liability studies may be performed in 2020. Specific responsibilities for the study include:

- Providing the BWC with access to analytical software and models
- Performing comprehensive liability analysis
- Coordinating liability analysis findings with the BWC and its actuarial consulting firm
- Calculating and projecting Trust Fund(s) solvency
- Establishing asset classes and benchmarks
- Establishing long-term capital market return expectations and correlations for asset classes
- Recommending appropriate risk tolerances
- Recommending appropriate long-term asset allocation targets and ranges

### 4.3 Investment Policies, Strategies and Guidelines

The selected Investment Consultant will provide expert investment advice and recommendations for the BWC Trust Funds. The BWC investment policies for each of the Trust Funds listed below and their respective strategies are described in the Investment Policy Statement (IPS). Current versions of these documents can be found on the BWC website:

<https://www.bwc.ohio.gov/downloads/blankpdf/OC/2008/InvPolicy.pdf>

#### BWC Trust Funds:

- State Insurance Fund (SIF)
- Specialty Funds
  - Disabled Workers' Relief Fund (DWRF)
  - Coal Workers' Pneumoconiosis Fund (CWPF)
  - Public Work-Relief Employees' Fund (PWRF)
  - Marine Industry Fund (MIF)
  - Self Insured Employees Guarantee Fund (SIEGF)

#### Asset Class Policies (Passive/Active):

- U.S. Fixed Income Policy
- U.S. Equity Policy
- Non-U.S. Equity Policy
- Real Estate Policy
- Alternative Investments (if deemed necessary)

#### Other Investment Related Policies:

- Brokerage Policy
- Securities Lending Policy
- Commingled Funds Policy
- Commission Recapture / Directed Brokerage Policy
- Derivatives Policy
- External Public Manager Evaluation Policy
- External Public Manager Search Policy
- Fair Consideration / Public Interest Policy
- Corporate Governance Policy
- Proxy Voting Policy
- Corporate Action Policy

Specific policy, strategy and guideline duties performed by the selected Investment Consultant will include considerations and recommendations regarding:

- Performance benchmarks and objectives
- Targeted portfolio structures
- Risk parameters
- Allowable investments
- Program roles and responsibilities
- Sources of alpha
- Program cost effectiveness

- Participating in planning sessions with BWC Investment staff
- Strategic approaches
- Special projects as required

#### **4.4 Performance Monitoring and Reporting**

The selected Investment Consultant will provide expert performance monitoring and reporting for the BWC Trust Funds, asset class composites, and specific portfolios for all investment managers. Specific performance monitoring and reporting duties performed by the selected Investment Consultant will include the following:

- Reconciling performance with the BWC custodian
- Providing quarterly performance evaluation reports consistent with CFA Institute Global Investment Performance Standards with respective benchmarks, performance objectives, guidelines, and risk levels
- Providing expert market commentary and trends
- Compliance and exceptions to policies
- Compliance and exceptions to strategies
- Compliance and exceptions to guidelines
- Performance vs. benchmarks and objectives including attribution analysis
  - Fund composites
  - Asset Class composites
  - Public Market Managers
  - Private Real Estate Managers
  - Portfolios
- Performance issues
- Providing independent reports on external public market managers as required
- Asset transition cost reports

#### **4.5 Due Diligence for Investment Managers**

The selected Investment Consultant will provide expert due diligence for prospective external investment managers for the BWC Trust Funds. The specific duties performed by the selected Investment Consultant will include the following:

- Maintaining a comprehensive database of global public market asset managers including their assets under management, products, benchmarks, performance, and fees
- Assisting with the preparation of Requests for Proposals, development of evaluation factors and methods, evaluating proposals, interviewing managers, and making recommendations concerning the selection and termination of managers
- Reviewing the benchmarks, performance objectives, risk tolerances, and investment guidelines for the selected external public market managers

#### **4.6 Market Research and Education**

The selected Investment Consultant will provide expert market research and education including:

- Proactively advise the BOD, BWC Administrator, and the BWC Investment staff of new investment vehicles and techniques or major changes in existing practices within the industry and, upon request, prepare a comprehensive analysis and make recommendations concerning these developments
- Participate in workshops on specific issues designated by the BOD, BWC Administrator, and BWC Investment staff
- Respond in an agreed-upon and timely manner to the BOD members, BWC Administrator, and/or BWC Investment staff inquiries between meetings
- Share all consulting firm research, including research papers, and provide access to research staff
- Report any significant changes in the consulting firm's organizational structure and staffing to the BWC in a timely manner
- Make no changes in the assigned consultant team without the express written approval of the BWC
- Provide assistance on special projects as needed

## **5.0 PROPOSAL FORMAT**

### **5.1 General**

The proposal should be concisely written with attention given to its readability, clarity, technical exposition, and completeness. When completing the supplier's response to this proposal, please be as clear, accurate, and complete as possible. Providing incomplete or misleading data may lead to disqualification of the proposal and elimination of the supplier from the search process.

These instructions describe the required format for proposals and have been designed to ensure submission of information essential to timely evaluation and complete understanding of the content of proposals. Proposals which do not comply with all the requirements of this RFP shall be considered non-responsive. Proposals submitted shall follow the format described below.

### **5.2 Cover Letter**

A cover letter, which will be considered an integral part of the proposal, must be signed by the individual(s) who is/are authorized to bind the Responder contractually. This cover letter must indicate the signer is so authorized and must indicate the title or position that the signer holds in the organization. *The cover letter must also state in the affirmative that the supplier meets each and all of the minimum requirements listed in Section 1.4 of this RFP, and that the supplier is able and willing to provide the type and level of investment consulting services requested as described in this RFP.* The cover letter must also provide a statement that the proposal remains valid for the term of the proposed contract.

All proposals are subject to public records reviews and discussions or deliberations in meetings open to the public.

### **5.3 Contact Information**

Please provide the following contact information:

- Supplier Name
- Contact's Name
- Contact's Title
- Contact's Address
- Contact's Email Address
- Contact's Phone Number
- Contact's Facsimile Number
- Supplier's Internet (www) address

## **6.0 EVALUATION AND SELECTION PROCESS**

### **6.1 Evaluation Approach and Methodology**

Evaluation of proposals submitted will be conducted by an Evaluation Committee (EC). The EC shall consist of selected members of the BOD and the BWC Investment staff. The EC will have the operational support of the BWC investment staff, BWC legal staff, and BWC procurement administration to administer the search process.

The BWC intends to select the consulting firm that provides the best value and best accomplishes the requirements and objectives set forth in the RFP in a manner most advantageous to the BWC.

Final award of the contract will be determined following the evaluation and scoring of the proposals and subsequent interviews with the finalists. BWC reserves the right to reduce the scope of services required.

All consulting firms will be notified by letter of the selection decision. No information will be released by BWC after the proposal due date until an official announcement is made.

### **6.2 Scoring the Proposals**

The proposals will initially be evaluated and scored based upon the following criteria and weightings for selection:

- The Supplier's Background, Profile and Organizational Practices **Section 7.1 - 30%**
- The Supplier's Quality and Depth of Services, Experience and Professional Staff **Section 7.2 - 50%**
- The Supplier's Proposed Fees **Section 7.3 - 20%**

Follow-up interviews may be conducted with the finalist candidates, as determined by the EC on initial scoring of the above criteria. The EC will determine the finalist firm for recommendation of approval by the BOD. Representatives of the finalist firm may appear before the BOD before any approval is considered by the BOD.

### **6.3 Clarifications and Corrections**

During the evaluation process, the EC may request clarifications from any responder under active consideration and may give any responder the opportunity to correct defects, to answer questions, or to supplement information in its proposal if the EC believes in its sole judgment that doing so does not result in an unfair advantage for the responder and it is in BWC's best interest.

### **6.4 Basis for Award and Fee Negotiation**

Those proposals that earn the highest number of points after all points are added together will be selected as the finalist candidates. Notwithstanding the foregoing, BWC reserves the right to award the contract to the proposal other than the one with the highest number of points if, in BWC's sole determination, another proposal is determined to be the most advantageous to BWC and the State of

Ohio, taking into consideration the price and evaluation criteria of the RFP, pursuant to Ohio Revised Code Section 125.071(E).

BWC reserves the right to negotiate consultant fees submitted pursuant to Section 7.3 of this RFP with the finalist candidates. BWC may limit this negotiation to only the finalist candidates and not negotiate with any lower-ranking responder. Any negotiated revisions to consultant fees will be reduced to writing and incorporated into the contract entered into pursuant to Section 8.3 of this RFP.

## **6.5 Validity of Offers**

All offers tendered in response to this RFP shall remain open for a period of 180 days from the date upon which proposals submitted in response hereto are due.

## **6.6 Administrative Requirements**

The following are some of the most common submission errors that may be grounds for rejection of proposal. This is not a complete list.

- Failure to sign all copies of the Proposal
- Failure to identify RFP Bid Number on the outside of envelope
- Failure to submit one (1) complete, sealed and signed original proposal, one (1) electronic pdf version on CD or DVD, and five (5) hard copies of each proposal for evaluation purposes
- Failure to meet deadline for submission
- Claiming that the entire contents of a proposal qualifies for an exception to Ohio public records law
- Mailing proposal with insufficient postage
- Taking exception to mandatory technical terms, conditions, and requirements of the contract
- Failure to provide signed cover letters in the original and all copies addressing the requirements stated in section 5.2

## 7.0 GENERAL QUESTIONNAIRE

- A. List and describe any financial and business relationships and/or contacts the Responder has had with any BOD member, the BWC Administrator, and/or any BWC staff within the last twelve months.
- B. The Responder shall provide all name(s) and location(s) where services under this Contract will be performed, per the questions below, as part of their Proposal. Failure to provide this information as part of the Proposal may deem the Responder non-responsive and may result in no further consideration being given to their proposal. If the Responder will not be using subcontractors, indicate "Not Applicable" in the Proposal.
1. Principal location of business of Responder:  
Name/Principal location of business of subcontractor(s):
  2. Location where services will be performed by Responder:  
Name/Location where services will be performed by subcontractor(s):
  3. Location where state data will be stored, accessed, tested, maintained, or backed-up by Contractor:  
Name/Location(s) where state data will be stored, accessed, tested, maintained, or backed-up by subcontractor(s):
  4. Location where services to be performed will be changed or shifted by Responder:  
Name/Location(s) where services to be performed will be changed or shifted by subcontractor(s)
- C. List the locations of all offices of Responder.

**7.1 BACKGROUND, PROFILE AND ORGANIZATIONAL PRACTICES**

1. Provide a historical overview of your firm, including ownership and office locations. Is the firm owned, in whole or in part, by a money management firm or firms? Has the firm received loans from any money management firms, their subsidiaries, or principals? Does the firm manage money for the parent or affiliate? If so, explain.
2. List all services the firm, its principals, or any affiliates provide that generate revenues for the firm and, in addition, complete the following table:

Type	\$ Revenues	% Revenues	Assets
Consulting			
Asset Management			
Brokerage Services			
Other			
<b>Total</b>			

3. Using the following format, complete this table of your firm’s ownership:

Position	Ownership %	Male	Female	Caucasian	African American	Native American	Hispanic American	Asian American	Other

4. Provide a detailed position Organizational Chart for your firm with associated individual names.
5. Complete this table of your firm’s employee profile using the following format:

	Male	Female	Caucasian	African American	Native American	Hispanic American	Asian American	Other
<b>Number</b>								
<b>Percentage</b>								

6. Please list the total number of personnel in the firm in each of the following categories at the end of each of the years 2010-2014 and for September 30, 2015. Each person should be assigned to only one category. For 9/30/15, please list the names of all individuals currently employed by the firm, by category. Please attach a resume or detailed biography for each consultant.

Please provide calendar year-end (December 31) data for each full year shown:

	2010	2011	2012	2013	2014	9/30/2015
<b>Senior Consultants</b>						
<b>Lead Consultants</b>						
<b>Junior Consultants</b>						
<b>Analysts</b>						
<b>Management</b>						
<b>Economists</b>						
<b>Marketing/Sales</b>						
<b>Existing Client Services</b>						
<b>IT &amp; Systems</b>						
<b>Total Professional Staff (above)</b>						

7. List and describe departures of all professionals over the past five (5) years:

Name	Title	Reason for Leaving	Year Left

8. Has the firm, its principals or any affiliate ever:
- been the focus of a non-routine Securities and Exchange Commission (SEC) inquiry or investigation or a similar inquiry or investigation from any similar federal, state, or self regulatory body or organization,
  - been a party to any litigation concerning fiduciary responsibility or other investment related matters, or
  - submitted a claim to your errors & omission, fiduciary liability, and/or fidelity bond insurance carrier(s), or
  - been sanctioned or fined by any regulatory agency? If yes to any, please provide details.
9. Within the last five years:
- has the firm or an officer or principal been involved in litigation or other legal proceedings relating to the firm's investment consulting assignments? If so, please provide an explanation and indicate the current status or disposition
  - has the firm been involved in any financial settlements to avoid litigation relating to the firm's investment consulting assignments? If so, please identify and provide an explanation for each such financial settlement.

10. Is the firm registered with the SEC or a state securities regulator as an investment advisor? If so, please provide all the disclosures required under those laws (including Part II of Form ADV). If not, please state why the firm is exempt from such registration. If appropriate, please provide the most recent Form 10-K and Form 10-Q statement filed by your firm, affiliates, or your firm's parent company.
11. How does the firm identify and manage conflicts of interest? Does the firm have written policies or procedures to address conflicts of interest or to prevent these payments or relationships from being a factor when you provide advice to your clients?
12. Does the firm, its principals, or any affiliate have any strategic alliance with any broker or investment management firm? If yes, please disclose with whom and describe the nature of the alliance. Does your firm recommend any affiliated investment managers to clients? If yes, please explain. Are there any potential conflicts of interest the firm would have in providing services to the BWC? If yes, explain. How do you prevent future conflicts of interest?
13. Does the firm or any firm personnel receive finder's fees or payments from any affiliated entity, investment manager, or third party? If so, explain. Does the firm pay any finder's fees or payments to any affiliated entity, investment manager, or third party? Does the firm or related company receive any payments from money managers you recommend, consider for recommendation, or otherwise mention to a client for its consideration? If so, what is the extent of these payments in relation to your other income (revenue)?
14. If the firm allows clients to pay your consulting fees using the client's brokerage commissions, does the firm monitor the amount of commissions paid and alert a client when consulting fees have been paid in full? If not, how can a client make sure it does not over-pay its consulting fees?
15. If the firm allows clients to pay your consulting fees using the client's brokerage commissions, what steps does the firm take to ensure that the client receives best execution for its securities trades?
16. Does the firm have any arrangements with broker-dealers under which the firm or a related company will benefit if money managers place trades for their clients with such broker-dealers? Does the firm receive soft dollar revenue from Investment Managers? What percentage of the revenue dollars do clients pay their consulting fees to the firm through soft dollar arrangements?
17. What percentage of the firm's consulting clients utilize money managers, investment funds, brokerage services, or other service providers from whom the firm receives fees?
18. If hired, will the firm acknowledge in writing that it has a fiduciary obligation as an investment adviser to the BWC Trust Funds while providing the consulting services the BWC is seeking?
19. Does the firm consider itself a fiduciary with respect to the recommendations it provides the BWC Trust Funds?

- 20. Does the firm consider itself a fiduciary under ERISA with respect to the recommendations it provides to other plans?
- 21. Has the firm adopted the CFA Institute Code of Ethics and Standards of Professional Conduct? Does the firm have a written code of conduct or set of standards for professional behavior? If so, please attach a copy and state how employee compliance is monitored and enforced.

**7.2 QUALITY AND DEPTH OF SERVICES, EXPERIENCE AND PROFESSIONAL STAFF**

- 22. List all of the firm’s standard services provided in a typical consulting and performance evaluation relationship, and manager search and evaluation program. List special services, such as knowledge of securities lending, that the firm provides to meet other needs of clients and/or services unique to the firm.
- 23. Briefly summarize the firm’s philosophy relating to the consultant's relationship with the BOD, BWC Administrator, BWC staff, and investment managers.
- 24. Complete the following table of your consulting clients as of the most recent date available (Provide such date):

Client Type	# of Clients	\$ Assets Under Management	Years of Client Type Servicing Experience	Avg. Yrs of Services Per Each Client
Public Pension				
Corp Pension				
Taft-Hartley				
Endowment/Foundation				
Insurance				
Other				

- 25. Complete the following table by listing the number of your consulting clients in each box as of the most recent date available (Provide such date):

Client Type	Less than \$1 Billion	\$1 Billion to \$10 Billion	\$10 Billion to \$25 Billion	\$25 Billion to \$50 Billion	Over \$50 Billion
Public Pension					
Corp Pension					
Taft-Hartley					
Endowment/Foundation					
Insurance					
Other					

26. List your firm’s key professionals in the format (\*provided below). Identify with an asterisk (\*) those individuals, including senior or lead consultants, who will be assigned to the BWC account. Please provide a detailed biography and description of current responsibilities for each person identified who would be expected to service the BWC account. Identify all individuals of the firm who currently serve as senior or lead consultants:

<b>Name</b>	<b>Title</b>	<b>Location</b>	<b># of Clients</b>	<b>Years With Firm</b>	<b>Total Years Inv Exp</b>

27. Describe the firm’s process for analyzing a client's existing Investment Policy. Include the firm’s method for recommending modifications, developing and analyzing asset allocation, and monitoring the Investment Policy and strategy.
28. Describe the firm’s asset/liability modeling capability and portfolio structure analysis. Describe the manner in which the firm would assist the BWC in recommending changes and monitoring asset mix.
29. Describe your process for performing a comprehensive asset/liability study for the BWC.
30. Explain any innovative recommendations your firm has made relating to asset allocation and liability studies.
31. Describe the firm’s process for evaluating a client’s investment performance including determination and/or recommendation of benchmarks.
32. Explain your methods for evaluating external public market managers and private real estate managers including: systems for collecting and analyzing data, process for filtering, due diligence procedure, process for scoring or recommendation, and criteria and procedure for watch listing or termination.
33. Describe the firm’s investment manager research and analysis services:
- a) Number of managers by asset class and style;
  - b) Other information maintained on each;
  - c) Manner by which information is obtained;
  - d) How often is information updated;
  - e) Type of database used including number of years of usable data on managers and tracking of clients, and whether the database is proprietary or purchased from an affiliated entity or an non-affiliated supplier;
  - f) Number of firm personnel devoted to such services by asset class and style;
  - g) Approach to and due diligence for hiring, evaluating managers, and terminating managers;

- h) Methodology for computation of manager performance including establishing benchmarks, and the source and size of the universe (number and size of plans and number of which are public plans).
34. Please provide biographical information on your investment manager research staff including but not limited to: years of investment related experience, years with firm, specific areas of expertise, education and certifications, and any other unique attributes or qualifications.
  35. Provide comprehensive external investment manager due diligence reports (fixed income; and equity; and private real estate) resulting in a recommendation and client investment.
  36. Provide a list of fees and services investment managers must pay and subscribe to before the manager can be included in the firm's manager database.
  37. Describe the firm's knowledge and experience (i.e. number of years) in specific asset classes and asset class strategy including: fixed income, equity, real estate, and alternative investments.
  38. Describe the firm's experience specific to the insurance industry.
  39. Describe the firm's capability to manage, select, and provide information on minority-owned and/or women-owned investment managers (MWBE) and manager-of-managers of MWBE investment managers. Include any specific universe information maintained.
  40. Describe the composition of the data and information maintained on investment manager universes.
  41. Complete the following active and passive investment manager universe tables:

<b>Asset Class</b>	<b># Active Managers</b>	<b>\$ Size of Active Universe</b>	<b>Years of Data</b>
<b>Total Fixed Income</b>			
<b>Long Duration Fixed Income</b>			
<b>Medium Duration Fixed Income</b>			
<b>TIPS</b>			
<b>High Yield Bonds</b>			
<b>Intl/Global Fixed Income</b>			
<b>Total Equity</b>			
<b>S&amp;P 500/Large Cap U.S.</b>			
<b>Small/Mid Cap U.S.</b>			
<b>Intl Equities</b>			
<b>Real Estate Funds</b>			
<b>MWBE/Direct Manager</b>			
<b>MWBE/Manager of Managers</b>			

Asset Class	# Passive Managers	\$ Size of Passive Universe	Years of Data
Total Fixed Income			
Long Duration Fixed Income			
Medium Duration Fixed Income			
TIPS			
High Yield Bonds			
Intl/Global Fixed Income			
Total Equity			
S&P 500/Large Cap U.S.			
Small/Mid Cap U.S.			
Intl Equities			
Real Estate Funds			
MWBE/Direct Manager			
MWBE/Manager of Managers			

42. Describe how the firm records, reviews, and monitors all active investment manager recommendations made to its clients. What has been your investment manager recommendation performance history for your clients over the past five years? What percentage of investment manager turnover occurs during a normal year for your clients?
43. Please describe the results of each investment manager search conducted by the firm for clients during the period July 1, 2010 through September 30, 2015. Please provide the details in a chart as the following examples demonstrate:

Client Description	Search Mandate	Mandate Size	Manager Selected	Date Hired
Private pension plan – Midwest	Small cap value	\$50 million	Manager ABC	01/31/10
Public pension fund – West	Long Duration Fixed Income	\$100 million	Manager XYZ	02/28/09

44. Describe the firm’s methodology in computing performance. Include formulas and industry standards used.
45. Describe the firm’s ability to back load historical BWC data.
46. Describe and explain the firm’s ability and methods to reconcile accounting and performance data with the custodian, record keeper, and investment manager. Include electronic capabilities.

47. Does the firm hold or sponsor investment manager or client conferences? If yes, describe such events occurring in the last two years, their usual frequency, and whether the costs of such events are borne by the firm or event attendees.
48. Excluding investment manager or client conferences held, list and describe any additional educational programs the firm has developed or made available to clients.
49. Describe research available for clients and a list of published research originating with your firm.
50. Please provide a reference list of at least three public sector or insurance company clients with similar-sized and structured investment portfolios to the BWC. Include the client name, address, and contact person and telephone number of contact person. If possible, please provide references serviced by the senior or lead consultant who will be assigned to the BWC account. In addition, please provide a list of your public sector clients and your insurance clients. The consulting firm recognizes that BWC reserves the right to contact any or all references listed. The BWC will respect any request that the consulting firm be contacted first before such reference is contacted by the BWC.
51. After a careful review of Section 4.0 describing the Scope of Services desired by the BWC, please mention any services listed therein that your firm would have difficulty in providing to the BWC. Please be specific in your response of such services that could not be provided.
52. List the firm's key strengths, competitive advantages, shortcomings, and focuses for improvement. Please be specific with supporting detail.

### 7.3 FEES

53. Please submit the firm's proposed fees in the format prescribed below. The proposed fees shall include all costs payable by the BWC for providing Investment Consulting services to the BWC as described in Section 4.0 Scope of Services. The length of the Initial Contract will be through June 30, 2019 with two (2) one-year renewal options that are solely at the discretion of the BWC.

The retainer services are:

1. Asset Allocation and Liability Studies
2. Investment Policies, Strategies and Guidelines
3. Performance Monitoring and Reporting
4. Due Diligence for Public Market Managers
5. Due Diligence for Private Real Estate Managers
6. Market Research and Education

	Fee Amount
<b>Through June 30, 2019</b>	\$
<b>First One-Year Extension</b>	\$
<b>Second One-Year Extension</b>	\$

## **8.0 TERMS AND CONDITIONS**

### **8.1 General**

BY SUBMITTING A PROPOSAL, THE SUPPLIER ACKNOWLEDGES THAT IT HAS READ THE RFP, UNDERSTANDS IT, AND AGREES TO BE BOUND BY ITS REQUIREMENTS, TERMS AND CONDITIONS. BWC RESERVES THE RIGHT TO REJECT ANY AND ALL PROPOSALS THAT TAKE EXCEPTION TO THE TERMS AND CONDITIONS OF THE RFP OR THAT FAIL TO MEET THE TERMS AND CONDITIONS, INCLUDING BUT NOT LIMITED TO, STANDARDS, SPECIFICATIONS AND REQUIREMENTS AS SPECIFIED IN THE RFP. FURTHERMORE, BWC RESERVES THE RIGHT TO REFUSE ANY PROPOSAL NOT PROPERLY SUBMITTED IN ACCORDANCE WITH THE REQUIREMENTS OF THIS RFP. BWC RESERVES THE RIGHT TO REJECT THE SELECTED PROPOSAL AT ANY TIME PRIOR TO EXECUTION OF A CONTRACT.

Headings in this RFP are for convenience only and shall not affect the interpretation of any of the terms and conditions contained in the RFP.

### **8.2 Travel Expenses**

Any travel or per diem required by the selected supplier to carry out its obligations under the contract shall be at the supplier's expense.

### **8.3 Resulting Contract**

Any contract resulting from the RFP shall consist of this RFP and any written addenda issued by BWC, the selected proposal and the executed contract. If there is any conflict between the RFP and the selected proposal, the RFP controls.

BWC and the successful supplier shall execute a contract based on the terms of this RFP and mutually agreed to by the parties, provided that any contract executed shall incorporate and shall be consistent with the terms of this RFP, any written addenda issued by BWC, and the selected proposal, and shall be in compliance with Ohio law. If the supplier fails to execute such contract within a reasonable time, BWC reserves the right to reject the proposal and award the contract to the next highest scoring supplier until a contract is negotiated, or BWC decides not to contract.

The term of the contract shall commence on or about the date the contract is executed. The contract will have an initial term of approximately three (3) years and can be renewed for two (2) additional one (1) year terms at the sole and exclusive option of the BWC.

The contract with the selected supplier may be terminated if any changes are made to BWC or to the authority of the BOD over BWC's investment activities.

### **8.4 Contract Compliance**

During the term of this contract, BWC shall be responsible for monitoring the supplier's performance and compliance with the terms and conditions of the contract. It is specifically understood that the nature of the services to be rendered pursuant to any contract resulting from this RFP are of such a nature that BWC is the sole judge of the adequacy of such services.

## **8.5 Contract Termination**

If for any reason the supplier fails to fulfill its obligations under the contract in a timely and professional manner, or if the supplier violates any of the covenants, agreements, or stipulations of the contract or applicable Ohio statutes, BWC shall have the right to terminate the contract. BWC recognizes that the withdrawal terms stated within the Fund's individual limited partnership or limited liability agreements will be applicable for the period of withdrawal of BWC's investment interest in the Fund in the event of contract termination. In the event that BWC executes its right to terminate the contract, the supplier shall not be relieved of any liability for damages sustained by BWC by virtue of any breach by the supplier, and BWC may withhold any payment due to the supplier, whether the payment is due to the supplier under the contract or otherwise, for the purpose of set off until such time as damages to BWC are determined.

## **8.6 Termination for Convenience**

Notwithstanding section 8.5, above, BWC may terminate the contract for convenience by giving not less than thirty (30) days notice to the supplier, in writing of its intent to so terminate for convenience and the effective date of such termination. In the event that termination under this provision is elected, the supplier shall receive payment for work satisfactorily performed as determined by BWC to the date of termination. BWC recognizes that the withdrawal terms stated within the Fund's individual limited partnership or limited liability agreements will be applicable for the period of withdrawal of BWC's investment interest in the Fund in the event of contract termination.

## **8.7 Governing Law**

The validity, construction and performance of any contract resulting from this RFP and the legal relations among the parties to any such contract shall be governed by and construed in accordance with the laws of the State of Ohio. Any and all disputes arising under any contract resulting from this RFP shall be governed by the laws of the State of Ohio, and the parties agree to submit exclusively and irrevocably to the jurisdiction of the Ohio Court of Claims in any and all disputes arising under the contract.

## **8.8 Compliance with Applicable Laws and Acknowledgment of Fiduciary Status**

The supplier agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The supplier accepts full responsibility for payment of all taxes and insurance including workers' compensation insurance premiums, unemployment compensation insurance premiums, all income tax deductions, social security deductions, and any and all other taxes or payroll deductions required for all employees engaged by the supplier in the performance of the work authorized by this contract. BWC does not agree to pay any taxes. Failure to have workers' compensation or other required insurance in accordance with the RFP may cause BWC to terminate any resulting contract at BWC's sole discretion.

The supplier acknowledges that the funds subject to a contract under this RFP are a public trust fund governed by the provisions of Chapters 4121 and 4123 of the Ohio Revised Code. The supplier agrees to adhere to the standard of care and conduct required of a fiduciary under the BWC Statement of Investment Policy and Guidelines, as may be amended, Chapters 4121 and 4123 of the Ohio Revised Code, and any applicable federal and state law. *BWC is a non-ERISA agency.*

## **8.9 Publicity**

Any use or reference to this RFP by the supplier to promote, solicit, or disseminate information regarding the scope of the contract is prohibited, unless otherwise agreed to in writing by BWC. BWC agrees to be used as a reference by the selected supplier in other State of Ohio competitive bid situations.

## **8.10 Non-Discrimination**

The supplier will comply with all state and federal laws regarding equal employment opportunity and fair labor and employment practices, including Ohio Revised Code Section 125.111 and all related Executive Orders.

Before a contract can be awarded or renewed, for any contract in the amount of \$2,500.00 or more, supplier must submit an Affirmative Action Program Verification Form to the DAS Equal Opportunity Division to comply with the Ohio affirmative action requirements. Affirmative Action Verification Forms and approved Affirmative Action Plans can be found by contacting the Equal Opportunity Department or viewing the Equal Opportunity Department's website:

<http://das.ohio.gov/Divisions/EqualOpportunity/AffirmativeActionProgramVerification/tabid/133/Default.aspx>

The State of Ohio encourages the supplier to purchase goods and services from Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equity (EDGE) suppliers.

## **8.11 Supplier's Liability**

The supplier shall be liable for and shall indemnify BWC against any and all losses, damages, costs, expenses (including reasonable attorney fees), liabilities, claims, and demands for any action, omission, information or recommendation in connection with the contract constituting a breach or violation of its fiduciary duties under applicable law, or a material breach of any agreement, representation, warranty or covenant made herein by the supplier or its agents, except that the suppliers shall have no liability hereunder in the absence of gross negligence or reckless or willful misconduct on the part of itself or its agents.

## **8.12 Conditions Precedent**

It is expressly understood by the parties that the contract is not binding on BWC until such time as all necessary funds are made available and forthcoming from the appropriate State agencies, and such expenditure of funds is approved by the BWC Administrator/CEO. No contract shall be binding upon either party until receipt by the contracting supplier of a copy of a fully executed contract, and compliance with any and all conditions precedent.

### **8.13 Method of Remuneration and Billing Procedures**

Upon delivery of performance of services, the supplier shall submit invoices electronically to the BWC Investment and Financial Reporting E-Mail boxes:

[InvestBU@bwc.state.oh.us](mailto:InvestBU@bwc.state.oh.us)  
Financial.Reporting@bwc.state.oh.us

If it becomes necessary to mail a hard copy of the invoice, please send to the following address:

Ohio Bureau of Workers' Compensation  
Investment Administration Manager  
30 W. Spring St., L-27  
Columbus, Ohio 43215

A proper invoice is defined as being free from defects, discrepancies, errors, or other improprieties and shall include, but may not be limited to:

- supplier's name and address as designated in the RFP
- supplier's federal employer identification (E.I.) number
- description, including time period (date received and date reported) of services delivered or rendered
- provide contact name for billing purposes

Defective invoices shall be returned to the supplier noting areas for correction. When such notification of defect is sent, the required payment date shall be thirty (30) days after receipt of the corrected invoice.

Section 126.30 of the Ohio Revised Code, and any applicable rules thereto, are applicable to any resulting contract and requires payment of interest if, upon receipt of a proper invoice, payment is not made within thirty (30) calendar days, unless otherwise agreed in writing. The interest charge shall be at the rate per calendar month which equals one twelfth of the rate per annum prescribed by Section 5703.47 of the Ohio Revised Code. In the event that BWC does fail to make prompt payment, the supplier is entitled to the interest allowed by law. In no event shall such failure to make prompt payment be deemed a default or breach of contract on the part of BWC.

By signing the contract, the selected supplier agrees to receive payment by means of electronic fund transfers, "EFT". BWC agrees to send to the selected supplier an Authorization Agreement for Automatic Deposit of State Warrants for the selected supplier to complete and to file with the Auditor of State, providing the information needed to enable EFT payment. It is the supplier's responsibility to complete and to submit the Authorization Agreement for Automatic Deposit of State Warrants at least two weeks before submitting the first invoice under this section.

Payment shall be made to the supplier, in the supplier's Federal E.I. number, as provided for in the response to the RFP. The date the EFT payment is issued shall be considered the date payment is made. Payment shall not be initiated before a proper invoice is received by BWC.

In the alternative, BWC may approve payment directly from the custodian or sub-custodian of BWC to the Investment Manager.

#### **8.14 Workers' Compensation Insurance**

Before a contract can be awarded or renewed, the supplier shall submit a copy of the certificate proving that the supplier and its agents are covered by workers' compensation insurance and shall remain covered during the term of the contract. The supplier is responsible for ensuring contractually that any subcontractors maintain workers' compensation insurance at all times during the term of the contract. Failure to maintain coverage at any time during the term of any contract resulting from this RFP shall be deemed a material breach of the contract. Such failure may cause BWC to terminate the contract at BWC's sole discretion.

If it is discovered after the contract has been awarded that the supplier was not in compliance with applicable law requiring participation in the workers' compensation system on the date the contract was awarded, the contract will be declared "void ab initio." BWC will not pay for any services rendered or goods delivered under the contract and the supplier must immediately repay to BWC any funds paid under the contract.

#### **8.15 Other Insurance**

Before a contract can be awarded or renewed, the supplier shall provide proof of insurance coverage as set out in this section. The intent of the required insurance is to protect the Fund and the state of Ohio from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the supplier or subcontractor, or their agents, while performing under the terms of any contract resulting from this RFP.

The supplier shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of the contract, as follows:

*Financial Institution Bond (Employee Dishonesty, Fidelity Bond, and Money and Securities):*

For loss by reason of acts of fraud or dishonesty, the supplier shall keep in effect during the term of this contract a Financial Institution Bond (employee dishonesty, fidelity bond) with limits of not less than \$1,000,000 per occurrence for loss by reason of acts of fraud or dishonesty.

Insurance policies shall be endorsed to contain a clause providing that 30 days prior written notice of cancellation, non-renewal or decrease in coverage shall be given to BWC.

The supplier shall furnish a Certificate(s) of Insurance to BWC for each of the required coverages evidencing insurance from an insurance carrier, or carriers, authorized to do business in the State of Ohio. The certificate(s) must be in a form that is reasonably satisfactory to the BWC as to the contents of the policies and the quality of the insurance carriers. All carriers must have at least an "A-" rating by A.M. Best.

Failure to maintain required liability coverage at any time during the term of any contract resulting from this RFP shall be deemed a material breach of the contract. Such failure may cause BWC to immediately terminate the contract at BWC's sole discretion.

#### **8.16 Default by Supplier**

BWC declares and the supplier acknowledges that BWC may suffer damages due to the failure of the supplier to act in accordance with the requirements, terms, and conditions of the contract. BWC declares and the supplier agrees that such failure shall constitute an event of default on the part of the supplier. The supplier agrees that if BWC does not give prompt notice of such a failure, that BWC has not waived any of its rights or remedies concerning the failure by the supplier.

#### **8.17 Records Retention and Inspection of Time Records and Work Papers**

During the term of any contract resulting from this RFP and until the expiration of three (3) years after final payment under any such contract, the supplier shall create, maintain, and provide BWC and/or its duly authorized representatives with access to, and the right to examine, any books, documents, papers, and records of the supplier that adequately document and fully substantiate the validity of supplier's reimbursement for work performed under the contract.

For each subcontract in excess of \$2,500.00, the supplier shall require its subcontractors to agree to the provisions of this section on record-keeping.

#### **8.18 Ohio Elections Law**

The supplier hereby certifies that no applicable party listed in Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13 has made contributions in excess of the limitations specified under Divisions (I), (J), (Y) and (Z) of O.R.C. Section 3517.13.

#### **8.19 Drug-Free Workplace**

The supplier agrees to comply with all applicable state and federal laws regarding drug-free workplace. The supplier shall make a good faith effort to ensure that all of its employees, if working on state property, will not purchase, use or possess illegal drugs or alcohol or abuse prescription drugs in any way.

#### **8.20 Confidentiality**

The supplier agrees to keep all data, information and documents furnished by BWC under the contract in strict confidence. The supplier agrees to use any confidential information to which it has access during the work under the contract only for the purpose of completing work under the contract. Further, the supplier agrees to use the same degree of care that it uses to protect its own confidential, trade secret or proprietary information from unauthorized disclosure, but in no event less than a reasonable degree of care.

#### **8.21 Assignment and Subcontracting**

The supplier will not assign any of its rights nor delegate any of its duties and responsibilities under the contract without prior written consent of BWC. Any assignment or delegation not consented to may be deemed void by BWC. However, BWC's approval will not serve to modify or abrogate the responsibility of the supplier for the acts, omissions, nonfeasance, malfeasance, or misfeasance of any and all subcontractors.

If the supplier changes its business organization or identity from that described in its proposal before the contract is signed by both parties or before work pursuant to the contract commences, that change may be deemed a material change by BWC, if the supplier was selected based in part on its experience, corporate structure, responsibility, or conflicts of interest, which factors have changed. BWC may withdraw the contract award or it may declare the contract “void ab initio” and may select another finalist firm for a contract under this RFP.

If the supplier changes its business organization or identity from that described in its quote at any time after work pursuant to the contract commences, the supplier must immediately notify BWC of the change and that change may be deemed a material change by BWC, and may be deemed grounds for terminating the contract under this RFP.

#### **8.22 Unresolved Finding for Recovery**

The supplier warrants that it is not subject to any unresolved finding for recovery issued by the Auditor of State within the meaning of Ohio Revised Code Section 9.24; provided, however that if the supplier is subject to a finding for recovery pursuant to Section 9.24 (A) and the supplier qualifies for and has taken the necessary steps to resolve the finding for recovery pursuant to Section 9.24 (B), the supplier must provide BWC with specific documentation regarding the resolution prior to the award of the contract under this RFP. If it is discovered after the contract has been awarded that the supplier was subject to an unresolved finding for recovery on the date the contract was awarded, the contract will be declared "void ab initio", and BWC will not pay for any services rendered or goods delivered under the contract.

#### **8.23 No Secondary Interests**

The supplier represents and warrants that in the event of any supplier’s referral of BWC to any third party to sell, license, or furnish hardware, software, services, or other items to BWC, such referral shall not result in any such third party’s payment to the supplier (or to any partner, director, principal or affiliate thereof) of any monetary consideration, referral fee, finder’s fee, or anything else of value. For breach of the above warranty, the supplier shall promptly pay to BWC the full amount (or cash equivalent) of the consideration received from the third party for the referral.

The supplier represents and warrants that the work to be performed under this RFP will be a complete work product, not requiring any subsequent additional purchase from the supplier.

#### **8.24 Conflicts of Interest and Ethics Compliance Certification**

Supplier affirms that it presently has no interest and shall not acquire any interest, direct or indirect, which would conflict, in any manner or degree, with the performance of services that are required to be performed under the contract. In addition, the supplier affirms that no person having such interest shall be employed in the performance of the contract. The supplier shall likewise advise BWC in the event it acquires such interest during the course of the contract.

Supplier agrees to adhere to all ethics laws contained in Chapters 102 and 2921 of the Ohio Revised Code governing ethical behavior, understands that such provisions apply to persons doing or seeking to do business with BWC, and agrees to act in accordance with the requirements of such provisions; and warrants that it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to BWC or any of its board members, officers, employees, or agents, or any

third party in any of the engagements of the contract or otherwise, including, but not limited to a finder's fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

Supplier warrants that it is not owned or controlled by a person who within the preceding three years was employed by BWC, a Board member of, or an officer of BWC's BOD, or a person who within the preceding three years was employed by or was an officer holding a fiduciary, administrative, supervisory, or trust position, or any other position in which such person would be involved, on behalf of the person's employer, in decisions or recommendations affecting the investment policy of BWC, and in which such person would benefit by any monetary gain.

#### **8.25 Fiduciary Transactions and Responsibilities**

Supplier warrants that it will not cause BWC to engage in a transaction if supplier knows or should know that the transaction constitutes the following, whether directly or indirectly: the sale, exchange, or leasing of any property between BWC and a party in interest; lending of money or other extension of credit between BWC and a party in interest; furnishing of goods, services, or facilities between BWC and a party in interest; transfer to, or use by or for the benefit of a party in interest, of any assets of BWC; or the acquisition, on behalf of BWC, of any employer security or employer real property. This prohibition does not apply if all the terms and conditions of the transaction are comparable to the terms and conditions that might reasonably be expected in a similar transaction between similar parties who are not parties in interest and the transaction is consistent with fiduciary duties under Ohio Revised Code Chapters 4121, 4123, 4127, and 4131.

Supplier warrants that it will not deal with the assets of BWC in the fiduciary's own interest or for the fiduciary's own account; in the fiduciary's individual capacity or in any other capacity, act in any transaction involving BWC on behalf of a party, or represent a party, whose interests are adverse to the interests of BWC or to the injured employees served by BWC; or receive any consideration for the fiduciary's own personal account from any party dealing with BWC in connection with a transaction involving the assets of BWC.

Supplier understands it shall be liable for a breach of fiduciary responsibility if it knowingly participates in or knowingly undertakes to conceal an act or omission of another fiduciary, knowing such act or omission is a breach; if, by supplier's failure to comply with Chapters 4121, 4123, 4127, or 4131 of the Revised Code, the fiduciary has enabled another fiduciary to commit a breach; and if supplier has knowledge of a breach by another fiduciary of that fiduciary's duties under Chapters 4121, 4123, 4127, and 4131 of the Revised Code, unless supplier makes reasonable efforts under the circumstances to remedy the breach.

#### **8.26 Background Checks**

Supplier warrants that, to the best of its knowledge, none of its employees who will be investing assets of BWC has been convicted of or pleaded guilty to a financial or investment crime. Supplier warrants that, to the best of its knowledge, none of its subcontractors' or agents' employees who will be investing assets of BWC has been convicted of or pleaded guilty to a financial or investment crime. Supplier agrees to notify BWC if it discovers that any employee investing assets of BWC has been convicted of or pleaded guilty to a financial or investment crime.

Pursuant to ORC section 4123.444, supplier agrees that it will provide to BWC a list of all key employees (those who will be investing assets of BWC) with each employee's state of residence for the five years

prior to the date of BWC's request and a list of all subcontractors' and agents' employees who will be investing assets of BWC with each employee's state of residence for the five years prior to the date of BWC's request. For all such employees BWC may request the completion of a form with standard impression sheet to obtain fingerprints for such employees, and supplier agrees to provide these completed forms with standard impression sheets. If supplier or any subcontractor or agent assigns a new key employee to invest assets of BWC, supplier agrees to provide to BWC the name, state of residence, and form with standard impression sheet to obtain fingerprints for such new employee.

If any employee described in this provision has been or is convicted of or pleaded guilty to a financial or investment crime or if supplier or any of its subcontractors or agents fail to comply with this provision, supplier agrees to allow BWC to terminate the contract. Supplier agrees to waive redemption fees if termination is made under this provision.

### **8.27 Independent Contractor Relationship**

It is mutually understood and agreed that the supplier is at all times acting as an independent contractor in performing services under any contract resulting from this RFP and shall not be considered a public employee for the purpose of Ohio Public Employees Retirement System (OPERS) benefits. Supplier shall be responsible for compliance with all laws, rules, regulations involving, but not limited to, employment of labor, hours of labor, health and safety, working conditions and payment of wages. The persons provided by the supplier shall be solely the supplier's employees and shall not be considered public employees for the purpose of OPERS benefits, or employees of BWC. The supplier shall be responsible for payment of federal, state, and municipal taxes and costs such as social security, unemployment, workers' compensation, disability insurance, and federal and state withholding with respect to its employees.

### **8.28 Debarment**

Supplier represents and warrants that it is not debarred from consideration for contract awards by the Director of the Department of Administrative Services, pursuant to either Ohio Revised Code Section 153.02 or Ohio Revised Code Section 125.25. If this representation and warranty is found to be false, the contract will be declared "void ab initio" and supplier shall immediately repay to BWC any funds paid under the contract.

### **8.29 Severability**

If for any reason any provision of any contract resulting from this RFP or the application of any such provision shall be held by a court of competent jurisdiction to be void, invalid, unenforceable, or contrary to law, the remaining provisions of the contract shall remain in full force and effect.

### **8.30 Force Majeure**

Neither the supplier nor BWC shall be liable to the other for any delay or failure of performance of any provisions contained in any contract resulting from this RFP, to the extent that such delay or failure is caused by any Act of God or other such cause that could not be reasonably foreseen in the exercise of ordinary care, and that is beyond the reasonable control of the party affected, and that the party is unable to prevent, including but not limited to: earthquake, fire, storms, tornadoes, floods, or other severe weather disturbances; epidemics; explosions; civil disturbances; war; terrorism; acts of public enemies; insurrections; riots; strikes; and other such like events.

## **9.0 BWC Investment Policy Statement**

Adopted by the BWC Board of Directors: October 30, 2015

The link to the current IPS is: <https://www.bwc.ohio.gov/downloads/blankpdf/OC/2008/InvPolicy.pdf>