

REQUEST FOR PROPOSALS
by the
STATE OF OHIO
BUREAU OF WORKERS' COMPENSATION
for
Active U.S. Aggregate Core Plus Fixed Income
Investment Management Services
January 7, 2014
Bid # BWCB14002

RFP ISSUED: January 7, 2014
QUESTION PERIOD BEGINS: January 7, 2014
QUESTION PERIOD ENDS: January 14, 2014 at 8:00 AM EST
PROPOSAL DUE DATE: February 25, 2014 at 2:00 PM EST

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

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

1.0 BACKGROUND AND NATURE OF PROJECT

1.1 Purpose of the Request for Proposals

The purpose of this Request for Proposals (RFP) is to locate and contract with several Active U.S. Aggregate Core Plus Fixed Income Investment Managers for the Ohio Bureau of Workers' Compensation (BWC) State Insurance Fund (SIF). The vendor, through its response to this RFP, will demonstrate experience with and success in managing Active U.S. Aggregate Core Plus Fixed Income Investment mandates. Several specific duties are more fully described in Section 4.0 of this RFP to assist BWC in its Active U.S. Aggregate Core Plus Fixed Income Investment Management program.

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

The program is established to accomplish the mission of identifying and hiring Active U.S. Aggregate Core Plus Fixed Income Investment Managers that meet or exceed the risk-adjusted return expectations set forth by the BWC for all investment managers.

The definition of the Active U.S. Aggregate Core Plus Fixed Income mandate reflected throughout this RFP is consistent with the definition of eligible securities qualifying for inclusion in the Barclays U.S. Aggregate Index as well as some securities and sectors that are not included in the index. All eligible securities must be U.S. dollar denominated and trade on U.S. exchanges. The Active U.S. Aggregate Core Plus Fixed Income Managers may manage a portfolio with duration, credit quality, and sector distribution weightings that depart significantly from those represented in the index. Eligible securities

for this mandate include U.S. government obligations, other government related securities including municipal and sovereign debt, U.S. investment grade corporate bonds, U.S. agency and U.S. non-agency mortgage backed securities, U.S. commercial mortgage backed securities (CMBS), U.S. asset backed securities (ABS), high yield bonds, and emerging market debt (U.S. dollar denominated only as specified herein) of lesser quality than the investment grade emerging market debt in the index. The Barclays U.S. Aggregate Index currently serves as the BWC benchmark for its U.S. Aggregate Index mandate portfolio that is currently all passively managed to this index. This index will also serve as the benchmark index for this active management mandate.

The primary goals of the Program are to:

1. Generate superior Fund return performance through the Program, and
2. Further diversify the Fund's overall investment program, so as to enhance the risk-adjusted returns of the BWC State Insurance Fund.

Given the breadth of services under consideration, the BWC may consider more than one Active U.S. Aggregate Core Plus Fixed Income investment management firm relationship to ensure best-of-class service for all 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.

The Ohio Bureau of Workers' Compensation reserves the right to reject any or all proposals and to solicit additional proposals if it is determined to be in the best interest of BWC.

1.2 Definitions and Abbreviations

- BOD BWC Board of Directors
- BWC Ohio Bureau of Workers' Compensation
- BWC Trust Funds SIF and Specialty Funds
- Benchmark Index Barclays U.S. Aggregate Index
- CFA Institute Chartered Financial Analyst Institute
- 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 BWC and the Active U.S. Aggregate Core Plus Fixed Income Investment Management Services firm. The Contract for Services shall describe Active U.S. Aggregate Core Plus Fixed Income Investment Management 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 BWC Investment Policy Statement
- ORC Ohio Revised Code
- Proposal A document submitted by a vendor 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 Proposals
- 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)
- Vendor A supplier/seller of goods and services. A reference to a provider of product or service

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 \$24 billion as of November 30, 2013 and annual insurance premiums and assessments of approximately \$1.5 billion. The Ohio workers' compensation system consists of 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 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 Section 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 November 30, 2013)

(\$ Millions)

Fund Name	Fixed Income	Equity	Real Estate	Cash	Total
State Insurance Fund (SIF)	12,873	7,637	1,059	177	21,746
Specialty Funds (DWRF, CWPF, PWRF, MIF, SIEGF)	1,311	588	0	69	1,968
Total	14,184	8,225	1,059	246	23,714

1.4 Minimum Qualifications

To be considered as an Active U.S. Aggregate Core Plus Fixed Income Investment Manager for the purpose stated above, vendors submitting proposals must meet the following:

1. Be able to contract to act as a fiduciary to BWC and acknowledge in writing compliance with BWC's Investment Policy Statement (IPS) (see IPS Sections II.B & III.C). *The link to the current IPS is: <https://www.bwc.ohio.gov/downloads/blankpdf/OC/2008/InvPolicy.pdf>*
2. The vendor must be (*respond per Section 7.1, Question 1.*):
 - a. An asset management firm, duly and currently registered with the Securities & Exchange Commission (SEC) pursuant to the Investment Advisers Act of 1940, as amended, *or*
 - b. Exempt from registration, *or*
 - c. A national bank regulated by the Office of the Comptroller of the Currency or the Federal Reserve Board.
3. Be able to manage BWC assets in a separate account structure.
4. The Active U.S. Aggregate Core Plus Fixed Income Investment Manager and its respective personnel performing services for BWC must have all authorizations, permits, licenses, and certifications required by federal, state and/or local law. Vendor must be prepared to submit Form ADV, Parts I and II if selected as a finalist candidate.
5. Prepare all eVestment Alliance data through December 31, 2013 for the product for which they are submitting proposals by not later than February 24, 2014, which is one day before the RFP proposal submission due date (February 25, 2014). If a Vendor does not already utilize the eVestment Alliance database, they must participate by establishing their firm in the database. The eVestment Alliance does not charge investment managers for participating in the database.
6. Have assets under management, as of the date the Vendor's proposal is submitted, of
 - a. At least \$4 billion in total fixed income assets under management for the firm.
 - b. At least \$2 billion in assets under management in the proposed Active U.S. Aggregate Core Plus Fixed Income strategy or a strategy comparable to the proposed strategy.
 - c. At least \$500 million of fixed income assets under management in at least one single separately managed account in the proposed product.
7. Have at least seven (7) years of performance history, as of December 31, 2013, for investments benchmarked against the respective mandate Benchmark Index (Barclays U.S. Aggregate Index) they are applying for, or an index which is most comparable to the Benchmark Index.
8. Be able to provide timely monthly performance evaluation reports and comply with the current Global Investment Presentation Standards (GIPS) issued by the CFA Institute.
9. Have a lead portfolio manager to be assigned to the account with at least three (3) years experience, as of December 31, 2013, managing Active U.S. Aggregate Core Plus Fixed Income investment mandates, preferably with the vendor submitting the proposal, against the respective Benchmark Index they are applying for, or a comparative Active U.S. Aggregate Core Plus Fixed Income mandate benchmark index.

10. Be able to provide a compliant industry recognized standard for electronic trading/transmissions to the BWC's sub-custodian (currently JPMorgan Chase Bank), and the BWC's master record-keeper (currently BNY Mellon) in a timely manner.
11. Maintain sufficient procedures and capabilities to ensure timely accurate backup and full recovery for all computers and other data storage systems related to BWC accounts.
12. Be able to complete monthly asset reconciliation with the master record-keeper by the 5th business day each month in order for the master record-keeper to finalize monthly investment accounting by the 7th business day of the month.

Proposals that have been determined not to have met one or more of the minimum qualifications may 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 website area for this RFP. Any schedule change published on the website will be followed by an addendum to this RFP, also available through the State Procurement website. It is each prospective responder's responsibility to check the website question and answer area of 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	January 7, 2014
Question Submission Period Begins	January 7, 2014
Question Submission Period Ends	January 14, 2014 (8:00 AM EST)
Questions and Answers Posted	January 17, 2014
Proposals Due	February 25, 2014 (2:00 PM EST)
Potential Interviews	April 17 – June 6, 2014
Notice of Award Date*	July 25, 2014
Contract Commences	3rd Quarter 2014 (estimated)

PLEASE NOTE: These dates are subject to change.

Proposals received after 2:00 PM EST 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 EST) 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 BWC Board of Directors.

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 website at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "BWC")
5. Click "Find It Fast" button.
6. On the document information page, click "Submit Inquiry".
7. On the 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 January 14, 2014 at 8:00 AM EST. 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 website at <http://www.ohio.gov/procure>.
2. From the Navigation Bar on the left, select "Find It Fast".
3. Select "Doc/Bid/Schedule #" as the Type.
4. Enter the RFP Number found on Page 1 of the document. (RFP numbers begin with the letters "BWC")

5. Click "Find It Fast" button.
6. On the document information page, click the "View Q & A" button to display all inquiries with responses submitted to date.

BWC shall not respond to any inquiries received after 8:00 AM EST on the inquiry end date.

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 vendors who seek clarification on specific sections of this RFP. Any and all inquiries relating to this RFP shall be directed to the State Procurement website shown below. Section 2.1 of this RFP defines the time periods in which prospective vendors can submit inquiries relevant to this RFP and when BWC will respond to all such inquiries. Communications directed elsewhere and/or not written may result in disqualification of the vendor. All BWC responses to inquiries will be in writing and will be made available to all responders to this RFP via the State Procurement website 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 vendors, from the time of the release of this RFP until a vendor is selected and a contract is awarded, the vendors shall not communicate with any BWC staff concerning this RFP, except as provided in this RFP. If the vendor attempts or undertakes an unauthorized communication, BWC reserves the right to reject that vendor's proposal without evaluation. BWC reserves the right to contact any vendor for clarification or correction of any items in the Proposal submitted. BWC shall not be responsible for any vendor'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 Section 3.1.

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

3.3 Proposal Submission

Vendors must carefully review all elements of their final proposals. Once received by BWC, a proposal cannot be altered except as provided in Sections 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 four (4) hard copies of each proposal shall be submitted for evaluation. Proposals shall be clearly marked "BWC Active U.S. Aggregate Core Plus Fixed Income Investment Management Services Bid # BWCB14002" 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 that the entire contents of the proposal are confidential will 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 vendor 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 EST on February 25, 2014**. 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 PM EST deadline at BWC.

If mailing proposals, vendors should allow for sufficient mailing time to ensure timely receipt by BWC Procurement Administration. All mail and deliveries can be expected to undergo package security screening (amounting to approximately one hour) before receipt in BWC Procurement Administration. Vendors must anticipate this additional time when arranging for mail or delivery of proposals. If attending the opening, vendors 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 24TH FLOOR OF THE WILLIAM GREEN BUILDING BY 2:00 PM EST 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 EST ON THE DUE DATE WILL BE OPENED AND CONSIDERED.

3.4 Changes to the RFP by BWC

BWC reserves the right to amend specific sections of this RFP at any time during the bidding process. In the event that BWC does amend the RFP during the bidding process, BWC will provide notice to prospective responders, to the fullest extent possible. Should 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 Vendor Costs for Responses Not Reimbursable by BWC

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 the Active U.S. Aggregate Core Plus Fixed Income Investment Management Services. The target size of the SIF Active U.S. Aggregate Core Plus Fixed Income Investment is approximately \$2.8 billion (currently approximately 13% of SIF assets). The BWC will evaluate proposals separately, and/or in combination, pending a final evaluation and scoring of the responding vendors. The BWC may hire firms to manage all or a portion of this mandate. BWC reserves the right to determine the number of Active U.S. Aggregate Core Plus Fixed Income Managers selected and the asset allocation amount.

The Active U.S. Aggregate Core Plus Fixed Income Investment Managers will be required to adhere to the following investment services guidelines:

1. The Active U.S. Aggregate Core Plus Fixed Income Investment Manager shall abide by and not violate BWC's Investment Policy Statement (IPS) and acknowledge its fiduciary responsibility for the assets it manages for BWC, and shall manage the assets within the guidelines and restrictions of the BWC IPS adopted by the BWC Board of Directors (BOD). The Active U.S. Aggregate Core Plus Fixed Income Investment Manager is responsible for identifying and monitoring compliance to the approved investment guidelines.
2. The active managed fixed income investment mandates shall be managed to provide an enhanced return-to-risk profile and excess investment return performance relative to the assigned fixed income benchmark.

The active managed Active U.S. Aggregate Core Plus Fixed Income Investment portfolio will have the following complementary objectives:

- a. Controlling/reducing risk and notable market value deterioration, independent of general interest rate increases, by eliminating/avoiding exposure to prominent declining credits.
- b. Emphasizing the careful selection of well-researched holdings sufficiently diversified by both issuers and industry/sector groups.
- c. Achieving acceptable risk-adjusted portfolio returns by outperforming the Benchmark Index by at least 0.50% (50 basis points) per annum net-of-fees over the trailing three-year period within acceptable returns tracking error and dispersion objectives.
- d. Outperforming the peer group manager total return median over the trailing three-year period net-of-fees.

3. The definition of the Active U.S. Aggregate Core Plus Fixed Income mandate reflected throughout this RFP is consistent with the definition of eligible securities qualifying for inclusion in the Barclays U.S. Aggregate Index as well as some securities and sectors that are not included in the index. All eligible securities must be U.S. dollar denominated and trade on U.S. exchanges. The Active U.S. Aggregate Core Plus Fixed Income Manager may manage a portfolio with duration, credit quality, and sector distribution weightings that depart significantly from those represented in the index. Eligible securities for this mandate include U.S. government obligations, other government related securities including municipal and sovereign debt, U.S. investment grade corporate bonds, U.S. agency and U.S. non-agency mortgage backed securities, U.S. commercial mortgage backed securities (CMBS), U.S. asset backed securities (ABS), high yield bonds, and emerging market debt (U.S. dollar denominated only as specified herein) of lesser quality than the investment grade emerging market debt in the index. The Barclays U.S. Aggregate Index currently serves as the BWC benchmark for its U.S. Aggregate Index mandate portfolio that is currently all passively managed to this index. This index will also serve as the benchmark index for this active management mandate.
4. Other duties performed by the selected Active U.S. Aggregate Core Plus Fixed Income Managers will include the following:
 - a. Reviewing the specific performance results, performance objectives, risk tolerances and investment guidelines on a quarterly basis for the Active U.S. Aggregate Core Plus Fixed Income portfolio managed.
 - b. Participating in quarterly meetings and as-needed teleconferences to provide information to the BWC concerning the management and performance of the portfolio managed and firm/market updates. Each quarterly meeting for purposes of portfolio performance review and firm/market updates will be held either in-person or by teleconference as determined by the BWC investment staff.
5. The Active U.S. Aggregate Core Plus Fixed Income Investment Managers shall maintain a good working relationship with BWC investment staff by providing timely information regarding material changes in the vendor's organizational structure, staffing, and any other pertinent information the BWC investment staff may require.
6. The Active U.S. Aggregate Core Plus Fixed Income Investment Managers shall provide electronic and hard copies of the monthly, quarterly, year-to-date and annual performance reports, portfolio valuations, portfolio characteristics and portfolio holdings reports to the BWC investment staff and the BWC investment consultant.
 - a. The Active U.S. Aggregate Core Plus Fixed Income Managers shall use best efforts to communicate trades by 4:30 PM Eastern Time to the Fund's sub-custodian (currently JPMorgan Chase Bank) and master record-keeper (currently BNY Mellon).
 - b. The Active U.S. Aggregate Core Plus Fixed Income Managers shall use best efforts to complete monthly asset reconciliations with the Fund's sub-custodian (currently JPMorgan Chase Bank) by the 5th business day of each month in order to effect a timely prior month end close by BWC.

7. The Active U.S. Aggregate Core Plus Fixed Income Investment Managers will document all investment transactions with the SIF sub-custodian (currently JPMorgan Chase Bank) and master record-keeper (currently BNY Mellon) in accordance with the usual and customary standards of practice and confirm all executed transactions from custodial account records.

The scope of services defined in the final contract between BWC and the Active U.S. Aggregate Core Plus Fixed Income Investment Managers will be binding and will supersede the RFP if different from the scope of services defined here.

The Active U.S. Aggregate Core Plus Fixed Income Managers will serve in a fiduciary capacity and by signing a contract affirm this fiduciary status, without qualification.

5.0 PROPOSAL FORMAT

5.1 General

The proposal should be concisely written with attention given to its readability, clarity, technical exposition, and completeness. Please complete all questions in the order they are presented in this RFP and number the responses accordingly. Providing incomplete or misleading data may lead to disqualification of the proposal and elimination of the vendor from the evaluation 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 vendor meets each and all of the minimum requirements listed in Section 1.4 of this RFP, and that the vendor is able and willing to provide the Active U.S. Aggregate Core Plus Fixed Income Investment Management Services 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:

- Vendor's Name
- Contact's Name
- Contact's Title
- Contact's Address
- Contact's Email Address
- Contact's Phone Number
- Contact's Facsimile Number
- Vendor'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 BWC investment staff and will include the BWC investment consultant. The current BWC investment consultant is R. V. Kuhns & Associates, Inc. The EC will have the operational support of the BWC investment staff, BWC legal staff, BWC procurement administration, and the BWC investment consultant to administer the search process.

BWC intends to select Active U.S. Aggregate Core Plus Fixed Income Investment Managers that provide the best value and best accomplish the requirements and objectives set forth in this RFP in a manner most advantageous to BWC.

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

The Active U.S. Aggregate Core Plus Fixed Income Investment Managers will be notified by letter/email of the selection decision. No information will be released by BWC after the proposal due date until an official award of the contracts 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 Vendor’s Organization and Professional Staff | Section 7.1 | 20% |
| • The Vendor’s Philosophy and Process, Performance, Portfolio Risk Management, and Operations | Section 7.2 | 65% |
| • The Vendor’s Management Fees | Section 7.3 | 15% |

Follow-up interviews may be conducted by the EC with the finalist candidates, as determined by the EC on initial scoring of the above criteria. The EC will determine the finalist firms 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 a contract to proposals other than the ones with the highest number of points if, in BWC's sole determination, other proposals are 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 ORC Section 125.071(E).

BWC reserves the right to negotiate management 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 management 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 intended as an all-inclusive 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 four (4) 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 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/CEO 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 Contractor:
Name/Principal location of business of subcontractor(s):

 - 2. Location where services will be performed by Contractor:
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 Contractor:
Name/Location(s) where services to be performed will be changed or shifted by Subcontractor:

- C. List the locations of all offices of Responder.

7.1 ORGANIZATION AND PROFESSIONAL STAFF

1. Is the firm a registered Investment Advisor under the Investment Advisers Act of 1940, as amended? If not, please explain why the firm is exempt. If the firm is a regulated national bank, please provide evidence that the bank is “well capitalized” under the rules and guidelines of the respective regulator.
2. Provide a general description and history of the firm, including:
 - a. When was the firm established? Describe the ownership structure of the firm. Identify affiliated or subsidiary organization(s) and designate the percent of parent firm’s total revenue generated by the organization(s). If the firm is a joint venture partner, identify the percentage ownership and revenues recognized by each partner to the combined association.
 - b. What was the registration date of the Investment Advisers Act of 1940 for the firm? What was the date the firm began managing Active U.S. Aggregate Core Plus Fixed Income investment accounts for U.S. tax-exempt clients, and what was the date the product was introduced?
 - c. Within the past six (6) years, have there been any significant developments in the organization (changes in ownership, personnel reorganization, new business ventures, etc.)? If so, please describe. Provide detail on the effects such developments have had on resources. Are any changes expected over the next five (5) years?
 - d. Over the past six (6) years, has the organization or any of its affiliates or parent, or any officer or principal of such entities been involved in any business litigation, regulatory or other legal proceedings? If so, provide a brief explanation and indicate the current status. Finalist candidates will be required to provide a complete Form ADV (Parts I and II), if applicable.
 - e. Please provide an Equal Employment Opportunity Commission (EEOC) chart.
3. Does the firm provide any product or service other than investment management? If so, elaborate on these services and indicate respective percentage of firm-wide revenues from each service other than providing investment management to clients.
4. List all asset classes managed by the firm, both passively and actively (i.e. Domestic Small Cap Equity, Foreign All Cap Equity, Domestic Investment Grade Core Fixed Income, Domestic High Yield Fixed Income etc). Please provide the total amount of assets managed as of December 31, 2013 for each mandate listed.
5. Discuss the overall business objectives of the firm with respect to future growth. Comment on any present or planned areas of emphasis over the near future. Be sure to include the response by product (including the proposed product):
 - a. Total number of separate accounts that will be accepted.
 - b. Total number of clients that will be accepted.
 - c. Total assets that will be accepted.
 - d. Future staffing requirements as it relates to growth in number of accounts by product.

6. Using the following format, complete this table of the firm's ownership:

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

7. Provide a detailed position Organizational Chart for the firm with associated individual names and titles, as well as the parent-subsiary, affiliate, or joint venture entities.

8. Complete this table of the firm's employee profile using the following format:

	Male	Female	Caucasian	African American	Native American	Hispanic American	Asian American	Other
Number								
Percentage								

9. Please provide the details on the financial condition of the firm. The firm's most recent annual report with the SEC will be acceptable, but any recent material changes should be included. This information is not a minimum requirement, but preference will be given to those managers that include this information.

10. List and summarize material news stories and events (e.g. executive turnover, extraordinary losses, lawsuits, securities lending problems/issues) from September 2008 to date regarding the firm.

11. Provide details of any Securities and Exchange Commission, State regulatory, self-regulatory organization, or professional organization action taken against the firm or any of its owners, principals, or personnel.

12. List the insurance carriers supplying the coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage the firm carries.

13. Describe any potential conflicts of interest the firm may have in the management of this account. 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 relationships from being a factor when providing advice to clients? Please provide a copy of your firm's Code of Ethics Policy.

14. Please list any third party marketing or placement agent firms and/or other relationships the firm has related to the marketing of the firm and/or its investment strategies, including any related to the completion of this RFP. If you list any third party marketers or placement agents used for this RFP, please disclose the fee, retainer or commission paid for such services.

15. State the policies and practices concerning the firm’s approach to brokerage, soft-dollar, and trade execution. Are these policies and practices in compliance with the CFA Institute’s Standards of Practice? If not, explain.

16. Describe the firm’s philosophy regarding corporate governance as practiced by the firm with respect to the proposed product.

17. Describe in detail the internal controls and oversight processes in place at the firm to monitor the management of client accounts so as to maintain compliance with specific client investment policy guidelines. Briefly describe the firm's process for managing specific client contractual provisions.

18. Identify the portfolio management team proposed for this Active U.S. Aggregate Core Plus Fixed Income mandate to include portfolio managers, traders/trading supervisors, risk/compliance managers, and other key personnel.

Active U.S. Aggregate Core Plus Fixed Income				
Key Personnel				
Name of Professional	Title and Responsibilities	Years of Experience	Years with Firm	Degrees/ Designations
Portfolio Manager(s)				
PM(s) Direct Supervisor				
Trading				
Risk / Compliance				
Other				

19. Please provide biographies for each key person identified in the preceding table.

20. Who would be the client service officer assigned to BWC for this mandate? How often would he/she be available for client meetings?

21. How often could the investment advisory professional, portfolio manager(s), chief investment officer and/or firm president be available for client meetings?

22. Please describe the hiring and internal retention procedures for portfolio manager(s), traders, and research analysts.

23. Describe the firm’s backup procedures in the event the key investment professional assigned to this account should leave the firm or be transferred to other accounts or duties.

24. Please describe any capacity constraints that may limit the prospective manager’s ability to successfully execute the proposed product.

25. Identify and discuss the causes and impact of any turnover (departures or hiring/promotions) of any key professionals in the firm’s Active U.S. Aggregate Core Plus Fixed Income Investment Management group(s) in the past three (3) years. Complete the tables below.

Active U.S. Aggregate Core Plus Fixed Income					
Personnel Turnover					
Date	Name/Title	Responsibilities	Years at Firm	Reason for Leaving	Replaced by (name/title)
<u>Departed:</u>					
<u>Joined:</u>					
<u>Summary</u>					
For Calendar Year	Total # of Professionals	# Joined		# Departed	% Turnover
2013					
2012					
2011					

7.2 INVESTMENT PHILOSOPHY PROCESS, PERFORMANCE, PORTFOLIO RISK MANAGEMENT AND OPERATIONS

26. Describe the firm’s philosophy and style concerning investment management and Active U.S. Aggregate Core Plus Fixed Income Management for institutional clients.

27. List those features that distinguish the firm’s investment approach from competitors.

28. Please outline the specific process used to determine sector allocation, yield curve exposure, and duration management. Who is responsible and what parties participate in this process and how?

29. Describe the firm’s decision-making process for making changes to the portfolio in each of the categories of sector allocation, yield curve exposure and duration management. Who or what parties are responsible for making each of these changes?

30. Describe the firm’s process for specific security selection in each of the important bond sectors represented in the proposed product. If processes differ by sector, please be specific. Who is responsible and what parties participate in the process for each identified bond sector and how?

31. Describe the firm’s process for making security sell decisions.

32. BWC may or may not allow the use of derivatives in this mandate. Please explain your utilization of derivative securities, if any, both generally and specifically as it may apply to the proposed product, regarding:
- a. duration management;
 - b. replication of specific market returns or sector returns (individual sectors/credits or baskets of different corporate credits);
 - c. counterparty risk management practices
33. Describe any self-imposed guidelines for portfolio risk regarding the following subjects. Please include minimum and maximum exposures levels if applicable:
- a. sector exposures, including underlying sub-sector constraints, if any;
 - b. below investment grade and emerging market debt (U.S. dollar only) applied to your Core Plus strategy;
 - c. individual security positions;
 - d. issuer limitations;
 - e. duration guidelines stated in either (or both) duration years and/or benchmark percentage terms;
 - f. average weighted portfolio quality
34. In the case of the high yield component of Core Plus strategies, describe:
- a. allocations to various rating classes and any limits by rating classification;
 - b. if defaulted securities are utilized, and if so, to what extent;
 - c. the utilization of bank loans;
 - d. if structured securities are utilized, and if so what types (residential mortgages, CMBS, ABS, etc.) and to what extent
35. Describe the firm's use of investment-grade quality structured securities for the proposed product.
36. What would the firm propose as diversification rules to the BWC portfolio managed to this mandate as related to the Benchmark index weightings? Please be specific.
37. What percent of the firm's Active U.S. Aggregate Core Plus fixed income investment strategy process is Top-Down? What percent is Bottom-Up?
38. What is the average cash percentage position of the proposed product? What is the maximum allowable range for the cash position?
39. What is the targeted risk/return profile of the subject product? How is portfolio risk monitored and controlled? Please provide internal guidelines and risk control factors for the proposed product.

40. Describe the firm’s research and securities selection process in detail for your proposed product, including the following:
- a. firm’s research capabilities;
 - b. adherence to style;
 - c. degree of specialization for each bond sector represented in your proposed product
41. What are some distinguishing features of the firm’s research methodology?
42. Please discuss the nature and type of research or educational material produced by the firm which would be made available to BWC.
43. Please describe the firm’s sources of any external research, if any.
44. What personnel are involved in the research process and what is their background and level of experience? Please distinguish for each bond sector represented in your proposed product.
45. Provide a breakdown of Active U.S. Aggregate Core Plus Fixed Income accounts of the firm by asset size and year for separate accounts, as well as by size of accounts as of December 31, 2013. If none, please provide a breakdown for those accounts most comparable to this mandate, and so note and explain the differences from this mandate.

Active U.S. Aggregate Core Plus Fixed Income Accounts						
Year Ending:	\$ Separate Account AUM	# of Accounts		Size of Account as of 12/31/2013	\$ Separate Account AUM	# of Accounts
As of 12/31/2013				Under \$50 mm		
As of 12/31/2012				\$50mm to \$100 mm		
As of 12/31/2011				\$100 mm to \$200 mm		
As of 12/31/2010				\$200 mm to \$500 mm		
As of 12/31/2009				\$500 mm to \$1 bln		
As of 12/31/2008				Over \$1 bln		
				TOTAL		

46. Provide the following information regarding new, departed, and net new or (departed) clients for each of the last three (3) calendar years for all Active U.S. Aggregate Fixed Income accounts and for the Active U.S. Aggregate Core Plus Fixed Income mandate your firm is proposing to BWC.

Year Ended	All Active U.S. Aggregate Fixed Income Accounts		Active U.S. Aggregate Core Plus Fixed Income Accounts	
	\$ AUM	# Accounts	\$ AUM	# Accounts
<u>New Clients</u>				
12/31/2013				
12/31/2012				
12/31/2011				
<u>Departed Clients</u>				
12/31/2013				
12/31/2012				
12/31/2011				
<u>Net Clients – New/Departed</u>				
12/31/2013				
12/31/2012				
12/31/2011				

47. Please provide the number of public plan clients to which the firm provides Active U.S. Aggregate Core Plus Fixed Income Management, and the largest public plan account size for this mandate.

48. Please provide the number of insurance company clients to which the firm provides Active U.S. Aggregate Core Plus Fixed Income Management, and the largest insurance company account size for this mandate.

49. Please name the current public fund clients and the insurance company clients to which the firm provides Active U.S. Aggregate Core Plus Fixed Income Management.

50. Please give details on the number, name and asset value of the terminated tax-exempt institutional client relationships in the past three (3) years with the reasons for termination. Please provide the name, contact, title, and telephone number of three (3) clients that have terminated the firm's services in the last three years.

51. Please provide at least four (4) current public funds and/or insurance company clients and contact information as references. Please provide date of account inception, and a contact name, title, phone number and email address of a contact person for each public fund and/or insurance company client reference. BWC will respect any preference that your firm be contacted first by BWC prior to BWC contacting the public fund or insurance client references.

52. Is the firm or its parent or affiliate a broker-dealer? Does the firm trade for client accounts through this broker-dealer? If so, state how much trading, and the reason for trading with this related party.
53. How are trading costs (market impact plus bid/ask spreads) monitored? How are transaction costs managed to reduce their negative impact on performance?
54. Describe the firm's internal fixed income trading desk(s). How are the firm's internal traders monitored and evaluated for trading execution effectiveness?
55. How are fixed income broker-dealers monitored and compensated? What standards or requirements in trade execution has the firm set which must be met by fixed income broker-dealers?
56. Please provide the dollar values of the soft dollar trades for the year ended December 31, 2013 broken down by those directed by clients and by the firm for your proposed product. Please indicate the current brokerage relationships for directed business that benefit the firm and what services/products were provided.
57. Provide the firm's performance data both gross and net of management fees, *excluding securities lending income**, for assets under management managed for Active U.S. Aggregate Core Plus Fixed Income accounts. Please provide the name of the proposed product as identified in the eVestment Alliance database. Additionally, provide additional securities lending return in basis points to client and assumed income split. If none, please provide performance data for those accounts most comparable to this mandate, and so note and explain the differences from this mandate. Please state if these composite returns provided include the utilization of derivatives. If so, please also include composite performance data (if available) for the proposed product that do not include the use of derivatives such as futures, options and swaps.

Active U.S. Aggregate Core Plus Fixed Income Accounts							
Period	Benchmark Return	Gross of Fees*		Net of Fees*		Sec Lending	
		Portfolio Return	Variance to Benchmark	Portfolio Return	Variance to Benchmark	Portfolio Return	Split
1 yr (ending 12/31/13)							
3 yr (ending 12/31/13)							
5 yr (ending 12/31/13)							
10 yr (ending 12/31/13)							
Since Inception Date							
State Inception Date:							
State Benchmark:							

*"Gross of Fees" and "Net of Fees" returns should EXCLUDE securities lending income

58. Describe the composite and benchmark used to compute performance results reported in the table above.

59. When presenting 'net of fees' returns, disclose exactly what other fees are deducted from gross returns in addition to the investment management fee.
60. Describe how your firm measures performance attribution and how it is reported to or shared with the client. Please be specific as to the specific factors measured.
61. What allocation or relative importance in your investment process (in percentage weights) would you place on the following categories to describe your firm's value added to provide sufficient above target benchmark returns for your clients for your proposed product? The sum of the percentage weights should equal 100%.
- a. duration management;
 - b. sector weights;
 - c. industry or sub-sector weights;
 - d. security selection;
 - e. credit quality exposure;
 - f. other (please describe)
62. Please describe the investment environments in which the firm's strategy can be expected to out-perform and under-perform for the proposed product.
63. Comment and provide attribution on any periods of time when the firm's strategy for this mandate or most comparable mandate (please note and explain) experienced high variances to the benchmark return. Please be specific as to the reasons for these notable performance variances for each period provided.
64. If your firm employs a tactical allocation methodology for out of index positions, please provide evidence of the historical contribution of this tactical allocation on the product's returns. Quantify this contribution if possible.
65. What is a typical number range of securities owned in a separate account portfolio for this product and does this number vary by size of separate account managed for this mandate?
66. What has been the average annual portfolio turnover of securities for this product for separate accounts over each year of the past five (5) years ending December 31, 2013?
67. Please characterize the anticipated tracking error of your proposed product to BWC relative to the Benchmark Index.

68. What is the firm's policy and practice in the use of derivatives with regard to the mandate proposed? What are the specific derivatives that your firm would propose using for the mandate and for what purpose(s) would these derivatives be employed? What historically for your performance numbers has been the effect on returns, tracking error, duration, and risk with and without the use of derivatives relative to the mandate? What would be the effect on returns, tracking error, duration, and risk with the use of futures contracts only relative to the mandate? Describe exactly how the firm monitors and manages risks associated with any derivatives, including the controls in place to monitor the trading of derivatives.
69. How does the firm measure and monitor risk at the client portfolio level, ensuring that risk parameters are in line with portfolio returns? Is there a specific risk manager at your firm assigned to monitor risk for your proposed product offered for this mandate? If so, please identify this risk manager and describe how this risk manager interacts with and influences the portfolio management team for your proposed product.
70. Please provide quarterly performance for the ten year time period from January 1, 2004 to December 31, 2013 for the Active U.S. Aggregate Core Plus Fixed Income assets managed for clients. If none, please provide quarterly performance for those accounts most comparable to this mandate, and so note and explain the differences from this mandate. Please note if the returns are for a separate account, commingled account or composite. If a composite is used, provide equal-weighted results; identify the number of accounts included; and the annual performance of the best and worst accounts. In addition, provide the market value for each year, ending December 31, 2013, while identifying the benchmark and benchmark return. If the number of accounts used in the composite is different from the number of accounts identified in the "Assets and Account Management" section of this RFP, please explain why certain accounts were excluded. Please note if returns are net or gross of fees (gross preferred), and if they are CFA Institute GIPS compliant.
71. Have the performance numbers been audited for the proposed product?
72. What percentage of the accounts using this product is included in the performance results provided?
73. What percentage of the assets using this product is included in the performance results provided?
74. Are terminated accounts included in the performance results provided?
75. Are there any exclusions from the performance results provided? If so, please detail.
76. Please provide samples of client monthly, quarterly and annual reports including risk reports. What other communication is provided to clients (include description and/or samples of newsletters, seminars, research, etc.)?
77. Describe the firm's capabilities for providing customized reports.

78. Is the firm able to provide accurate, audited asset and transaction statements within 2-3 weeks of month's end, by trade date? Please provide a redacted copy of a recent monthly client transaction statement.

79. Describe any on-line information or reporting capabilities that are made available for client use.

7.3 MANAGEMENT FEES

80. Provide the firm's proposed fee schedule (in basis points). Additionally, provide fee breakpoints. Finally, disclose applicable minimum fees, if any. If a fee chart for a mandate is incomplete, the firm will not be considered for that particular mandate. The maximum initial market value of BWC assets to be allocated to any one Active U.S. Aggregate Core Plus Fixed Income Investment Management firm is expected to be approximately \$1.5 billion.

Active U.S. Aggregate Core Plus Fixed Income Mandate <i>(separate account fees)</i>	Without Sec. Lending	With Sec. Lending*	Sec. Lending Split
(insert ranges here)			

*Please Note: Securities lending is currently suspended and not permitted in the BWC trust funds.

81. Under what circumstances are the fees provided in your response to the preceding question negotiable? Does the firm offer most favored nations clauses in the management of portfolios? Would the firm enter into a most favored nation clause with BWC? Have more favorable terms ever been provided to other investors when compared to the BWC proposed fee schedule represented in your response to the preceding question? If yes, please describe.

8.0 TERMS AND CONDITIONS

8.1 General

BY SUBMITTING A PROPOSAL, THE VENDOR 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.

The Evaluation Committee may waive minor defects that are not material when no prejudice will result to the rights of any other vendor, the public, or BWC. BWC shall not pay for information solicited prior to entering into a contract with the selected vendor.

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 vendor to carry out its obligations under the contract shall be at the vendor'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 Request for Proposals and the selected Proposal, the Request for Proposals controls.

BWC and the successful vendor 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 vendor 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 vendor 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 additional three (3) year terms, without limit, at the sole and exclusive option of the BWC.

BWC shall incur no liability should it choose not to exercise its exclusive option to renew the contract.

The contract with the selected vendor 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 vendor'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 vendor fails to fulfill its obligations under the contract in a timely and professional manner, or if the vendor violates any of the covenants, agreements, or stipulations of the contract or applicable Ohio statutes, BWC shall have the right to terminate the contract. In the event that BWC executes its right to terminate the contract, the vendor shall not be relieved of any liability for damages sustained by BWC by virtue of any breach by the vendor, and BWC may withhold any payment due to the vendor, whether the payment is due to the vendor 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 vendor, in writing of its intent to so terminate for convenience and the effective date of such termination, and the vendor may terminate the contract for convenience by giving not less than ninety (90) days notice to BWC, in writing of its intent to so terminate for convenience and the effective date of such termination. In the event that termination under either of these provisions is elected, the vendor shall receive payment for work satisfactorily performed as determined by BWC to the date of termination.

8.7 Governing Law – Severability

The validity, construction and performance of any contract resulting from this RFP and the legal relations among the parties to any contract shall be governed by and construed in accordance with the laws of the State of Ohio. If any provision of any contract resulting from this RFP or the application of any such provision shall be held by an Ohio court of competent jurisdiction to be contrary to law, the remaining provisions of the contract shall remain in full force and effect. The parties agree to submit irrevocably to the jurisdiction of the Ohio Court of Claims.

8.8 Compliance with Applicable Laws and Acknowledgment of Fiduciary Status

The vendor agrees to comply with all applicable federal, state, and local laws in the conduct of the work hereunder. The vendor 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 vendor 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 vendor 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 vendor 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 vendor 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 vendor in other State of Ohio competitive bid situations.

8.10 Non-Discrimination

The vendor 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 \$2500.00 or more, the vendor 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 vendor to purchase goods and services from Minority Business Enterprise (MBE) and Encouraging Diversity, Growth and Equity (EDGE) vendors.

8.11 Vendor's Liability

The vendor 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 vendor or its agents, except that the vendors 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 Administrator after execution of the contract by the vendor but before execution by BWC. No contract shall be binding upon either party until receipt by the contracting vendor 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 Investment Manager shall submit quarterly invoices electronically to BWC Investment and Finance Divisions E-Mail boxes:

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

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 Investment Manager 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 this Agreement on the part of BWC.

8.14 Workers' Compensation and Liability Insurance

Before a contract can be awarded or renewed, the vendor shall submit a copy of the certificate proving that the vendor and its agents are covered by Workers' Compensation, Employees' Liability and/or vendor's insurance in amounts sufficient to satisfy all claims that might arise from its acts or those of the employees and agents. The vendor is responsible for ensuring contractually that any subcontractors maintain workers' compensation insurance at all times during the term of the resulting contract. Failure to maintain coverage at any time during the term of any contract shall be deemed a material breach of the contract. Such failure may cause BWC to terminate the contract at BWC's sole discretion.

Before a contract can be awarded or renewed, the vendor 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 vendor or subcontractor, or their agents, while performing under the terms of this Contract.

The vendor shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of this 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 vendor 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 the BWC.

The vendor shall furnish a Certificate(s) of Insurance to the 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 shall be deemed a material breach of the contract. Such failure may cause BWC to immediately terminate the contract at the BWC's sole discretion.

8.15 Default by Vendor

BWC declares and the vendor acknowledges that BWC may suffer damages due to the failure of the vendor to act in accordance with the requirements, terms, and conditions of the contract. BWC declares and the vendor agrees that such failure shall constitute an event of default on the part of the vendor. The vendor 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 vendor.

8.16 Inspection of Time Records and Work Papers

BWC reserves the right to inspect the records and work papers of the vendor or any of its subcontractors to determine the validity of billings for work performed. Adequate records to support these charges must be maintained. Documentation must be retained for review for at least three (3) years subsequent to final payment.

8.17 Ohio Elections Law

The vendor 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.

8.18 Drug-Free Workplace

The vendor agrees to comply with all applicable state and federal laws regarding drug-free workplace. The vendor 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.

8.19 Intellectual Property & Confidentiality

The vendor agrees to keep all data, information and documents furnished by BWC under the contract in strict confidence. The vendor 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 vendor 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.

8.20 Assignment and Subcontracting

- A. The vendor 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 vendor for the acts, omissions, nonfeasance, malfeasance, or misfeasance of any and all subcontractors.
- B. If the vendor 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 vendor 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.
- C. If the vendor changes its business organization or identity from that described in its quote at any time after work pursuant to the contract commences, the vendor 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.

8.21 Unresolved Finding for Recovery

The vendor 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 vendor is subject to a finding for recovery pursuant to ORC Section 9.24 (A) and the vendor qualifies for and has taken the necessary steps to resolve the finding for recovery pursuant to ORC Section 9.24 (B), the vendor 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 vendor 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.

8.22 No Secondary Interests

The vendor represents and warrants that in the event of any vendor's referral to 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 vendor (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 vendor shall promptly pay to BWC the full amount (or cash equivalent) of the consideration received from the third party for the referral.

The vendor 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 vendor.

8.23 Conflicts of Interest and Ethics Compliance Certification

Vendor 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.

Vendor 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 Board of Directors, 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.

8.24 Fiduciary Transactions and Responsibilities

Vendor warrants that it will not cause BWC to engage in a transaction if vendor 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.

Vendor 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.

Vendor 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 vendor'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 vendor 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 vendor makes reasonable efforts under the circumstances to remedy the breach.

8.25 Background Checks

Vendor 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. Vendor 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. Vendor 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, vendor 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 requires the completion of a form with standard impression sheet to obtain fingerprints for such employees, and Vendor agrees to provide these completed forms with standard impression sheets. If Vendor or any subcontractor or agent assigns a new key employee to invest assets of BWC, Vendor 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 Vendor or any of its subcontractors or agents fail to comply with this provision, Vendor agrees to allow BWC to terminate the contract. Vendor agrees to waive redemption fees if termination is made under this provision.

8.26 Debarment

Vendor 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 vendor shall immediately repay to BWC any funds paid under the contract.