Ohio Public Employees Retirement System

Request for Proposal

For:
Consulting Services

Date:
October 10, 2013

Project Name:
Investment Performance & Incentive Compensation Award Calculations

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Columbus, Ohio 43215
1-800-222-PERS (7377)
www.opers.org
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A. BACKGROUND

1. Retirement Board

In 1935, the Ohio Public Employees Retirement System (OPERS) began a tradition of providing excellent retirement benefits for state employees. With approximately $81.4 billion in assets, the System provides retirement, disability, and survivor benefit programs for public employees throughout the state who are not covered by another state or local retirement system. OPERS serves more than 1,005,000 members of 3700+ public employers and over 191,000 retirees and surviving beneficiaries who receive monthly benefits.

2. Financial Information

The most recent OPERS Comprehensive Annual Financial Report is available on the OPERS website at: https://www.opers.org/pubs-archive/investments/cafr/2012-CAFR.pdf

B. OVERVIEW

OPERS administers an incentive compensation plan for eligible Investment Department employees (approximately 55 employees) with a scheduled payout date no later than March 31, 2014. Incentive compensation award calculations for eligible employees may be based on total fund, asset class and/or portfolio level criteria. Also, the Bank of New York Mellon provides OPERS with daily and monthly (audited) performance reports.

B. SCOPE OF ENGAGEMENT

OPERS is seeking a qualified firm to provide advisory services regarding the investment performance return and incentive compensation award calculations for the year ending December 31, 2013. At a minimum, the advisory services would include the following:

- Read OPERS’ 2013 incentive compensation plan (Attachment B)
- Interview BNY Mellon and OPERS staff to understand processes and controls around investment performance calculations, error correction and reporting processes including calculation methodologies, input data and resulting output.
- Obtain relevant information relating to each employee eligible for an incentive award from Human Resources.
- Obtain incentive award calculations completed by OPERS.
- Recalculate a sample of investment performance returns at the total fund, asset class and/or portfolio levels.
- Verification of individual (approximately 55 employees) incentive compensation award calculations and compliance with OPERS’ incentive compensation plan.
- Compare the investment performance returns used for the award calculations to records prepared by BNY Mellon and/or OPERS.

D. PROPOSAL CONTENT

At a minimum, the proposal must include the following information. For ease of review, each requirement should be addressed in a separate section preceded by an index tab to identify the subject of the section. The proposal should be formatted on consecutively numbered pages and include a table of contents.

1. Cover Letter

The Vendor must include a cover letter, which will be considered an integral part of the proposal, in the form of a standard business letter, and must be signed by an individual who is authorized to bind the vendor contractually. It must include:
Ohio Public Employees Retirement System
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1.1 A statement regarding the Vendor’s legal structure (e.g. an Ohio corporation), Federal tax identification number, and principal place of business.

1.2 Vendor’s primary contact on this RFP, who has authority to answer questions regarding the proposal:
   1.2.1 Firm Name
   1.2.2 Contact’s Name
   1.2.3 Additional Contacts
   1.2.4 Contact’s Address
   1.2.5 Contact’s Phone and Facsimile Numbers
   1.2.6 Contact’s E-mail Address

1.3 A statement that the Vendor’s proposal meets all the requirements of this RFP.

1.4 A statement that the Vendor has not submitted its proposal with the assumption that there will be an opportunity to negotiate any aspect of the proposal.

1.5 A statement that the Vendor acknowledges that all documents submitted pursuant to this request may be subject to disclosure under Ohio’s Public Records Act, see Section F(1) of this RFP.

1.6 A statement that the Vendor acknowledges and agrees that the contract provisions contained in Attachment A shall be included in any contract with OPERS that may result from this RFP, and such contract provisions shall control in the event of any conflict.

1.7 A statement that the Vendor acknowledges that OPERS shall have full ownership, including copyright interests in all software, documentations and other related work projects, as applicable.

1.8 A statement that the Vendor acknowledges that it will ensure that the Vendors subcontractors shall be obligated to assign to OPERS their ownership rights in any deliverables.

2. Questionnaire

   Please provide the following information:

2.1 Vendor’s domestic office locations, identifying which location will be assigned this project.

2.2 Vendor’s organizational structure, including subsidiary and affiliated companies, and joint venture relationships.

2.3 How many years has Vendor been in business?

2.4 Yes/No: Has Vendor undergone any material change in its structure or ownership within the last 18 months? If yes, please describe.

2.5 Yes/No: Is any material change in ownership or structure currently under review or being contemplated? If yes, please describe

2.6 Please describe any material litigation to which your company is currently a party. In addition, please describe any material litigation that your company has been involved in over the last 3 years.

2.7 Please provide a list and describe litigation brought or threatened against your company by existing or former clients over the past 5 years.

2.8 Please indicate the number of clients for whom your organization has provided services similar to those outlined in this RFP within the last five years.

2.9 Please provide a copy of a report presented to a client for whom you have performed a similar review within the last five years, redacted to the extent necessary.
2.10 Please describe any relationships that your company has with potential vendors to OPERS, including any potential fees or other remuneration your company may receive for recommending their products or services.

3. Understanding of Engagement

3.1 Please describe in detail your organization’s understanding of the services requested in this RFP by OPERS.

3.2 Please describe areas or processes not included in this RFP that your company may examine in order to provide more complete services.

3.3 Please provide a narrative that supports why your company believes that it is qualified to undertake the proposed engagement.

4. Work Plan (including timeline with details of hours)

The proposal should set forth a work plan including:

4.1 A description of how the Vendor will consult with and make presentations to staff during the engagement.

4.2 A description of the service management and quality control procedures to be utilized. These should identify and describe any anticipated potential problems, the Vendor’s approach to resolving these problems, and any special assistance that will be requested from OPERS.

4.3 Vendor should allow ample time to review all existing documentation pertaining to the services.

4.4 A tentative schedule for performing the services including estimated hours by major task and staffing plan to include both Vendor and OPERS resources. OPERS anticipates starting the services during December 2013.

5. Deliverables

5.1 A report summarizing findings.

6. Vendor Personnel

6.1 For each individual that you propose to assign to this engagement, please provide a narrative with the following information:
   6.1.1 Employee name and title.
   6.1.2 Proposed position on this engagement (manager, supervisor, officer, etc.)
   6.1.3 The month and year that the employee began working for your organization.
   6.1.4 Employee work history.

6.2 Vendor is requested to perform all services and may not subcontract without the written consent of OPERS. For each of the Vendor’s potential subcontractors, please provide a narrative with the following information:
   6.2.1 The subcontractor’s (firm) name and address.
   6.2.2 A brief description of the work said subcontractors might perform.

6.3 Please describe your firm’s procedures in the event that a contact person assigned to this engagement leaves your firm during the term of the engagement.

7. References

7.1 The names, addresses and telephone numbers of five (5) current clients similar in size to OPERS.

7.2 The name and telephone number of a responsible official who may be contacted as a reference.

7.3 A summary description of the scope of work.
8. Cost

8.1 Please provide a not-to-exceed, fixed fee price quote for this project showing the fee for the project in total to include any and all reimbursable expenses.

8.2 Provide cost per hour for additional service work or if hourly costs are not applicable, the deliverables that Vendor intends to provide, and the cost associated with each deliverable.

8.3 State whether Vendor will negotiate its proposed fee if OPERS decides negotiation is appropriate as to any aspect of the proposals, including the fee, with the finalist(s). In no case, however, will the negotiated fee be higher than the fee submitted in the proposal.

9. Sample contract

Please provide a sample contract with your proposal for consideration if you are selected for this engagement, along with a copy of your certificate of insurance. The contract should reflect the specific scope and deliverables of this engagement as well as hourly fees for any potential work outside the scope of this engagement and response times.

Notwithstanding the foregoing, any contract that may result from this RFP must include the contract provisions included in Attachment A, which provisions shall control in the event of any conflict.

10. Additional Information

The Vendor should provide any other information it believes relevant to the engagement.

E. SELECTION CRITERIA

Proposals will be evaluated, and OPERS will make any final decision to award the contract.

During the evaluation process, OPERS management may, at its discretion, request any or all vendors to make oral presentations. Such presentations will provide Vendors with an opportunity to answer questions regarding the Vendor’s proposal. Not all Vendors may be asked to make such oral presentations.

Proposals will be evaluated based on the following criteria, (each criteria may be weighted, if desired):

1. Understanding of the project.
2. Soundness of the approach and quality of the work plan.
3. Vendor qualifications.
4. Individual qualifications of the assigned staff.
5. Proposed deliverables.

After evaluation of the proposals, OPERS may determine a list of finalists not to exceed three (3) and may commence sequential negotiations on any aspects of the proposals OPERS deems appropriate beginning with the highest scoring finalist. If OPERS does not reach agreement with the highest scoring finalist within seven (7) calendar days, or if in the opinion of OPERS negotiations reach an impasse, OPERS may decide not to award the contract or may begin negotiations with the second highest scoring finalist. OPERS may choose to continue such negotiation schedule with subsequent finalists on the same basis until a contract is negotiated, no other finalists remain, or OPERS decides not to award the contract.
F. GENERAL TERMS AND CONDITIONS FOR SUBMITTING PROPOSALS

1. Vendor acknowledges that OPERS is subject to the Ohio Public Records Act, and the documents submitted pursuant to this RFP may be subject to a public records request. Accordingly, Vendor must identify any material or documents that are confidential and clearly mark those items or documents at the time of submittal. If a request for records is made that includes information Vendor has identified as confidential, OPERS will make reasonable efforts to contact Vendor in sufficient time to allow Vendor to take appropriate legal steps to protect the confidential information from disclosure. If as a result of the position taken by Vendor regarding the confidentiality of the information OPERS is assessed any damages or fees, Vendor shall indemnify OPERS for such damages or fees. If no documents or materials are identified and marked by Vendor as confidential, Vendor will be deemed to have consented to the release of the document or material, and to have waived any cause of action against OPERS resulting from the release of the documents or materials.

2. Regardless of cause, late proposals, in whole or in part, will not be accepted and will automatically be disqualified from further consideration. It shall be the Vendor’s sole risk to ensure delivery at the designated office by the designated time. Late proposals will not be opened and may be returned to the Vendor at the expense of the Vendor, or destroyed if so requested.

3. OPERS reserves the right, in its sole discretion, to reject any or all proposals submitted, and to waive as to any vendor or as to all vendors, any informality or irregularity in a proposal or proposals or any failure to conform to the instructions in this RFP.

4. This Request for Proposal is not a contract, not meant to serve as a contract, and does not constitute a promise to enter into a contract.

5. All documents, proposals and other materials submitted in response to this RFP will become the property of OPERS and will not be returned to Vendor.

6. Vendor agrees to comply with all terms, conditions and requirements described in the RFP. Any failure by any responding Vendor to so comply shall be grounds for rejection of that Vendor’s proposal, as determined by OPERS in its sole discretion.

7. If a contract results from this RFP, neither the successful responding Vendor, nor anyone on its behalf (including its agents, affiliates, subcontractors and/or vendors), shall publish, distribute or otherwise disseminate any press release, advertising and/or publicity matter of any type or kind (collectively “advertising material”) having any reference to OPERS, this RFP or the resulting contract, unless and until such advertising material first shall have been submitted to and approved in writing by OPERS.

G. INSTRUCTIONS FOR SUBMITTING PROPOSALS

1. Please provide 5 hard copies (including 1 redacted copy for public record requests) and 2 electronic copies (including 1 redacted copy for public record requests) of your proposal by 3:00 PM Eastern Time, on Friday, November 22, 2013 to:

   Nicole Parsell
   Procurement Agent
   Ohio Public Employees Retirement System
   OPERS
   277 East Town Street
   Columbus, OH 43215-4642

2. Questions concerning this Request for Proposal must be submitted via e-mail to Nicole Parsell at nparsell@opers.org. The question and answer period will be from October 15, 2013 to October 28, 2013. Questions and answers will be posted on the OPERS website after October 28th.
3. No Vendor shall attempt to communicate with OPERS concerning this RFP in any manner or at any time other than during the question and answer period (see G-2), or during the finalist presentations, if held (see section E). Communication with OPERS, other than as previously described, will result in immediate disqualification.

4. This Request for Proposal is issued on October 10, 2013. OPERS reserves the right, in its sole discretion, to amend or cancel this RFP.
ATTACHMENT A

- **CONTRACTOR'S REPRESENTATIONS, WARRANTIES AND COVENANTS**: Contractor represents, warrants and covenants that: (a) it has the authority to enter into the Agreement and perform the services provided thereunder; (b) it shall comply with all applicable federal, state and local laws in providing services under the agreement, including, but not limited to the reporting requirements contained in Sections 101.90 et seq. (Joint Legislative Ethics Commission) of the Ohio Revised Code, and the laws contained in Chapter 102 (Ohio Ethics Commission) of the Ohio Revised Code governing ethical behavior, understands that the provisions apply to persons doing or seeking to do business with OPERS, and agrees to act in accordance with the requirements of such provisions; and, (c) it has not paid and will not pay, has not given and will not give, any remuneration or thing of value directly or indirectly to OPERS or any of its members, officers, employees, or agents, or any third party in connection with its engagement under the agreement or otherwise, including, but not limited to a finder’s fee, cash solicitation fee, or a fee for consulting, lobbying or otherwise.

- **CONFIDENTIALITY AND PUBLIC RECORDS**: Contractor shall not disclose to any other person or use any information concerning OPERS’ members, or any other confidential information obtained in providing services under the agreement, without the prior written consent of OPERS. Contractor acknowledges that OPERS is subject to the Ohio Public Records Act. If a request for records is made that includes information Contractor has identified as confidential, OPERS will make reasonable efforts to contact Contractor in sufficient time to allow Contractor to take appropriate legal steps to protect the confidential information from disclosure. If as a result of the position taken by Contractor regarding the confidentiality of the information OPERS is assessed any damages or fees, Contractor shall indemnify OPERS for such damages or fees.

- **ADVERTISING AND PUBLICITY**: Neither Contractor, nor anyone on Contractor’s behalf (including its agents, affiliates, subcontractors and/or vendors), shall publish, distribute or otherwise disseminate any press release, advertising and/or publicity matter of any type or kind (collectively “Advertising Material”) having any reference to OPERS or the agreement, unless and until such Advertising Material first shall have been submitted to and approved in writing by OPERS.

- **INDEMNIFICATION AND LEGAL ACTION**: Contractor agrees to indemnify and hold harmless OPERS, its members, officers, and employees for damages, costs, losses or any other claims arising from the negligent or intentional acts of Contractor, its officers, employees or agents under the agreement. Contractor shall reimburse OPERS for any judgments rendered against OPERS for Contractor's actions. Contractor agrees to defend OPERS against any such claims or legal actions if called upon to do so. OPERS shall not indemnify Contractor for damages, costs, losses or any other claims of any nature that may arise under the agreement. To the extent that Contractor may be damaged or may be required to assume a liability as a direct result of the actions taken or not taken by OPERS, the parties agree that Contractor may sue or take legal action against OPERS to seek recovery of such damages.

- **GOVERNING LAW AND FORUM**: The agreement shall be governed by, construed and enforced in accordance with, the laws of the State of Ohio. Any litigation arising out of or related in any way to the agreement shall be brought only in the state or federal courts sitting in Franklin County, Ohio, and Contractor irrevocably consents to such jurisdiction. OPERS shall not waive its right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or related in any way to the agreement or the actions of either party in the negotiation, administration, performance or enforcement thereunder, unless the Ohio Attorney General consents to such waiver.