



**REQUEST FOR PROPOSALS (“RFP”) for  
INTERNAL INVESTMENT MANAGEMENT FEASIBILITY STUDY**

**RFP NUMBER 15-01**

**RELEASE DATE: February 23, 2015  
DEADLINE FOR INQUIRIES: March 9, 2015 BY 3:00 PM EDT  
DEADLINE FOR SUBMISSION: April 10, 2015 BY 3:00 PM EDT**

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## **SECTION 1 – INTRODUCTION**

### **1.1 Title**

Request for Proposals (“RFP”) for Internal Investment Management Feasibility Study for the Indiana Public Retirement System (“INPRS” or the “System”)

### **1.2 Overview of Request for Consulting Services**

INPRS is soliciting proposals from all qualified firms who wish to be considered as a vendor to provide an Internal Investment Management Feasibility Study (“Feasibility Study”) described in Section 2 - Scope of Services.

### **1.3 INPRS Background**

#### **1.3.1 History**

INPRS was established by statute in 2011 as an independent body corporate and politic. The system is not a department or agency of the state but is an independent instrumentality exercising essential government functions. INPRS was established by legislation to manage the retirement funds of certain public employees throughout the State of Indiana. INPRS administers nine retirement plans including:

- Public Employees’ Retirement Fund (“PERF”)
- Teachers’ Retirement Fund Pre-1996 Account (“TRF Pre-1996”)
- Teachers’ Retirement Fund 1996 Account (“TRF 1996”)
- 1977 Police Officers’ and Firefighters’ Pension and Disability Fund (“1977 Fund”);
- Judges’ Retirement System (“JRS”);
- State Excise Police, Gaming Agent, Gaming Control Officer and Conservation Enforcement Officers’ Retirement Plan (“EG&C Plan”);
- Prosecuting Attorneys’ Retirement Fund (“PARF”)
- Legislators’ Defined Benefit Plan (“LEDB Plan”)
- Legislators’ Defined Contribution Plan (“LEDC Plan”)

These nine funds (PERF, TRF Pre-1996, TRF 1996, 1977 Fund, JRS, EG&C Plan, PARF, LEDB Plan, and LEDC Plan) are managed separately and administered by INPRS. For additional information regarding INPRS and the funds detailed above, please access:

<http://www.in.gov/inprs/>.

A copy of INPRS' FY2014 Comprehensive Annual Report (CAFR) may be reviewed at <http://www.in.gov/inprs/annualreports.htm>

### **1.3.2 INPRS Investment Guidelines and Limitations**

The Indiana Public Retirement System's Board of Trustees ("Board") serves as the ultimate fiduciary of INPRS. Indiana Code, Article 5-10.5 provides that a nine-member Board of Trustees will oversee INPRS. The nine trustees shall be appointed by the Governor, four of whom must be members of the INPRS. The INPRS Board of Trustees appoints the executive director of INPRS. The Board establishes investment policies; however, Indiana law establishes guidelines on the investment of the Fund's assets.

The Indiana General Assembly enacted the prudent investor standard to apply to the INPRS Board of Trustees and govern all its investments. Under statute (IC 5-10.3-5-3(a)) for PERF and (IC 5-10.4-3-10(a)) for TRF, the Board of Trustees must "invest its assets with the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims." The Board of Trustees also is required to diversify such investments in accordance with the prudent investor standard. Within these governing statutes, the INPRS Board of Trustees has broad authority to invest the assets of the plans. The INPRS Board of Trustees utilizes external investment managers, each with specific mandates to collectively achieve the investment objectives of the retirement funds. Depending on the mandate and the contractual agreement with the investment manager, investments may be managed in separate accounts, commingled accounts, mutual funds or other structures acceptable to the INPRS Board of Trustees. An asset allocation review is conducted periodically. In October 2011, the INPRS Board of Trustees adopted a new Investment Policy Statement effective January 1, 2012 (the most recent revised version of which is available at [http://www.in.gov/inprs/files/INPRS\\_IPS.pdf](http://www.in.gov/inprs/files/INPRS_IPS.pdf)).

### **1.3.3 Delegated Authority**

The Board has delegated the day-to-day investment operations to the Staff, though oversight of the System's assets remains with the Board. The Staff is responsible for performing such duties consistent with this Policy and as otherwise directed by the Board. Included in this, the Executive Director is authorized by the Board, pursuant to a recommendation of the Chief Investment Officer, to retain, manage, and terminate Investment Managers within each asset class as required to achieve the investment objectives of the Retirement Funds within the following limitations:

- 1) The initial investment made in a Portfolio described in Section 9 (Public Investment Guidelines), Section 11 (Commodities Investment Guidelines), and Section 14 (Risk Parity Investment Guidelines) of INPRS' Investment Policy Statement, may not exceed 3.0% of the market value of the Retirement Funds' assets, with notification provided to the Board at its subsequent meeting. Any additional allocations to the same Portfolio whose sum aggregate to an additional

3.0% or more of the Retirement Funds' assets must receive prior authorization from the Board;

- 2) The initial investment made in a Portfolio described in Section 10 (Private Equity Investment Guidelines), Section 12 (Real Estate Investment Guidelines), and Section 13 (Absolute Return Investment Guidelines) of INPRS' Investment Policy Statement, may not exceed 0.75% of the market value of the Retirement Funds' assets, with notification provided to the Board at its subsequent meeting. Any additional allocations to the same Portfolio whose sum aggregate to an additional 0.75% or more of the Retirement Funds' assets must receive prior authorization from the Board;
- 3) Reducing assets under management, including full termination of a Portfolio, may not exceed 4.0% of the market value of the Retirement Funds' assets, with notification provided to the Board at its subsequent meeting. A Portfolio, however, may be terminated with the agreement of the Executive Director and Chief Investment Officer for any level of assets if such removal is deemed necessary to protect the Retirement Funds' assets.

An allocation change may only exceed the limits described in this section with the prior authorization of the Board. Approval authority set forth in this Policy shall be reviewed upon the departure of either the Executive Director or Chief Investment Officer, to consider the suitability of this investment authority delegated by the Board.

In addition to the responsibilities outlined above, the following parties also have separate responsibilities and duties to the System.

#### Board of Trustees

- 1) Approve the overall mission, strategic plan, and objectives of the System;
- 2) Adopt an Investment Policy Statement, including an asset allocation according to prudent investor standards;
- 3) Exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims;
- 4) Operate with a duty of undivided loyalty, and must be impartial in the exercise of such duty, to the members of each Retirement Fund, as Retirement Fund assets must be used for the exclusive benefit of such Retirement Fund's members and their beneficiaries;
- 5) Approve and review the engagement of Service Providers;
- 6) Evaluate the Retirement Fund's performance and compliance with this Policy and applicable state and federal laws;

- 7) Evaluate performance of the Executive Director and Consultant; and
- 8) Delegate any permitted responsibilities or duties to the Staff.

#### Executive Director

- 1) Supervise the investment operations by ensuring that the Chief Investment Officer and Investment Staff invest assets in accordance with the Board's policies and internal controls that are in place to safeguard the System's assets;
- 2) Expend money, including income from the assets, for effectuating the System's purposes;
- 3) Provide regular reports to the Board;
- 4) Negotiate and execute all contracts, agreements and memorandums of understanding in accordance with the System's Procurement Policy and this Policy;
- 5) With the advice and counsel of the Chief Investment Officer and Consultant, take prudent actions that are deemed essential to protect the assets of the System with any emergency actions taken being promptly notified to the Board; and
- 6) Perform and/or delegate any and all additional duties assigned by the Board.

#### Chief Investment Officer

- 1) Monitor and manage the investment operations of the System to ensure compliance with Board policies;
- 2) Regularly provide updates and recommend modifications to this Policy to the Board;
- 3) Implement agreements and disburse funds to the selected Investment Managers at prudent and approved commitment levels;
- 4) Advise the Board and Executive Director on investment matters;
- 5) Keep the Board and Executive Director apprised of situations which merit their attention; and
- 6) Supervise and/or delegate to the Investment Staff.

#### Investment Staff

- 1) Regularly provide updates and recommend modifications to this Policy;

- 2) Source and evaluate prospective Portfolios for the System;
- 3) Monitor and review Investment Managers for adherence to strategies, objectives and guidelines; and
- 4) Regularly evaluate and advise the Board on the performance of the Consultant.

Consultants

- 1) Regularly review and advise the Board and Staff on investment policies related to the System;
- 2) Assist Board and Staff in establishing appropriate asset allocation targets and ranges;
- 3) Provide the Board and Staff with relevant, reliable and timely research and information requests to fulfill their responsibilities;
- 4) Assist Staff in conducting Investment Manager and/or Portfolio due diligence and in negotiating business terms and appropriate structural incentives;
- 5) Monitor and review Investment Managers on an ongoing basis, for adherence to objectives and guidelines and, if appropriate, recommend any changes to the Board and Staff; and
- 6) Provide a third party perspective and oversight to the System's assets.

**1.3.4 INPRS Portfolio Description**

INPRS plan assets are comprised of defined benefit and defined contribution assets. As of October 31, 2014, total system assets were \$29.9 billion, of which \$24.6 billion were defined benefit assets with the remaining \$5.3 billion as defined contribution assets. Asset allocations for the defined benefit assets are established through periodic, comprehensive asset allocation and liability modeling analyses prepared with the assistance of the investment consultants to INPRS. INPRS' asset allocation targets and target ranges are set forth in Table 6.2 on page 12 of INPRS' Investment Policy Statement (available at [http://www.in.gov/inprs/files/INPRS\\_IPS.pdf](http://www.in.gov/inprs/files/INPRS_IPS.pdf)).

The table below depicts the current asset allocation as compared to target for defined benefit assets as of October 31, 2014:

Asset Class	Policy Target	Actual Allocation
Public Equity	22.5%	23.8%
Private Equity	10%	12.8%
Fixed Income (ex-Inflation Linked)	22%	21.1%
Fixed Income (Inflation Linked)	10%	9.9%

Commodities	8%	7.8%
Real Estate	7.5%	5.2%
Absolute Return	10%	8.6%
Risk Parity	10%	10.1%

Defined contribution assets are largely comprised of Annuity Savings Accounts (ASA) which are established for each member of the Public Employees’ Retirement Fund and Teachers’ Retirement Fund. The member has investment direction to several alternative funds or may direct contributions to the Guaranteed Fund.

**1.3.5 INPRS Investment Staff**

INPRS has an investment department dedicated to making recommendations to the Board of Trustees as well as managing and implementing such investment strategies. The Investment Department is led by a Chief Investment Officer who is supported by 12 investment professionals. The winning Respondent will be expected to work very closely with and upon direction of the INPRS Investment Staff.

**1.3.6 INPRS Investment Resources**

INPRS is advised by the General Investment Consultant; however, specialty consultants are also utilized for the areas of Private Equity, Real Estate, and Hedge Funds/Absolute Return. Additionally, INPRS has contracted investment consulting services, outside the scope of the General Investment Consultant, for defined contribution assets.

INPRS also utilizes numerous investment systems such as Bloomberg, Barra, Burgiss, and PerTrac to manage the investment business process. INPRS’ custodian, BNY Mellon, is required to provide accounting and custody extract files/feeds to INPRS’ in-house systems and platforms through both standard and custom daily and monthly interfaces. Generally, transactions are posted on trade date to allow for the monitoring of positions, including cash, on a near real time basis.

**1.4 Issuer**

INPRS is issuing this RFP in accordance with Indiana statutes governing the administration of INPRS and its procurement policy. The staff of INPRS has prepared the content of this RFP. One (1) copy of this RFP may be provided free of charge from INPRS or an electronic copy may be obtained from the following website: <http://www.in.gov/inprs/quotingopportunities.htm>. Additional copies are available at the rate of \$0.10 per page.

**1.5 Contacts**

Inquiries from Respondents are not to be directed to any staff or member of the Board of Trustees of INPRS, except as outlined in Section 1.6 of this RFP. Such unauthorized communication(s) may disqualify Respondent from further consideration. INPRS reserves the right to discuss any part of any response for the purpose of clarification. Respondents will be

given equal access to any communications about the RFP between INPRS and other Respondents.

### **1.6 Inquiries about the RFP for INPRS**

All inquiries and requests for information affecting this RFP must be submitted by email to the contact below no later than due dates outlined in *Section 1.16* of this RFP:

Stanton Lanman  
Procurement Officer  
procurements@inprs.in.gov

INPRS reserves the right to judge whether any questions should be answered in writing. Questions and responses will be posted to the INPRS website. If it becomes necessary to revise any part of this RFP or provide additional interpretation of a provision, an addendum will be posted to the INPRS website prior to the due date for proposals. If such addendum issuance is necessary, the Procurement Officer may extend the due date and time of the proposals to accommodate such additional information requirements, if necessary.

### **1.7 Invitation to Submit Proposals**

All proposals must be **received** at the address below by **April 10, 2015 at 3:00 PM EDT**. Each Respondent must submit one hard copy and four electronic copies (preferably PDF) of your response on CD. Please mark one of the electronic responses as an original. This electronic copy labeled original will be considered the official submission. The proposal must be clearly marked “Response to RFP 15-01 for Internal Investment Management Feasibility Study” and addressed/delivered to:

Stanton Lanman  
Procurement Officer  
Indiana Public Retirement System  
One North Capitol, Suite 001 Indianapolis, IN 46204

Any proposal received after the due date will not be considered. Any late proposals will be returned to the Respondent unopened within thirty (30) days of filing upon request.

### **1.8 Modification or Withdrawal of Offers**

Responses to this RFP may be modified or withdrawn in writing (by facsimile or mail), if modifications are received prior to the date specified for receipt of proposals. The Respondent’s authorized representative may also withdraw the proposal in person, with proper identification and execution of a receipt for the proposal. Modification to or withdrawal of a proposal received after the date specified for receipt of proposals will not be considered.

INPRS may, at its option, allow all Respondents a five-calendar-day period to correct errors or omissions to their proposals. Should this necessity arise, INPRS will contact each Respondent affected. Each Respondent must submit written corrections to the proposal within five calendar

days of notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected as deemed necessary by INPRS. Major errors or omissions, such as the failure to include prices, will not be considered by INPRS as a minor errors or omission and may result in disqualification of the proposal from further evaluation.

### **1.9 Confidential Information**

Respondents are advised that materials contained in proposals are subject to the Indiana's Access to Public Records Act ("APRA"), IC 5-14-3 et seq., and, after the contract award, the entire RFP file, may be viewed and copied by any member of the public, including news agencies and competitors. Respondents claiming a statutory exception to APRA must place all confidential documents (including the requisite number of copies) in a sealed envelope clearly marked "Confidential" and must indicate in the transmittal letter and on the outside of such envelope that confidential materials are included. The Respondent must also specify the applicable statutory exception. If the Respondent does not specifically identify the statutory exception(s), INPRS will NOT consider the submission confidential. Furthermore, if INPRS does not agree that the information designated is confidential under one of the disclosure exceptions to APRA, it may either reject the proposal or consider the merits of the proposal without honoring the confidentiality requested. INPRS does not accept blanket confidentiality exceptions for the totality of the proposal. INPRS does not consider pricing to be confidential information. INPRS reserves the right to make determinations of confidentiality. Any objection to INPRS' confidentiality determination may be raised with the Indiana Public Access Counselor.

### **1.10 RFP Response Costs**

INPRS accepts no obligation for costs incurred by Respondents in preparation of a proposal or any other costs incurred in anticipation of being awarded a contract.

### **1.11 Proposal Life**

All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date specified above. Any proposal accepted by INPRS for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected by INPRS.

### **1.12 Taxes**

INPRS is exempt from federal, state, and local taxes. INPRS will not be responsible for any taxes levied on the Respondent as a result of any contract resulting from this RFP.

### **1.13 Secretary of State Registration**

Before an out-of-state corporate Respondent can do business with INPRS, the Respondent must be registered with the Indiana Secretary of State. If an out-of-state corporate Respondent does not have such registration at present, the Respondent may obtain the necessary registration application form by contacting:

Secretary of State of Indiana

Corporations Division  
302 West Washington Street, E018  
Indianapolis, IN 46204  
(317) 232-6576

The registration application form may also be accessed via the internet at <http://www.in.gov/sos/>. It is each Respondent's responsibility to register prior to the initiation of any contract discussions, but registration is not a requirement to submit a response.

#### **1.14 Discussion Format**

INPRS reserves the right to conduct discussions, either oral or written, with those Respondents determined by INPRS to be reasonably viable to being selected for award. INPRS also reserves the right to seek clarification to resolve issues as deemed necessary by INPRS.

#### **1.15 Compliance Certification**

Responses to this RFP serve as a representation that the Respondent has no current or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana, and Respondent agrees that it will immediately notify INPRS of such actions should they arise. The Respondent also certifies that neither it nor its principals are presently in arrears in payment of its taxes, permit fees, or other statutory, regulatory, or judicially required payments to the State of Indiana. The Respondent agrees that INPRS may confirm, at any time, that no such liabilities exist, and, if such liabilities are discovered, that INPRS may bar the Respondent from contracting with INPRS, cancel existing contracts, withhold payments to set off such obligations, and withhold further payments or purchases until the entity is current in its liability to the State of Indiana and has submitted proof of such payment to INPRS.

#### **1.16 Summary of Milestones**

The following is the expected timeline for this solicitation:

<b>ACTIVITY</b>	<b>EXPECTED DATE</b>
Release RFP	February 23, 2015
Respondent's Inquiry Period Ends	March 9, 2015
Answer to Inquiries Provided	March 27, 2015
Respondent RFP Submissions Due	April 10, 2015
Finalist Selection	May 1, 2015
Finalist Presentation	May 2015
Selection of Vendor(s)	May/June 2015

## **SECTION 2 – SCOPE OF SERVICES**

### **Desired Qualifications & Requirements**

Unless otherwise specified, as of the response due date, Respondents should meet the following desired qualifications and requirements in order to be considered for the contract:

- 1) Investment management services must not be a primary source of firm revenue. Furthermore, the qualified firm cannot be an affiliate of an investment manager currently managing INPRS assets.
- 2) The qualified firm must have been in the business of providing consulting or similar services for a minimum of three (3) years.
- 3) The qualified firm or senior professionals assigned to the engagement must demonstrate experience advising institutional investors for the same or substantially similar services requested in this Request for Proposal.
- 4) The qualified firm must disclose all conflicts of interest and/or the appearance of a conflict of interest, all sources of revenue and affiliations with any recommendations made as part of the Feasibility Study.
- 5) Fees must be assessed on a fixed structure basis (i.e. not an hourly structure).
- 6) The firm must agree to comply with Indiana law as it applies to this contract.

INPRS reserves the right, in its sole discretion, to consider, and perhaps select, Respondents that do not meet the desired qualifications and requirements as outlined above.

### **Scope of Project**

#### **Mandatory Services**

INPRS is seeking the services of one or more firms to conduct an unbiased comprehensive analysis as to the feasibility of internalizing certain aspects of the investment management functions that are currently outsourced to external investment managers. The primary objective of this study will be to advise the Board of Trustees on whether it makes sense, both organizationally and economically, to invest in the necessary personnel and operational systems to effectively implement an internal investment management program. The study should also address a prudent course of action—including the identification of necessary capital and personnel investments—should the study conclude internal management is viable. The scope of the feasibility study includes all publicly traded asset classes, including active and passive investments, as well as various derivative trading strategies encompassed within the commodity and fixed income exposures. The scope excludes private equity, hedge fund, and real estate strategies. The Feasibility Study should include:

- An assessment of the existing INPRS' investment team and operational systems.
- An evaluation of the relative benefits and challenges by asset class and sub-strategy (with consideration given to specific strategy characteristics, including (but not limited to): active versus passive, international versus domestic, market capitalization focus, credit rating focus, etc.) associated with implementing internal management. The study should identify which asset class(es)/substrategy(ies) is (are) the most viable candidate(s) for implementing internal management for INPRS.
- An identification of the necessary additional investments in personnel required to prudently implement internal asset management for the selected asset class(es). This analysis should identify the specific professional positions required and an assessment of the required compensation to recruit and retain these professionals. It is expected that the location of INPRS (Indianapolis) will be a component of this analysis.
- A comprehensive evaluation of the necessary systems and related costs that would have to be acquired in order to implement internal portfolio management. These systems should include but not be limited to portfolio management, trade settlement, compliance, legal, research subscription resources, and other required services necessary to manage securities. INPRS expects that necessary systems and costs may vary by level of portfolio/security complexity.
- An analysis of whether it would be more cost effective to outsource certain middle-and/or back-office functions such as trade-settlement or compliance.
- An evaluation of the overall expenses associated with implementing an internal management program relative to the expected cost savings associated with the elimination of fees to external managers. This should include a five-year projection of expenses and fee economies with a detailed listing of assumptions made. In the event that internalizing the management of certain asset classes is not immediately economically feasible, a projection of future feasibility (i.e. break-even analysis) is expected.
- An assessment of the qualitative benefits and drawbacks of in-sourcing investment management functions (e.g. greater control and alignment of interest, greater in-house expertise, talent availability, etc.).
- An assessment of the governance required to effectively implement and provide oversight to an internal investment management program and a corresponding assessment of INPRS' governance capabilities in this regard.
- A review of the potential impact to fiduciary liability for the Board of Trustees as fiduciaries to the System, including additional insurance requirements.
- In the event that a recommendation is made to proceed with at least some degree of internal investment management (see below text regarding the study's conclusion), a road map of the necessary steps and a specific timeline for implementation.

As a conclusion to the Feasibility Study, INPRS expects that a concluding recommendation will be made as to whether it makes sense to in-source a portion of the investment portfolio. INPRS has no pre-conceived notion of what that recommendation may involve.

The ideal firm will:

- Be smart and innovative in thought,
- Utilize both quantitative and qualitative arguments to support decisions,
- Possess a risk-conscious philosophy,
- Possess a deep team where there is exhibited diversity in knowledge and experience in all areas identified in the Scope of Project,
- Provide a competitive fee proposal.

## **SECTION 3 – PROPOSAL CONTENT REQUIREMENTS**

### **3.1 General Instructions**

To facilitate the timely evaluation of proposals, a standard format for proposal submission has been developed and is documented in this section. All Respondents are required to format their proposals in a manner consistent with the guidelines described below.

A complete proposal will include the following:

- Hard copy submission of a transmittal letter (with the information in *Section 3.2* of this RFP).
- Hard copy submission of a business proposal (with the information and attachments described in *Section 3.3* of this RFP).
- Hard copy submission of a fee proposal (with the information in *Section 3.4* of this RFP).
- Original electronic copy on CD, three additional electronic copies, and one hard copy.

### **3.2 Transmittal Letter**

The transmittal letter must be in the form of a letter and address the following topics:

#### **3.2.1 Identification of RFP**

The transmittal letter must first identify the RFP title and number.

#### **3.2.2 Identification of Vendor**

The transmittal letter must identify the following information:

- Respondent Firm's Name
- Street Address
- City
- State
- ZIP
- Contact Name
- Phone
- Email

#### **3.2.3 Summary of Ability and Desire to Supply the Required Services**

The transmittal letter must briefly summarize the Respondent's ability to supply the requested services. The letter must also contain a statement indicating the Respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP, including INPRS' standard contract clauses.

### **3.2.4 Signature of Authorized Representative**

An authorized representative of the Respondent must sign the transmittal letter. Respondent personnel signing the transmittal letter of the proposal must be legally authorized by the organization to commit the organization contractually. This section must contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

### **3.2.5 Other Information**

Any other information the Respondent may wish to briefly summarize will be acceptable.

## **3.3 Business Proposal**

The business proposal must contain the required information and be organized under the specific section titles as listed below.

### **3.3.1 Executive Summary**

Please submit an executive summary, consisting of not more than three (3) one-sided pages, that summarizes the contents of the Proposal with your firm's name identified on the top of the first page.

### **3.3.2 Questionnaire**

Please respond to the following questions regarding your firm's organizational and consulting capabilities and experience:

## **FLASH SUMMARY**

In 500 words or less (1 page), why should INPRS contract with your firm for this Feasibility Study? Provide the firm's strengths, weaknesses, and competitive advantage. This one page should be titled Flash Summary and be the first page of the questionnaire.

## **ORGANIZATION: DEPTH, STABILITY, AND CAPACITY**

- 1) Please provide the contact information for the firm as well as the primary contact.
- 2) Indicate the legal entity that will be contracting to provide the services outlined in the RFP and state whether parts of the proposed services are to be provided by a subcontractor/partner. Describe the relationship with the proposed subcontractor/partner and their role in providing these services.
- 3) Confirm that INPRS will contract with only one party who will be held accountable for all performance-related issues, including liability and the payment of liquidated damages for all services that become part of the final contract.

- 4) Provide an overview of the firm, its history and timeline of any major changes to its legal, organizational or ownership structure. Please include any expected future changes (near-term or long-term) to your firm's legal, organizational or ownership structure.
- 5) How many years has your firm been providing project-based consulting services? To tax-exempt clients? To public pension fund clients? Please include the categories of services available to clients during this period.
- 6) List the firm's office locations and the main functional roles of each, indicating the primary location of the team that would serve the INPRS relationship.
- 7) List any subsidiaries, affiliates, or joint ventures and briefly describe the nature of each relationship, respective ownership structure and any revenue/profit sharing arrangements between your firm and all relevant entities.
- 8) Describe any past or ongoing litigation regarding your firm's consulting, advisory, or investment activities or other legal proceedings or governmental investigation. Provide an explanation and indicate current status.
- 9) Discuss all lines of business of your firm. Describe all sources of revenue.
- 10) Indicate the number and percentage of clients that retain your firm on a retainer (ongoing) basis vs. project based.
- 11) Does your firm or any affiliate serve as an investment manager for clients? Does your firm or any affiliate invest proprietary (i.e. internal) firm assets? Does your firm or any affiliate act as a securities broker-dealer? If you responded yes to either, please provide additional detail.
- 12) Does your firm or related entities receive any payments from money managers and or non-client third parties? If yes, please provide additional details about all arrangements in place.
- 13) Are there any circumstances under which any individual employed by your firm receives compensation, finder's fees, or any other material benefit from clients, investment managers, and/or non-client third parties? If yes, please describe in detail. Please provide a copy of your code of ethics.
- 14) If you are hired, will you acknowledge in writing that you have a fiduciary obligation as a consultant to the System while providing the consulting services that we are seeking?
- 15) Describe any other circumstances that could conflict with your firm's duty to provide unbiased services to INPRS, including any significant personal or business relationships of your firm or its key personnel that could affect services provided on INPRS' behalf.
- 16) Describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries. Confirm that such coverage

will be applicable to proposer's actions under the contract and provide current certificates of insurance coverage.

- 17) Provide a description of your firm's business recovery plan, including plans for an alternative work site in the event of a disruption.
- 18) Describe your firm's backup procedures in the event the key staff assigned to this account should leave the firm or will be unavailable for an extended period of time (e.g., vacation, illness).
- 19) Please provide three (3) references of clients for which you have conducted projects or consulting services of similar size and scope. Please include name, address, primary contact name, title, phone number, tenure of engagement, and a brief description of services provided.
- 20) Please provide three (3) references of institutional investors which have retained your services on a project or retainer basis. Please include name, address, primary contact name, title, phone number, tenure of engagement, and a brief description of services provided.

#### **SOUNDNESS OF APPROACH: CONSULTING SERVICES**

- 21) Discuss at a high level your beliefs regarding the general feasibility of internal investment management versus outsourced investment management. What are the biggest challenges to successful implementation?
- 22) Discuss how you envision working with INPRS investment and administrative staff to conduct your analysis. What data will you require at the onset, in addition to what has been included within this RFP?
- 23) Please provide a preliminary proposed timeline for the Feasibility Study. How long do you envision it will take, and what are the primary potential pitfalls to completing the study in the proposed timeline?
- 24) Discuss at a high level the steps that will be taken to conduct this Feasibility Study.
- 25) Discuss the qualitative factors that you consider an integral component to this Study. Discuss how you recommend evaluating qualitative factors relative to the more quantitative aspects of the Study.
- 26) Discuss how you plan to evaluate the "opportunity cost" associated with an in-sourced structure resulting in investment performance that does not meet or exceed the current investment performance associated with an outsourced structure.
- 27) Discuss how you plan to quantify the cost of and challenges associated with retaining an experienced and talented investment staff necessary to execute an internal investment

management program. How do you design a compensation structure that attracts and retains the right people? Discuss how you evaluate the geographic challenges associated with retaining key investment professionals.

- 28) Describe how you plan to identify and advise INPRS on the regulatory and legal challenges associated with this changing structure.
- 29) Describe how you plan to advise INPRS on whether certain middle or back-office functions should remain outsourced.
- 30) Discuss the method by which you determine the capital requirements associated with internalizing each asset class independently (e.g. labor and technology requirements associated with in-sourcing passive domestic equity vs. active international equity).
- 31) Discuss your experience in helping an organization create and properly structure the right investment philosophy and culture? How do you define a successful culture?
- 32) Explain how you plan to assess the governance required to effectively implement and provide oversight to an internal investment management program and how you plan to make a corresponding assessment of INPRS' governance capabilities in this regard.
- 33) Explain how you plan to quantify and evaluate the costs and benefits from a fiduciary liability perspective, specific to the INPRS Board of Trustees.
- 34) Describe the specific content and structure of the ultimate deliverable you anticipate producing at the culmination of the Feasibility Study.
- 35) Please confirm that the proposed fee also covers any additional analysis that may need to be completed to address any follow-up questions posed by INPRS or its consultants/advisors.

### **3.3.3 Registration to do Business**

Respondents proposing to provide services required by this RFP are required to be registered to do business within the state with the Indiana Secretary of State. The contact information for this office may be found in section 1.13 of this RFP. This process must be concluded prior to contract negotiations with INPRS. It is the respondent's responsibility to successfully complete the required registration with the Secretary of State. The respondent must indicate the status of registration, if applicable, in this section of the proposal.

### **3.3.4 Financial Statement and Quality Assurance Report**

This section must include the respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years. In addition, please provide a copy of the respondent's most recent financial statement audit report. Finally, if available, please provide a copy of the respondent's most recent quality assurance or peer review report. If none of these options are available, please note this in the proposal.

### **3.3.5 Subcontractors**

The respondent must list any subcontractors that are proposed to be used in providing the required Services. The subcontractor's responsibilities under the Proposal, the subcontractor's form of organization, and an indication from the subcontractor of a willingness to carry out these responsibilities are to be included for each subcontractor. This assurance in no way relieves the respondent of any responsibilities in responding to this RFP or in completing the commitments documented in this Proposal.

### **3.3.6 Assumptions**

List any assumptions made by the Respondent in developing the response to this RFP, including INPRS responsibilities.

### **3.4 Fee Proposal**

Please provide detail on your proposed fees. Fees must be submitted in U.S. dollars under a fixed price. The Services detailed in SECTION 2 – SCOPE OF SERVICES of this RFP are the basis for the proposed fees. The proposed fees shall include all costs for providing Services to INPRS as described and shall be guaranteed through the contract term. In no case will the final fee be higher than the fee contained in the Proposal. Payment of fees shall be in arrears.

**FAILURE TO SUBMIT A DETAILED FEE PROPOSAL WILL ELIMINATE A RESPONDENT'S ORGANIZATION FROM CONSIDERATION.**

## **SECTION 4 – CONTRACT AWARD**

Based on the results of this process, the qualifying proposal(s) determined to be the most advantageous to INPRS, taking into account all of the evaluation factors, may be selected by INPRS for further action, such as contract award. If, however, INPRS decides that no proposal is sufficiently advantageous, INPRS may take whatever further action is deemed best in its sole discretion, including making no contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the respondent, INPRS may begin contract preparation with the next qualified respondent or determine that it does not wish to award a contract pursuant to this RFP.

INPRS reserves the right to discuss and further clarify proposals with any or all respondent. Additionally, INPRS may reject any or all proposals received or to award, without discussions or clarifications, a contract on the basis of proposals received. Therefore, each proposal should contain the Respondent's best terms from a price and technical standpoint.

The Executive Director or his designee(s) will, in the exercise of his/her discretion, determine which proposal(s) offer the best means of servicing the interests of INPRS. The exercise of this discretion will be final.

### **4.1 Length of Contract**

The standard term of the contract entered into under this RFP shall be for a period of five (5) years, beginning from date of final execution of contract, with the possibility of one five (5) year contract renewal thereafter.

### **4.2 Minority Business Development**

The contract goal is that at least eight percent (8%) of state contracts be with minority and women business enterprises as defined in IC 4-13-16.5. This goal is established under IC 4-13-16.5-2 (f) (7). It is the intent of INPRS to meet or exceed the 8% minority and women's business enterprise participation goal when possible.

### **4.3 Evaluation Criteria**

INPRS has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the evaluation criteria will be as follows:

- Based on the results of the evaluation, the proposal determined to be most advantageous to INPRS, taking into account all of the evaluation factors, may be selected by INPRS for further action.
- In addition, the evaluation team will consider other factors it believes to be material for this selection.

Proposals will be evaluated based upon the ability of the Respondent to satisfy the requirements in an efficient and cost-effective manner. Specific criteria include:

- Fulfilling the requirements set forth in the RFP
- Financial Strength
- Technical knowledge, skills, and other competencies of the vendor
- Respondent qualifications
- Quality and completeness of responses to this RFP
- Quality of references
- Experience and track record
- Price (i.e., detail of fee proposal)
- Quality of finalist presentation, if selected
- Special consideration will be given to those able to meet the Buy Indiana Initiative located at <http://www.in.gov/idoa/2467.htm>.
- Additional qualifying factors, as determined relevant by INPRS

References may be contacted. It is possible that finalists will be interviewed by persons participating in the selection process.

## **APPENDIX A – SAMPLE CONTRACT FOR SERVICES**

The following sample contract is the base contract that will be used if an award is made. It is the expectation of INPRS that the Respondent will review the sample contract and provide desired changes to INPRS at the time of submittal of a proposal. Desired changes are unlikely to be added unless INPRS determines in its sole discretion that the performance of services under the contract is dependent upon such changes.

If Respondent wishes to amend any term or change any language in the base contract being submitted, proposed language should be included in the business proposal in the form of an amendment to the base contract. See *paragraph 3.3* of this RFP for the applicable section of the business proposal. For each proposed revision, the Respondent should indicate that the change is required by the Respondent in any contract resulting from this RFP and why it is required or indicate that the change is desired (but not required) by the Respondent in any contract resulting from this RFP.

If a required change is unacceptable to INPRS, the Respondent's proposal may be considered unacceptable. Please note the essential clauses section that follows for essential clauses that are non-negotiable.

The Respondent is required to clearly identify and explain any exception that it desires to take to any of the terms and conditions of this Solicitation in the business proposal. The evaluation of a proposal may be negatively affected by exception taken by the Respondent to any part of this Solicitation, and INPRS reserves the right, in its sole discretion, to refuse to consider any exception that is not so identified in the Respondent's proposal.

## **Essential Clauses in the System's Professional Services Contract**

As part of the Request for Proposal (RFP) process, you are required to review the Indiana Public Retirement System's (the "System") boilerplate professional services contract and submit comments with your proposal. The following clauses are non-negotiable. If you believe that a clause will affect your risk of liability, you should adjust your bid price accordingly.

### **(Section 4) Access to Records**

The System will not agree to any provision eliminating this requirement or requiring the System records to be retained for less than applicable law, including Indiana's public records retention schedule.

### **(Section 7) Audits**

The System is subject to audits by the Indiana State Board of Accounts. Therefore, the System will not accept any substantive modifications to the language under this Section.

### **(Section 11) Compliance with Laws**

The Indiana Attorney General requires this provision in all State of Indiana contracts. Contractor and its agents must abide by the ethical requirements set forth in Indiana Code, including provisions regarding the telephone solicitation of customers. As the System is subject to the jurisdiction of the State Ethics Commission and State ethics rules, the System will not agree to delete these provisions.

### **(Section 13) Confidentiality of System Information**

Although the System is subject to Indiana's public records laws, many of the System records are confidential public records that cannot be disclosed. In addition, the Indiana Attorney General requires the Social Security disclosure clause in all State of Indiana contracts.

### **(Section 17) Disputes**

The System will not agree in advance to any binding resolution clauses, except those of the State of Indiana courts; however, the System may agree to alternative dispute resolution options, should a dispute arise.

### **(Section 18) Drug-Free Workplace Certification**

To ensure compliance with the Governor of Indiana's executive order on drug-free workplaces, these provisions are required in all the System contracts. The System will not accept any modifications of the language under this Section.

### **(Section 23) Governing Law**

The contract must be governed by the laws of the State of Indiana, and suit, if any, must be brought in a state court of jurisdiction in the state of Indiana. As a quasi-governmental agency, the System is protected by the Eleventh Amendment of the United States Constitution, which guarantees that state governments hold sovereign immunity and are immune from federal lawsuits initiated by citizens of another state. The System will not agree to any provision that can be construed as waiving the System's Eleventh Amendment rights.

(Section 25) Indemnification

The System will not agree to any modification that limits Contractor's responsibility to indemnify the System as described in this Section. The Indiana Attorney General has opined that any agreement requiring the System to indemnify Contractor is a violation of the Indiana Constitution and against public policy. In addition, the System will not agree to any modification that limits the System's ability to recover damages or limits Contractor's liability as described in the contract.

(Section 33) Nondiscrimination

The Indiana Attorney General requires this provision in all State of Indiana contracts. The System will not agree to limit Contractor's liability under this provision, nor will the System agree to substitute Contractor's discrimination policy for the requirements under this Section.

(Section 32) Minority and Women's Business Enterprise Compliance

Indiana law requires this provision in all System contracts. In the event Contractor uses a subcontractor to complete services pursuant to this contract, Contractor must visit the Indiana Department of Administration's Web site, which contains a list of subcontractors registered as Minority Business Enterprises and/or Women's Business Enterprises. If a subcontractor who performs services required under the contract is listed on the Web site, Contractor must give that subcontractor the opportunity to bid. If Contractor does not use a subcontractor to complete services pursuant to this contract, Contractor will be unaffected by this provision.

(Section 50) Investigations and Complaints

As part of the System's fiduciary and due diligence obligations, this is an essential clause in the System's contracts. The System will not accept material changes to this provision.

**Additional contract provisions to which the System will not agree:**

- Any provision requiring the System to provide insurance or an indemnity;
- Any provision requiring the contract to be construed in accordance with the laws of any state other than Indiana;
- Any provision requiring suit to be brought in any state other than Indiana;
- Any mandatory dispute resolution other than the courts;
- Any provision requiring the System to pay taxes;
- Any provision requiring the System to pay penalties, liquidated damages, interest, or attorney fees;
- Any provision modifying the statute of limitations;
- Any provision relating to a time in which the System must make a claim;
- Any provision requiring payment in advance, except for rent; and
- Any provision limiting disclosure of information in contravention of the Indiana Access to Public Records Act

## **Acknowledgement**

We have reviewed and agree to the System's mandatory contract provisions.

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Company: «Company\_Name»

Date: \_\_\_\_\_

## **INVESTMENT CONSULTING AGREEMENT**

**THIS INVESTMENT CONSULTING AGREEMENT** (“Consulting Agreement”) is made effective this \_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between Indiana Public Retirement System (“INPRS”) and \_\_\_\_\_ (“Consultant”).

**WHEREAS**, INPRS has determined that it is in its best interests to enter into a new agreement with Consultant to provide [**hedge fund/private equity**] consulting services for its portfolio of assets; and

**WHEREAS**, Consultant desires to provide such services for INPRS;

**NOW, THEREFORE**, in consideration of the above-stated recitals, the mutual promises, covenants, representations, and conditions contained herein, and the mutual benefits to be derived therefrom, INPRS and Consultant agree as follows.

### **1. Duties of Consultant**

The Consultant shall provide the [**hedge fund/private equity**] consulting services (“Consulting Services”), described in Exhibits A, which is attached hereto and incorporated herein by reference.

### **2. Term**

This Consulting Agreement shall commence on the Effective Date and shall continue in full force and effect until the third (3rd) anniversary of the Effective Date, unless otherwise terminated, modified, or renewed in writing by the parties. This Consulting Agreement may be renewed under the same terms and conditions by mutual written agreement of the parties for an additional three-year period consistent with the terms set forth in Section 20. This Consulting Agreement will automatically renew on a month-to-month basis after the expiration date for a period not to exceed six (6) months.

### **3. Consideration**

INPRS agrees to pay Consultant, and Consultant agrees to accept as full compensation for all Consulting Services rendered, a fee calculated at a rate and upon such terms as may from time to time be determined by the mutual agreement of the parties and, initially, in accordance with Exhibits B Schedule of Fees, attached hereto and incorporated by reference herein.

### **4. Definitions, Gender and Number**

For purposes of this Consulting Agreement, capitalized terms not otherwise defined herein shall have the meanings set forth in this Section. In this Consulting Agreement, unless the context otherwise requires, the masculine, feminine, and neuter genders and the singular and plural include one another.

- A. Agents.** “Agents” means any of Consultant’s employees, agents, or representatives providing services in connection with this Consulting Agreement. “Agents” does not include independent service providers, including, but not limited to, broker/dealers and securities pricing services.
- B. Assets.** “Assets” means those securities, bonds, instruments, contracts, commercial papers, real property and cash owned by INPRS that the Board, in its sole discretion, may from time to time appoint Consultant to provide Consulting Services pursuant to the terms of this Consulting

Agreement, together with all interest, earnings, accruals, capital growth, and any and all other additions, substitutions, and alterations thereon or thereto.

- C. Board.** “Board” means the INPRS Board of Trustees responsible for the management and administration of INPRS.
- D. Claims.** “Claims” means any and all claims, damages, losses, liabilities, suits, costs, charges, expenses (including, but not limited to, attorneys’ fees and costs), judgments, fines, and penalties of any nature whatsoever that may be brought against INPRS in connection with the performance of this Consulting Agreement.
- E. Effective Termination Date.** “Effective Termination Date” means the date on which work under this Consulting Agreement will formally cease, as specified in any notice of termination delivered by INPRS to Consultant or by Consultant to INPRS.
- F. Investment Guidelines.** “Investment Guidelines” means the investment policies, guidelines, standards, and objectives set forth in INPRS’ Investment Policy Statement (“IPS”), a copy of which is attached hereto as Exhibit C and is incorporated herein in its entirety, and the scope of services enumerated within this Consulting Agreement.
- G. Legal Requirements.** “Legal Requirements” means all foreign, international, federal, state, county, and local laws, and regulations, ordinances, registrations, filings, approvals, authorizations, consents and examinations which may apply to INPRS or Consultant in relation to their performance under this Consulting Agreement.
- H. Standard of Care.** “Standard of Care” refers to the standard governing Consultant’s performance as a fiduciary of INPRS with respect to the performance of services under this Consulting Agreement and requires Consultant to discharge each of its duties and exercise each of its powers under this Consulting Agreement with the care, skill, prudence, and diligence that an expert acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims.
- I. Fund Records.** “Fund Records” means all records related to the Assets, including, but not limited to, any pertinent transaction, activity, time sheets, cost, billing, accounting and financial records, proprietary data, electronic recordings, and any other records created by Consultant or its Agents in connection with this Consulting Agreement.

## **5. Appointment of Consultant and Acceptance of Appointment**

INPRS hereby appoints Consultant as a fiduciary with respect to the performance of services under this Consulting Agreement. Consultant hereby accepts such appointment and agrees to execute its duties according to the terms, conditions, and standards set forth in this Consulting Agreement.

## **6. Standard of Care**

Consultant acknowledges that this Consulting Agreement places it in a fiduciary relationship with INPRS with respect to the performance of services under this Consulting Agreement. Consultant holds itself out as an expert with respect to consulting on alternative investments by large trust and investment funds. Consultant represents itself as possessing greater knowledge and skill than the average person. Accordingly, Consultant is held to the Standard of Care, as defined in Section 4 of this Consulting Agreement. Consultant shall cause any and all of its Agents to exercise the same Standard of Care.

Consultant shall be liable to INPRS for any Claim that arises from or relates to any failure by Consultant or any of its Agents to exercise this Standard of Care. The Consultant and its subsidiaries and/or affiliates may render investment management services to other persons and may engage in or possess an interest in other real estate or business ventures, which ventures may be competitive with the Assets.

#### **7. Limited Status as Agent**

Consultant shall be deemed the agent of INPRS for the sole and limited purpose of consulting on the Assets. This Consulting Agreement is not intended and shall not be construed to create the relationship of servant, employee, partnership, joint venture, or association as between INPRS and Consultant. For all purposes, including, but not limited to, Workers' Compensation and unemployment liability, Consultant understands and agrees that all persons furnishing services pursuant to this Consulting Agreement are deemed employees solely of Consultant and not of INPRS.

#### **8. Written Reports**

Consultant shall provide INPRS with the periodic written reports mutually agreed upon by INPRS and Consultant. An authorized officer of Consultant shall sign all reports and shall certify that such reports are accurate and consistent with all applicable Investment Guidelines, unless otherwise indicated. INPRS agrees that Consultant, in the maintenance of its records and preparation of its reports, does not assume responsibility for the accuracy of any information furnished by INPRS, INPRS' custodian, or any other person or firm.

#### **9. Meetings**

At INPRS' request and at mutually agreed upon times, Consultant shall meet with INPRS to review Consultant's performance and to discuss Consultant's present and future investment strategy. Consultant shall be available upon reasonable notice to answer questions by INPRS' staff and Board members from time to time as needed, without additional charge.

#### **10. Invoices for Compensation**

Consultant agrees to execute such payment or invoice forms as are required by INPRS. Consultant shall submit to INPRS a quarterly invoice within thirty (30) calendar days of the close of the quarter for which services were provided. Each invoice shall include the quarterly share of Consultant's fee (prorated for any partial quarter) as set forth in the then-current Schedule of Fees. Invoices shall only cover work already performed because no compensation shall be paid to Consultant in advance of services rendered. All payment obligations shall be made in arrears in accordance with Indiana law and INPRS policies and procedures.

#### **11. Seminars and Training Programs**

Subject to and in accordance with all applicable State of Indiana and INPRS' ethics rules and regulations, in the event Consultant conducts seminars, training sessions, or similar events that are generally made available to Consultant's clients, INPRS shall be invited to attend upon the same terms and conditions as such other clients.

#### **12. Termination; Rights, Remedies, and Responsibilities upon Termination; Termination for Convenience**

Notwithstanding anything to the contrary, this Consulting Agreement may be terminated by INPRS, in

whole or in part, for any reason, by delivery of a notice of termination at least thirty (30) days prior to the Effective Termination Date. Upon termination of this Consulting Agreement, Consultant shall retain all Fund Records in accordance with the record retention provisions set forth in the Record Retention and Inspection section of this Consulting Agreement.

The Consultant shall have the right to terminate this Consulting Agreement in the event that (i) INPRS fails to perform their obligations under this Consulting Agreement (including the obligation to pay fees billed by Consultant), (ii) the Consultant has given ninety (90) days advance written notice of intent to terminate INPRS, and (iii) INPRS have not fully performed its obligations to Consultant within such ninety (90) day period.

Consultant shall be compensated for services rendered prior to the Effective Termination Date.

Following the Effective Termination Date, Consultant shall submit to INPRS, in the form and with any reasonable certifications as may be prescribed by INPRS, Consultant's final invoice ("Termination Invoice"). The Termination Invoice shall prorate Consultant's quarterly fees, on a daily basis, for work already performed but for which Consultant has not been compensated through the Effective Termination Date, in accordance with Consultant's then-current compensation level. Consultant shall submit such Termination Invoice no later than thirty (30) days after the Effective Termination Date. Upon Consultant's failure to submit its Termination Invoice within the time allowed, INPRS may determine, on the basis of information available to it, the amount, if any, due to Consultant and such determination shall be deemed final. After INPRS has made such determination, or after Consultant has submitted its Termination Invoice, INPRS shall authorize payment to Consultant.

Except as provided in the next paragraph, INPRS will not be liable for services performed after the Effective Termination Date. Consultant shall be compensated for services herein provided, but in no case shall total payment made to Consultant exceed the original contract price plus changes approved or directed in writing by INPRS. In no event shall INPRS' termination of the Consulting Agreement under this Section be deemed a waiver of either party's right to make a claim against the other party for damages resulting from any default by such other party that occurred prior to the Effective Termination Date. Additionally, INPRS may terminate this contract immediately in the event that INPRS, in its sole discretion, considers such action necessary to protect the plan or assets in the trust.

In the event of any termination of this Consulting Agreement, unless otherwise expressly directed by INPRS, Consultant shall take all necessary steps to stop services under this Consulting Agreement on the Effective Termination Date. All terms and conditions set forth herein shall continue to apply through the period following the Effective Termination Date ("Transition Period"), during which Consultant shall continue to serve as Consultant hereunder at the then-existing compensation level for the duration of the Transition Period. Such Transition Period shall not exceed three (3) months after the Effective Termination Date. Consultant shall perform services required under this Consulting Agreement that are necessary to complete any transactions pending on the Effective Termination Date. Consultant shall cooperate with INPRS in good faith to affect an orderly transfer of such services and all applicable records to a successor manager by the Effective Termination Date. After the additional services have been performed and the Transition Period is complete, Consultant, subject to the terms and conditions of this Consulting Agreement, shall be compensated for the Transition Period at its then-existing compensation level.

The rights and remedies provided by this Section are not exclusive, but cumulative, and in addition to any other rights and remedies provided by law, in equity, or under any provisions of this Consulting Agreement.

### 13. Indemnification

Consultant shall indemnify, defend, and hold harmless INPRS, its trustees, officers, employees, and agents, from and against any and all Claims arising from or relating to any bad faith, negligence, willful misconduct, improper or unethical practice, knowing infringement of intellectual property rights, breach of fiduciary duty, breach of trust, breach of confidentiality, violation of any Legal Requirement, or any other negligent or willful act or omission of or by Consultant or any of its Agents acting in connection with this Consulting Agreement. This indemnification shall survive any termination of this Consulting Agreement. INPRS shall not provide such indemnification to Consultant.

### 14. Consultant's Representations, Warranties, and Covenants

Consultant acknowledges, represents, warrants, covenants, and agrees to the following provisions:

- A. **Authorization.** Consultant has duly authorized, executed, and delivered this Consulting Agreement, and this Consulting Agreement constitutes the legal, valid, and binding agreements and obligations of Consultant, enforceable against Consultant in accordance with its terms, except insofar as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar limitations on creditors' rights generally and general principles of equity. Consultant is not subject to or obligated under any law, rule, or regulation of any governmental authority, or any order, injunction, or decree, or any agreement that would be breached or violated by Consultant's execution, delivery, or performance of this Consulting Agreement.
- B. **Quality of Services.** All services that Consultant provides hereunder shall meet the requirements and standards set forth in this Consulting Agreement and any exhibits, schedules, and appendices attached hereto. At INPRS' request, Consultant shall promptly correct any errors or omissions in the provision of such services.
- C. **Contingent Fees.** Consultant has not employed or retained any person or selling agency to solicit or secure this Consulting Agreement under any agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for bona fide employees of Consultant and Consultant's affiliates or bona fide established commercial or selling agencies maintained by Consultant for the purpose of securing business. If Consultant in any way breaches or violates this warranty, INPRS shall have the right to immediately terminate this Consulting Agreement for default and, in INPRS' sole discretion, to deduct from Consultant's compensation under this Consulting Agreement, or to otherwise recover the full amount of such commission, percentage, brokerage, or contingent fee.
- D. **Gratuities.** Consultant has not offered or given any gratuities in the form of gifts, entertainment or otherwise, to any officer, fiduciary, or employee of INPRS or the State of Indiana with a view toward securing this Consulting Agreement or securing any favorable determination made concerning the award of this Consulting Agreement. Consultant covenants that no such gratuities will be given to any such person with a view toward securing any favorable treatment concerning the performance and/or continuation of this Consulting Agreement. If it is found that Consultant has offered or given such gratuities, INPRS may terminate this Consulting Agreement upon one (1) calendar day's written notice.
- E. **Intellectual Property.** In connection with its performance under this Consulting Agreement, Consultant shall not knowingly develop, provide, or use any program,

process, composition, writing, equipment, appliance, or device, or any trademark, service mark, logo, idea, or any other work or invention of any nature, or any other tangible or intangible assets that infringe or will infringe on any patent, copyright, or trademark of any other person or entity, or is or will be a trade secret of any other person or entity.

- F. Changes.** Consultant shall notify INPRS in writing within three (3) business days of any of the following changes:
- i.** Consultant becomes aware that any of its representations, warranties, and covenants set forth herein cease to be materially true at any time during the term of this Consulting Agreement;
  - ii.** There is any material change in Consultant's senior personnel assigned to perform services under this Consulting Agreement;
  - iii.** There is any change in control of Consultant; or
  - iv.** Consultant becomes aware of any other material change in its management or its business organization, including without limitation the filing for bankruptcy relief.
- G. Investigations and Complaints.** To the extent permitted by applicable law, Consultant shall promptly advise INPRS in writing of any extraordinary investigation, examination, complaint, disciplinary action, or other proceeding relating to or affecting Consultant's ability to perform its duties under this Consulting Agreement that is commenced by any of the following:
- i.** The Securities and Exchange Commission of the United States (the "SEC");
  - ii.** The New York Stock Exchange;
  - iii.** The American Stock Exchange;
  - iv.** The National Association of Securities Dealers;
  - v.** Any Attorney General or any regulatory agency of any state of the United States;
  - vi.** Any U. S. Government department or agency; or
  - vii.** Any governmental agency regulating securities of any country in which Consultant is doing business. Except as otherwise required by law, INPRS shall maintain the confidentiality of all such information until the investigating entity makes the information public.
- H. Registered Investment Advisor.** Consultant hereby represents that it is registered as an investment advisor with the SEC under the Investment Advisers Act of 1940, as amended ("Advisers Act"), unless exempted from registration by the SEC. Consultant shall immediately notify INPRS if at any time during the term of this Consulting Agreement it is not so registered or if its registration is suspended.

- I. Consultant's Agents.** The Agents of Consultant who will be responsible for performing under this Consulting Agreement are individuals experienced in the performance of the various functions contemplated by this Consulting Agreement and have not been convicted of any felony, found liable in any civil or administrative proceeding, or pleaded no contest or agreed to any consent decree with respect to any matter involving breach of trust, breach of fiduciary duty, fraud, securities law violations, or bankruptcy law violations.

Consultant understands and agrees that INPRS has relied upon the foregoing acknowledgments, representations, warranties, covenants, and agreements and that the same constitute a material inducement to INPRS' decision to enter into this Consulting Agreement.

## **15. Liability Insurance**

Consultant shall provide proof of insurance coverage as set out in this Section. The intent of the required insurance is to protect INPRS and the State of Indiana from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of Consultant or subcontractor, or their Agents, while performing under the terms of this Consulting Agreement.

Consultant shall provide proof of insurance coverage, and such insurance coverage shall be maintained in full force and effect during the term of this Consulting Agreement, as follows:

- A. Commercial General Liability Insurance Policy.** Commercial General Liability Insurance Policy, including contractual liability, in adequate quantity to protect against legal liability arising out of contract activity, but in no event less than \$1 million per occurrence and \$2 million general aggregate limit. Additionally, Consultant is responsible for ensuring that any subcontractors obtain adequate insurance coverage for the activities arising out of subcontracts. All insurance shall cover liability arising out of premises, operations, independent contractors, personal injury, and liability assumed under a contract.
- B. Professional Liability Insurance.** Such coverage shall cover loss resulting from Consultant's rendering or failing to render professional services. Consultant shall maintain this coverage with minimum limits of no less than \$\_\_ million per claim, as applicable. If this policy is a "claims made" policy, Consultant shall purchase a "tail" that extends the coverage for at least one year from the expiration of this Consulting Agreement. If defense costs are paid within the limit of liability, Consultant shall maintain limits of \$\_\_ million per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, then it shall be at least two (2) times the incident, loss, or personal limit.
- C. Financial Institutions Blanket Fidelity Bond.** Provide a fidelity bond(s) or insurance policy(ies) in adequate quantity to protect against legal liability arising out of Consulting Agreement activity, but no less than \$\_\_ million per occurrence and an aggregate limit, if any, of not less than \$5 million for the following circumstances:
- i. Fidelity Loss.** Loss resulting directly from dishonest or fraudulent acts committed by an employee of the Consultant acting alone or in collusion with others.

- ii. Physical Loss. Loss by reason of the physical loss of, or damage to, or unexplained disappearance of INPRS funds, assets, or other property under the control of Consultant within any premises, wherever located, or while in transit.
- iii. Forged Instruments. Loss by reason of forgery or alteration of negotiable instruments, certificates of deposit, or letters of credit.
- iv. Computer Manipulation. Loss by reason of a dishonest or fraudulent act or computer manipulation that was committed by any employee of Consultant.

The insurance coverage required shall be issued by an insurance company or companies authorized to do business within the state of Indiana, and shall name the State of Indiana and its agents and employees, as well as INPRS and its agents and employees as additional insureds, where appropriate. All policies shall be primary to any other valid and collectable insurance. Consultant shall instruct the insurers to give INPRS thirty (30) days advance notice of any insurance cancellation.

Consultant shall submit to INPRS five (5) days prior to the Consulting Agreement's effective date certificates of insurance that outline the coverage and limits defined in this Section and demonstrate that such limits and coverage have been met or exceeded. Certificates of insurance that are accepted by INPRS shall be incorporated as part of this Consulting Agreement. Consultant shall submit renewal certificates as appropriate during the term of the Consulting Agreement or as requested by INPRS. Consultant shall promptly give INPRS notice of the cancellation of any policy for which a certificate of insurance or renewal certificate has been submitted to INPRS. Such notice of cancellation shall be as far in advance of such cancellation as possible.

By requiring insurance coverage, INPRS does not represent that coverage and limits will be adequate to protect Consultant or INPRS, and such coverage and limits shall not limit Consultant's liability under this Consulting Agreement.

Failure of Consultant to obtain and maintain the required insurance is a material breach of this Consulting Agreement, which may result in termination of this Consulting Agreement for cause, at INPRS' option.

## **16. Replacement of Consultant's Agents**

Upon demand by INPRS, Consultant shall replace any Agent assigned to perform services under this Consulting Agreement who INPRS determines is unable to effectively execute the responsibilities required by this Consulting Agreement.

## **17. Record Retention and Inspection**

- A. **Record Maintenance.** Consultant shall keep and maintain all records related to the Assets, including, but not limited to, any Fund Records, according to Consultant's record retention standards. Consultant shall keep and maintain Fund Records according to Consultant's record retention schedule in accordance with applicable law, including Indiana's public records retention schedule.

- B. Record Review and Audit.** Consultant agrees that INPRS, or any duly authorized representative of INPRS, shall have access to and the right to examine, audit, excerpt, copy, or transcribe any Fund Records at any time during the term of this Consulting Agreement or at any time in accordance with applicable law, including Indiana's public records retention schedule. Upon INPRS' request and on reasonable notice, Consultant shall make such records available for review during normal business hours at Consultant's business office. Consultant shall make the persons responsible for creating and maintaining Fund Records available to INPRS during such review for the purpose of responding to INPRS' reasonable inquiries. If INPRS requests copies of Fund Records, copies shall be furnished by Consultant, at no cost to INPRS.

## **18. Confidentiality**

Consultant understands and agrees that information, data, and materials disclosed to Consultant by or on behalf of INPRS or any of its members, participants, employees, customers, or third party service providers may contain confidential and protected information; therefore, Consultant promises and assures that data, materials, and information gathered, based upon, or disclosed to Consultant for the purpose of this Consulting Agreement will be treated as confidential and will not be disclosed to or discussed with other parties without the prior written consent of INPRS.

Notwithstanding the foregoing, confidential information shall exclude information which (a) is or becomes generally available to the public other than as a result of a breach of this Consulting Agreement by Consultant or its Agents, or (b) is already in Consultant's possession or becomes available to Consultant from a source other than INPRS or its agents, provided that such source is not known by the Consultant to be bound by a confidentiality agreement with INPRS or is not otherwise known by the Consultant to be prohibited from transmitting the information to the Consultant by a contractual, legal or fiduciary obligation.

In addition to the foregoing, the Consultant may disclose confidential information to the extent required by law, regulation or court order or if requested by any regulatory or law enforcement authority, provided that (x) where permitted by such law, regulation, court order or regulatory or law enforcement authority, the Consultant will provide INPRS with written notice, as far in advance as reasonably practicable when disclosing such confidential information, and (y) the Consultant will inform the applicable regulatory authority or other person to whom disclosure is being made of the confidential nature of the confidential information and will request such authority or other person to treat such confidential information as confidential.

The parties acknowledge that the services to be performed by Consultant for INPRS under this Consulting Agreement may require or allow access to data, materials, and information containing Social Security numbers or other personal information maintained by INPRS in its computer system or other records.

## **19. Force Majeure; Suspension and Termination**

In the event that either party is unable to perform any of its obligations under this Consulting Agreement or to enjoy any of its benefits because of natural disaster, actions, or decrees of governmental bodies, or communication line failure not the fault of the affected party or other causes beyond a party's reasonable control ("Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance, and the failure to perform its obligations shall not be treated as a default hereunder.

## **20. Renewal Option**

This Consulting Agreement may be renewed by INPRS in any manner authorized by law.

## **21. Nondiscrimination**

Pursuant to IC § 22-9-1-10 and the Civil Rights Act of 1964, Consultant and its Agents, if any, shall not discriminate against any employee or applicant for employment in the performance of this Consulting Agreement. Consultant shall not discriminate with respect to the hire, tenure, terms, conditions, or privileges of employment or any matter directly or indirectly related to employment, because of race, color, religion, sex, disability, national origin, or ancestry. Breach of this covenant may be regarded as a material breach of Agreement. Acceptance of this Consulting Agreement also signifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination in the provision of services based on race, color, national origin, age, sex, disability, or status as a veteran.

## **22. Conflict of Interest, Compliance with Laws, and Ethics**

### **A. Conflict of Interest**

- i.** As used in this section:
  - (a) “Immediate family” means the spouse and the unemancipated children of an individual.
  - (b) “Interested party” means:
    - (1) The individual executing this Consulting Agreement;
    - (2) An individual who has an interest of three percent (3%) or more in Consultant, if Consultant is not an individual; or
    - (3) Any member of the immediate family of an individual specified under subdivision (i) or (ii).
  - (c) “Department” means the Indiana Department of Administration.
  - (d) “Commission” means the Indiana State Ethics Commission.
- ii.** INPRS may cancel this Consulting Agreement without recourse by Consultant if any interested party is an employee of INPRS.
- iii.** INPRS will not exercise its right of cancellation under subsection 2 above if Consultant gives the Department an opinion by the Commission indicating that the existence of this Consulting Agreement and the employment by INPRS of the interested party does not violate any statute or rule relating to ethical conduct of INPRS employees. INPRS may take action, including cancellation of this Consulting Agreement, consistent with an opinion of the Commission obtained under this section.
- iv.** Consultant has an affirmative obligation under this Consulting Agreement to disclose to INPRS when an interested party is or becomes an employee of

INPRS. The obligation under this section extends only to those facts that Consultant knows or reasonably could know.

**B. Laws and Ethics**

- i.** Consultant shall comply with all applicable federal, state, and local laws, and rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment of any state or federal statute or the promulgation of rules or regulations thereunder after execution of this Consulting Agreement shall be reviewed by INPRS and Consultant to determine whether the provisions of this Consulting Agreement require formal modification.
- ii.** Consultant and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with INPRS as set forth in IC § 4-2-6 *et seq.*, IC § 4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004, and reaffirmed under Executive Order 05-12, dated January 10, 2005. If Consultant is not familiar with these ethical requirements, Consultant should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission Web site at <http://www.in.gov/ethics/>. If Consultant or its Agents violate any applicable ethical standards, INPRS may, in its sole discretion, terminate this Consulting Agreement immediately upon notice to Consultant. In addition, Consultant may be subject to penalties under IC §§ 4-2-6 and 4-2-7. Consultant has an affirmative obligation under this Consulting Agreement to disclose to INPRS when any INPRS employee, their spouse or dependent children has a pecuniary interest in or derives a profit from this Consulting Agreement. The obligation under this section extends only to those facts that Consultant knows or reasonably could know.
- iii.** Consultant certifies by entering into this Consulting Agreement that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees, or other statutory, regulatory, or judicially-required payments to the State of Indiana. Consultant agrees that any payments currently due to the State may be withheld from payments due to Consultant. Additionally, further work or payments may be withheld, delayed, or denied and/or this Consulting Agreement suspended until Consultant is current in its payments and has submitted proof of such payment to the State.
- iv.** Consultant warrants that it has no current, pending, or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify INPRS of any such actions. During the term of such actions, Consultant agrees that INPRS may delay, withhold, or deny work under any supplement, amendment, change order, or other contractual device issued pursuant to this Consulting Agreement.
- v.** If a valid dispute exists as to Consultant's liability or guilt in any action initiated by the State or its agencies, and INPRS decides to delay, withhold, or deny work to Consultant, Consultant may request that it be allowed to continue, or receive work, without delay. Consultant must submit, in writing, a request for review to INPRS. A determination by INPRS shall be binding.

- vi. Any payments that INPRS may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest under IC § 5-17-5.
- vii. Consultant warrants that Consultant and its sub-Consultants, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, as well as comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for INPRS. Failure to do so may be deemed a material breach of this Consulting Agreement and grounds for immediate termination and denial of further work with INPRS.
- viii. Consultant affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.
- ix. As required by IC § 5-22-3-7:
  - (a) Consultant and any principals of Consultant certify that
    - (1) Consultant, except for de minimis and nonsystematic violations, has not violated the terms of IC § 24-4.7 [Telephone Solicitation Of Consumers], IC § 24-5-12 [Telephone Solicitations], or IC 24-5-14 [Regulation of Automatic Dialing Machines] in the previous three hundred sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and
    - (2) Consultant will not violate the terms of IC § 24-4.7 for the duration of the Consulting Agreement, even if IC § 24-4.7 is preempted by federal law.
  - (b) Consultant and any principals of Consultant certify that an affiliate or principal of Consultant and any agent acting on behalf of Consultant or on behalf of an affiliate or principal of Consultant:
    - (1) Except for de minimis and nonsystematic violations, has not violated the terms of IC § 24-4.7 in the previous three hundred sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and
    - (2) Will not violate the terms of IC § 24-4.7 for the duration of the Consulting Agreement, even if IC § 24-4.7 is preempted by federal law.

### **23. Taxes**

The State of Indiana is exempt from state, federal, and local taxes. INPRS does not agree and will not be responsible for any taxes levied on Consultant as a result of this Consulting Agreement.

### **24. Governing Laws**

This Consulting Agreement shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in a state court of jurisdiction in the State of Indiana.

## **25. Disputes**

- A.** Should any disputes arise with respect to this Consulting Agreement, Consultant and INPRS agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.
- B.** Consultant agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Consulting Agreement which are not affected by the dispute. Should Consultant fail to continue without delay to perform its responsibilities under this Consulting Agreement in the accomplishment of all non-disputed work, any additional costs incurred by Consultant or INPRS as a result of such failure to proceed shall be borne by Consultant, and Consultant shall make no claim against the State of Indiana for such costs. If Consultant and INPRS cannot resolve a dispute, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.
- C.** INPRS may withhold payments on disputed items pending resolution of the dispute. Except as provided in Section 12, the unintentional nonpayment by INPRS to Consultant of up to three invoices not in dispute in accordance with the terms of this Consulting Agreement will not be cause for Consultant to terminate this Consulting Agreement, and Consultant may bring suit to collect without following the disputes procedure contained herein.

## **26. Notices**

All notices, requests, demands, or other communications required or desired to be given hereunder or under any law now or hereafter in effect shall be in writing. Such notices shall be deemed to have been given if delivered by electronic mail with acknowledgement of receipt, by facsimile with telephone confirmation of receipt, or by overnight courier, or if mailed by first class registered or certified mail, postage prepaid, and addressed as follows (or to such other address as Consultant, custodian, or INPRS from time to time may specify in writing to the others in accordance with this notice provision):

**Notices to INPRS shall be sent to:**

David Cooper  
Chief Investment Officer  
Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Tel: (317) 234-2370  
Fax: (317) 234-2245  
E-mail: dccopper@inprs.in.gov

**With a copy to:**

[INSERT]

**Notices to the Consultant shall be sent to:**

[INSERT]

**27. Funding Cancellation**

When the Board of Trustees makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Consulting Agreement, this Consulting Agreement shall be canceled. A determination by the Board that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

**28. Section Headings; Interpretation**

Caption and Section headings used in this Consulting Agreement are for convenience and reference only and shall not affect in any way the meaning, construction, or interpretation of this Consulting Agreement. Each party hereto and its counsel have participated fully and equally in the review and negotiation of this Consulting Agreement. The language in all parts of this Consulting Agreement shall in all cases be construed according to its fair meaning and not strictly for or against any party hereto.

**29. Entire Agreement; Exhibits, Schedules, and Appendices**

This Consulting Agreement, together with any and all exhibits, schedules, and appendices attached hereto, contains the entire and exclusive Consulting Agreement between the parties hereto and supersedes all previous oral and written agreements or understandings, and all contemporaneous oral and written negotiations, commitments, understandings, and communications between the parties, relating to the subject matter of the Consulting Agreement. The exhibits, schedules, and appendices attached hereto are incorporated in and made a part of this Consulting Agreement by reference.

**30. Severability**

If any provision of this Consulting Agreement is held by any court to be invalid, void, or unenforceable, in whole or in part, the other provisions shall remain unaffected and shall continue in full force and effect.

**31. Waiver**

The waiver of any breach of any provision of this Consulting Agreement by either party shall not constitute a waiver of any preceding or subsequent breach of such provision or of any other provision of this Consulting Agreement. The failure or delay of either party to exercise any right given to the party under this Consulting Agreement shall not constitute a waiver of such right, nor shall any partial exercise of any right given hereunder preclude further exercise of such right. No right conferred on either party shall be deemed waived and no breach of this Consulting Agreement excused unless such waiver or excuse shall be in writing and signed by the party claimed to have waived such right.

### **32. Assignment and Delegation**

This Consulting Agreement and any of the rights or duties hereunder may not be assigned or delegated by Consultant without the prior written consent of INPRS, consent which may be granted or withheld in the INPRS' sole discretion. Any assignment of rights or delegation of duties under this Consulting Agreement, to which the parties hereto agree in writing, shall bind and inure to the benefit of the successors in interest of INPRS and Consultant.

### **33. Maintaining a Drug-Free Workplace**

- A.** Consultant hereby covenants and agrees to make a good faith effort to provide and maintain during the term of this Consulting Agreement a drug-free workplace. Consultant will give written notice to INPRS within ten (10) days after receiving actual notice that an employee of Consultant has been convicted of a criminal drug violation occurring in Consultant's workplace.
- B.** In addition to the provisions of subsection (a) above, if the total Consulting Agreement amount set forth in this Consulting Agreement is in excess of \$25,000, Consultant hereby further agrees that this Consulting Agreement is expressly subject to the terms, conditions, and representations contained in the Drug-Free Workplace Certification ("Certification"). The Certification is hereby executed by Consultant in conjunction with this Consulting Agreement and is set forth in Section 34 of this Consulting Agreement.
- C.** It is expressly agreed that the falsification or violation of terms of the Certification referenced in Subsection (b) above, or the failure of Consultant to comply with the terms of Subsection (a) above, shall constitute a material breach of this Consulting Agreement and shall entitle INPRS to impose sanctions against Consultant including, but not limited to, suspension of Consulting Agreement payments, termination of this Consulting Agreement, and/or debarment of Consultant from doing further business with INPRS for up to three (3) years.

### **34. Drug-Free Workplace Certification**

This Certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. No award of an Agreement shall be made, and no Agreement, purchase order or agreement, the total amount of which exceeds \$25,000, shall be valid, unless and until this Certification has been fully executed by Consultant and made a part of the Agreement or agreement as part of the Agreement documents. False certification or violation of the Certification may result in sanctions, including, but not limited to, suspension of Agreement payments, termination of the Agreement or agreement and/or debarment of contracting opportunities with the State for up to three (3) years.

Consultant certifies and agrees that it will provide a drug-free workplace by:

- A.** Publishing and providing to all of its employees a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled

substance is prohibited in Consultant's workplace and specifying the actions that will be taken against employees for violations of such prohibition; and

- B.** Establishing a drug-free awareness program to inform employees of
  - i.** The dangers of drug abuse in the workplace;
  - ii.** Consultant's policy of maintaining a drug-free workplace;
  - iii.** Any available drug counseling, rehabilitation, and employee assistance programs; and
  - iv.** The penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace.
- C.** Notifying all employees in the statement required by subparagraph (a) above, that as a condition of continued employment, the employee will
  - i.** Abide by the terms of the statement; and
  - ii.** Notify the employer of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D.** Notifying INPRS in writing within ten (10) days after receiving notice from an employee under subdivision (c)(2) above or otherwise receiving actual notice of such conviction;
- E.** Within thirty (30) days after receiving notice under subdivision (c)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace:
  - i.** Take appropriate personnel action against the employee, up to and including termination; or
  - ii.** Require such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state, or local health, law enforcement, or other appropriate agency; and
- F.** Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (a) through (e) above.

### **35. Audits**

Consultant acknowledges that it may be required to submit to an audit of funds paid through this Consulting Agreement. Any such audit shall be conducted in accordance with IC 5-11-1, *et seq.* and audit guidelines specified by INPRS. If an error is discovered as a result of an audit performed by Consultant or INPRS, or if Consultant becomes aware of any error through any other means, Consultant shall use commercially-reasonable efforts to promptly correct such error or to cause the appropriate party to correct such error.

### **36. Authority to Bind Consultant**

The signatory for Consultant represents that he/she has been duly authorized to execute this Consulting Agreement on behalf of Consultant and has obtained all necessary or applicable approvals to make this Consulting Agreement fully binding upon Consultant when his/her signature is affixed, and certifies that this Consulting Agreement is not subject to further acceptance by Consultant when accepted by INPRS.

### **37. Changes in Work**

Consultant shall not commence any additional work or change the scope of the work until authorized in writing by INPRS. No claim for additional compensation shall be made in the absence of a prior written approval executed by all signatories hereto.

### **38. Debarment and Suspension**

- A.** Consultant certifies by entering into this Consulting Agreement that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this Consulting Agreement by any federal agency, or by any department, agency or political subdivision of the State. The term “principal” for purposes of this Consulting Agreement means an officer, director, owner, partner, key employee, in house attorney, or in house paralegal providing services to INPRS, or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of Consultant.
- B.** Consultant certifies that it has verified the state and federal suspension and debarment status for all lawyers receiving funds under this Consulting Agreement and shall be solely responsible for any recoupment, penalties, or costs that might arise from use of a suspended or debarred subcontractor. Consultant shall immediately notify INPRS if any lawyer providing services under this Consulting Agreement becomes debarred or suspended, and shall, at INPRS’ request, take all steps required to terminate work to be performed by such person under this Consulting Agreement.

### **39. Penalties/Interest/Attorney’s Fees**

INPRS will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney’s fees, except as permitted by Indiana law, in part, IC § 5-17-5, IC § 34-54-8, and IC § 34-13-1.

Notwithstanding the provisions contained in IC § 5-17-5, any liability resulting from INPRS’ failure to make prompt payment shall be based solely on the amount of funding originating from INPRS and shall not be based on funding from federal or other sources.

### **40. Minority and Women’s Business Enterprise Compliance**

Consultant agrees to comply fully with the provisions of Consultant’s Minority and Women’s Business Enterprise (“MBE/WBE”) participation plans (if applicable), and agrees to comply with all applicable MBE/WBE statutory and administrative code requirements and obligations, including IC § 4-13-16.5 and 25 IAC 5. Consultant further agrees to cooperate fully with the MBE/WBE division to facilitate the promotion, monitoring, and enforcement of the policies and goals of MBE/WBE programs, including any and all assessments, compliance reviews, and audits that may be required.

**41. Regulatory Communications.**

Consultant agrees to provide all statements, responses, and filings made with federal or state of Indiana regulatory bodies within thirty (30) days of request by INPRS. These may be related to such topics as current or proposed industry regulations, proposed statutory changes, or any other topics affecting INPRS or financial sector.

**42. Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties for perjury, that he is the contracting party, or that he is the representative, agent, member, or officer of the contracting party, that he has not, nor has any other member, employee, representative, agent, or officer of the firm, company, corporation, or partnership represented by him, directly or indirectly, to the best of his knowledge, entered into or offered to enter into any combination, collusion, or agreement to receive or pay, and that he has not received or paid any sum of money or other consideration for the execution of this Consulting Agreement other than that which appears upon the face of the Consulting Agreement.

[Signature page follows]

The parties having read and understood the foregoing terms of this Consulting Agreement do by their respective signatures dated below hereby agree to the terms hereof.

**CONSULTANT**

By: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**INDIANA PUBLIC RETIREMENT SYSTEM**

By: \_\_\_\_\_

Printed Name: Steve Russo

Title: Executive Director

Date: \_\_\_\_\_

# APPENDIX B – MANDATORY RESPONDENT FORMS

## B.1 Indiana Economic Impact Statement



### INDIANA ECONOMIC IMPACT - PROPOSALS AND CONTRACTS

State Form 51778 (R5 / 3-06)  
 DEPARTMENT OF ADMINISTRATION  
 Approved by State Board of Accounts, 2006

This information is required by the Indiana Department of Administration for all contractors, vendors/suppliers to the State of Indiana (complete all 22 items).

1	<b>Legal Name of firm:</b>	
2	<b>Address/City/State/Zip Code:</b>	
3	<b>Telephone #/Fax #/Website:</b>	
4	<b>Federal Tax Identification Number:</b>	
5	<b>State/Country of domicile/incorporation:</b>	
6	<b>Location of firm's headquarters or principal place of business:</b>	
7	<b>Name of parent company or holding company (if applicable):</b>	
8	<b>State/Country of domicile/incorporation of company listed in #7:</b>	
9	<b>Address of company listed in #7:</b>	
10	<b>IN Department of Workforce Development (DWD) account number:</b>	
11	<b>IN Department of Revenue (DOR) account number:</b>	
12	<b>Number of Indiana resident employees per most recently completed IRS Form W-2 distribution:</b>	
13	<b>Total number of employees per most recently completed IRS Form W-2 distribution:</b>	
14	<b>Total amount of payroll paid to Indiana resident employees per most recently completed IRS Form W-2 distribution:</b>	
15	<b>Total amount of payroll paid to all employees per the most recently completed IRS Form W-2 distribution:</b>	
16	<b>Total amount of this proposal, bid, or current contract:</b>	

**ACCOUNTING OF INDIANA RESIDENT EMPLOYEES**

17	<b><u>Prime Contractor Company</u></b> <b>Name:</b>	
18	<b><u>Number of Full Time Equivalent (FTE) employees</u></b> that are Indiana residents specifically for this proposal or contract:	

19	<b><u>Subcontractor Company</u></b> <b>Name:</b>			
20	Address/Contact Person/Telephone Number/Tax ID Number:			
21	<b><u>Number of Full Time Equivalent (FTE) employees</u></b> that are Indiana residents specifically for this proposal or contract:			

22	<b><u>Affirmation by authorized official:</u></b> I affirm under penalties of perjury that the foregoing representations are true to be the best of my knowledge and belief:			
	Signature:			
	Name of auththorized official:			
	Title:			
	Date:			

## B.2 Taxpayer Identification Number Request

**Purpose of form:** We are required to file an information return with the IRS and must get your correct taxpayer identification number (TIN) to report our payments to you.

Use Form W-9 on the reverse side, if you are a U.S. person (including a U.S. resident alien), to give us your correct TIN and, when applicable to:

1. Certify the TIN you are giving is correct.
2. Certify you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are an exempt payee.

If you do not provide us with the information, your payments may be subject to 31% federal income tax backup withholding. Also, if you do not provide us with information, you may be subject to a \$50.00 penalty imposed by the Internal Revenue Service per I.R.C. 6723.

Federal law on backup withholding preempts any state and local law remedies, such as any rights to a mechanic's lien. If you do not furnish a valid TIN, or if you are subject to backup withholding, the payer is required to withhold 31% of its payment to you. Backup withholding is not a failure to pay you. It is advance tax payment. You should report all backup withholding as a credit for taxes on your federal income tax return.

**Specific Instructions:** Enter your legal name on that line. Your legal name is the one that appears on your Social Security Card or Employer Identification Number if a business. If you are a sole proprietor, then your legal name is the business owner's name. If you have a "doing business as" (d/b/a) name, enter on the trade line. Enter your remit address on the next line, and if you have a separate address for purchase orders, enter that address on the appropriate line.

Next, select the organization type for your name, check the box, and record the appropriate taxpayer identification number (TIN) in the space provided. Notice that individuals and sole proprietors are the only types with a social security number. If you are a corporation or an exempt 501(a) organization, you must answer yes or no on legal and medical services. If you are sole proprietor you must show the business owner's name in the legal box, and the business name in the trade name box. You cannot use only the business name. For the TIN, you may use either the individual's SSN or the employer identification number (EIN) of the business. However, the IRS prefers that you show the SSN.

Finally, complete the certification section, sign and date the form.

If you are a foreign person, use the appropriate Form W-8.

**Taxpayer Identification Number Request**

State of Indiana

**W-9**

DO NOT send to IRS

Print or Type	Return to address below
<b>Legal Name</b> (OWNER OF THE EIN OR SSN AS NAME APPEARS ON IRS OR SSN RECORDS) DO NOT ENTER THE BUSINESS NAME OF A SOLE PROPRIETORSHIP ON THIS LINE	
Trade Name Complete only if doing business as (D/B/A)	
Remit Address	
Purchase Order Address-Optional	
Check legal entity type and enter 9 digit taxpayer identification Number (TIN) below: (SSN = Social Security Number, EIN = Employer Identification Number)	SSN or EIN must be for legal name above
<input type="checkbox"/> <b>Individual</b> (Individual's SSN) _____ - _____ - _____	
<input type="checkbox"/> Sole Proprietorship (Owner's SSN or Business EIN) SSN _____ - _____ - _____	
EIN _____ - _____ - _____	
<input type="checkbox"/> Partnership <input type="checkbox"/> General <input type="checkbox"/> Limited (Partnership's EIN) _____ - _____	
<input type="checkbox"/> Estate/Trust (Legal Entity's EIN) _____ - _____	
Note: Show the name and number of legal trust, or estate, not personal representatives	
<input type="checkbox"/> Other (Limited Liability Company, Joint Venture, Club, ect) (Legal Entity's EIN) _____ - _____	
<input type="checkbox"/> Corporation Do you provide legal or medical serv. <input type="checkbox"/> Yes <input type="checkbox"/> No (Corp's EIN) _____ - _____	
<input type="checkbox"/> Government (or Government operated entity) (Entity's EIN) _____ - _____	
<input type="checkbox"/> Organization Exempt from Tax under Section 501(a) Do you provide medical services? <input type="checkbox"/> Yes <input type="checkbox"/> No (Org's EIN) _____ - _____	
<input type="checkbox"/> Check here if you do not have a SSN or EIN but have applied for one.	

Under Penalties of perjury, I certify that:

- (1) The number listed on this form is my correct Taxpayer Identification Number (Or I am waiting for a number to be issued to me) AND  
 (2) I am not subject to backup withholding because: (a) I am exempt from the backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding (does not apply to real estate transactions, mortgage interest paid, and acquisition or abandonment of secured property, contribution to an individual retirement arrangement (IRA), and payments other than interest and dividends.)  
**CERTIFICATION INSTRUCTIONS- You must cross out item (2) above if you have been notified by the IRS that you are currently subject to backup withholding because of underreporting interest or dividends on your tax return.**

**THE IRS DOES NOT REQUIRE YOUR CONSENT TO ANY PROVISION OF THIS DOCUMENT OTHER THAN THE CERTIFICATIONS REQUIRED TO AVOID BACKUP WITHHOLDING.**

I am a U.S. person (including a U.S. resident alien)

Name (Print or Type) \_\_\_\_\_ Title \_\_\_\_\_  
 AUTHORIZED SIGNATURE \_\_\_\_\_ Date \_\_\_\_\_  
 \_\_\_\_\_ Phone \_\_\_\_\_

Agency \_\_\_\_\_ Agency use only  Yes  No Approved by \_\_\_\_\_  
 1099

**REQUEST FOR TAXPAYER IDENTIFICATION NUMBER AND CERTIFICATION**

## B.3 Application for Certificate of Authority of a Foreign Corporation



### APPLICATION FOR CERTIFICATE OF AUTHORITY OF A FOREIGN CORPORATION

State Form 38784 (R9/ 12-02) Corporate Form 112  
Approved By State Board Of Accounts, 1995

TODD ROKITA  
SECRETARY OF STATE  
CORPORATIONS DIVISION  
302 W. Washington St., Rm. E018  
Indianapolis, IN 46204  
Telephone: (317) 232-6576

Indiana Code 23-1-49-1 et seq.  
23-1-49-3

**Filing Fee: \$90.00**

- NOTES:**
1. An Original Certificate of Existence duly authenticated by the proper authority from corporation's domiciliary state within the last sixty (60) days must be submitted with this application.
  2. A Registered Agent with an Indiana street address (not a PO BOX) must be listed in ARTICLE III.

- INSTRUCTIONS:**
- Use 8 1/2" x 11" white paper for attachments.
  - Present original and one copy to address in the upper right corner of this form.
  - Please TYPE or PRINT.
  - Please visit our office on the web at [www.sos.in.gov](http://www.sos.in.gov).

**APPLICATION FOR CERTIFICATE OF AUTHORITY  
OF**

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**A FOREIGN CORPORATION  
TO TRANSACT BUSINESS IN THE STATE OF INDIANA**

The undersigned officer of the above corporation which was formed as:

A general business corporation
  A professional corporation

desiring to effectuate the admittance of the Corporation to transact business in the State of Indiana, certifies the following facts:

ARTICLE I: Name		
Name of Corporation ( Must be identical to name shown in Articles of Incorporation and Amendments thereto)		
ARTICLE II: Address of Corporation		
Address of the principal office of corporation (Number and street, city, state and ZIP code)		
ARTICLE III: Registered Office and Registered Agent		
Name of the Registered Agent of the corporation (can not be the corporation itself)		
Indiana address of the registered office of corporation (Number and street, city; P.O. Box not accepted)	<b>INDIANA</b>	ZIP code
ARTICLE IV: Date and State of Incorporation and Duration of Existence		
Date of incorporation in domiciliary state:	State of incorporation	
Expected period of duration listed in the Articles of Incorporation (perpetual, term of years or date certain e.g. December 31, 2050)		
ARTICLE V: Corporate Officers		
The names and business addresses of the officers of the Corporation:		
Name	Title	Address (Number, street, city, state and ZIP code)