



**REQUEST FOR PROPOSALS (“RFP”) for  
TRANSITION MANAGEMENT SERVICES**

**RFP NUMBER 23-05**

**RELEASE DATE: SEPTEMBER 5, 2023**

**DEADLINE FOR INQUIRIES: SEPTEMBER 18, 2023 BY 3:00 PM EDT**

**DEADLINE FOR SUBMISSION: OCTOBER 16, 2023 BY 3:00 PM EDT**

# Table of Contents

<b>SECTION 1 – INTRODUCTION.....</b>	<b>3</b>
1.1 Title.....	3
1.2 Overview of Request for Transition Management Services.....	3
1.3 INPRS Background.....	3
1.4 Issuer.....	4
1.5 Contacts.....	4
1.6 Inquiries about the RFP for INPRS.....	5
1.7 Invitation to Submit Proposals.....	5
1.8 Modification or Withdrawal of Offers.....	5
1.9 Confidential Information.....	6
1.10 RFP Response Costs.....	6
1.11 Proposal Life.....	6
1.12 Taxes.....	6
1.13 Secretary of State Registration.....	6
1.14 Discussion Format.....	7
1.15 Compliance Certification.....	7
1.16 Summary of Milestones.....	8
<b>SECTION 2 – PROPOSAL CONTENT REQUIREMENTS.....</b>	<b>9</b>
2.1 General Instructions.....	9
2.2 Transmittal Letter.....	9
2.3 Business Proposal.....	10
2.4 Fee Proposal.....	11
<b>SECTION 3 – SCOPE OF SERVICES.....</b>	<b>13</b>
<b>SECTION 4 – CONTRACT AWARD.....</b>	<b>14</b>
4.1 Length of Contract.....	14
4.2 Evaluation Criteria.....	14
<b>APPENDICES A&amp;B -</b>	
<b>Sample OPTIONAL-USE CONTRACT &amp; CONTRACT FOR SERVICES... 15</b>	
<b>Appendix A – OPTIONAL-USE CONTRACT.....</b>	<b>16</b>
<b>Appendix B.1– CONTRACT FOR SERVICES ESSENTIAL CLAUSES.....</b>	<b>23</b>
<b>Appendix B.2 - CONTRACT FOR SERVICES.....</b>	<b>25</b>
<b>APPENDIX C – MANDATORY RESPONDENT FORMS.....</b>	<b>40</b>
C.1 Taxpayer Identification Number Request.....	40
C.2 Foreign Registration Statement.....	40
<b>APPENDIX D – QUESTIONNAIRE.....</b>	<b>41</b>

# SECTION 1 – INTRODUCTION

## 1.1 Title

Request for Proposals (“RFP”) for transition management services for the Indiana Public Retirement System (“INPRS” or the “System”)

## 1.2 Overview of Request for Transition Management Services Management

INPRS is soliciting proposals from all qualified investment firms who wish to be considered as a transition manager.

## 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 16 funds including:

#### Defined Benefit DB Fund

- Public Employees’ Defined Benefit Account (PERF DB)
- Teachers’ Pre-1996 Defined Benefit Account (TRF Pre-’96 DB)
- Teachers’ 1996 Defined Benefit Account (TRF ’96 DB)
- 1977 Police Officers’ and Firefighters’ Retirement Fund (’77 Fund)
- Judges’ Retirement System (JRS)
- Excise, Gaming and Conservation Officers’ Retirement Fund (EG&C)
- Prosecuting Attorneys’ Retirement Fund (PARF)
- Legislators’ Defined Benefit Fund (LE DB)

#### Defined Contribution DC Fund

- Public Employees’ Defined Contribution Account (PERF DC)
- My Choice: Retirement Savings Plan for Public Employees (PERF MC DC)
- Teachers’ Defined Contribution Account (TRF DC)
- My Choice: Retirement Savings Plan for Teachers (TRF MC DC)
- Legislators’ Defined Contribution Fund (LE DC)

#### Other Postemployment Benefit / OPEB Fund

- Special Death Benefit Fund (SDBF)
- Retirement Medical Benefits Account Plan (RMBA)

#### Custodial Fund

- Local Public Safety Pension Relief Fund (LPSPR)

For additional information regarding INPRS and the funds detailed above, please access:

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

A copy of INPRS’s most recent Annual Report may be reviewed at

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

### 1.3.2 Investments

INPRS manages approximately \$41.3 billion dollars across its defined benefit, defined contribution, and other plans. For its defined benefit plan, INPRS has an assumed rate of return on invested assets of 6.25%. INPRS's defined benefit investment portfolio currently consists of:

Asset Class	Target Allocation	Target Range
Public Equity	20.0%	17.0% to 23.0%
Private Markets	15.0%	10.0% to 20.0%
Fixed Income – Ex Inflation-Linked	20.0%	17.0% to 23.0%
Fixed Income – Inflation –Linked	15.0%	12.0% to 18.0%
Commodities	10.0%	7.0% to 13.0%
Real Assets	10.0%	5.0% to 15.0%
Absolute Return	5.0%	0.0% to 10.0%
Risk Parity	20.0%	15.0% to 25.0%
<b>Total Exposure</b>	<b>115%</b>	<b>Max = 120%</b>

INPRS's defined contribution plan consists of 7 core menu options and a target date fund family totaling approximately \$6.5 billion. More information regarding INPR's defined contribution plan investments can be reviewed at <https://www.in.gov/inprs/publications/investment-fact-sheets/>.

### 1.4 Issuer

INPRS is issuing this RFP in accordance with Indiana statutes governing the procurement of services and certain administrative policies of INPRS. Verus is INPRS's general defined benefit consultant and assisted INPRS staff in the preparation of this RFP and will consult on the evaluation of responses.

### 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 communication related to this RFP will be conducted through InHub's online investment RFP management platform. In order to respond to the RFP, please provide basic information about your firm and request access at <https://www.erfp.us/inhub-verus-inprs-transition-management-services-1/>. All inquiries related to the RFP will be facilitated through InHub; questions can be asked on the Communications tab, no later than due dates outlined in *Section 1.16* of this RFP.

INPRS reserves the right to judge whether any questions should be answered in writing and INPRS's responses to inquiries will be posted to InHub.

If it becomes necessary to revise any part of this RFP or provide additional interpretation of a provision, an addendum will be posted to InHub prior to the due date for proposals. If such addendum issuance is necessary, the Director of Vendor Management and Procurement 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 submitted to the Director of Vendor Management and Procurement through InHub's online investment RFP management platform, **no later than October 16, 2023 at 3:00 PM EDT**. To request access to respond to the RFP, submit the online form at <https://www.erfp.us/inhub-verus-inprs-transition-management-services-1/> no later than due dates outlined in *Section 1.16* of this RFP.

Any proposal received after the due date will not be considered. Delays due to the instrumentalities used to transmit the proposal will be the responsibility of the Respondents. Allow sufficient time to upload all documents to InHub. **Late, faxed, or e-mailed proposals directly to the Director of Vendor Management and Procurement will not be accepted.**

The Director of Vendor Management and Procurement reserves the right to request a written proposal.

## 1.8 Modification or Withdrawal of Offers

Responses to this RFP may be modified or withdrawn in writing by email to [support@theinhub.com](mailto:support@theinhub.com) if modifications are received prior to the date specified for receipt of proposals. 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 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. The responses are deemed to be "public records" unless a specific provision of IC 5-14-3 protects it from disclosure.

Respondents claiming a statutory exception to the APRA **must indicate so in the Transmittal Letter.** (See Section 2.2.5 for instructions.) Documents containing confidential information must be labelled as such in the filename. The Respondent **must provide a separate redacted (for public release) version of the document.**

INPRS reserves the right to make determinations of confidentiality. Any objection to INPRS's confidentiality determination may be raised with the Indiana Public Access Counselor (PAC). The Public Access Counselor provides guidance on APRA. Respondents are encouraged to read guidance from the PAC on this topic as this is the guidance INPRS follows:

[18-INF-06; Redaction of Public Procurement Documents Informal Inquiry](#)

INPRS also reserves the right to seek the opinion of the PAC for guidance if INPRS doubts the cited exception is applicable.

## 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 should contact:

Secretary of State of Indiana  
Corporations Division

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

For the necessary registration application form, or it can be accessed via the internet at the web address provided in Appendix C.2. 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 and its principals, have 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 initiate a background check on the Respondent and/or its principals in order to 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>
<b>Release of RFP</b>	<b>September 5, 2023</b>
<b>Respondent's Inquiry Period Ends</b>	<b>September 18, 2023, 3:00 P.M. (EDT)</b>
<b>Answers to Inquiries Published to InHub</b>	<b>September 25, 2023</b>
<b>Respondent RFP Submissions Due in InHub</b>	<b>October 16, 2023, 3:00 P.M. (EDT)</b>
<b>Finalist Presentations at INPRS / Onsite Visits</b>	<b>November – December 2023</b>
<b>Selection of Manager(s)</b>	<b>January 2024</b>
<b>Contract Negotiation</b>	<b>February 2024</b>

---



## **SECTION 2 – PROPOSAL CONTENT REQUIREMENTS**

### **2.1 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 must be submitted electronically per the guidelines in *Section 1.7* of this RFP and must include the following:

- A transmittal letter (with the information in *Section 2.2* of this RFP).
- A business proposal (with the information and attachments described in *Section 2.3* of this RFP).
- A fee proposal (with the information in *Section 2.4* of this RFP).

### **2.2 Transmittal Letter**

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

#### **2.2.1 Identification of RFP**

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

#### **2.2.2 Identification of Manager**

The transmittal letter must identify the following information:

- Respondent Name
- Street Address
- City
- State
- ZIP
- Contact Name
- Phone
- Email

#### **2.2.3 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 and INPRS's Investment Policy Statement [including the requirements of IC 5-10.2-14-9(a) as implemented in IPS Section 8.2.6 regarding the use of non-financial factors].

#### **2.2.4 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.

#### **2.2.5 Confidential Information**

Respondents are advised that materials contained in proposals are subject to the Access to Public Records Act (APRA), IC 5-14-3 *et seq.* (See **Section 1.9 of this RFP.**)

Provide the following information. If the Respondent does not provide this information, INPRS will NOT consider the submission confidential.

- List all documents, or sections of documents, for which statutory exemption to the APRA is being claimed. INPRS does NOT accept blanket confidentiality exceptions for the totality of the proposal.
- Specify which statutory exception of APRA applies for each document, or section of the document.
- Provide a description explaining the manner in which the statutory exception to the APRA applies for each document or section of the document.
- Provide a separate redacted (for public release) version of the document.

#### **2.2.6 Other Information**

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

### **2.3 Business Proposal**

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

#### **2.3.1 Executive Summary**

Provide a high-level description of the proposed scope of services.

#### **2.3.2 Relevant Experience**

See Appendix D Questionnaire.

#### **2.3.3 Organizational Capability**

Describe the Respondent's organizational capability to provide the scope of work described in *Section 3* of this RFP. To demonstrate organizational capability, provide the following:

**i. Personnel**

See Appendix D Questionnaire

**ii. 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.

**iii. Financial Statements**

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.

**2.3.4 Required Questionnaire, Appendix D**

Complete the questionnaire, Appendix D

**2.3.5 Optional-Use Contract and Contract for Services**

Appendices A & B provide the base agreements that will be used if an award is made. As described in Appendices A & B, the Respondent is required to clearly identify and explain any exception that it desires to take to any of the terms and conditions in the base agreements in this section of the RFP. Additionally, if the Respondent wishes to include or change any language in the base agreement(s), proposed language should be included in this section of the RFP in the form of an amendment to the base agreement(s). It should be noted that *Appendix B.1* of this RFP includes the Contract for Services essential clauses that are non-negotiable.

**2.3.6 Assumptions**

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

**2.4 Fee Proposal**

Please note that INPRS may select multiple transition managers to comprise its pre-approved transition manager pool. These transition managers will assume the roles of fiduciary and investment manager and will be under contract for a period of five years. INPRS recognizes that the fees associated with an individual transition management assignment may vary based on the nature of the transition, its size, and complexity. Nonetheless, INPRS requires that respondents provide a current and specific fee schedules which may be utilized to determine which transition manager may be the most cost effective for a particular transition assignment.

Please provide a current indicative pricing for determining explicit fees for trading equity (domestic and international) and fixed income (domestic and international), and currency. Please list the methods and assumptions made in the fee proposal.

Please describe how the indicative pricing would change depending upon the size and complexity of the transition.

Please describe all of the relevant implicit costs associated with a transition and how they are measured and disclosed.

Please include a pre-trade report and post trade evaluation of a recent actual transition in the size range of \$750 million for each asset class cited above using T-Standard Implementation Shortfall methodology. If you are unable to provide T-Standard measurement, explain your method employed.

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

## SECTION 3 – SCOPE OF SERVICES

The Indiana Public Retirement System (“INPRS”) Defined Benefit (“DB”) Plan and Defined Contribution (“DC”) Plans are soliciting proposals from all qualified firms for transition management services. INPRS anticipates hiring two or more transition managers, with services needed to periodically transition portfolios as determined by the INPRS’ investment team. The mandates must meet guidelines outlined in INPRS’ Investment Policy Statement ([https://www.in.gov/inprs/files/INPRS\\_IPS.pdf](https://www.in.gov/inprs/files/INPRS_IPS.pdf)).

The objective of this RFP is to identify those respondents with the expertise, track record, and resources to invest in the mandate described above.

Required characteristics of the firm and/or portfolio managers:

1. The transition manager will be hired to act as a fiduciary to INPRS during the transition management process.
2. The transition manager will also serve as project manager, coordinating with multiple third parties to ensure that the assets are transitioned in the most efficient, cost-effective, and risk-controlled manner possible.
3. The transition manager will provide daily updates on the transition.
4. The manager must disclose material changes regarding the firm’s organizational structure, transition management team, or any notable event that may require evaluating the ongoing capabilities of the firm.
5. The transition manager must have the appropriate resources to effectively trade U.S., developed international and emerging market securities across both public equity and fixed income.
6. If submitting a bid, the transition manager will submit a proposal, inclusive of a pre-trade analysis, including an estimate and disclosure of all costs.
7. Within 10 business days following the event, the transition manager will provide a detailed post-trade report, which will include a written analysis of the expected pre-trade results versus actual results of the event, including an attribution analysis of all costs incurred.
8. Assume full responsibility for best execution strategy and for maintaining pre-determined market exposures.

### Background:

INPRS is seeking to identify a least two transition management firms with the requisite qualifications to assist the INPRS investment team in minimizing transaction costs for periodic changes to the portfolio. The mandate will be for both the DB and DC plans; however, it is anticipated that most of the activity will be for INPRS separate account mandates in the DB plan.

## SECTION 4 – CONTRACT AWARD

Based on the results of this process, the qualifying proposal(s) determined to be the most advantageous to INPRS, considering all of the evaluation factors, may be selected by INPRS for 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 respondents. Additionally, INPRS may reject any or all proposals received or to award, without discussions or clarifications, a contract based on 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.

### **Optional-Use Contract and Contract for Services**

INPRS anticipates hiring two or more transition managers, with services needed to periodically transition portfolios as determined by the INPRS' investment team. Selected managers would be under contract for a five-year term subject to the terms and conditions of an *Optional-Use Contract*. As the need for transition management services arises during the Contract Period, INPRS will issue to the pre-approved managers a Service Request Letter describing a specific proposed transition management assignment. After reviewing the responses to the Service Request Letter, INPRS will execute a *Contract for Services* with the selected manager(s) for performance of that specific assignment. *See Appendices A & B.*

#### **4.1 Length of Contract**

The term of the *Optional-Use Contract* entered under this RFP shall be for an initial period of five (5) years, beginning from the date of final execution of contract. There may be one (1) or more renewals under the same terms and conditions at INPRS' option up to the length of the original term. Total contract period shall not exceed ten (10) years.

#### **4.2 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:

- Each response will be evaluated based on the criteria listed below.
- Based on the results of the evaluation, the Proposal or Proposals determined to be most advantageous to INPRS, considering all of the evaluation factors, may be selected by INPRS for further action.
- In addition, the evaluation team will consider other factors they believe to be material for this selection.

Proposals will be evaluated based upon the proven ability of the Respondent to satisfy the requirements in an efficient, cost-effective manner, considering quality of service with minimal tolerance for error.

Specific criteria include:

1. Firm Overview
  - Ownership structure
  - Experience in the transition management of institutional portfolios
2. Transition Management Team
  - Integrity, depth, experience, and stability of the transition management team
3. Transition Management Process
  - The clarity and technical merits of the transition and investment process, buy/sell discipline, efficacy of decisions made (streamlined, responsive), consistency of application, risk awareness and controls, uniqueness of the process, trading ability
  - Total volume of transitions and round-trip market values
4. Trading and Access to Liquidity
  - Ability to effectively trade a variety of securities in an efficient manner that minimizes transaction costs
5. Transition Management Reporting
  - Timing and granularity of reports
  - Performance, including: implementation shortfalls, performance, risk factors and, consistency of performance, each of these relative to benchmarks and peers
  - Experience with providing service to public plans
6. Compliance
7. Legal and Operational
8. Client Service
9. References

## **APPENDICES A & B – SAMPLE *OPTIONAL-USE CONTRACT* AND *CONTRACT FOR SERVICES***

The following sample contracts are the base agreements that will be used if an award is made. It is the expectation of INPRS that the Respondent will review the sample agreements 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 agreement is dependent upon such changes.

If Respondent wishes to amend any term or change any language in the base agreements, proposed language should be included in the business proposal in the form of an amendment to the base agreement. See *paragraph 2.3.5* 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. It should be noted that *Appendix B.1* of this RFP includes the essential *Contract for Services* 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.

# APPENDIX A – SAMPLE OPTIONAL-USE CONTRACT

## OPTIONAL-USE CONTRACT For TRANSITION MANAGEMENT SERVICES

This OPTIONAL-USE CONTRACT (“Contract”) is entered into and effective as of \_\_\_\_\_, 20xx (“Effective Date”), by and between \_\_\_\_\_ (the “Contractor”) and the INDIANA PUBLIC RETIREMENT SYSTEM (“INPRS” or the “System”).

WHEREAS, the System desires to contract for as-required services in the area of investment portfolio transition management;

WHEREAS, Contractor is willing to provide such services;

NOW, THEREFORE, the above-named parties enter into this Contract upon the following terms and conditions:

### **1. Definitions**

Unless the context clearly indicates otherwise, the following terms shall be defined in this Optional-Use Contract (“Contract”) as set forth below:

- A. “*Contract for Services*” shall mean a document that will be executed between the System and the Contractor, acting as a Transition Manager, each time a specific Transition is assigned by the System to the Contractor. The Contract for Services shall describe the Transition and specify the performance objectives and compensation arrangements that will apply to such Transition.
- B. “*Contractor*” shall mean \_\_\_\_\_, its employees, and all of its subcontractors and partnerships.
- C. “*System*” or “*INPRS*” shall mean the Indiana Public Retirement System.
- D. “*Transition Account*” shall mean any portion of, or the total of, the assets to be transitioned by the Contractor.
- E. “*Guidelines*” shall include the System’s transition management policies and procedures and other written instructions by which the Contractor and the System shall abide with respect to transition management activities.
- F. “*Service Request Letter*” shall mean a document issued by the System to Contractors within the transition manager pool, which solicits a proposal and bid for services on a specific Transition.
- G. “*Subcontractor*” shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms “subcontractor” and “subcontractors” mean subcontractor(s) in any tier.
- H. “*Transition*” shall mean a specific transition as described in a Contract for Services assigned by the System to the Contractor as transition manager. A Transition involves the restructuring of an existing portfolio of assets (a Legacy Portfolio or a Transition Account) into a new portfolio of desired assets (a Target Portfolio). The Contractor is responsible for undertaking the transition of the assets and for managing the investment risk associated with the System’s



investment direction and the transaction costs associated with the transition of assets from the existing portfolio to the Target Portfolio.

## **2. Order of Precedence**

In the event of conflict between this Contract and related Transition documents, the order of precedence is as follows:

- 1) Applicable federal and state of Indiana Statutes and Regulations
- 2) Optional-Use Contract
- 3) Contract for Services
- 4) Transition Management Guidelines (Guidelines)

## **3. Scope of Services**

- A. Contractor shall provide the services and deliverables set forth below in subsection 3.B. and as specified in RFP 23-05 Transition Management Services and in conformance with Contractor's proposal to provide transition management services, dated \_\_\_\_\_.
- B. The Contractor shall provide the System with services described in this Contract in accordance with the terms and conditions of this Contract, the applicable Contract for Services, Transition Guidelines, and specific directives or instructions issued by the System to Contractor.
- C. The System shall furnish Contractor such evidence of authority of the persons authorized to act on behalf of the System, together with their specimen signatures, as Contractor may reasonably request.
- D. All reports required under this Contract and the Transition Guidelines shall be prepared in writing and sent to:  
Scott Davis, Chief Investment Officer  
Indiana Public Retirement System  
1 North Capitol Avenue  
Indianapolis, Indiana 46204  
[scdavis@inprs.in.gov](mailto:scdavis@inprs.in.gov)  
  
Alex Far, Deputy Chief Investment Officer  
Indiana Public Retirement System  
1 North Capitol Avenue  
Indianapolis, Indiana 46204  
[afar@inprs.in.gov](mailto:afar@inprs.in.gov)

Unless otherwise agreed upon in advance, ad hoc and special reports requested by the System shall also be provided to the address immediately above. The Contractor shall use its best efforts to deliver such reports, but in no event will such reports be provided later than fourteen (14) business days after the date of request by the System.

## **4. Services to be Provided**

The potential range of desired transition management services is broad and the specific magnitude, frequency, and character of such transitions are difficult to outline in advance. The Contractor will be asked to work on an individual transition basis, and may be asked to work on any of INPRS's funds.

In any given Transition, the Contractor shall ensure that INPRS has fully addressed all relevant issues pertaining to the Transition and has completed the due diligence required of a fiduciary. The scope of each required Transition will depend upon the particular issue or fund on which INPRS requests transition services

and shall be based on the needs of the various current and future INPRS investment programs. A Transition may require and include, but not be limited to, the following:

- A. Transition management (portfolio liquidation) services from a Legacy Portfolio(s) or Transition Account to a Target Portfolio(s) due to fund manager reorganization, portfolio rebalancing, asset allocation shifts, and cash infusion/asset flow requirements. The transition and liquidation may encompass multiple asset classes and multiple managers across all capitalization ranges.
- B. The Contractor shall act as a fiduciary investment manager and shall perform the Transition with utmost care and prudence. INPRS realizes that markets fluctuate and risks are inherent during the transition period. However, market forces do not absolve the Transition Manager from negligence and applying the highest level of care and prudence inherent in a fiduciary assignment.
- C. Minimize tracking error, maintain asset class (benchmark) exposure, and maintain specified asset allocation target, as appropriate for each assignment. During the transition period, the preservation of capital shall be taken into consideration through the expert use of all liquidity sources, trading, in-kind transfer of the Legacy Portfolios for the Target Portfolios, internal and external crossing networks, cash, futures, ETFs, and all the tools required to accomplish a smooth and cost-effective transition.
- D. Before the Transition, the Contractor, acting as Transition Manager, shall provide INPRS with a written portfolio transition (liquidation) strategy, including the timeframe required, to achieve the desired objective of liquidating the Legacy Portfolio(s) and building (and/or funding) the Target Portfolio(s).
- E. Daily reporting of all trade activity via electronic means (e.g., e-mail attachments, Internet, etc.), from commencement of the liquidation to the completion and full funding of the Target Portfolios.
- F. After completion of the Transition, the Contractor shall provide INPRS with a report on the outcome and results of the Transition. The report shall include relevant statistics (e.g., tracking error, implementation shortfall, costs, volume weighted average price(s)) and full trading/transaction reports in a format defined and accepted by INPRS prior to the assignment.

Prior to preparing a particular Transition assignment, INPRS staff will clearly delineate the scope of the Transition, the transition timeline, and definite target dates, if any. A Service Request Letter describing the pending Transition will be forwarded to one or more Contractors in the transition services pool describing the Transition, its expected outcome, transition timeline with expected completion date, INPRS contact information, and a response sheet for Contractors interested in the proposed Transition. Each Transition will be assigned to the firm possessing the subject expertise, availability, and satisfactory total project cost quote.

A particular assignment may require the Contractor to meet with INPRS, its committees, and/or members of the INPRS Board, as required on a periodic basis at a location and time specified by INPRS, to review portfolios, investment process, organizational issues, performance, special projects or other relevant topics. All Transition assignments pursuant to this Contract shall be performed in accordance with the terms and conditions of this Contract and shall be documented in a Contract for Services, which sets forth the agreed-upon parameters and fees. At a minimum, the specific tasks, deliverables, schedules, and costs for such Transition shall be detailed in the Contract for Services, which shall be signed by both parties.

The terms and conditions of any Contract for Services cannot conflict with the terms and conditions of this

Contract. In the event of any conflict, this Optional-Use Contract shall prevail. The Transition assignment as well as the Contract for Services memorializing it shall be subject to the terms and conditions of this Contract. Execution of this Contract shall not be construed as a guarantee of a minimum level of transition assignments to be made to the Contractor.

**5. Contract Manager**

The Contract Manager for each of the parties shall be the contact person for all communications and billings with regard to this Contract. Each party shall promptly notify the other, in writing, of any change in its Contract Manager designation or in any change in its Contract Manager’s contact information.

Contract Manager for _____ is:	Contract Manager for the System is:
_____ _____ _____ _____ Phone: _____ E-mail address: _____	Scott Davis Chief Investment Officer Indiana Public Retirement System 1 North Capitol Avenue Indianapolis, Indiana 46204 Phone: (317) 234-6210 E-mail address: <a href="mailto:scdavis@inprs.in.gov">scdavis@inprs.in.gov</a>  Alex Far Deputy Chief Investment Officer Indiana Public Retirement System 1 North Capitol Avenue Indianapolis, Indiana 46204 Phone: (317) 234-3453 E-mail address: <a href="mailto:afar@inprs.in.gov">afar@inprs.in.gov</a>

**6. Compensation**

- A. *Transition Fees:* The Transition Manager will be compensated for each Transition based on the costs identified in the pre-trade analysis provided in response to each Service Request Letter and then incorporated in the Contract for Services.
- B. *Expenses.* All expenses that may be incurred by the Contractor are included in the transition fees. The System shall not be responsible for any additional costs or expenses incurred by the Contractor in the performance of work described in this Contract, including such items as travel, lodging, meals, and other miscellaneous expenses.
- C. *Withholding Payment Upon Termination:* The System may, in its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered, if the Contractor fails to satisfactorily comply with any term or condition of this Contract.
- D. *Payment of Taxes:* Contractor shall pay all applicable taxes assessed on the compensation received under this Contract and shall identify and pay those taxes under Contractor's federal and state identification number(s).
- E. *Withholding of Payment:* The System reserves the right to offset against payments due the Contractor any delinquent reimbursement or payment due the System from the Contractor. For these purposes, a payment is delinquent if it is not paid within thirty (30) days of transmittal to the Contractor of an invoice setting forth the amount due.
- F. *Advance Payments Prohibited:* The System will make no payment in advance or in anticipation of services or supplies to be provided under this Contract.
- G. *No Minimum Level of Service and Non-exclusivity:* The System makes no guarantee of a specific level of services requested pursuant to this Contract. Additionally, the System makes

no guarantee of the Contractor's exclusive right to provide the System with the types of services enumerated herein and reserves the right to utilize other contractors.

## 7. Term

This Contract shall commence on the Effective Date and shall remain in effect through \_\_\_\_\_. This Contract may be renewed under the same terms and conditions by mutual written agreement of the parties for up to \_\_\_\_\_ ( ) one-year terms. This Contract, unless otherwise terminated, modified, or renewed in writing by the parties, will automatically renew on a month-to-month basis after the expiration date for a period not to exceed six (6) months to accommodate the completion of Transitions assigned prior to Contract expiration.

## 8. Liability Insurance

The Contractor shall provide proof of insurance coverage as set out in this section. The intent of the required insurance is to protect the System from any claims, suits, actions, costs, damages, or expenses arising from any negligent or intentional act or omission of the Contractor or subcontractor, or their agents, while performing under the terms of this Contract.

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

- 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 \$2,000,000 per occurrence and \$4,000,000 general aggregate limit. Additionally, the Contractor 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 the Contractor's rendering or failing to render professional services. The Contractor shall maintain this coverage with minimum limits of no less than \$25,000,000 per claim, as applicable. If this policy is a "claims made" policy, the Contractor shall purchase a "tail" which extends the coverage for at least one year from the expiration of this Contract. If defense costs are paid within the limit of liability, Contractor shall maintain limits of \$50,000,000 per incident, loss, or person, as applicable. If the policy contains a general aggregate or policy limit, then it shall be at least two times the incident, loss, or person 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 Contract activity, but no less than \$100,000,000 per occurrence and an aggregate limit, if any, of not less than \$150,000,000, for the following circumstances:
  - 1) Fidelity Loss. Loss resulting directly from dishonest or fraudulent acts committed by an employee of the Contractor acting alone or in collusion with others.
  - 2) 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 Contractor within any premises, wherever located, or while in transit.
  - 3) Forged Instruments. Loss by reason of forgery or alteration of negotiable instruments, certificates of deposit, or letters of credit.
  - 4) Computer Manipulation. Loss by reason of a dishonest or fraudulent act or computer manipulation which was committed by any employee of the Contractor.

- D. 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 System and its agents and employees as additional insureds, where appropriate. All policies shall be primary to any other valid and collectable insurance. Contractor shall instruct the insurers to give the System thirty (30) days advance notice of any insurance cancellation.

Contractor shall submit to the System fifteen (15) days prior to the Contract's effective date certificates of insurance which outline the coverage and limits defined in this section and demonstrates that such limits and coverage have been met or exceeded. Certificates of insurance which are accepted by the System shall be incorporated as part of this Contract. Contractor shall submit renewal certificates as appropriate during the term of the Contract or as requested by the System. The Contractor shall promptly give the System notice of the cancellation of any policy for which a certificate of insurance or renewal certificate has been submitted to the System. Such notice of cancellation shall be as far in advance of such cancellation as possible.

By requiring insurance coverage, the System does not represent that coverage and limits will be adequate to protect the Contractor or the System, and such coverage and limits shall not limit Contractor's liability under this Contract.

Failure of the Contractor to obtain and maintain the required insurance is a material breach of this Contract, which may result in termination of this Contract for cause, at the System's option.

#### **9. Severability**

The provisions of this Contract are intended to be severable. If any provision of this Contract or any provision of any document incorporated by reference shall be held invalid, such invalidity shall not affect the other provisions of this Contract, which can be given effect without the invalid provisions. The provisions of this Contract are declared to be severable if such remainder conforms to the requirements of applicable law and the fundamental purpose of this Contract.

#### **10. Assurances**

The System and the Contractor agree that all activity pursuant to this Contract will be in accordance with all the applicable current federal, state, and local laws, rules, and regulations.

#### **11. Approval**

This Contract shall be subject to the written approval of the System's authorized representative and shall not be binding until so approved. The Contract may be altered, amended, or waived only by a written amendment executed by both parties.

**SIGNATURE PAGE FOLLOWS**

By signing below, the parties acknowledge that they have read, fully understand, and agree to the terms of this Contract.

**CONTRACTOR**

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

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

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

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

**INDIANA PUBLIC RETIREMENT SYSTEM**

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

Printed Name: Steven R. Russo

Title: Executive Director

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

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

### **Appendix B.1 – ESSENTIAL CLAUSES**

#### **Essential Clauses in the System’s Sample Contract for Services**

As part of the Request for Proposal (RFP) process, you are required to review the Indiana Public Retirement System’s (the “System”) sample Contract for Services 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) Audit and Audit Settlement

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) 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 34) 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 51) 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: \_\_\_\_\_

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



## Appendix B.2 - SAMPLE CONTRACT FOR SERVICES

### Contract for Services

This CONTRACT FOR SERVICES (“Contract”) is entered into and effective as of \_\_\_\_\_, 20xx (“Effective Date”), by and between \_\_\_\_\_ (the “Contractor”) and the INDIANA PUBLIC RETIREMENT SYSTEM (“INPRS” or the “System”).

WHEREAS, System has determined that it is in the best interests of System, the retirement plans and funds it manages and administers and their members and beneficiaries to form an agreement with Contractor to perform services in the area of investment portfolio transition management;

This Contract is issued pursuant to the provisions of the Optional-Use Contract for Transition Management Services (the “Optional-Use Contract”), dated \_\_\_\_\_, 20xx, by and between the parties hereto. All rights and obligations of the parties shall be subject to and governed by the terms of the Optional-Use Contract, including any subsequent modifications, which are hereby incorporated by reference.

WHEREAS, Contractor is willing to provide such services;

NOW, THEREFORE, in consideration of those mutual undertakings and covenants, the parties agree as follows:

- 1. Duties of Contractor.** The Contractor shall provide the following services set forth on Attachment A, which is incorporated herein, and the services described in the Optional-Use Contract (the “Services”).
- 2. Consideration.** The Contractor shall be compensated for performing the duties set forth above as set forth in Attachment B, which is incorporated herein, and in the Optional-Use Contract. Total remuneration under this Contract shall not exceed \$ \_\_\_\_\_.
- 3. Term.** This Contract shall commence on the Effective Date and shall remain in effect through \_\_\_\_\_. This Contract may be renewed under the same terms and conditions by mutual written agreement of the parties for up to \_\_\_\_\_ ( ) one-year terms. This Contract, unless otherwise terminated, modified, or renewed in writing by the parties, will automatically renew on a month-to-month basis after the termination date for a period not to exceed six (6) months.
- 4. Access to Records.** The Contractor and its subcontractors, if any, shall maintain all books, documents, papers, accounting records, and other evidence pertaining to all costs incurred under this Contract. They shall make such materials available during this Contract and for three (3) years from the date of final payment under this Contract, for inspection by the System or its authorized designees. Copies shall be furnished at no cost to the System if requested.
- 5. Assignment; Successors.** The Contractor binds its successors and assignees to all the terms and conditions of this Contract. The Contractor shall not assign or subcontract the whole or any part of this Contract without the System’s prior written consent. The Contractor may assign its right to receive payments to such third parties as the Contractor may desire without the prior written consent of the System, provided that Contractor gives written notice (including evidence of such assignment) to the System thirty (30) days in advance of any payment so assigned. The assignment shall cover all unpaid amounts under this Contract and shall not be made to more than one party.

**6. Assignment of Antitrust Claims.** As part of the consideration for the award of this Contract, the Contractor assigns to the System all right, title and interest in and to any claims the Contractor now has, or may acquire, under state or federal antitrust laws relating to the products or services which are the subject of this Contract.

**7. Audit and Audit Settlement.** Contractor acknowledges that it may be required to submit to an audit of funds paid through the Contract. 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 INPRS and Contractor, or if Contractor becomes aware of any error through any other means, Contractor shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error.

**8. Authority to Bind Contractor.** The signatory for the Contractor represents that he/she has been duly authorized to execute this Contract on behalf of the Contractor and has obtained all necessary or applicable approvals to make this Contract fully binding upon the Contractor when his/her signature is affixed, and accepted by the System.

**9. Background Investigations.** Contractor agrees to conduct or cause to have conducted a background check of any employee of Contractor or of any vendor, service provider or subcontractor of Contractor who has been or will be given access unsupervised by Contractor or System to any office, room, or floor space of the property occupied by the System. Any such person as described in this paragraph will have passed such background check including for verification of, but not limited to:

- a. Social security trace – verification of social security number;
- b. Criminal history, including a criminal history check for applicable states and counties of residence for the past seven (7) years;
- c. Credit check;
- d. Prior employment verification;
- e. E-verify check;
- f. High school diploma/GED verification;
- g. A Department of Revenue tax liability check, if applicable, will be initiated.

Costs associated with these background checks shall be the sole responsibility of the Contractor. The following reasons may be used by Contractor to determine that a person described in this paragraph did not satisfactorily pass the background check:

- a. Discovery that the candidate provided false or inaccurate information on his or her application or resume, or during the employment interview.
- b. Inability to verify previous employment.
- c. Repeated unfavorable, job-related, performance references by former employers.
- d. Conviction of any crime involving theft, veracity, truthfulness, conversion of property, fraud, identity theft, or any non-motor vehicle traffic related felony.
- e. A pattern of financial instability, payroll garnishments, or creditor judgments against the candidate.

The System further reserves the right to conduct a FBI criminal history report, including a fingerprint search, of any Contractor or of any vendor, service provider or subcontractor of Contractor.

**10. Changes in Work.** The Contractor shall not commence any additional work or change the scope of the work until authorized in writing by the System. The Contractor shall make no claim for additional compensation in the absence of a prior written approval and amendment executed by all signatories

hereto. This Contract may only be amended, supplemented or modified by a written document executed in the same manner as this Contract.

#### **11. Compliance with Laws.**

A. The Contractor shall comply with all applicable federal, state and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Contract shall be reviewed by the System and the Contractor to determine whether the provisions of this Contract require formal modification.

B. The Contractor and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the System as set forth in IC §4-2-6, *et seq.*, IC §4-2-7, *et seq.*, the regulations promulgated thereunder, and Executive Orders 04-08 and 05-12, dated April 27, 2004 and January 10, 2005, respectively. If the contractor is not familiar with these ethical requirements, the Contractor should refer any questions to the Indiana State Ethics Commission, or visit the Inspector General's website at <http://www.in.gov/ig/>. If the Contractor or its agents violate any applicable ethical standards, the System may, in its sole discretion, terminate this Contract immediately upon notice to the Contractor. In addition, the Contractor may be subject to penalties under IC § §4-2-6, 4-2-7, 35-44.1-1-4, and under any other applicable laws.

C. The Contractor certifies by entering into this Contract that neither it nor its principal(s) is presently in arrears in payment of its taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. The Contractor agrees that any payments currently due to the State of Indiana may be withheld from payments due to the Contractor. Additionally, further work or payments may be withheld, delayed, or denied and/or this Contract suspended until the Contractor is current in its payments and has submitted proof of such payment to the System.

D. The Contractor warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana, and agrees that it will immediately notify the System of any such actions. During the term of such actions, the Contractor agrees that the System may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Contract.

E. If a valid dispute exists as to the Contractor's liability or guilt in any action initiated by the State of Indiana or its agencies, and the System decides to delay, withhold, or deny work to the Contractor, the Contractor may request that it be allowed to continue, or receive work, without delay. Any payments that the System may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC §5-17-5.

F. The Contractor warrants that the Contractor and its subcontractors, if any, shall obtain and maintain all required permits, licenses, registrations and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the System. Failure to do so may be deemed a material breach of this Contract and grounds for immediate termination and denial of further work with the System.

G. The Contractor hereby 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.

H. As required by IC §5-22-3-7:

(1) The Contractor and any principals of the Contractor certify that:

(A) the Contractor, except for de minimis and nonsystematic violations, has not violated the terms of:

- (i) IC §24-4.7 [Telephone Solicitation Of Consumers];
- (ii) IC §24-5-12 [Telephone Solicitations]; or
- (iii) 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

- (B) the Contractor will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.
- (2) The Contractor and any principals of the Contractor certify that an affiliate or principal of the Contractor and any agent acting on behalf of the Contractor or on behalf of an affiliate or principal of the Contractor, except for de minimis and nonsystematic violations,
- (A) 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
  - (B) will not violate the terms of IC §24-4.7 for the duration of the Contract, even if IC §24-4.7 is preempted by federal law.

**12. Condition of Payment.** All services provided by the Contractor under this Contract must be performed to the System's reasonable satisfaction, as determined at the discretion of the undersigned System representative and in accordance with all applicable federal, state, local laws, ordinances, rules, and regulations. The System shall not be required to pay for work found to be unsatisfactory, inconsistent with this Contract or performed in violation of and federal, state, or local statute, ordinance, rule or regulation.

**13. Confidentiality of System Information.** The Contractor understands and agrees that data, materials and information disclosed to Contractor, by or on behalf of the System or any of its members, participants, employees, customers or third party service providers, may contain confidential and protected information under Indiana law and as described in 35 IAC 1.2-1-5; therefore, the Contractor promises and assures that data, materials, and information gathered, based upon, or disclosed to the Contractor for the purpose of this Contract, will be treated as confidential and will not be disclosed to or discussed with other parties, including subcontractors, without the prior written consent of the System. The Contractor also acknowledges that pursuant to IC §5-10.5-6-4 member records, except for names and years of service, are confidential and will not be disclosed, published, or used in any manner outside of this agreement without express consent of INPRS or the member.

The parties acknowledge that the services to be performed by Contractor for System under this Contract may require or allow access to data, materials, and information containing Social Security numbers or other personal information maintained by System in its computer system or other records. Contractor acknowledges and agrees to follow the procedures set out in IC §24-4.9 *et seq.* in the event of a breach of personal information or Social Security numbers. In addition to the covenant made above in this section and pursuant to 10 IAC 5-3-1(4), Contractor and System agree to comply with the provisions of IC §4-1-10 and IC §4-1-11. If any Social Security number(s) or personal information (as defined in IC §4-1-11-3) is/are disclosed by Contractor as a result of Contractor's error, Contractor agrees to pay all commercially reasonable costs associated with the disclosure including, but not limited to, any costs associated with distributing a notice of disclosure of a breach of the security of the system in addition to any other claims and expenses for which it is liable under the terms of the Contract.

**14. Continuity of Services.**

A. The Contractor recognizes that the service(s) to be performed under this Contract are vital to the System and must be continued without interruption and that, upon Contract expiration, a successor,

either the System or another contractor, may continue them. The Contractor agrees to:

1. Furnish phase-in training; and
2. Exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor.

B. The Contractor shall, upon the System's written notice:

1. Furnish phase-in, phase-out services for up to sixty (60) days after this Contract expires; and
2. Negotiate in good faith a plan with a successor to determine the nature and extent of phase-in, phase-out services required. The plan shall specify a training program and a date for transferring responsibilities for each division of work described in the plan, and shall be subject to the System's approval. The Contractor shall provide sufficient experienced personnel during the phase-in, phase-out period to ensure that the services called for by this Contract are maintained at the required level of proficiency.

C. The Contractor shall allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the services required by this Contract. The Contractor also shall disclose necessary personnel records and allow the successor to conduct on-site interviews with these employees. If selected employees are agreeable to the change, the Contractor shall release them at a mutually agreeable date and negotiate transfer of their earned fringe benefits to the successor.

D. The Contractor shall be reimbursed for all reasonable phase-in, phase-out costs (*i.e.*, costs incurred within the agreed period after contract expiration that result from phase-in, phase-out operations).

### **15. Debarment and Suspension**

A. The Contractor certifies by entering into this Contract 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 Contract by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Contract means an officer, director, owner, partner, key employee 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 the Contractor.

B. The Contractor certifies that it has verified the state and federal suspension and debarment status for all subcontractors receiving funds under this Contract and shall be solely responsible for any recoupment, penalties or costs that might arise from use of a suspended or debarred subcontractor. The Contractor shall immediately notify the System if any subcontractor becomes debarred or suspended, and shall, at the System's request, take all steps required by the System to terminate its contractual relationship with the subcontractor for work to be performed under this Contract.

**16. Default by System.** If the System, sixty (60) days after receipt of written notice, fails to correct or cure any material breach of this Contract, then the Contractor may cancel and terminate this Contract and institute the appropriate measures to collect all monies due up to and including the date of termination.

### **17. Disputes.**

A. Should any disputes arise with respect to this Contract, the Contractor and the System agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.

B. The Contractor agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Contract that are not affected by the dispute. Should the Contractor fail to continue to perform its responsibilities regarding all non-disputed work, without delay,

any additional costs incurred by the System or the Contractor as a result of such failure to proceed shall be borne by the Contractor, and the Contractor shall make no claim against the System for such costs.

C. The System may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the System to the Contractor of one or more invoices not in dispute in accordance with the terms of this Contract will not be cause for Contractor to terminate this Contract, and the Contractor may bring suit to collect these amounts without following the disputes procedure contained herein.

**18. Drug-Free Workplace Certification.** As required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana, the Contractor hereby covenants and agrees to make a good faith effort to provide and maintain a drug-free workplace. The Contractor will give written notice to the System within ten (10) days after receiving actual notice that the Contractor, or an employee of the Contractor in the State of Indiana, has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of this certification may result in sanctions including, but not limited to, suspension of contract payments, termination of this Contract and/or debarment of contracting opportunities with the System for up to three (3) years.

In addition to the provisions of the above paragraph, if the total amount set forth in this Contract is in excess of \$25,000.00, the Contractor certifies and agrees that it will provide a drug-free workplace by:

A. Publishing and providing to all of its employees a statement notifying them that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Contractor's workplace, and specifying the actions that will be taken against employees for violations of such prohibition;

B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) 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 (1) abide by the terms of the statement; and (2) notify the Contractor of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

D. Notifying in writing the System 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: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring 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.

**19. Employment Eligibility Verification.** As required by IC §22-5-1.7, the Contractor swears or affirms under the penalties of perjury that:

- A. The Contractor does not knowingly employ an unauthorized alien.
- B. The Contractor shall enroll in and verify the work eligibility status of all his/her/its newly hired employees through the E-Verify program as defined in IC §22-5-1.7-3. The Contractor is not required to participate should the E-Verify program cease to exist. Additionally, the Contractor is not required to participate if the Contractor is self-employed and does not employ any employees.
- C. The Contractor shall not knowingly employ or contract with an unauthorized alien. The Contractor shall not retain an employee or contract with a person that the Contractor subsequently learns is an unauthorized alien.
- D. The Contractor shall require his/her/its subcontractors, who perform work under this Contract, to certify to the Contractor that the subcontractor does not knowingly employ or contract with an unauthorized alien and that the subcontractor has enrolled and is participating in the E-Verify program. The Contractor agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor.

The System may terminate for default if the Contractor fails to cure a breach of this provision no later than thirty (30) days after being notified by the System.

**20. Employment Option.** If the System determines that it would be in the System’s best interest to hire an employee of the Contractor, the Contractor will release the selected employee from any non-competition agreements that may be in effect. This release will be at no cost to the System or the employee.

**21. Force Majeure.** In the event that either party is unable to perform any of its obligations under this Contract or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a “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. Upon receipt of such notice, all obligations under this contract shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Contract.

**22. Funding Cancellation.** When the System’s Board of Trustees makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Contract, this Contract shall be canceled. A determination by the System’s Board of Trustees that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

**23. Governing Law.** This Contract shall be governed, construed, and enforced in accordance with the laws of the State of Indiana, without regard to its conflict of laws rules. Suit, if any, must be brought in the State of Indiana.

**24. HIPAA Compliance.** If this Contract involves services, activities or products subject to the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the Contractor covenants that it will appropriately safeguard Protected Health Information (defined in 45 CFR 160.103), and agrees that it is subject to, and shall comply with, the provisions of 45 CFR 164 Subpart E regarding use and disclosure of Protected Health Information.

**25. Indemnification.** The Contractor agrees to indemnify, defend, and hold harmless the System, its agents, officers, and employees from all claims and suits including court costs, attorney’s fees, and other expenses caused by any act or omission of the Contractor and/or its subcontractors, if any, in the

performance of this Contract. The System shall not provide such indemnification to the Contractor.

**26. Independent Contractor; Workers' Compensation Insurance.** The Contractor is performing as an independent entity under this Contract. No part of this Contract shall be construed to represent the creation of an employment, agency, partnership or joint venture agreement between the parties. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subcontractors of the other party. The Contractor shall provide all necessary unemployment and workers' compensation insurance for the Contractor's employees, and shall provide the System with a Certificate of Insurance evidencing such coverage prior to starting work under this Contract.

**27. Information Technology Enterprise Architecture Requirements.** Contractor shall comply with all applicable INPRS Information Technology standards, policies, and guidelines. INPRS may terminate this contract for default for any deviation from those standards, as they exist as of the effective date of this Agreement, if the contractor fails to cure the breach of this provision within a reasonable time.

**28. Use or Transfer of Software Licenses.** INPRS has the right to use the software licenses on development or test environments without additional cost. Regarding the transfer of any Contractor's software outside the use location, INPRS may execute the software in INPRS's disaster recovery site without notifying the Contractor.

**29. Insurance.** The Contractor shall secure and keep in force during the term of this Contract, the following insurance coverage, covering the Contractor for any and all claims of any nature which may in any manner arise out of or result from Contractor's performance under this Contract:

A. The Contractor shall provide insurance coverage as described in the Optional-Use Contract. The System is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Contract.

1. Automobile liability with minimum liability limits of \$700,000 per person and \$5,000,000 per occurrence. The System is to be named as an additional insured on a primary, non-contributory basis.
2. The Contractor shall provide proof of such insurance coverage by tendering to the undersigned System representative a certificate of insurance prior to the commencement of this Contract and proof of workers' compensation coverage meeting all statutory requirements of IC §22-3-2. In addition, proof of an "all states endorsement" covering claims occurring outside the State of Indiana is required if any of the services provided under this Contract involve work outside of Indiana.

B. The Contractor's insurance coverage must meet the following additional requirements:

1. The insurer must have a certificate of authority issued by the Indiana Department of Insurance.
2. Any deductible or self-insured retention amount or other similar obligation under the insurance policies shall be the sole obligation of the Contractor.
3. The System will be defended, indemnified and held harmless to the full extent of any coverage actually secured by the Contractor in excess of the minimum requirements set forth above. The duty to indemnify the System under this Contract shall not be limited by the insurance required in this Contract.
4. The insurance required in this Contract, through a policy or endorsement(s), shall include a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written



notice to the System.

C. Failure to provide insurance as required in this Contract may be deemed a material breach of contract entitling the System to immediately terminate this Contract. The Contractor shall furnish a certificate of insurance and all endorsements to the System before the commencement of this Contract.

**30. Key Person(s).**

A. If both parties have designated that certain individual(s) are essential to the services offered, the parties agree that should such individual(s) leave their employment during the term of this Contract for whatever reason, the System shall have the right to terminate this Contract upon thirty (30) days' prior written notice.

B. In the event that the Contractor is an individual, that individual shall be considered a key person and, as such, essential to this Contract. Substitution of another for the Contractor shall not be permitted without express written consent of the System.

Nothing in sections A and B, above shall be construed to prevent the Contractor from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Contractor shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

Key person(s) to this Contract is/are \_\_\_\_\_

**31. Licensing Standards.** The Contractor and its employees and subcontractors shall comply with all applicable licensing standards, certification standards, accrediting standards and any other laws, rules or regulations governing services to be provided by the Contractor pursuant to this Contract. The System will not pay the Contractor for any services performed when the Contractor, its employees or subcontractors are not in compliance with such applicable standards, laws, rules or regulations. If any license, certification or accreditation expires or is revoked, or any disciplinary action is taken against an applicable license, certification, or accreditation, the Contractor agrees to notify the System immediately and the System, at its option, may immediately terminate this Contract.

**32. Merger & Modification.** This Contract constitutes the entire agreement between the parties. No understandings, agreements, or representations, oral or written, not specified within this Contract will be valid provisions of this Contract. This Contract may not be modified, supplemented or amended, except by written agreement signed by all necessary parties.

**33. Minority and Women's Business Enterprises Compliance**

To the extent that the Contractor engages any subcontractor, the Contractor agrees to comply fully with the provisions of the Contractor's MBE/WBE participation plans, if any, and agrees to comply with all Minority and Women's Business Enterprise statutory and administrative code requirements and obligations, including IC § 4-13-16.5 and 25 IAC 5. The Contractor further agrees to cooperate fully with the Minority and Women's Business Enterprise division to facilitate the promotion, monitoring, and enforcement of the policies and goals of MBE/WBE program including any and all assessments, compliance reviews, and audits that may be required.

**34. Nondiscrimination.** Pursuant to the Indiana Civil Rights Law, specifically including IC §22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Contractor covenants that it shall not discriminate against any employee or applicant for employment relating to this Contract with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related

to employment, because of the employee's or applicant's characteristic protected by federal, state, or local law ("Protected Characteristics"). Furthermore, Contractor certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services. Breach of this paragraph may be regarded as a material breach of this Contract, but nothing in this paragraph shall be construed to imply or establish an employment relationship between the System and any applicant or employee of the Contractor or any subcontractor.

**35. Notices to Parties.** Whenever any notice, statement or other communication is required under this Contract, it shall be sent by first class mail or via an established courier/delivery service to the following addresses, unless otherwise specifically advised.

A. Notices to the System shall be sent to:

Steven R. Russo  
Executive Director  
Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
[sterusso@inprs.in.gov](mailto:sterusso@inprs.in.gov)

With a copy to:

Scott Davis  
Chief Investment Officer  
Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
[scdavis@inprs.in.gov](mailto:scdavis@inprs.in.gov)

Alex Far  
Deputy Chief Investment Officer  
Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
[afar@inprs.in.gov](mailto:afar@inprs.in.gov)

B. Notices to the Contractor shall be sent to:

---

---

---

---

**36. Order of Precedence; Incorporation by Reference.** Any inconsistency or ambiguity shall be resolved by giving precedence in the following order: (1) the Optional-Use Contract, (2) this Contract, (3) attachments prepared by the System, (4) RFP Number 23-05, (5) Contractor's response to RFP number 23-05, and (6) attachments prepared by the Contractor. All attachments, and all documents referred to in this paragraph, are hereby incorporated fully by reference.

**37. Ownership of Documents and Materials.** All documents, records, programs, data, film, tape, articles, memoranda, and other materials not developed or licensed by the Contractor prior to execution of this Contract, but specifically developed under this Contract shall be considered “work for hire” and the Contractor transfers any ownership claim to the System and all such materials will be the property of the System. Use of these materials, other than related to contract performance by the Contractor, without the prior written consent of the System, is prohibited. During the performance of this Contract, the Contractor shall be responsible for any loss of or damage to these materials developed for or supplied by the System and used to develop or assist in the services provided while the materials are in the possession of the Contractor. Any loss or damage thereto shall be restored at the Contractor’s expense. The Contractor shall provide the System full, immediate, and unrestricted access to the work product during the term of this Contract.

**38. Payments.** All payment obligations shall be made in arrears, net 30 in accordance with Indiana law and the System’s fiscal policies and procedures. See Attachment B, Fees, incorporated by reference.

**39. Penalties/Interest/Attorney’s Fees.** The System 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.

**40. Progress Reports.** The Contractor shall submit progress reports to the System upon request. The report shall be oral, unless the System, upon receipt of the oral report, should deem it necessary to have it in written form. The progress reports shall serve the purpose of assuring the System that work is progressing in line with the schedule, and that completion can be reasonably assured on the scheduled date.

**41. Public Record.** The Contractor acknowledges that the System will not treat this Contract as containing confidential information.

**42. Renewal Option.** This Contract may be renewed under the same terms and conditions, subject to the approval of the System and Contractor. The term of the renewed contract may not be longer than the term of the original contract.

**43. Severability.** The invalidity of any section, subsection, clause or provision of this Contract shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Contract.

**44. Substantial Performance.** This Contract shall be deemed to be substantially performed only when fully performed according to its terms and conditions and any written amendments or supplements.

**45. Taxes.** The System is exempt from most state and local taxes and many federal taxes. The System will not be responsible for any taxes levied on the Contractor as a result of this Contract.

**46. Termination for Convenience.** This Contract may be terminated, in whole or in part, by the System whenever, for any reason, the System determines that such termination is in its best interest. Termination of services shall be effected by delivery to the Contractor of a Termination Notice at least thirty (30) days prior to the termination effective date, specifying the extent to which performance of services under such termination becomes effective. The Contractor shall be compensated for services properly rendered prior to the effective date of termination. The System will not be liable for services performed after the effective date of termination. The Contractor shall be compensated for services herein provided but in no case shall total payment made to the Contractor exceed the original contract price or shall any price increase be allowed on individual line items if canceled only in part prior to the original termination date.

#### **47. Termination for Default**

- A. The System may immediately terminate this Contract in whole or in part, if the Contractor fails to:
1. Correct or cure any breach of this Contract;
  2. Deliver the supplies or perform the services within the time specified in this Contract or any extension;
  3. Make progress so as to endanger performance of this Contract; or
  4. Perform any of the other provisions of this Contract.
- B. If the System terminates this Contract in whole or in part, it may acquire, under the terms and in the manner the System considers appropriate, supplies or services similar to those terminated, and the Contractor will be liable to the System for any excess costs for those supplies or services. However, the Contractor shall continue the work not terminated.
- C. The System shall pay the contract price for completed supplies delivered and services accepted. The Contractor and the System shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under the Disputes clause. The System may withhold from these amounts any sum the System determines to be necessary to protect the System against loss because of outstanding liens or claims of former lien holders.
- D. The rights and remedies of the System in this clause are in addition to any other rights and remedies provided by law or equity or under this Contract.

**48. Travel.** No expenses for travel will be reimbursed unless specifically permitted under the scope of the services or consideration provision. Expenditures made by the Contractor for travel will be reimbursed at the current rate paid by the System and in accordance with the System's Travel Policies and Procedures.

**49. Waiver of Rights.** No right conferred on either party under this Contract shall be deemed waived, and no breach of this Contract excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the System's review, approval or acceptance of, nor payment for, the services required under this Contract shall be construed to operate as a waiver of any rights under the Contract or of any cause of action arising out of the performance of this Contract, and the Contractor shall be and remain liable to the System in accordance with applicable law for all damages to the System caused by the Contractor's negligent performance of any of the services furnished under this Contract.

**50. Work Standards.** The Contractor shall execute its responsibilities by following and applying at all times the highest professional and technical guidelines and standards. If the System becomes dissatisfied with the work product of or the working relationship with those individuals assigned to work on this Contract, the System may request in writing the replacement of any or all such individuals, and the Contractor shall grant such request.

**51. Investigations and Complaints.** To the extent permitted by applicable law, Contractor shall promptly advise the System in writing of any extraordinary investigation, examination, complaint, disciplinary action or other proceeding relating to or affecting Contractor's ability to perform its duties under this Contract which is commenced by any of the following: (1) any Attorney General or any regulatory agency of any state of the United States; (2) any U.S. Government department or agency; or (3) any governmental agency regulating business in any country in which Contractor is doing business. Except as otherwise required by law, the System shall maintain the confidentiality of all such information until investigating entity makes the information public.

**52. Non-Collusion and Acceptance.** The undersigned attests, subject to the penalties for perjury, that the undersigned is the Contractor, or that the undersigned is the properly authorized representative, agent, member or officer of the Contractor. Further, to the undersigned's knowledge, neither the undersigned nor any other member, employee, representative, agent or officer of the Contractor, directly or indirectly, has entered into or been offered any sum of money or other consideration for the execution of this Contract other than that which appears upon the face hereof.

**SIGNATURE PAGE FOLLOWS**

**In Witness Whereof,** Contractor and the System have, through their duly authorized representatives, entered into this Contract. The parties, having read and understand the foregoing terms of this Contract, do by their respective signatures dated below hereby agree to the terms thereof.

**[Contractor]**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**INDIANA PUBLIC RETIREMENT SYSTEM**

By: \_\_\_\_\_  
Printed Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**ATTACHMENT A**  
**Scope of Services**

**ATTACHMENT B**  
**Fees**

## **APPENDIX C – MANDATORY RESPONDENT FORMS**

### **C.1 Taxpayer Identification Number Request**

<https://www.irs.gov/pub/irs-pdf/fw9.pdf>

### **C.2 Foreign Registration Statement**

<https://forms.in.gov/Download.aspx?id=13562>



# APPENDIX D– QUESTIONNAIRE

## Indiana Public Retirement System

### Transition Management Services Questionnaire

#### Firm Overview

1.

Firm	
Name:	
Main Address:	
Telephone Number:	
Fax Number:	
Website:	
Additional Office Locations:	
Primary Contact Person	
Name:	
Title:	
Telephone Number:	
Email Address:	
Location (city/state):	

2. Provide a general description of the firm, including:
  - a. History
  - b. Year firm began providing transition management or portfolio liquidation services.
  - c. Year transition management business began operating as a stand-alone unit.
  - d. A list of major service offerings.
  
3. Please provide an organizational chart showing the relationships between the professional staff, as well as the reporting line with any parents, subsidiaries, and/or affiliates.
  
4. Provide a detailed description of the firm’s current ownership, including:
  - a. The ownership structure of the firm. Indicate all entities that have an ownership stake in the firm (name and percentage).
  - b. Any subsidiaries, affiliated companies, or joint ventures.
  - c. Recent or planned changes to the ownership or organization structure.
  - d. Importance of transition management to the business strategy of the firm and its parent company (if applicable).
  
5. How is the firm structured to provide transition management services? (Please specify and discuss all that apply: Brokerage affiliate, stand-alone agency, introducing broker, index fund management affiliate, custody bank affiliate, consultant affiliate, principal only, etc.)

6. Which of your firm's offices would service this relationship?
7. Clearly describe all sources of revenue (both explicit and implicit) that your firm derives from trading activities related to the assets of transition management clients. If available, break out descriptions by asset classes or trading venues utilized.
8. How much of the firm's revenue is derived from proprietary trading versus transition management?
9. What percentage of your assignments are done 100% as a fiduciary versus non-fiduciary?
10. Will your firm be willing to take a fiduciary role with respect to the client's assets during transitions in all parent, subsidiary, and affiliate companies during the transition?
11. Describe the material developments in your organization over the past five (5) years that have affected transition management operations, transition management process, or client service, etc. Please state the year in which these developments occurred.
12. Disclose any major sanctions or disciplinary actions or fines taken against your firm by the SEC, NASD, or other regulatory body within the last 10 years.
13. Disclose any legal or arbitration claims the firm has settled or been required to pay within the last 10 years related to the activities of your Trading, Transition Management, or Capital Markets business.
14. Has your firm ever filed, voluntarily or involuntarily, for bankruptcy protection or otherwise been subject to the appointment of a receiver, trustee, or assignee for the benefit of creditors? If so, describe each instance.
15. Describe the levels (dollar amounts) of coverage the firm has for SEC required fidelity bonds, errors and omissions insurance, or any other insurance coverages in place to indemnify transition management clients against losses.
16. Please explain your typical fee and commission structure that would be applicable to an institutional client.
17. Does your firm legally qualify as a majority women-owned firm? A majority disabled-owned firm? A majority minority-owned firm? A majority minority- and women-owned firm?
18. Please provide your firm's ESG policy if available and explain the role ESG and other non-financial factors play in your investment activities related to transition management services. If utilized, please discuss the pecuniary purpose of implementing any ESG or non-financial considerations within the investment process, as well as how this is consistent with the IPS, including Section 8.2.6 thereto.
19. Does the firm have any dedicated ESG oversight function? If so, please describe this function, its structure, and resources. Who is responsible for engagement across the firm? Please address any ESG-specific engagement. How does such oversight interact with transition management teams?
20. Does your firm advocate for disclosure of ESG information?
21. What stewardship codes or ESG related initiatives and pledges has your firm adopted (e.g., UNPRI, Net Zero Asset Managers Initiative, CDP Investor Signatory, Climate Action 100+,

Coalition for Climate Resilient Investment, etc.)? Do you have any firm-specific or mandate-specific caveats when adopting such codes? Please explain how adhering to these commitments has impacted your investment process.

### **Transition Management Team**

1. Please provide a comprehensive table of key personnel in the Transition Management (“TM”) team. Provide a list of biographies of the key personnel who are involved in managing asset transitions for clients. Describe the transition management experience of each individual and identify what role each person would serve in an asset transition.
2. Please provide a table of key personnel and identify and discuss the causes and impact of any turnover (departures or hiring/promotions) in the transition management group in the past 5 years.
3. Please describe any personnel changes that have significantly impacted your firm or the TM team within the past 5 years.
4. Describe the compensation and incentive program for professionals directly involved in asset transitions. How are they evaluated and rewarded? Are managers and traders compensated on volume of trades, commissions earned for the firm, or on how well they minimize cost for clients?
5. Do you provide transition management sub advisory services for any financial institutions such as Trustee banks? If so, please provide the firms to which you provide those services. Please provide an indication of how much of the group’s transition management revenue is derived from these sub-advisory relationships?
6. If your staffing model relies upon external or affiliated resources, discuss how coordination of resources is performed and how a TM client can be assured of receiving appropriate attention and dedication of resources.
7. Does the transition team share trading resources within the firm or are they solely dedicated to transition management? If shared, how are potential conflicts of interest avoided? List key individuals on the transition team that have responsibilities for other investment strategies or additional duties within the firm.
8. Within your transition management team, are there dedicated individuals that solely focus on project management? Focus solely on Portfolio Management? If so, how many project managers vs portfolio managers does your team have?
9. Please describe the workflow/communication between the project manager, custodian, and client.

### **Transition Management Process**

1. Describe your firm’s philosophy concerning transition management for institutional clients. What distinct competitive advantages does your firm have over other firms?
2. Describe the step-by-step process that your firm would utilize in managing an asset transition, from pre-trade analysis to post-trade reporting.
3. How does your firm define a successful transition? How should the firm’s performance be evaluated to determine if the transition was successful? Describe your methodologies for

measuring costs, savings, and performance. Contrast your transition cost calculation methodology with alternative methodologies.

4. Does your firm adhere and subscribe to the T-Charter Code of Best Practice? If so, for how long and, if not, why not?
5. Do you trade with an affiliated brokerage operation, answering separately for equity, fixed income, and derivatives? What factors influence the decision to trade internally vs. externally?
6. How does your firm manage the operational risk of a transition to ensure that securities and cash are properly and seamlessly transferred and accounted for during the transition?
7. Please describe your risk management and compliance process. Do you have a risk and compliance team that oversees the transition process?
8. Do you subcontract the transition management to a third party? If yes, please describe.
9. Do you have any additional strategic relationships with third parties that could potentially enhance or conflict with your transition management capabilities? If yes, please describe.
10. How does the firm maintain market exposure and minimize tracking error for a transition occurring within the same asset class?
11. Does your firm provide interim beta management? Describe in detail the use of futures, ETFs, derivatives, swaps, or other.
12. What was the nature of the most complex transition your firm has undertaken over the past 5 years? How typical is many-to-many Manager Transitions for your firm?
13. Indicate in the charts below the total number of transitions your firm has performed during the periods noted, including the corresponding volume and round-trip market value. For each of the asset classes, use the legacy portfolio for classification purposes.

a. Total Transitions

<b>Year</b>	<b>No. of Transitions</b>	<b>Total Market Value (\$M) – Round Trip</b>
2019		
2020		
2021		
2022		
2023 YTD		

b. Total U.S. Equities Transitions

<b>Year</b>	<b>No. of Transitions</b>	<b>Total Market Value (\$M) – Round Trip</b>
2019		
2020		

2021		
2022		
2023 YTD		

c. Total Global Developed Markets Equities Transitions

Year	No. of Transitions	Total Market Value (\$M) – Round Trip
2019		
2020		
2021		
2022		
2023 YTD		

d. Total Emerging/Frontier Markets Equities Transitions

Year	No. of Transitions	Total Market Value (\$M) – Round Trip
2019		
2020		
2021		
2022		
2023 YTD		

e. Total Fixed Income (including U.S. and Global) Transitions

Year	No. of Transitions	Total Market Value (\$M) – Round Trip
2019		
2020		
2021		
2022		
2023 YTD		

14. Indicate the total number of transition management events completed over the last three (3) years ending June 30, 2023 in the following table:

Market Value Size – Round Trip	No. of Transitions	Total Market Value (\$M) – Round Trip
Less than \$100 million		
\$100 million to \$500 million		
\$500 million to \$1 billion		
\$1 billion to \$3 billion		
Greater than \$3 billion		

**Trading and Access to Liquidity**

1. What distinguishes your transition management services from the services provided by your competition?
2. Please detail the step-by-step transition process utilized by your firm. Include a detailed description of your transition platform.
3. Is trading performed on an agency basis, principal basis, or both?
4. Can your firm or trading desk act in a principal capacity?
5. If requested, can your firm take the other side of a Client's trade in any way?
6. Describe the firm's trading capabilities within US equities, international equities (developed and emerging markets), domestic fixed income, high yield, TIPS, and international fixed income securities. Does the trading strategy differ by asset class?
7. Do you trade with an affiliated brokerage operation, answering separately for equity, fixed income, and derivatives? What factors influence the decision to trade internally vs. externally?
8. Describe the process your firm follows in soliciting bids from brokers. How many bids would you seek for a typical security? How do you avoid leaking information to the market? Outline if Sales Trading activity, limited counterparties, or payment for order flow is part of any broker relationship.
9. Describe the terms of payment, execution quality, and revenue your firm has with external liquidity providers and broker relationships.
10. Provide a breakdown of percentage of trades allocated to each of the five most utilized brokerage firms over each of the last three (3) years.
11. Can the firm internally cross securities at no cost with other client accounts or accounts of the firm's affiliates? Describe these internal sources of liquidity and how your firm can use them to reduce the cost of a transition. At what price are these securities crossed?
12. Does your firm use external crossing networks (Posit, Instinet, etc.)? If yes, describe the circumstances when you would or would not use such a network. At what price are securities crossed? Do all participants in this network pay the same commission? Do you ever use this network to cross between different transition clients? Have you ever charged a client any implicit or explicit fee for crossing with another transition client in your affiliated crossing network?
13. Describe your firm's approach to the execution of foreign exchange. Is there any charge via spread/ mark up/ mark down earned by either the transition manager or affiliated entity? Do you disclose the entire value of revenues received by your firm during the execution process?
14. How do you typically deal with illiquid holdings? What sets you apart from your peers' execution or handling of illiquid positions?
15. Describe your firm's approach to the execution of fixed income securities.

16. Does your firm charge an explicit commission on fixed income securities?
17. Is there any charge via spread/ mark up/ mark down earned by either the transition manager or affiliated entity?
18. How many quotes are received on the execution of any fixed income trade?
19. How do you benchmark fixed income trading performance? Be explicit in bid side, offer side marks, and pricing date.
20. Please describe your firm's views on payment for order flow, sharing information, and external crossing?
21. Please describe sales trading activity of any kind that your firm engages in. How might transition trading flow be impacted by each type of sales trading activity?
22. Please list all potential sources of revenue (both direct and indirect) during the transition process.
23. Do you use commissions (soft dollars) to acquire independent third-party research or other services? If so, identify the vendor and services purchased.
  - a. Is the firm required to follow MiFID II regulations? If yes, what procedures and controls have been implemented to be in compliance with MiFID II regulations?
  - b. Does your firm accept soft dollars as a method of payment for investment advisory services provided?
24. Describe your firm's approach to managing non-transferrable markets. Do you earn revenue on hedging with futures or ETFs?
25. Please describe the process used to track failed transactions.
26. Do you have an independent risk and compliance team that oversees the transition process? If so, please describe the process and detail whether they oversee fee structure decisions and monitoring.
27. Is there a trade error policy? Describe the process for correcting and communicating, internally as well as externally a trade error.
28. Please describe the extent to which your firm uses:
  - a. Dark Pools
  - b. Inbound IOIs
  - c. Outbound IOIs
  - d. DOL exempt internal crossings.
29. Please describe your Order routing methodology.
30. What other value-added services do you provide your clients?

### **Transition Management Reporting**

1. Are you able to provide daily, real time on-line or Internet reporting access to clients and/or

managers to view the activity during the transition period? If yes, please describe.

2. Please provide a track record summary, specific to transition management for the last five years.
3. Please provide a sample multi-asset pre-trade report that you customarily provide clients.
4. Please provide a sample multi-asset post-trade analysis report that you customarily provide clients.
5. Please describe how you present execution quality in a post transition analysis.
6. Please provide a sample transition plan that you typically provide to clients, including calendar and/or schedule that details responsibilities and time horizons.
7. Is your firm willing and able to provide transparent reporting on all fees paid by the Client for the services provided (both directly and indirectly)?
8. Please provide a sample of the fee reporting mentioned in the preceding question.

## **Compliance**

1. Does your organization have a CCO and/or compliance officer(s) whose primary duties include oversight of the compliance policies, procedures, and trading and operations?
2. How do you ensure proper segregation of duties between applicable individuals, teams and functions/departments?
3. Does your organization monitor trading activity to ensure compliance with your firm's policies?
4. Please provide a description of your firm's other related surveillance system(s).
5. What do you proactively do to prevent acts of fraud, insider trading, front-running or other means of asset misappropriation?
6. Please list the primary reports used to monitor trading activity with a description of their function and the frequency with which they are reviewed.
7. Please provide information on any other compliance related policies (e.g. personal trading, firm-wide code of ethics, privacy and confidentiality, related parties transactions).
8. Provide a list of professional counterparts the company maintains a business relationship with and for how long:
  - a. Legal advisors:
  - b. Auditors:
  - c. Banks:
  - d. External Marketers:
  - e. Administrators:
  - f. Prime Brokers:
  - g. Other:



## Legal and Operational

1. Will you acknowledge that you do act and have acted as a fiduciary within the meaning of Section 3(21) of ERISA and/or as an investment manager within the meaning of Section 3(38) of ERISA with respect to any ERISA plan assets subject to transition throughout the transition period? If no, please describe the why.
2. Do you have procedures in place to manage confidentiality and information leakage? If so, please describe the steps taken to eliminate information leakage to external sources, as well as leakage to groups and employees within your firm and organization.
3. Do you have any counterparty relationships which assist your firm in the delivery of its transition management services? If so, please confirm that your firm remains primarily responsible for any services delivered by the counterparty and further explain what this relationship is and how it might impact the execution quality, your Fiduciary duty, and/or revenue transparency.
4. Has your firm or any of its investment professionals ever been subject to any investment- related judgments, indictments, or settlements of potential litigation with or without admission of fault, guilt or liability? If yes, please provide a full explanation.
5. Describe your firm's relationship with all major custodians. What steps do you take to enhance the relationship / create efficiencies for transition events?
6. Does the Firm have a Chief Information Security Officer or equivalent position? If not, where does principal responsibility for overseeing cybersecurity reside within the firm?
7. Summarize your written disaster recovery/contingency plan that addresses recovery of business operations. What is your anticipated recovery time in the event of a disaster? How frequently and to what extent is your recovery arrangements tested? Have you needed to invoke your plan, and if so, when, and what was the result?
8. Does your firm have a cyber-security policy? Describe how your firm has responded to regulatory guidance and whether your firm falls under a stand-alone policy for investment adviser requirements or whether you follow a corporate program.
9. Has your firm or any current/prior director, officer, principal or employee ever been the subject of a non-routine investigation or inquiry by a regulatory agency or self-regulatory body regarding fiduciary responsibilities or other investment-related matters? If so, describe each instance, regardless of materiality, and indicate if any directives, letters or opinions were issued concerning said inquiry.
10. Has your firm or any officer, director, partner, principal or employee ever been involved in any past or pending civil or criminal litigation or legal proceeding concerning the management of client assets? If so, describe each instance, regardless of materiality.
11. Has any current/prior director, officer, principal or employee ever been convicted of, pled guilty to, or pled nolo contendere to a felony? If so, describe each instance.
12. Are employees governed by non-compete, non-solicit agreements or employment contracts? If so, please provide details.
13. Is your firm registered as an investment advisor under the Investment Advisors Act of 1940? If so, please attach your firm's ADV Part II in **an Appendix**. If exempt, please describe the exemption.

14. Please state whether, during the last 10 years, any regulatory agency has conducted an audit or review of the firm. If so, what was the outcome? Discuss any significant findings and how they were remedied. (Include the name of the regulatory agency)
15. List all registrations with regulatory agencies or self-regulatory bodies. Has a registration ever been denied?
16. List the amount and respective carriers of the errors and omissions, professional liability, fiduciary insurance or fidelity bonds held by your firm.
  - a. Has your firm ever submitted a claim to your errors and omissions, professional liability, fiduciary insurance or fidelity bond carrier(s)? If so, describe each instance.
  - b. Has your firm or any affiliated individual ever been denied coverage for errors and omissions, professional liability, fiduciary insurance or fidelity bond? If so, describe each instance and provide the reason cited by the carrier.
17. Does your firm maintain a written compliance manual? How do you ensure/verify that the firm and its employees follow stated procedures?
18. Identify your Chief Compliance Officer and describe the responsibilities, reporting structure and compensation scheme of your compliance group.
19. Does your firm maintain a written ethics or standards of conduct policy? If so, what steps are taken to ensure that employees are in compliance?
20. What is your process for escalating and resolving compliance violations?
21. Describe your Anti-Money Laundering (AML) procedures and identify the designated Money Laundering Reporting Officer (MLRO).
22. Has your firm ever filed, voluntarily or involuntarily, for bankruptcy protection or otherwise been subject to the appointment of a receiver, trustee, or assignee for the benefit of creditors? If so, describe each instance.

### **Reporting and Client Service**

1. What type of standard reporting package do you provide to clients? Please attach a sample report client report.
2. Can investors receive custom reports? If so, discuss the range of customization available.
3. Describe the level of access clients have to your portfolio managers, research analysts, and other investment professionals.
4. In addition to standard reporting and communications, describe any other elements of client service (e.g., white papers, educational seminars, annual meetings, seminars, or workshops on public pension plans) that you believe add value to the client-manager relationship.

### **References**

1. Provide a list of three clients that have been involved in a transition managed by your firm in the past year that can attest to your transition management expertise. Provide the name, firm and phone number of the contact person.