

**REQUEST FOR PROPOSALS**

**by the**

**STATE OF OHIO**

**BUREAU OF WORKERS' COMPENSATION**

**for**

**Minority-Owned and/or Women-Owned Business Enterprise  
(MWBE)**

**Passive Large Cap U.S. Equity Index Investment Management  
Services**

**Russell Top 200 Large Cap U.S. Equity**

**June 26, 2017**

**Bid # BWCB18001**

RFP ISSUED:	June 26, 2017
QUESTION PERIOD BEGINS:	June 26, 2017
QUESTION PERIOD ENDS:	June 30, 2017 at 8:00 AM ET
PROPOSAL DUE DATE:	July 18, 2017 at 2:00 PM 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
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by the

STATE OF OHIO  
BUREAU OF WORKERS' COMPENSATION

for

**Minority-Owned and/or Women-Owned Business Enterprise (MWBE)  
Passive Large Cap U.S. Equity Index Investment Management Services**

Russell Top 200 Large Cap U.S. Equity

**June 26, 2017**

**Bid # BWCB18001**

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 a Minority-Owned and/or Women-Owned Business Enterprise (MWBE) firm or firms that have demonstrated experience with, and success in, providing passive indexed investment management services for Russell Top 200 Large Cap U.S. Equity portfolios. The selected firm(s) will be expected to provide passive index investment management services to the Ohio Bureau of Workers' Compensation (BWC) for the passive index investment mandate for the aforementioned asset class. BWC seeks proposals from managers experienced in passive index investment management in the above mentioned asset class, with the objectives of replicating index returns while minimizing tracking error at a competitive cost level. BWC expects to select firm(s) that it believes will be best able to manage the investments to the named index. BWC will select the applicant(s) that it deems will accomplish the mission to provide a return closest to the index at low cost and minimum risk level expectations set by BWC.

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.

BWC 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.

The target size of the MWBE Passive Russell Top 200 Large Cap U.S. Equity investment mandate will be approximately 1% of the State Insurance Fund (SIF) assets or approximately \$250 Million.

## 1.2 Definitions and Abbreviations

- AUM Assets Under Management
- BOD BWC Board of Directors
- BWC Ohio Bureau of Workers' Compensation
- BWC Trust Funds SIF and Specialty Funds
- Benchmark Index Russell Top 200 Large Cap U.S. Equity 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 investment manager. The Contract for Services shall describe the investment mandate and specify the performance objectives and compensation arrangements that will apply to such mandate
- 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
- MWBE Minority-Owned and/or Women-Owned Business Enterprise
- ORC Ohio Revised Code
- Proposal 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 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 II (DWRF II)
  - 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 \$26 billion as of March 31, 2017 and annual insurance premiums and assessments of approximately \$1.1 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 the 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 offers safety training and accident prevention programs to employers and also helps injured employees return to work through rehabilitation programs. The BWC Board of Directors (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 March 31, 2017)

(\$ Millions)

Fund Name	Fixed Income	Equity	Real Estate	Cash	Total AUM
State Insurance Fund (SIF)	12,923	8,010	2,616	354	23,903
Specialty Funds (DWRP II, CWPF, PWRP, MIF, SIEGF)	1,376	620	-	61	2,057
<b>Total</b>	<b>14,299</b>	<b>8,630</b>	<b>2,616</b>	<b>415</b>	<b>25,960</b>



## 1.4 Minimum Qualifications

To be considered as Manager for the purpose stated above, Suppliers 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/InvestPolicyStatement.pdf>.*
2. The supplier 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 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. Supplier must be prepared to submit Form ADV, Parts I and II, if selected as a finalist candidate.
5. Prepare all eVestment Alliance data through March 31, 2017 for the product for which they are submitting Proposals by not later than July 17, 2017, which is one day before the RFP Proposal submission due date (July 18, 2017). If a Supplier 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 U.S. dollar assets under management, as of the date the Supplier's Proposal is submitted, with a minimum average of \$5 billion in passively-managed U.S. equity indexed portfolios over the past five (5) years as of March 31, 2017.
7. Have at least three (3) years of performance history, as of March 31, 2017, for investments benchmarked against the Benchmark Index.
8. Be able to provide timely monthly performance evaluation reports and comply with the current Global Investment Performance 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 March 31, 2017, managing a passive U.S. equity index account.
10. Be able to provide a compliant industry recognized standard for electronic trading/transmissions to BWC's sub-custodian (currently JPMorgan Chase Bank), and 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 5<sup>th</sup> business day each month in order for the master record-keeper to finalize monthly investment accounting by the 7<sup>th</sup> business day of the month.

13. The Supplier must be a minority-owned investment manager which shall be defined as an investment manager that is U.S. domiciled and is majority-owned by one, or any combination, of the following groups: African American, Native American, Hispanic American, Asian American and women.

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	June 26, 2017
Question Submission Period Begins	June 26, 2017
Question Submission Period Ends	June 30, 2017 (8:00 AM ET)
Questions and Answers Posted	July 7, 2017
<b>Proposals Due</b>	<b>July 18, 2017 (2:00 PM ET)</b>
Notice of Award Date*	August 25, 2017
Contract Commences	September 29, 2017

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 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 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 June 30, 2017 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 June 30, 2017 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 website 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 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 website shown below.

The BOD, BWC Administrator/CEO, 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 Section 3.1.

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

### **3.3 Proposal Submission**

Suppliers 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 "MWBE Passive Large Cap U.S. Equity Index Investment Management Services Bid # BWCB18001" 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 July 18, 2017**. 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 ET deadline at BWC.

If mailing Proposals, Suppliers 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. 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 OF THE WILLIAM GREEN BUILDING 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**

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 Supplier 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 MWBE Passive Large Cap U.S. Equity Investment Management Services. The target size of the MWBE Passive Large Cap U.S. Equity investment mandate will be approximately 1% of the SIF assets or approximately \$250 Million. The BWC may hire a firm or firms to manage this mandate. BWC reserves the right to determine the number of MWBE Passive Large Cap U.S. Equity investment managers selected and the asset allocation amounts.

State Insurance Fund (SIF)			
Investment Category	Target Allocation	Permissible Range	Performance Benchmark
Indexed Large-Cap U.S. Equity (MWBE)	1%	0.5% - 1.5%	Russell Top 200 Large Cap U.S. Equity Index

The Supplier will be required to adhere to the following investment services guidelines:

1. The Supplier shall abide by and not violate BWC's 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 BOD. The Supplier is responsible for identifying and monitoring compliance to the approved investment guidelines.
2. The Supplier shall maintain a good working relationship with BWC investment staff by providing timely information regarding material changes in the Supplier's organizational structure, staffing, and any other pertinent information BWC investment staff may require.
3. The Supplier 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 BWC investment staff and the BWC investment consultant.
  - a. The Supplier 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 Supplier shall use best efforts to complete monthly asset reconciliations with the Fund's sub-custodian (currently JPMorgan Chase Bank) by the 5<sup>th</sup> business day of each month in order to effect a timely prior month end close by BWC.
4. The Supplier will document all investment transactions with the BWC 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 Supplier 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. 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.

### **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 qualifications listed in Section 1.4 of this RFP, and that the Supplier is able and willing to provide the type and level of passive index investment management 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.

### **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 BWC investment staff and will include the BWC investment consultant. The current BWC investment consultant is RVK, Inc. The EC will have the operational support of BWC investment staff, BWC legal staff, BWC procurement administration, and the BWC investment consultant to administer the search process.

BWC intends to select one or more MWBE Passive Large Cap U.S. Equity Index Investment Manager(s) 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 subsequent interviews with the finalists. BWC reserves the right to reduce the scope of services required.

BWC will apply the Veterans Friendly Business Enterprise preference as required by ORC 9.318 and OAC 123:5-1-16.

The MWBE Passive Large Cap U.S. Equity Index Investment Manager(s) will be notified 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 Organization  | <b>Section 7.1</b> | <b>20%</b> |
| • The Supplier's Professional Staff, Philosophy and Process, Performance, Portfolio Risk Management and Experience | <b>Section 7.2</b> | <b>40%</b> |
| • The Supplier's Management Fees   | <b>Section 7.3</b> | <b>40%</b> |

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 firm(s) for recommendation of approval by the BOD. Representatives of the finalist firm(s) 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 provide an original signed cover letter in the original Proposal and a copy of the original signed cover letter in each copy of the Proposal.
- Failure of the cover letter to comply with Section 5.2.
- Failure to identify RFP Bid Number on the outside of the packaging.
- 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 are confidential and qualify for an exception to Ohio public records law.
- Mailing Proposal with insufficient postage.
- Taking exception to mandatory terms, conditions, and qualifications of the contract.

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

**Is your firm a certified MWBE firm? (If yes, please provide certification)**

Yes

No

## 7.1 ORGANIZATION

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 passive investment accounts for U.S. tax-exempt clients, and what was the date the product was introduced?
  - c. Within the past ten (10) 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 ten (10) 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 Equity, Foreign Equity, Domestic Fixed Income, etc.). Please provide the total amount of assets managed as of March 31, 2017 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 Organizational Chart by position for the firm with associated individual names and titles, as well as the parent-subsidary, 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.

**7.2 FIRM PROFESSIONAL STAFF, PHILOSOPHY, PROCESS, PERFORMANCE, PORTFOLIO RISK MANAGEMENT, AND EXPERIENCE**

18. Identify the portfolio management team for the proposed mandate(s) to include portfolio managers, traders/trading supervisors, risk/compliance managers, and other key personnel.

Proposed Mandate:				
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 U.S. Equity Investment Management group in the past three (3) years. Complete the table below.

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
2016					
2015					
2014					

26. Describe the compensation and incentive program for professionals of your firm directly involved in overseeing investment management. How are portfolio managers, traders, and relationship managers evaluated and rewarded?



27. Provide a breakdown of **separate accounts** that are passively managed to U.S. Equity indexes as of March 31, 2017. Complete the table below.

Total Passively Managed Indexed U.S. Equity Assets		
Size of Account	\$ Separate Account Assets	# of Accounts
Under \$100 million		
\$100 million to \$250 million		
\$250 million to \$500 million		
\$500 million to \$1 billion		
Over \$1 billion		
Total Separate		

28. Describe in detail the process that the firm offers in its management of the Russell Top 200 Large Cap U.S. Equity Index. Focus on identifying sources of potential risk in the portfolios relative to the benchmark, the portfolio construction process, portfolio implementation, and the monitoring of the portfolios.
29. Explain the firm’s process and recommended strategies for the initialization of the Russell Top 200 Large Cap U.S. Equity Index mandate.
30. Describe in detail the process that the firm employs in its management of the annual reconstitution of the Russell Top 200 Large Cap U.S. Equity Index composition. What has been the effect of this annual event on returns, tracking error, and risk?
31. What is the policy practice in the usage of derivatives with regard to the Russell Top 200 Large Cap U.S. Equity Index mandate? What would be the effect on returns, tracking error, and risk with and without the use of derivatives?
32. What is the average cash percentage position of the proposed product? What is the maximum allowable range for the cash position?
33. 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.
34. What are some distinguishing features of the firm’s research methodology?
35. Please discuss the nature and type of research or educational material produced by the firm which would be made available to BWC.
36. Please describe the firm’s sources of any external research, if any.

37. Provide a breakdown of passively managed indexed accounts of the firm benchmarked to the Russell Top 200 Large Cap U.S. Equity Index. State equity accounts by asset size in separate accounts as of the periods indicated. Complete the table below.

<b>Russell Top 200 Large Cap U.S. Equity Index Accounts</b>					
Year Ending:	\$ Separate Account AUM	# of Accounts	Size of Account as of 3/31/2017	\$ Separate Account AUM	# of Accounts
As of 3/31/2017 (3 mo)			Under \$50 mm		
As of 12/31/2016			\$50mm to \$100 mm		
As of 12/31/2015			\$100 mm to \$200 mm		
As of 12/31/2014			\$200 mm to \$500 mm		
As of 12/31/2013			\$500 mm to \$1 bln		
As of 12/31/2012			Over \$1 bln		
<b>TOTAL</b>			<b>TOTAL</b>		

38. Provide the following information regarding new, departed, and net new or departed clients for each of the periods indicated for the Passive Russell Top 200 Large Cap U.S. Equity Index mandate your firm is managing as well as for all other mandates. Complete the table below.

Year Ended	<b>Passive Russell Top 200 Large Cap U.S. Equity Index</b>		<b>All Other Mandates</b>	
	<b>Accounts</b>		<b>Accounts</b>	
	\$ AUM	# Accounts	\$ AUM	# Accounts
<u>New clients</u>				
3/31/2017 (3 mo)				
12/31/2016				
12/31/2015				
12/31/2014				
<u>Departed Clients</u>				
3/31/2017 (3 mo)				
12/31/2016				
12/31/2015				
12/31/2014				
<u>Net Clients- New/Departed</u>				
3/31/2017 (3 mo)				
12/31/2016				
12/31/2015				
12/31/2014				

39. Please provide the number of public plan clients to which the firm provides Passive Russell Top 200 Large Cap U.S. Equity Index account management, and the largest public plan account size.
40. Please provide the number of insurance company clients to which the firm provides Russell Top 200 Large Cap U.S. Equity Index account management and the largest insurance company account size for each passive U.S. equity mandate.
41. Please name the current public fund clients and the insurance company clients to which the firm provides Passive Russell Top 200 Large Cap U.S. Equity Index account management.
42. Please provide the number of public plan clients to which the firm provides U.S. Equity or Fixed Income account management and the largest public plan account size for each U.S. Equity and Fixed Income asset class managed.
43. 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.
44. 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.
45. 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.
46. How are trading costs (market impact plus bid/ask spreads) monitored? How are transaction costs managed to reduce their negative impact on performance?
47. Describe the firm's internal U.S. equity trading desk(s). How are the firm's internal traders monitored and evaluated for trading execution effectiveness?
48. How are broker-dealers monitored and compensated? What standards or requirements in trade execution has the firm set which must be met by broker-dealers?
49. Please provide the dollar values of the soft dollar trades for the year ended December 31, 2016 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.

50. Provide the firm’s performance data both gross and net of management fees, *excluding securities lending income*, for assets under management managed to the Benchmark Index below. 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.

Passive Russell Top 200 Large Cap U.S. Equity Index 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 12/31/16)							
3 yr (ending 12/31/16)							
5 yr (ending 12/31/16)							
10 yr (ending 12/31/16)							
Since Inception Date							
State Inception Date:							
State Benchmark:							

\*“Gross of Fees” and “Net of Fees” returns should EXCLUDE securities lending income

51. Describe the composite and benchmark used to compute performance results reported in the table above.
52. When presenting ‘net of fees’ returns, disclose exactly what other fees are deducted from gross returns in addition to the investment management fee.
53. 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.
54. 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, 2016?
55. Please characterize the anticipated tracking error of your proposed product to BWC relative to the Benchmark Index.

56. Have the performance numbers been audited for the proposed product?
57. What percentage of the accounts using this product is included in the performance results provided?
58. What percentage of the assets using this product is included in the performance results provided?
59. Are terminated accounts included in the performance results provided?
60. Are there any exclusions from the performance results provided? If so, please detail.
61. 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.)?
62. Describe the firm's capabilities for providing customized reports.
63. 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.
64. Describe any on-line information or reporting capabilities that are made available for client use.

**7.3 MANAGEMENT FEES**

65. Provide the firm's proposed fee schedule (in basis points) using the table provided below. Additionally, provide fee breakpoints. Finally, disclose applicable minimum fees, if any.

Passive Russell Top 200 Large Cap U.S. Equity Index	Separate Account		
	Without Sec. Lending	With Sec. Lending	Sec. Lending Split
(insert ranges here)			

\*Please Note: Securities lending is currently suspended in BWC trust funds.

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

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

The contract with the selected Supplier may be terminated in BWC's sole discretion 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 Supplier 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](mailto: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 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 Sections 102.03, 102.04, and 2921.43 of the Ohio Revised Code governing ethical behavior in government contracting, 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 Ohio 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 Ohio 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 Boycotting**

Pursuant to Ohio Revised Code 9.76(B) Supplier warrants that Supplier is not boycotting any jurisdiction with whom the State of Ohio can enjoy open trade, including Israel, and will not do so during the contract period.

### **8.30 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.

### **8.31 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 BWC Board of Directors: June 23, 2017

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