

**Solicitation 700-11-04**  
**Transition Management Services**

**State of California**

## **Bid 700-11-04 Transition Management Services**

Bid Number           **700-11-04**  
Bid Title              **Transition Management Services**

Bid Start Date       **Jan 11, 2012 8:06:21 AM PST**  
Bid End Date         **Feb 28, 2012 4:00:00 PM PST**  
Question & Answer  
End Date             **Jan 23, 2012 4:00:00 PM PST**

Bid Contact           **Kathie Mullen**  
                            **kathiemullen@dpa.ca.gov**

Standard Disclaimer   **The State of California advises that prospective bidders periodically check the websites, including but not limited to Bidsync, and/ or other state department links for modifications to bid documents. The State of California is not responsible for a prospective bidder's misunderstanding of the bid solicitation or nonresponsive bid due to failure to check these websites for updates or amendments to bid documents, and/ or other information regarding the bid solicitations. Failure to periodically check these websites will be at the bidder's sole risk.**  
**The information published and/ or responded to on these websites is public information. Confidential questions/ issues/ concerns should be directed to the contact on the ad.**

### **Description**

The Department of Personnel Administration, Savings Plus Program (SPP) has issued this RFP to select vendors to create a pool of transition managers from which SPP may select when actual transition events arise.

Transition Management Services  
RFP 700-11-04  
Page 1 of 45

STATE OF CALIFORNIA

Governor Edmund G. Brown Jr.

**DEPARTMENT OF PERSONNEL ADMINISTRATION**  
ADMINISTRATIVE SERVICES DIVISION  
1515 "S" STREET, NORTH BUILDING, SUITE 400  
SACRAMENTO, CA 95811-7258



REQUEST FOR PROPOSAL NUMBER 700-11-04  
TRANSITION MANAGEMENT SERVICES

January 11, 2012

The State of California Department of Personnel Administration (DPA) releases this Request for Proposal (RFP) to obtain proposals for transition management services as needed. Please refer to the Executive Summary and Background for information specific to the nature of this RFP.

The agreement(s) awarded through this RFP process will be used to replace the existing DPA pool of transition management firms. DPA intends to award one or more contracts as a result of this search.

In DPA's opinion this RFP is complete and without need of explanation. However, if you have questions or need clarifying information, please submit your question(s) no later than 4:00 p.m. Pacific Time (PT) on Monday, January 23, 2012 in accordance with the RFP instructions. Please note that no verbal information given is binding upon DPA, unless such information is issued in writing as an official addendum.

In submitting your proposal, you must comply with the instructions found herein. DPA must receive your proposal by 4:00 p.m. (PT) on Tuesday, February 28, 2012. Proposals received after this date and time are ineligible for consideration and will be returned.

DPA intends that the Agreement(s) resulting from this RFP will be effective July 1, 2012 and will run for a five-year period with the option to extend the Agreement(s) for up to two additional one-year periods. The Contractor will be notified of the intent to extend no less than thirty days prior to the contract expiration date.

**TABLE OF CONTENTS**

**I. EXECUTIVE SUMMARY AND BACKGROUND** ..... 3

**II. PROPOSAL SUBMISSION REQUIREMENTS AND INFORMATION** ..... 5

    A. SCOPE OF THE RFP ..... 5

    B. LEGAL REVIEW ..... 5

    C. QUESTIONS ON THE RFP AND REQUESTS FOR CLARIFICATION ..... 6

    D. PROPOSAL CONTENT AND QUESTIONNAIRE ..... 6

    E. SUBMISSION OF PROPOSAL ..... 6

    F. TIME SCHEDULE ..... 8

    G. EVALUATION CRITERIA AND PROCESS ..... 8

    H. AWARD AND PROTEST ..... 9

    I. DISPOSITION OF PROPOSALS ..... 10

    J. STANDARD CONDITIONS OF SERVICE ..... 10

**III. MINIMUM QUALIFICATIONS** ..... 11

**IV. MANDATORY BUSINESS LICENSING & PRACTICE REQUIREMENTS** ..... 12

**V. QUESTIONNAIRE AND FEE PROPOSAL** ..... 13

    Minimum Qualifications Compliance Affirmation: ..... 13

    A. Organization Background, Experience and Stability ..... 14

    B. Methodology ..... 17

    C. Operations and Execution ..... 18

    D. Reporting ..... 20

    E. Disclosures / Conflicts of Interest ..... 20

    F. Requested Additional Documentation ..... 21

**VI. REQUIRED ATTACHMENTS** ..... 23

    ATTACHMENT 1 – DOCUMENTATION AND CERTIFICATION CHECKLIST ..... 23

    ATTACHMENT 2 – SAMPLE STANDARD AGREEMENT (STD 213) AND EXHIBITS ..... 25

    ATTACHMENT 3 – PAYEE DATA RECORD ..... 40

    ATTACHMENT 4 – CERTIFICATION UNDER DARFUR CONTRACTING ACT ..... 41

    ATTACHMENT 5 – CONTRACTOR CERTIFICATIONS UNDER PENALTY OF PERJURY ..... 42

## **I. EXECUTIVE SUMMARY AND BACKGROUND**

### **TRANSITION MANAGEMENT SERVICES**

The Department of Personnel Administration (DPA) has issued this Request for Proposal (RFP) to locate vendors which might provide transition management services when necessary. When called upon the vendor(s) would coordinate activities with the Third-Party Administrator (TPA), trustee/custodian and various other third party contractors which comprise the Savings Plus Program (Savings Plus). Please note Savings Plus refers to the organizational division located within DPA which provides primary administration to the program as well as the savings program itself.

DPA shall evaluate all proposals properly submitted according to the specifications contained in this solicitation and applicable State laws and regulations. DPA reserves the right to reject any or all proposals, and solicit new bids at its discretion.

At the conclusion of this solicitation process, DPA may select more than one bidder to create a pool of transition managers. Savings Plus will require transition managers to act as a fiduciary in transitions that may include portfolio liquidations, asset allocation changes and portfolio rebalancing. The transitions may involve multiple asset classes and multiple managers with domestic and international mandates across all asset categories, capitalization ranges, styles and regions. The successful firm(s) shall enter into an Agreement with DPA to provide transition management services. Effective July 1, 2012, the agreement(s) will be for five years with an option to extend for up to two additional one-year periods. The Contractor(s) will be notified of the intent to extend no less than thirty days prior to contract expiration.

No commitment is made to the successful bidder(s) of this solicitation process as to the use of their proposed services or the time frame when their services will be needed.

## BACKGROUND

Savings Plus administers a “deferred compensation plan” established in 1974 under Section 457(b) of the Internal Revenue Code (IRC); a tax-deferred savings plan established in 1985 and implemented in 1989 under Section 401(k) of the IRC; an Alternate Retirement Program (ARP) established in 2004 under Section 401(a) of the IRC; and a Part-time, Seasonal, and Temporary Employees Retirement Program (PST Program) established in 1991 under Section 457(b) of the IRC. DPA was authorized to establish these plans per California *Government Code* sections 19993, 19999.5, 19999.3, and 19999.2 respectively.

Savings Plus currently offers its participants nineteen (19) investment choices or options, and a self-directed brokerage account, through the following three-tiered structure:

Tier 1 – Lifestyle Funds: Five (5) risk-based custom asset allocation funds.

Tier 2 – Build Your Own Portfolio: Five (5) index funds, five (5) actively managed equity funds, one (1) actively managed bond fund, one (1) actively managed diversified real return fund, and two (2) actively managed short-term investment funds. The actively managed bond, domestic equity, international equity and diversified real return funds are constructed through the use of fund-of-funds structures.

Tier 3 – Schwab Personal Choice Retirement Account<sup>®</sup> (PCRA): A self-directed brokerage account option.

Savings Plus’ investment portfolio strategies are offered in separate accounts, commingled trust funds, mutual funds, a variable annuity and bank depository accounts. All separate account assets are held in custody by a third-party trust/custody provider – currently JPMorgan Chase, N.A.

Please find additional information on investments at [www.sppforu.com](http://www.sppforu.com).

At November 30, 2011, Savings Plus assets totaled approximately \$7.8 Billion. In the period from August 2007 through August 2011, Savings Plus has used transition management services in 7 events totaling approximately \$3.9 Billion in domestic and non-US equities and fixed income assets.

## II. PROPOSAL SUBMISSION REQUIREMENTS AND INFORMATION

### A. SCOPE OF THE RFP

This solicitation contains all instructions governing the requirements for proposal submission. In particular this document clearly presents non-negotiable contract terms and conditions which bidders must accept as a precondition to being included in this solicitation process. It addresses the required format of the proposal and related material to be contained therein. All interested parties should do the following:

- Carefully read the entire solicitation and ask appropriate questions in a timely manner - no later than 4:00 p.m. Pacific Time (PT) on January 23, 2012 in accordance with the instructions provided for in Part II, Item C which follows;
- Submit all completed responses by the required dates and times; and
- Make sure all procedures and requirements of the solicitation are accurately followed and appropriately addressed.

### B. LEGAL REVIEW

The final Agreement resulting from this RFP will, in addition to the RFP terms, consist of: the Standard Agreement (Std. 213) with the Exhibits attached thereto, the company's proposal response, and exhibits and attachments hereto. Respondents may submit, in accordance with the RFP instructions, questions regarding contractual details included in the RFP package. Savings Plus intends to resolve any and all instances of misinterpretation, miscommunication, and misunderstanding of the proposed contractual language prior to proposal submission.

Your legal counsel **MUST** sign the *Documentation and Certification Checklist* (RFP Section VI - Attachment 1) and provide such counsel's state bar number as evidence of acceptance of all non-negotiable contract and proposal requirements. Such counsel must be authorized to bind the respondent contractually.

**With respect to this RFP package, non-negotiable contract terms and proposal requirements include:**

- **Attachment 1 and all further documents/proposal requirements therein identified.**
- **All information as described and contained in Attachment 2 – Appendix A – Exhibits A, C, and D.**

Each proposing company is fully responsible for completion of the *Documentation and Certification Checklist* and for providing accurate responses in the certifications. By submitting a bid proposal in response to this RFP, the selected company agrees that it may be assessed up to \$25,000 as liquidated damage for submitting an erroneous, false, or misleading certification as required above. The purpose of this liquidated damage provision is to ensure accurate certifications are submitted for evaluation and to set an amount in advance for inaccurate information that results in a breach to compensate Savings Plus for the damages that are impractical or extremely difficult to estimate, but would be sustained by the Savings Plus in the event that the company submits an erroneous or misleading certification. The liquidated damage is intended to be a reasonable estimate of the costs Savings Plus would sustain as a result of a

breach and are not intended to be punitive. This assessment shall be immediately due and payable upon the company's receipt of an invoice from Savings Plus tendered under this provision.

### **C. QUESTIONS ON THE RFP AND REQUESTS FOR CLARIFICATION**

Questions about this RFP must be submitted in writing and received by 4:00 p.m. Pacific Time (PT) on Monday, January 23, 2012.

Respondents must submit their questions through the RFP's Q&A section on the Bidsync website ([www.bidsync.com](http://www.bidsync.com)).

On February 1, 2012 interested parties can obtain a complete set of questions and answers on the Bidsync website under the RFP's Q & A section.

### **D. PROPOSAL CONTENT AND QUESTIONNAIRE**

When completing the Questionnaire, companies must give clear, concise and quantifiable replies. Restate each question in **bold** face type (no smaller than 11 point font) with its response directly below. Unless otherwise indicated, answer questions as of December 31, 2011.

### **E. SUBMISSION OF PROPOSAL**

Proposals should provide straightforward and concise descriptions of the proposer's ability to satisfy the requirements of this RFP. The proposal must be complete and accurate. Omissions, inaccuracies, or misstatements will be sufficient cause for rejection of the proposal.

Due to limited storage space, the proposal package should be prepared in the least expensive method (i.e., cover page with staple in upper left-hand corner, no fancy bindings). An original (unbound) and one bound copy of the entire proposal must be submitted. In addition an electronic copy of the entire proposal package must be submitted on two CDs, which must be clearly marked with the proposer's name and contact information.

All proposals, submitted under **sealed** cover, must be received by **February 28, 2012 at 4:00 p.m. (PT)**.

Proposals must be plainly marked with the RFP number and title, your firm name and address, and must be marked with "DO NOT OPEN", as shown here:

**RFP #700-11-04: Transition Management Services  
Department of Personnel Administration  
Contracts Management Unit – Kathie Mullen  
1515 S Street, North Building, Suite 400  
Sacramento, CA 95814**

**DO NOT OPEN**



Transition Management Services  
RFP 700-11-04  
Page 7 of 45

Proposals received after this date and time will not be considered. It is strongly suggested that proposals be sent via courier service or hand delivered. Utilizing the U.S. Postal Service may not guarantee timely delivery to DPA's offices. Faxed proposals will **not** be accepted.

The original proposal must be marked "ORIGINAL COPY". All documents contained in the original proposal package must have original signatures and must be signed by a person who is authorized to bind the proposing firm. All additional proposal sets may contain photocopies of the original package.

If the proposal is made under a fictitious name or business title, the actual legal name of proposer must be provided.

All proposals shall include the documents identified in Section VI, Required Attachments. Proposals not including the proper "required attachments" shall be deemed non-responsive. A non-responsive proposal is one that does not meet the basic proposal requirements.

Proposals must be submitted for the performance of all the services described herein. Any deviation from the work specifications will not be considered and will cause a proposal to be rejected.

A proposal may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. DPA may reject any or all proposals and may waive any immaterial deviation in a proposal. DPA's waiver of immaterial defect shall in no way modify the RFP document or excuse the proposer from full compliance with all requirements if awarded the agreement.

Cost for developing proposals and in anticipation of award of the agreement are entirely the responsibility of the proposer and shall not be charged to DPA.

A proposer may modify a proposal after its submission by withdrawing the original proposal and resubmitting a new proposal prior to the proposal submission deadline. Proposal modifications offered in any other manner, oral or written, will not be considered.

A proposer may withdraw its proposal by submitting a written withdrawal request to DPA, signed by the proposer or an authorized agent. A proposer may thereafter submit a new proposal prior to the proposal submission deadline. Proposals may not be withdrawn without cause subsequent to proposal submission deadline.

If a proposer discovers any ambiguity, conflict, discrepancy, omission, or other error in this RFP, they shall immediately notify the RFP coordinator of such error in writing upon discovery. All proposals are submitted at the proposer's own risk.

DPA may modify this RFP, the Time Schedule, or any of its attachments prior to the date fixed for submission of proposals by the issuance of an addendum to all parties who received a proposal package. Addenda shall be numbered consecutively as a suffix to this RFP. The first number of an addendum shall be A1, if needed.

Interested parties or potential interested parties are prohibited from initiating any communication with any and all DPA/Savings Plus staff, or the staff of RV Kuhns and Associates, Incorporated, concerning this RFP except as specified in the RFP. DPA reserves the right to reject the proposal of any proposer violating this prohibition.

The Proposers are cautioned to not rely on DPA during the evaluation to discover and report to the proposer any defects and errors in the submitted documents. The Proposers, before submitting their documents, should carefully proof them for errors and adherence to the RFP requirements.

More than one proposal from an individual, firm, partnership, corporation or association under the same or different names, will not be considered. However, DPA will consider multiple investments from a single entity as long as they meet the requirements specified in this RFP. Reasonable grounds for believing that any proposer has submitted more than one proposal for the work contemplated herein will cause the rejection of all proposals submitted by that proposer. If there is reason to believe that collusion exists among proposers, none of the participants in such collusion will be considered in this or future procurements.

#### F. TIME SCHEDULE

The following outlines the important actions, dates, and times by which the listed actions must be taken or completed. If Savings Plus finds it necessary to change any of these dates, it shall be accomplished by addendum.

Action/Event	Date	Time (Pacific)
RFP available to prospective proposers	Wednesday, January 11, 2012	N/A
Written Questions Due to Bidsync	Monday, January 23, 2012	4:00 p.m.
Answers Posted on Bidsync	Wednesday, February 1, 2012	4:00 p.m.
Final Proposal Due	Tuesday, February 28, 2012	4:00 p.m.
Interviews (Sacramento)	April 9-18, 2012 (TBD)	N/A
Notice of Intent to Award	Monday, April 23, 2012	4:00 p.m.
Last Date to Protest Award	Monday, April 30, 2012	4:00 p.m.
Contract Award Date	Tuesday, May 1, 2012	N/A
Contract Commencement	July 1, 2012	N/A

#### G. EVALUATION CRITERIA AND PROCESS

**Minimum Qualifications** – Savings Plus staff will confirm that sufficient evidence was provided to ensure that the herein stated minimum qualifications have been met.

**Technical Proposal Evaluation** – Proposals that pass the prequalification and minimum qualification reviews will undergo an evaluation process conducted by a team of reviewers. The competitors' responses will be comparatively analyzed using the following categories:

## Transition Management Services

RFP 700-11-04

Page 9 of 45

Technical Area	Total Points Available
Organization, Experience, and Stability	15
Methodology	15
Operations and Execution	15
Reporting	15
Disclosures / Conflicts of Interest	10
Revenue Sources	30
<b>Total Points – Technical Evaluation</b>	<b>100</b>

**Finalist Interviews** – At its discretion, Savings Plus may conduct interviews with the leading candidates at the conclusion of the Technical Proposal Evaluation. These interviews may be conducted via teleconference or candidates may be requested to come to the Savings Plus office. The general areas of discussion and points associated with each are as follows:

Discussion Area	Total Points Available
Organization	10
Professional Staff	10
Execution, Philosophy and Methods	30
<b>Total Points – Finalist Interviews</b>	<b>50</b>

## H. AWARD AND PROTEST

A *Notice of Intent to Award* will be posted on the DPA Website and in a public place in the office of the Department of Personnel Administration; 1515 S Street, North Building, Suite 400, Sacramento, CA for five business days prior to awarding.

Any respondent has the right to file a protest with DPA if the evaluation criteria and process stated in the RFP wasn't followed. Savings Plus will not award the contract until either the protest has been withdrawn or DPA has decided the matter.

Respondents should submit protests by certified or registered mail to:

**Department of Personnel Administration**  
**Contracts Management Unit**  
**Attn: Kathie Mullen**  
**1515 S Street, North Building, Suite 400**  
**Sacramento, CA 95814**

Within five calendar days after filing the initial protest, the protesting respondent shall file with DPA a full and complete written statement specifying the grounds for the protest. It is suggested that respondents submit this complete written statement by certified or registered mail to the address above.

Transition Management Services  
RFP 700-11-04  
Page 10 of 45

Upon award, the Contractor must confirm that the *Payee Data Record* (Std. 204) has been properly completed and submitted, Section VI Attachment III.

## **I. DISPOSITION OF PROPOSALS**

Upon proposal opening, all documents submitted in response to this RFP will become the property of the State of California and will be regarded as public records under the California Public Records Act (Government Code Section 6250, et seq.) and subject to review by the public. Savings Plus cannot prevent the disclosure of public documents. However, the contents of all proposals, draft proposals, correspondence, agenda, memoranda, working papers, or any other medium that discloses any aspect of a respondent's proposal, shall be held in the strictest confidence until Savings Plus posts the *Intent to Award*.

All materials submitted in response to this RFP may be returned at Savings Plus' option and sole discretion but at the respondent's expense.

## **J. STANDARD CONDITIONS OF SERVICE**

The Agreement resulting from this RFP will be for a five-year period with the option to extend the Agreement up to two additional one-year periods. Savings Plus intends that the Agreement shall have an effective date of July 1, 2012. The Contractor will be notified of the intent to extend no less than thirty days prior to the contract expiration date.

All performance under the Agreement shall continue up to the termination date of the Agreement.

Respondents agree at the time of their proposal submission to adhere to contract terms, conditions, and requirements as specified in Section VI, Attachment 2.

No oral understanding or agreement shall be binding on either party.

### III. MINIMUM QUALIFICATIONS

As of December 31, 2011, companies responding to this RFP must satisfy all of the following minimum qualifications.

- If required under the Investment Advisors Act of 1940, the firm must be registered as an investment advisor, bank, insurance company, or a trust company.
- The firm must act as a fiduciary to Savings Plus and the DPA. The firm must certify that it shall not delegate its fiduciary responsibility under this agreement.
- As of December 31, 2011, the firm must have:
  - been providing transition management services for institutional clients for at least eight years;
  - successfully executed a transition (a singular event of multiple asset classes) totaling \$1 billion of assets transacted from the legacy side of the transition, conducted by the team who would directly serve Savings Plus, within the two-year period then ended; and
  - successfully executed three discrete transitions of at least \$500 million per transition, in any one asset class within the two-year period then ended.
- The transition management personnel who would directly serve Savings Plus must each have a minimum of two years of transition management experience – i.e. project management and not business development – for institutional clients.
- The firm must have an equity capitalization in excess of \$25 million
- The firm must provide a signed certification by an executive officer of the firm stating that the firm is not an expatriate corporation within the meaning of California Public Contract Code Section 10286.1. See Exhibit F to the Standard Agreement presented as Attachment 2 to this RFP. As therein stated a State agency may not enter into any contract with an expatriate corporation or its subsidiaries. The Public Contract Code may be viewed at [www.leginfo.ca.gov/calaw.html](http://www.leginfo.ca.gov/calaw.html).

#### IV. MANDATORY BUSINESS LICENSING AND PRACTICE REQUIREMENTS

The responding company must agree to be bound by and comply with the DPA's confidentiality requirements, as outlined in Attachment 2 – Appendix A, and ensure that each of its employees and subcontractors complies with such confidentiality requirements.

The responding company must agree that all personnel assigned to Savings Plus will be located within the United States.

Upon award of the contract, the Contractor shall furnish to DPA a certificate of insurance stating that there is insurance presently in effect for the contractor of not less than \$1,000,000 per occurrence.

The certificate of insurance must include the following provisions:

- The insurer will not cancel the insured's coverage without 30 days prior written notice to DPA; and
- The State of California, its officers, agents, employees, and servants are included as additional insured, but only insofar as the operations under this contract are concerned.

The Contractor agrees that the liability insurance herein provided for shall be in effect at all times during the term of the contract. In the event said insurance coverage expires at any time during the term of the contract, contractor agrees to provide at least 30 days prior to said expiration date, a new certificate of insurance evidencing insurance coverage as provided for herein for not less than the remainder of the term of the contract or for a period of not less than one year. In the event the Contractor fails to keep in effect at all times insurance coverage, DPA may, in addition to any other remedies, terminate the contract.

The responding company must be licensed and registered under all appropriate state and federal laws and regulations. To the extent the responding company is doing business in the State of California, it must warrant that it is currently qualified to do business in the state. For avoidance of doubt, "Doing Business" in the State of California is defined as "actively engaging in any transaction for the purpose of financial or pecuniary gain or profit" (Revenue and Taxation Code section 23101). Domestic and foreign corporations (those incorporated outside of California) must be qualified to do business in California. (See Corporations Code section 2105, Revenue and Taxation Code section 23101 et seq., and other applicable laws.)

It is the responding company's responsibility to determine if it is doing business in the State of California and if it is properly qualified to do business in California.

**V. QUESTIONNAIRE AND FEE PROPOSAL:****Minimum Qualifications Compliance Affirmation:**

1. If required under the Investment Advisors Act of 1940, the firm must be registered as an investment advisor, bank, insurance company, or a trust company.

**Affirmed:** \_\_\_\_\_ (initials)

2. The firm must act as a fiduciary for DPA. The firm must certify that it shall not delegate its fiduciary responsibility under this agreement.

**Affirmed:** \_\_\_\_\_ (initials)

3. As of December 31, 2011, the firm must have:

- been providing transition management services for institutional clients for at least eight years;

**Affirmed:** \_\_\_\_\_ (# of years)

**Affirmed:** \_\_\_\_\_ (initials)

- successfully executed a transition (a singular event of multiple asset classes) totaling more than \$1 Billion of assets transacted from the legacy side of the transition, conducted by the team who would directly serve Savings Plus, within the two-year period then ended; and

**Affirmed:** \_\_\_\_\_ (Amount, largest transition executed by the team who would directly serve Savings Plus, within the two-year period through 12/31/2011)

**Affirmed:** \_\_\_\_\_ (initials)

- successfully executed three discrete transitions of at least \$500 million per transition, in any one asset class within the two-year period then ended.

**Affirmed:** \_\_\_\_\_ (# of discrete transitions greater than \$500 million, within the two-year period through 12/31/2011)

**Affirmed:** \_\_\_\_\_ (initials)

4. The transition management personnel who would directly serve Savings Plus must each have a minimum of two years of transition management experience – i.e. project management and not business development – for institutional clients.

**Affirmed:** \_\_\_\_\_ (initials)

- 5. The firm must have an equity capitalization in excess of \$25 million.

**Affirmed:** \_\_\_\_\_ **(Equity Capitalization Amount)**

**Affirmed:** \_\_\_\_\_ **(initials)**

- 6. The firm must provide a signed certification by an executive officer of the firm stating that the firm is not an expatriate corporation within the meaning of California Public Contract Code Section 10286.1 (See Attachment 5 to this RFP.) As therein stated a State agency may not enter into any contract with an expatriate corporation or its subsidiaries. The Public Contract Code may be viewed at [www.leginfo.ca.gov/calaw.html](http://www.leginfo.ca.gov/calaw.html).

**Affirmed:** \_\_\_\_\_ **(initials)**

**A. Organization Background, Experience and Stability**

Provide the following information for the person responsible for responding to this RFP.

<b>Name</b>	
<b>Title</b>	
<b>Address</b>	
<b>E-Mail</b>	
<b>Telephone Number</b>	
<b>Fax Number</b>	

- 1. Provide a brief history of your transition management service.
- 2. Describe the ownership and organizational structure of your firm, including any parent, subsidiary and affiliate companies. Note if any employees of the transition management company are dual employees of any of the aforementioned organizations.
  - a. if an affiliate, designate percent of parent firm's total revenue generated by your organization,
  - b. if the firm is a joint venture partner, identify the percentage of ownership and revenues recognized by each partner to the combined association
- 3. Provide an organizational chart diagramming the relationships between the professional staff as well as the reporting line with any parents, subsidiaries, and/or affiliates.
- 4. How does the transition management business fit into any related trading and/or consulting services provided by your firm or any of the affiliated organizations?
- 5. 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 necessary, break out descriptions by asset classes or trading venues utilized.



Transition Management Services

RFP 700-11-04

Page 15 of 45

6. How is your transition management organization staffed? Are all relationship management, project management, trading, and operations/reconciliation professionals within a central group? Describe fully.
7. 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.
8. Provide any details of any changes to senior management over the last 3 years (both hires and departures). Are there any changes pending?
9. Provide an organizational chart featuring all of the individuals involved in the transition management operations. Clearly indicate the reporting relationship(s) between the respondent and any parent, subsidiary, affiliate, or joint venture entities.
10. Indicate when and why any senior personnel left or joined the firm in the last five years. In which segments were they involved? (For personnel who have left indicate job titles and years with the firm and who replaced them).
11. Describe how your transition business has grown over the last five years. Please include references to the number of transitions in each year as well as changes made to your operations (staff, technology, etc.)
12. How are you structured to provide transition management and why is this structure beneficial to clients? Specify and discuss all structures that apply, such as: brokerage affiliate, stand-alone agency, introducing broker, asset (index) management affiliate, custody affiliate, principal only.
13. Does your firm specialize in any specific asset class (i.e., Domestic Large Cap, Domestic Mid to Small Cap, Domestic-International Fixed-Income/Bond, and International Equities)? Are there any asset classes or markets in which your firm cannot provide transition management services? Has your firm ever subcontracted for an independent, third-party transition manager to help complete an engagement?
14. Provide a summary of the last 5 single-mandate transitions over \$500 million your firm performed and list asset class, size, date, time period, index, cost, and implementation shortfall. The definition of cost includes all explicit and implicit costs, including commissions, opportunity costs, etc. Do not provide additional or different information beyond that which is requested below.

Asset Class	Size	Date	Time Period	Benchmark Index	Cost	Implementation Shortfall

Transition Management Services  
RFP 700-11-04  
Page 16 of 45

15. Fill out the table summarizing your firm's transition management experiences for fiscal years ending June 30, 2009, 2010, & 2011 (provide three tables all in this exact format). For purposes of this question, a transition is defined as a single event with a single or multiple mandates and size is defined as total value of traded securities. e.g. A \$200M legacy portfolio with 10% going in-kind (in specie) results in a \$360M transition  $[(\$200M - \$20M) \times 2 = \$360M]$ . Transitions are documented engagements with institutional clients (as opposed to a program trade for an investment advisor during the course of daily activity).

<b>FY 2010-11</b>	<b>Domestic Equity</b>	<b>Domestic Fixed Income/Bond</b>	<b>International Equity</b>	<b>International Fixed Income/Bond</b>
# of Transitions				
Average Size of Each Transition				
Largest Transition				
Median Transition				
Smallest Transition				

<b>FY 2009-10</b>	<b>Domestic Equity</b>	<b>Domestic Fixed Income/Bond</b>	<b>International Equity</b>	<b>International Fixed Income/Bond</b>
# of Transitions				
Average Size of Each Transition Event				
Largest Transition				
Median Transition				
Smallest Transition				

<b>FY 2008-09</b>	<b>Domestic Equity</b>	<b>Domestic Fixed Income/Bond</b>	<b>International Equity</b>	<b>International Fixed Income/Bond</b>
# of Transitions				
Average Size of Each Transition Event				
Largest Transition				
Median Transition				
Smallest Transition				

16. Over the past five years, has your organization or any of its affiliates or parent, or any officer or principal been involved in any business litigation, regulatory or legal proceedings? If so, provide an explanation and indicate the current status.
17. Provide details on the financial condition of your firm. Most recent annual reports filed with the SEC will be acceptable, but any recent material changes should be included. This is not a minimum requirement, but preference will be given to those managers that include this information.
18. List the insurance carriers supplying the coverage for SEC-required (17g-1) fidelity bonds, errors and omissions coverage and any other fiduciary coverage which your firm carries.
19. Which of your firm's offices would service this account?

## Transition Management Services

RFP 700-11-04

Page 17 of 45

20. Will you name a dedicated contact for opportunities resulting out of this contract?
21. What services would specifically be provided by the offices listed and this individual?
22. Provide at least three references of similarly situated public funds that are currently utilizing your transition management services. **Note: References will not be contacted unless your firm is designated as a Finalist. Responses which do not provide complete/proper reference contact information shall be judged accordingly during the Technical Evaluation.**

**B. Methodology**

23. Describe your methodology and philosophy regarding transition management?
24. What does your firm believe are its core competencies relative to other competitors in the transition management space?
25. How do you determine the optimal trade-off between market impact and opportunity cost? Would this analysis be affected by the fact that Savings Plus will only allow a one-day blackout period? If so, describe briefly how this limitation would alter your firm's "normal" process.
26. How do you manage the risk factors and costs associated with transitions? In your response, please address both financial risks (i.e., poor execution, implementation shortfall, timing, market impact, asset allocation exposure and others) and operational risks (i.e., incorrect order execution, delivery failures, custody interface and others).
27. How do you maintain market/currency exposure for a specific asset class within the confines of the asset allocation strategy of a client? Please describe in detail the use of exchange traded futures, ETFs, and any other strategy employed.
28. What are the multiple sources of liquidity that you tap for all asset classes? Which of these sources are proprietary liquidity sources and which do you access as a market participant.
29. List ALL available trading platforms/market access routes/networks you have access too.
30. Describe any business or trading relationships your transition management business has with hedge funds?
31. Describe the quantitative tools your firm uses to evaluate/optimize trading for transitions. Please be as specific as possible.
32. What is your position on performance guarantees at a certain level of implementation shortfall or explicit cost? Do you offer them? Why? Why not?
33. Discuss the approach your firm uses to develop a pre-trade cost estimate:

## Transition Management Services

RFP 700-11-04

Page 18 of 45

- a. What information do you need to prepare an accurate pre-trade?
  - b. What system(s) do you use to develop your pre-trade estimate?
  - c. How do you determine the assets that will be crossed internally via DOL crossing (if used)?
  - d. How do you determine the assets that will be crossed internally with other transition management flow (if used)?
  - e. How do you determine the assets that will be crossed externally and the venues to be used (if used)?
  - f. How do you determine the assets that will be traded in the market and the venues to be used (if used)?
- 34.** Discuss your calculation of the estimated bid/ask spread costs involved in transitions, clearly defining all assumptions and methodologies.
- 35.** Discuss your calculation of the estimated market impact costs involved in transitions, clearly defining all assumptions and methodologies.
- 36.** Discuss your calculation of the estimated opportunity cost involved with transitions, clearly defining all assumptions and methodologies.
- 37.** Do you measure the accuracy of your pre-trade estimates versus actual results? What information can you share with us to support the accuracy of your estimation process?
- 38.** What other related services do you offer? Please specifically address the following:
- a. Interim Account Management Services
  - b. Overlay and Cash Equitization Services
  - c. Others

**C. Operations and Execution**

- 39.** Do you require brokerage execution through an affiliated party or parties? Discuss and if so, please list the various conflicts this situation may create and explain how you assure client orders are given best execution in regards to timing and price.
- 40.** Describe your process for broker selection and discuss any relationships (formal or informal) that are maintained with brokers (incentive structures, discounted execution agreements, or other).
- 41.** Describe your approach to the actual transition execution, including how you manage cash flows associated with trading, significant price movements, partial completions, residual holdings, etc.
- 42.** Are there any operational services normally provided by a delegated investment manager that your firm cannot provide? Explicitly address the following:
- a. Corporate Action Response
  - b. Proxy Response
  - c. Other Duties

## Transition Management Services

RFP 700-11-04

Page 19 of 45

43. If you have identified areas of service that are normally provided by a delegated investment manager that your firm cannot provide, explicitly detail how your firm will support the ongoing investment operations of the account during the transition period.
44. Do you have dedicated resources to interface with custodians and investment managers? Discuss all aspects of such resources (if any) and why the firm does/does not maintain such resources.
45. Does your firm internalize transition management order flow to create internal crossing with other transition clients? If so, please list the various conflicts this situation may create and explain how you assure client orders are given best execution in regards to timing and price.
46. Specify what you define as internal and external crossing. How are the crossed trades priced? What counterparties and venues do you use for external crossing? Do you have the appropriate Department of Labor exemption to conduct crossing?
47. Do you charge a commission or include any implied costs for the various forms of crossing provided to clients? Explain and detail all applicable forms.
48. Describe your firm's ability to provide shortened settlements on security transactions. What rates do you utilize for such activities and document how such services (if provided) would be transparently provided to a client.
49. Describe your firm's ability to provide for the purchase of exchange traded futures contracts and exposures. What additional relationship complexity does this mechanism of exposure management provide (clearing relationships, etc.). What rates do you utilize for such activities and how do you document that such services (if provided) are transparently provided to a client.
50. Describe in detail how the FX trades associated with non-US portfolios are executed.
51. Do you have a preferred timing for executing FX necessary to complete a transition? (e.g. trading significant majority of non-restricted FX on the implementation shortfall benchmark or in-line with transition trading, etc.) Why do you execute FX in this manner?
52. Describe the analytics that are used to assess the quality of the FX trades. Do you provide a post-trade report that details executions relative to an objective benchmark fixing rate? Provide a detailed discussion and any limitations to your benchmarking process.
53. How do you ensure best execution and reasonable costs when executing FX for clients?
54. Do you provide agency-only execution for FX trading?
55. Do you charge a commission or include any implied costs for FX trading? If agency commission rates apply, what commission rate would you charge us for FX trading?

**D. Reporting**

56. If selected, would you be willing (and potentially customize reports) to report under a specific method (such as implementation shortfall, T-Standard, VWAP, etc...) established by the client for the purpose of calculating explicit and implicit costs?
57. What reporting do you provide on a final pre-trade basis (i.e. before open on trade date 1)?
58. What reporting do you provide during the process of a transition?
59. Do you provide online reporting access to clients and other interested parties to monitor trading execution?
60. What reporting do you provide following the completion of a transition, and with what timeline?
61. How do you measure your effectiveness after the transition? Please describe and provide your measurement methodologies for Pre-, Intra- and Post Transition Activity.
62. Do you calculate transition performance based upon the T-Standard? What limitations – practical, philosophical, or technical – make this a preferred or non-preferred benchmark methodology?

**E. Disclosures / Conflicts of Interest**

63. Will your firm act as a fiduciary for transition activities? Has your firm served in this capacity in the past?
64. If your firm is not able to provide transitions in this capacity, are you are willing to sign an attestation letter stating that you will act as a fiduciary acting in the client's best interest, not engaging in any activity that is a conflict to that interest? This will also include a duty to provide full and fair disclosure with no intent to mislead the client.
65. Will your firm sign an attestation that your firm's only sources of material benefit resulting from this transition will be from commissions or fees explicitly accounted for?
66. If acting on an agency basis, will you sign an attestation that you will act on an agency capacity at a firm level for security and currency transaction, which would include transactions booked to the client on an agency basis and any inter-company or affiliated transactions of the transition provider firm will also be conducted on an agency basis?
67. Upon request, will you provide date and time stamped individual printed data, where available, for all security and currency transactions?
68. Does your firm or an affiliate have a company or proprietary account in which you may be the other side of a given transaction? If so, what safeguards can you describe that ensure

## Transition Management Services

RFP 700-11-04

Page 21 of 45

you are placing the goals of your client ahead of your firm's capability to book revenue in this manner?

69. Describe any potential (real or perceived) conflict of interest between the transition team and other affiliated departments or businesses within your organization.
70. Does the firm have any brokerage relationships with other entities outside of a transition management context? If so, in what capacity? Are the revenues associated with these non-transition management relationships significant relative to the scope of your transition management revenues? Does this create any conflicts of interest and if so how are they managed within your firm?
71. Are you an Agency or Principal broker? Describe how any conflicts of interest that may arise from trading securities for your various clients are dealt with.
72. Provide a complete set of sample reports for Pre-, Intra- and Post- Transition Activity. Provide samples for domestic equity, global equity and global fixed income.
73. Provide copies of any Department of Labor prohibited transaction exemption letters that may apply to your services.
74. Provide any other copies of disclosure statements and informational attachments that would be required to be included in a contract executed with your firm.

**F. Revenue Sources**

75. Does your firm receive any economic benefit other than what is explicitly quoted as a fee for transition services? Please disclose all such means for economic benefit in addition to the quoted fee and quoted commission charges.
76. Disclose any and all sources of compensation and/or cost reductions to your firm that reasonably could be anticipated to receive as a result of this contract.
77. Will you sign an attestation committing to disclose all sources of revenue generated by your firm and/or affiliates in conjunction with the use of, or transactions in the assets of a plan? These revenues would include and not be limited to the following:
  - a. Commissions generated by your firm and affiliates from the counterparties of the plan's transactions, both in terms of the cumulative amount (as a % of notional value) of activity crossed internally and the average commission level generated from such transactions.
  - b. Realized profit/loss at the culmination of the transition event, including affiliates', as a result of securities and/or currency transactions affected in a principal capacity.
  - c. Unrealized profit/loss, including affiliates', as a result of securities and/or currency transactions affected in a principal capacity. The mark-to-market for

Transition Management Services  
RFP 700-11-04  
Page 22 of 45

these open positions shall be as of the close of the day of the last transaction of the transition event.

- d. Potential revenue sharing agreements and/or payment for order flow agreements with affiliates and/or outside parties.
  - e. All revenue generated directly or indirectly as a result of transitions events.
- 78.** In relation to any FX transactions, disclose any and all sources of revenue to your firm or any of its affiliates.
- 79.** List both your Standard Rates and the Best Offer to Savings Plus in the exact format listed below:

	<b>Standard Rates</b>	<b>Best Offer to Savings Plus</b>
US Large Cap Equity	___ Cents Per Share (cps)	___ cps
US Small/Mid Cap Equity	___ Cents Per Share (cps)	___ cps
Non-US Developed Equity	___ bps on market value traded	___ bps
Non-US Emerging Markets Equity	___ bps on market value traded	___ bps
US Fixed/Short Term Income	___ bps on market value traded	___ bps
Non-US Fixed/Short Term Income	___ bps on market value traded	___ bps

Although a transition manager may respond with a more competitive rate than the Best Offer to Savings Plus on any subsequent cost and risk discovery proposal issued by the Department or its designee, under no circumstances will higher rates be accepted.

- 80.** Related to the best offer to Savings Plus identified above, please identify any limitations or conditions upon your offer (as may be applicable), if any.



**VI. REQUIRED ATTACHMENTS**

**ATTACHMENT 1 - DOCUMENTATION AND CERTIFICATION CHECKLIST**

Name of Firm: \_\_\_\_\_

A complete proposal or proposal package will consist of the items identified below. Complete this check list to confirm that you have included the items in your proposal. Place a check mark or “X” next to each item that you are submitting to DPA. For those items on the check list that pertain to certifications, please provide written signature to confirm activity is complete or requirement is satisfied. For your proposal to be responsive, all required attachments must be included. This check list must be returned with your proposal package.

The following items must be included in the proposal package or the proposal will be determined “non-responsive” and will not be evaluated.

<u>Attachment</u>	<u>Attachment Name/Description</u>
_____ Attachment 1	Documentation and Certification Check List

Proposing firm should make every effort to also include the document listed below in the firm’s proposal at the required submission date. If the document is incomplete, the proposing firm’s proposal will still be evaluated. However, if the firm is awarded the Agreement, the firm must complete documentation prior to the start of the Agreement.

_____ Attachment 3	Payee Data Record (STD 204)
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For each of the items below, provide a written signature to confirm activity is complete or requirement is satisfied.

- I am authorized to bind the firm contractually and certify that I have conducted a legal review of all **non-negotiable** contract terms and conditions (**as presented within Attachment 2**), and proposal requirements, as specified in the RFP, and accept such terms. *Please note, DPA will **not** accept any modifications or clarification to the contract and RFP requirements submitted with a final proposal.*

Legal Counsel Name	State Bar Number
Legal Counsel Signature	Date

Note: If the respondent is unable to obtain review by legal counsel, a statement explaining the absence of legal review must be attached and signed by an executive officer. Such statement shall affirmatively state that the executive officer has conducted a review of all non-negotiable contract and proposal requirements, accepts such terms, and is authorized to bind the respondent contractually.

Transition Management Services

RFP 700-11-04

Page 24 of 45

- 2. I certify that my firm meets the Minimum Requirements, as specified in Section II.

\_\_\_\_\_  
Executive Officer Name

\_\_\_\_\_  
Executive Officer Signature

\_\_\_\_\_  
Date

- 3. I certify that my firm satisfies the Mandatory Licensing, Experience, and Business Requirements as specified in Section II.

\_\_\_\_\_  
Executive Officer Name

\_\_\_\_\_  
Executive Officer Signature

\_\_\_\_\_  
Date

- 4. I certify that I have/my firm has enclosed the completed Proposal Questionnaire (Section III).

\_\_\_\_\_  
Executive Officer Name

\_\_\_\_\_  
Executive Officer Signature

\_\_\_\_\_  
Date

- 5. I certify that I am submitting the final bid proposal – an original (unbound) and one bound copy of the entire proposal. In addition I have submitted an electronic copy of the entire proposal package on two CDs, which are clearly marked with the our firm’s name and contact information, by 4:00 p.m. (PT) on February 28, 2012.

\_\_\_\_\_  
Executive Officer Name

\_\_\_\_\_  
Executive Officer Signature

\_\_\_\_\_  
Date

- 6. I certify that I have properly submitted the *Certification Under Darfur Contracting Act* (Attachment 4) and the *Contractor Certifications Under Penalty of Perjury* (Attachment 5).

\_\_\_\_\_  
Executive Officer Name

\_\_\_\_\_  
Executive Officer Signature

\_\_\_\_\_  
Date

**ATTACHMENT 2 – STANDARD AGREEMENT (STD 213) AND EXHIBITS**

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
STD 213 (Rev 09/01)

AGREEMENT NUMBER

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME

Department of Personnel Administration

CONTRACTOR'S NAME

Your Company Name

2. The term of this

Agreement is: July 1, 2012 through June 30, 2017

3. The maximum amount  
of this Agreement is:

\$ 0.00  
Zero Dollars and Zero Cents

4. The parties agree to comply with the terms and conditions of the following exhibits which are by this reference made a part of the Agreement.

- Exhibit A – Scope of Work
- Exhibit B – Budget Detail and Payment Provisions (incorporated into Exhibit A)
- Exhibit C – General Terms and Conditions
- Exhibit D – Special Terms and Conditions
- Exhibit E – Contractor Evaluation Notice
- Exhibit F – Contractor Certifications Under Penalty of Perjury
- Exhibit G – Certification Under Darfur contracting Act

**IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.**

**CONTRACTOR**

CONTRACTOR'S NAME (if other than an individual, state whether a corporation, partnership, etc.)

BY (Authorized Signature)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

DATE SIGNED(Do not type)

**STATE OF CALIFORNIA**

AGENCY NAME

Department of Personnel Administration

BY (Authorized Signature)

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

DATE SIGNED(Do not type)

California Department of  
General Services Use Only

Exempt per:

**EXHIBIT A**  
**(Standard Agreement)****SCOPE OF WORK**AGREEMENT BETWEEN \_\_\_\_\_ AND  
THE DEPARTMENT OF PERSONNEL ADMINISTRATION  
OF THE STATE OF CALIFORNIA

This AGREEMENT is made effective as of this 1<sup>st</sup> day of July 2012, by and between \_\_\_\_\_, hereinafter referred to as "Contractor," and the Department of Personnel Administration, (DPA) hereinafter referred to as the "Department."

## WITNESSETH:

WHEREAS, the State of California represents and warrants that it has adopted a Deferred Compensation Plan, pursuant to Section 457 of the Internal Revenue Code (IRC), as amended; a Thrift Plan, pursuant to IRC Section 401(k); a Part-time, Seasonal, and Temporary Employees Retirement Program established in 1991 under IRC Section 457(b); and an Alternate Retirement Program established in 2004 under IRC Section 401(a), collectively referred to as the Savings Plus Program, hereinafter referred to as "the Plans," which have been filed with and approved by the Internal Revenue Service; and

WHEREAS, the Department is empowered and authorized to act on behalf of the State of California in connection with the Plans; and

WHEREAS, the Department has entered into contractual agreements with a Third-Party Administrator ("TPA"), currently Nationwide Retirement Solutions, and a Trustee/Custodian, currently JPMorgan Chase Bank, N.A., which in conjunction are authorized to carry out the instructions of the Department; and

WHEREAS, this Agreement in no way constitutes an exclusive arrangement. The Department reserves the right to contract with additional transition management service providers that it deems appropriate for the Plans; and

WHEREAS, the Contractor warrants that it is qualified to do business in California, if such qualification is required by state law; and

WHEREAS, the Contractor is registered or exempt from registration under the appropriate state and federal securities and insurance laws; and

NOW, THEREFORE, in consideration of the premises and mutual promises hereinafter set forth, the parties hereto agree as follows:

1. The term of this Agreement will be for a five-year period beginning July 1, 2012 with the option to extend the Agreement up to two additional one-year periods. The Contractor will be notified of the Department's intention to extend no less than thirty days prior to the contract expiration date.
2. For the term of and in accordance with the conditions set forth in this Agreement, the Contractor shall be a DPA Transition Management Panel Member (i.e. panelist). No commitment is made to the panelist as to the use of their proposed services or when their services will be needed.

Transition Management Services  
RFP 700-11-04  
Page 27 of 45

3. In preparation for an upcoming transition event, the Department or its designee shall issue a cost and risk discovery proposal to the panelists deemed appropriate in the circumstances. The proposal request will outline the specific mandate details and assumptions, include masked legacy and target portfolios, and contain a standard format for the response.
4. As therein directed each selected panelist will be required to submit a response which provides general transition strategies and best cost estimates (explicit and implicit). All terms and conditions set forth in the cost and risk discovery proposal are subject to review by the Department or its designee. Any submitted response may be removed from further consideration for any or no reason. Following the analysis of cost and risk discovery proposals, panelists may be required to submit a best-and-final proposal.
5. Based on the most favorable terms received and in order to ensure that assets are transitioned in the most efficient and cost-effective manner possible, the Department will select one or more panelists to act as the transition manager for that specific transition event. The selected transition manager(s) will be notified in writing.
6. Prior to receiving a comprehensive listing of actual assets, the transition manager must provide an attestation letter that confirms that no such confidential information will be made public or distributed within its other divisions, departments, etc. without written DPA authorization.
7. The transition manager must act as a fiduciary for the Department. The transition manager certifies that it shall not delegate its fiduciary responsibility under this Agreement.
8. The transition manager will coordinate the entire transition process and work cooperatively with Savings Plus Program (Savings Plus) staff, the third-party administrator, trustee/custodian, Savings Plus investment managers and any other third party as determined by Savings Plus to ensure the assets are transitioned in the most efficient and cost-effective manner possible.
9. The transition will be completed at the discretion of the transition manager utilizing all its trading facilities in a manner that minimizes market impact and transaction costs while providing best execution.
10. The transition manager shall ensure that the potential effect of corporate actions and securities lending activities, if any, must be analyzed and coordinated with all appropriate parties.
11. Prior to execution, the transition manager will provide the Department or its designee an updated formal written pre-trade analysis of expected results, estimated costs and a timeline of anticipated events. The transition manager must clearly identify and discuss items contained in the updated pre-trade analysis that are materially different from the terms and conditions presented during the above-referenced transition management selection process. At its sole discretion, the Department may remove the selected transition manager if materially different terms and conditions cannot be resolved satisfactorily. Such removal is not subject to provisions presented as Item 4, Exhibit D – Special Terms and Conditions.
12. The Department shall memorialize the terms and conditions of a specific transition event as an amendment to this Agreement. None of the items therein contained shall contradict or supersede the terms and conditions set forth in this Agreement or stipulated in Request for Proposal #700-11-04 ( *January --, 2012* ) except as may be specifically identified and authorized in writing by the Department.

Transition Management Services  
RFP 700-11-04  
Page 28 of 45

13. Within 10 business days following the event, the transition manager will provide the Department with an analysis of pre-trade expected results versus actual results of the transition. This post-trade report shall provide an attribution analysis of transition costs incurred. Further, the report shall include a comparison of actual transition costs to estimated costs of an "unmanaged" transition-defined as an event wherein all assets are traded on the open market without benefit of internal and/or external crossing opportunities.
14. The project representatives during the term of this Agreement will be as follows:

State Agency: Dept of Personnel Admin	Contractor:
Name: Administrator	Name:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

Direct all inquiries to:

State Agency: Dept of Personnel Admin	Contractor:
Section/Unit: Savings Plus Program	
Attention: Administrator	Attention:
Address: 1800 15 <sup>th</sup> Street Sacramento, CA 95811	Address:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

15. All information supplied to, and all work processed or completed by, the Contractor and its agents shall be held to be confidential and will not be disclosed to anyone other than the Department, or its designees, except as required by law or consented by the Department.
16. The terms and conditions contained in the Request for Proposal, as well as the Contractors bid response are hereby incorporated by reference and made a part of this Agreement by this reference as if attached hereto. This Agreement is an exhibit to the State of California Standard Agreement (Form STD 213) by and between the Department and the Contractor (the "Standard Agreement"). The Standard Agreement, together with all exhibits thereto, is hereby incorporated into this Agreement in its entirety by this reference. In the event of any contradiction or inconsistency between this Agreement, the Standard Agreement, and/or any exhibit to the Standard Agreement, the order of precedence with respect to such agreements and exhibits shall be as follows: the Standard Agreement, this Agreement, Exhibit C (General Terms and Conditions) to the Standard Agreement, Exhibit D (Special Terms and Conditions) to the Standard Agreement, Exhibit E (Doing Business with the State of California) to the Standard Agreement, and Exhibit F (Contractor Certifications Under Penalty of Perjury) to the Standard Agreement, the Request for Proposal, the Contractor's bid response. By way of example, if a provision contained in this Agreement conflicts or is inconsistent with a provision in the Standard Agreement, the provision in this Agreement shall have no force or effect to the extent of such conflict or inconsistency, and the provision in the Standard Agreement shall control.
17. This Agreement may be amended as to time, fees, and scope of services at the discretion of the Department and with mutual consent of the contractor. No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties, and approved as required. No oral understanding or Agreement not incorporated in this Agreement is binding on any of the parties.

**EXHIBIT C**  
(Standard Agreement)**GENERAL TERMS AND CONDITIONS**

1. **APPROVAL**: This Agreement is of no force or effect until signed by both parties and approved by the Director of the Department of Personnel Administration (DPA) or his/her designee ("Designee"). Contractor may not commence performance until such approval has been obtained.
2. **AMENDMENT**: No amendment or variation of the terms of this Agreement shall be valid unless made in writing, signed by the parties and approved as required. No oral understanding or Agreement not incorporated in the Agreement is binding on any of the parties.
3. **ASSIGNMENT**: This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of the State in the form of a formal written amendment.
4. **AUDIT**: Contractor agrees that the awarding department, the Department of General Services, the Bureau of State Audits, or their designated representative shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to maintain such records for possible audit for a minimum of three (3) years after final payment, unless a longer period of records retention is stipulated. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (Gov. Code §8546.7, Pub. Contract Code §10115 et seq., CCR Title 2, Section 1896).
5. **DISPUTES**: Contractor shall continue with the responsibilities under this Agreement during any dispute.
6. **INDEPENDENT CONTRACTOR**: Contractor, and the agents and employees of Contractor, in the performance of this Agreement, shall act in an independent capacity and not as officers or employees or agents of the State.
7. **NON-DISCRIMINATION CLAUSE**: During the performance of this Agreement, Contractor and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex, race, color, ancestry, religious creed, national origin, physical disability (including HIV and AIDS), mental disability, medical condition (e.g., cancer), age (over 40), marital status, and denial of family care leave. Contractor and subcontractors shall insure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Gov. Code §12990 (a-f) et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part hereof as if set forth in full. Contractor and its subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other Agreement.

Contractor shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Agreement.

Transition Management Services  
RFP 700-11-04  
Page 30 of 45

8. TIMELINESS: Time is of the essence in this Agreement.
9. COMPENSATION: The consideration to be paid Contractor, as provided herein, shall be in compensation for all of Contractor's expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.
10. GOVERNING LAW: This contract is governed by and shall be interpreted in accordance with the laws of the State of California.
11. ANTITRUST CLAIMS: The Contractor by signing this agreement hereby certifies that if these services or goods are obtained by means of a competitive bid, the Contractor shall comply with the requirements of the Government Codes Sections set out below.
  - a. The Government Code Chapter on Antitrust claims contains the following definitions:
    - 1) "Public purchase" means a purchase by means of competitive bids of goods, services, or materials by the State or any of its political subdivisions or public agencies on whose behalf the Attorney General may bring an action pursuant to subdivision (c) of Section 16750 of the Business and Professions Code.
    - 2) "Public purchasing body" means the State or the subdivision or agency making a public purchase. Government Code Section 4550.
  - b. In submitting a bid to a public purchasing body, the bidder offers and agrees that if the bid is accepted, it will assign to the purchasing body all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, materials, or services by the bidder for sale to the purchasing body pursuant to the bid. Such assignment shall be made and become effective at the time the purchasing body tenders final payment to the bidder. Government Code Section 4552.
  - c. If an awarding body or public purchasing body receives, either through judgment or settlement, a monetary recovery for a cause of action assigned under this chapter, the assignor shall be entitled to receive reimbursement for actual legal costs incurred and may, upon demand, recover from the public body any portion of the recovery, including treble damages, attributable to overcharges that were paid by the assignor but were not paid by the public body as part of the bid price, less the expenses incurred in obtaining that portion of the recovery. Government Code Section 4553.
  - d. Upon demand in writing by the assignor, the assignee shall, within one year from such demand, reassign the cause of action assigned under this part if the assignor has been or may have been injured by the violation of law for which the cause of action arose and (a) the assignee has not been injured thereby, or (b) the assignee declines to file a court action for the cause of action. See Government Code Section 4554.
12. CHILD SUPPORT COMPLIANCE ACT: For any Agreement in excess of \$100,000, the contractor acknowledges in accordance with Public Contract Code 7110, that:
  - a. The contractor recognizes the importance of child and family support obligations and shall fully comply with all applicable state and federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with section 5200) of Part 5 of Division 9 of the Family Code; and



## Transition Management Services

RFP 700-11-04

Page 31 of 45

- b. The contractor, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.
13. UNENFORCEABLE PROVISION: In the event that any provision of this Agreement is unenforceable or held to be unenforceable, then the parties agree that all other provisions of this Agreement have force and effect and shall not be affected thereby.

SAMPLE

Transition Management Services  
RFP 700-11-04  
Page 32 of 45

**EXHIBIT D**  
**(Standard Agreement)**

**SPECIAL TERMS AND CONDITIONS**

1. **INDEMNIFICATION (THIRD PARTY CLAIMS)**: Contractor agrees to indemnify, defend and save harmless the State, and all of the officers, trustees, agents and employees of the foregoing, from and against any and all losses, costs, liabilities, damages or deficiencies, including interest, penalties and attorneys' fees, which (i) arise out of or are due to a breach by Contractor of any of its representations, warranties, covenants or other obligations contained in this Agreement, or (ii) are caused by or resulting from Contractor's acts or omissions constituting bad faith, willful misfeasance, negligence or reckless disregard of its duties or obligations under this Agreement, or (iii) accrue or result to any of Contractor's subcontractors, material men, laborers or any other person, firm or corporation furnishing or supplying services, material or supplies in connection with the performance of this Agreement.
2. **SUBCONTRACTING**: Nothing contained in this Agreement or otherwise, shall create any contractual relation between the State and any subcontractors, and no subcontract shall relieve the Contractor of his responsibilities and obligations hereunder. The Contractor agrees to be as fully responsible to the State for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by any of them as it is for the acts and omissions of persons directly employed by the Contractor. The Contractor's obligation to pay its subcontractors is an independent obligation from the State's obligation to make payments to the Contractor. As a result, the State shall have no obligation to pay or to enforce the payment of any monies to any subcontractor.
3. **CONTINGENCY FEE**: The Contractor warrants, by execution of this Agreement, that no person or selling agency shall be employed or retained to solicit or secure this Agreement upon an agreement or understanding for a commission, percentage, brokerage, or contingency fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by the Contractor for the purpose of securing business. For breach or violation of this warranty, the State shall have the right to annul this Agreement without liability, pay only for the value of the work actually performed, or in its discretion, to deduct from the contract work actually performed, or in its discretion, to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingency fee.
4. **TERMINATION**: DPA may terminate this Agreement or any Part thereof at no cost to DPA for any reason or for no reason by giving the Contractor 30 days written notice of the effective date of the termination. The Contractor may terminate this Agreement for reasonable cause at no cost to DPA by giving DPA one-hundred eighty days written notice of the effective date of the termination. Reasonable cause shall not include previously agreed upon contract terms, conditions, and requirements. The Contractor shall bear the cost of any participant communication and contractor search/replacement costs should the Contractor exercise such termination rights. Search/replacement costs shall be performed in line with industry averages.
5. **PRIVITY OF CONTRACT**: The Contractor will have no privity of contract with participants of the Program.
6. **ERRORS AND OMISSIONS**: The Contractor shall be solely liable for and solely responsible to DPA and the Plans for processing errors by the Contractor, its agents, assignees, subcontractors, and any other person, firm, or corporation contracted by or acting on behalf of the Contractor. In the event of a loss of interest and/or principal to the Plan due to an error by the Contractor or its agents, assignees, subcontractors, or other person, firm, or corporation contracted by or acting on behalf of the Contractor, in processing directions from DPA and/or the TPA on behalf of the Plan(s), the Contractor agrees to put the Plan(s) in the same position as if the processing error had not occurred and to make DPA whole for any of DPA's related direct costs and/or fees. There shall NOT be an implied materiality level upon which errors and/or adjustments can be disregarded; the Contractor shall be responsible for rectifying the Plan

## Transition Management Services

RFP 700-11-04

Page 33 of 45

account(s) regardless of value. Written confirmation of the correction shall be mailed to the address on file for the participant within a timeframe as agreed to by DPA. Contractor will be liable for the postage costs associated with communicating the correction to affected plan participants.

7. **AUTHORIZED PERSONS LIST:** Those persons/positions designated by the Director have the authority to provide directions and instructions to the Contractor pursuant to this Agreement. As of the effective date of this Agreement, the authorized persons/positions are listed in Exhibit A. DPA may change the list of authorized persons by sending such change in writing to the Contractor.
8. **FORCE MAJEURE:** Neither party hereto shall be liable for any failure of performance due to causes beyond its reasonable control, the occurrence of which could not have been prevented by the exercise of due diligence, such as Acts of God, acts of the other party; acts of civil or military authority, earthquakes, fires, floods, epidemics, windstorms, explosions, natural disasters, sabotage, wars, riots, changes in laws, regulations, tariffs mandated or approved by federal, state or other governmental or regulatory entities, or court injunction or order; provided that written notice of such delay (including the anticipated duration of the delay) shall be given by the affected party to the other party as soon as possible after the event or occurrence (but in no event more than 30 days thereafter). Either party may terminate this contract for any one or more of such reasons if the underlying reason for the notice called for in the preceding sentence continues for more than 60 days.

SAMPLE

**EXHIBIT E**  
**(Standard Agreement)**

**NOTICE OF CONTRACTOR EVALUATION**

Within sixty (60) days after the completion of this Agreement, the Contract Manager shall complete a written evaluation of the Contractor's performance under this Agreement. The evaluation shall be prepared on Contract/Contractor Evaluation form (STD 4), and maintained in the Agreement file. If the Contractor did not satisfactorily perform the work, a copy of the evaluation will be sent to the Department of General Services, Office of Legal Services, and to the Contractor within 15 working days of the completion of the evaluation. (PCC 10367; 10369; 10370).

SAMPLE

**EXHIBIT F  
 (Standard Agreement)**

**CONTRACTOR CERTIFICATIONS UNDER PENALTY OF PERJURY**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed above. This certification is made under the laws of the State of California.

<i>Contractor/Bidder/Firm Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

**1. STATEMENT OF COMPLIANCE**

Contractor has, unless exempted, complied with the nondiscrimination program requirements. (Gov. Code §12990 (a-f) and CCR, Title 2, Section 8103) (Not applicable to public entities.)

**2. DRUG-FREE WORKPLACE REQUIREMENTS**

Contractor certifies in accord with Government Code section 8355 that it will comply with the requirements of the Drug-Free Workplace Act of 1990 (governing controlled substances listed in Article 21 U.S.C section 812 schedules I through V) and will provide a drug-free workplace by taking the following actions:

- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
- b. Establish a Drug-Free Awareness Program to inform employees about:
  - 1) the dangers of drug abuse in the workplace;
  - 2) the person's or organization's policy of maintaining a drug-free workplace;
  - 3) any available counseling, rehabilitation and employee assistance programs; and,
  - 4) penalties that may be imposed upon employees for drug abuse violations.
- c. Every employee who works on the proposed Agreement will:
  - 1) receive a copy of the company's drug-free workplace policy statement; and,
  - 2) agree to abide by the terms of the company's statement as a condition of employment on the Agreement.

Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

**3. NATIONAL LABOR RELATIONS BOARD CERTIFICATION**

Contractor certifies that no more than one (1) final unappealable finding of contempt of court by a Federal court has been issued against Contractor within the immediately preceding two-year period because of Contractor's failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

Transition Management Services  
RFP 700-11-04  
Page 36 of 45

**4. EXPATRIATE CORPORATIONS**

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

**5. SWEATFREE CODE OF CONDUCT**

- a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code Section 6108.
- b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

**6. DOMESTIC PARTNERS**

For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

## DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

### 1. CONFLICT OF INTEREST

Contractor needs to be aware of the following provisions regarding current or former state employees. If Contractor has any questions on the status of any person rendering services or involved with the Agreement, the awarding agency must be contacted immediately for clarification.

#### A. Current State Employees (Pub. Contract Code §10410):

- 1) No officer or employee shall engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest and which is sponsored or funded by any state agency, unless the employment, activity or enterprise is required as a condition of regular state employment.
- 2) No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

#### B. Former State Employees (Pub. Contract Code §10411):

- 1) For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2) For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

### 2. LABOR CODE/WORKERS' COMPENSATION

Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor affirms to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

### 3. AMERICANS WITH DISABILITIES ACT

Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

### 4. CONTRACTOR NAME CHANGE

An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

Transition Management Services  
RFP 700-11-04  
Page 38 of 45

**5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA**

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.
- d. Contractor warrants that it is currently qualified to do business in California if the Agreement is to be performed in the state.

**6. RESOLUTION**

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

**7. AIR OR WATER POLLUTION VIOLATION**

Under the State laws, the Contractor shall not be (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

**8. PAYEE DATA RECORD FORM STD. 204**

This form must be completed by all contractors that are not another state agency or other governmental entity.



**EXHIBIT G  
(Standard Agreement)**

**CERTIFICATION UNDER DARFUR CONTRACTING ACT**

Pursuant to Public Contract Code section 10478, if a bidder or proposer currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a "scrutinized" company as defined in Public Contract Code section 10476.

Therefore, to be eligible to submit a bid or proposal, complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):

1. \_\_\_\_\_  
Initials                      We do not currently have, or we have not had within the previous three years, business activities or other operations outside of the United States.
- OR
2. \_\_\_\_\_  
Initials                      We are a scrutinized company as defined in Public Contract Code section 10476, but we have received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.
- OR
3. \_\_\_\_\_  
Initials  
+ certification below      We currently have, or we have had within the previous three years, business activities or other operations outside of the United States, but we certify below that we are not a scrutinized company as defined in Public Contract Code section 10476.

**CERTIFICATION FOR # 3.**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause listed above. This certification is made under the laws of the State of California.

<i>Contractor/Bidder/Company Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

**THIS AGREEMENT WILL BE DISQUALIFIED UNLESS EITHER PARAGRAPH # 1 OR # 2 OF THIS FORM ARE INITIALED OR PARAGRAPH # 3 IS INITIALED AND CERTIFIED**

**ATTACHMENT 3 – PAYEE DATA RECORD**

**This required document is found at:**  
[www.documents.dgs.ca.gov/osp/pdf/std204.pdf](http://www.documents.dgs.ca.gov/osp/pdf/std204.pdf).

**As noted above, the document should be included in your proposal at the required submission date. If the document is not provided or is incomplete, your proposal will still be evaluated. However if awarded the Agreement, your company must complete documentation prior to the start of the Agreement.**

**ATTACHMENT 4 – CERTIFICATION UNDER DARFUR CONTRACTING ACT**

Pursuant to Public Contract Code section 10478, if a bidder or respondent currently or within the previous three years has had business activities or other operations outside of the United States, it must certify that it is not a "scrutinized" company as defined in Public Contract Code section 10476.

**Please note this same certification is also shown in the Sample Agreement above. The certification is both a prerequisite for consideration of the RFP response and as an Exhibit to the Standard Agreement to be entered into.**

Therefore, to be eligible to submit a bid or proposal, complete only one of the following three paragraphs (via initials for Paragraph # 1 or Paragraph # 2, or via initials and certification for Paragraph # 3):

1. \_\_\_\_\_ We do not currently have, or we have not had within the previous three years, business activities  
Initials or other operations outside of the United States.

**OR**

2. \_\_\_\_\_ We are a scrutinized company as defined in Public Contract Code section 10476, but we have  
Initials received written permission from the Department of General Services (DGS) to submit a bid or proposal pursuant to Public Contract Code section 10477(b). A copy of the written permission from DGS is included with our bid or proposal.

**OR**

3. \_\_\_\_\_ We currently have, or we have had within the previous three years, business activities or other  
Initials + operations outside of the United States, but we certify below that we are not a scrutinized  
Certification company as defined in Public Contract Code section 10476.

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<i>By (Authorized Signature)</i>		
<i>Printed Name and Title of Person Signing</i>		
<i>Date Executed</i>	<i>Executed in the County of</i>	

**THIS AGREEMENT WILL BE DISQUALIFIED UNLESS EITHER PARAGRAPH # 1 OR # 2 OF THIS FORM ARE INITIALED OR PARAGRAPH # 3 IS INITIALED AND CERTIFIED**

**ATTACHMENT 5 – CONTRACTOR CERTIFICATIONS UNDER PENALTY OF PERJURY**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective Contractor to the clause(s) listed above. This certification is made under the laws of the State of California.

<i>Contractor/Bidder/Company Name (Printed)</i>		<i>Federal ID Number</i>
<i>By (Authorized Signature)</i>		
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**1. STATEMENT OF COMPLIANCE**

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- a. Publish a statement notifying employees that unlawful manufacture, distribution, dispensation, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
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  - 2) the person's or organization's policy of maintaining a drug-free workplace;
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- c. Every employee who works on the proposed Agreement will:
  - 1) receive a copy of the company's drug-free workplace policy statement; and,
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Failure to comply with these requirements may result in suspension of payments under the Agreement or termination of the Agreement or both and Contractor may be ineligible for award of any future State agreements if the department determines that any of the following has occurred: the Contractor has made false certification, or violated the certification by failing to carry out the requirements as noted above. (Gov. Code §8350 et seq.)

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Transition Management Services  
RFP 700-11-04  
Page 43 of 45

failure to comply with an order of a Federal court, which orders Contractor to comply with an order of the National Labor Relations Board. (Pub. Contract Code §10296) (Not applicable to public entities.)

**4. EXPATRIATE CORPORATIONS**

Contractor hereby declares that it is not an expatriate corporation or subsidiary of an expatriate corporation within the meaning of Public Contract Code Section 10286 and 10286.1, and is eligible to contract with the State of California.

**5. SWEATFREE CODE OF CONDUCT**

a. All Contractors contracting for the procurement or laundering of apparel, garments or corresponding accessories, or the procurement of equipment, materials, or supplies, other than procurement related to a public works contract, declare under penalty of perjury that no apparel, garments or corresponding accessories, equipment, materials, or supplies furnished to the state pursuant to the contract have been laundered or produced in whole or in part by sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor, or with the benefit of sweatshop labor, forced labor, convict labor, indentured labor under penal sanction, abusive forms of child labor or exploitation of children in sweatshop labor. The contractor further declares under penalty of perjury that they adhere to the Sweatfree Code of Conduct as set forth on the California Department of Industrial Relations website located at [www.dir.ca.gov](http://www.dir.ca.gov), and Public Contract Code Section 6108.

b. The contractor agrees to cooperate fully in providing reasonable access to the contractor's records, documents, agents or employees, or premises if reasonably required by authorized officials of the contracting agency, the Department of Industrial Relations, or the Department of Justice to determine the contractor's compliance with the requirements under paragraph (a).

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For contracts over \$100,000 executed or amended after January 1, 2007, the contractor certifies that contractor is in compliance with Public Contract Code section 10295.3.

**DOING BUSINESS WITH THE STATE OF CALIFORNIA**

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- 2). No officer or employee shall contract on his or her own behalf as an independent contractor with any state agency to provide goods or services.

**B. Former State Employees (Pub. Contract Code §10411):**

- 1). For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the contract while employed in any capacity by any state agency.
- 2). For the twelve-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.

If Contractor violates any provisions of above paragraphs, such action by Contractor shall render this Agreement void. (Pub. Contract Code §10420)

Members of boards and commissions are exempt from this section if they do not receive payment other than payment of each meeting of the board or commission, payment for preparatory time and payment for per diem. (Pub. Contract Code §10430 (e))

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Contractor needs to be aware of the provisions which require every employer to be insured against liability for Worker's Compensation or to undertake self-insurance in accordance with the provisions, and Contractor's companies to comply with such provisions before commencing the performance of the work of this Agreement. (Labor Code Section 3700)

**3. AMERICANS WITH DISABILITIES ACT**

Contractor assures the State that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA. (42 U.S.C. 12101 et seq.)

**4. CONTRACTOR NAME CHANGE**

An amendment is required to change the Contractor's name as listed on this Agreement. Upon receipt of legal documentation of the name change the State will process the amendment. Payment of invoices presented with a new name cannot be paid prior to approval of said amendment.

Transition Management Services  
RFP 700-11-04  
Page 45 of 45

**5. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA**

- a. When agreements are to be performed in the state by corporations, the contracting agencies will be verifying that the contractor is currently qualified to do business in California in order to ensure that all obligations due to the state are fulfilled.
- b. "Doing business" is defined in R&TC Section 23101 as actively engaging in any transaction for the purpose of financial or pecuniary gain or profit. Although there are some statutory exceptions to taxation, rarely will a corporate contractor performing within the state not be subject to the franchise tax.
- c. Both domestic and foreign corporations (those incorporated outside of California) must be in good standing in order to be qualified to do business in California. Agencies will determine whether a corporation is in good standing by calling the Office of the Secretary of State.
- d. Contractor warrants that it is currently qualified to do business in California if the Agreement is to be performed in the state.

**6. RESOLUTION**

A county, city, district, or other local public body must provide the State with a copy of a resolution, order, motion, or ordinance of the local governing body which by law has authority to enter into an agreement, authorizing execution of the agreement.

**7. AIR OR WATER POLLUTION VIOLATION**

Under the State laws, the Contractor shall not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.

**8. PAYEE DATA RECORD FORM STD. 204**

This form must be completed by all contractors that are not another state agency or other governmental entity.

## Question and Answers for Bid # 700-11-04 - Transition Management Services

### OVERALL BID QUESTIONS

#### Question 1

Under Section II. B of the RFP, any modifications or clarifications to the contract included as Exhibit A to the RFP will not be accepted. The proposed contract does not contain our standard regulatory provisions necessary to the provision of our services and we would also look to modify the contract to include an affiliated broker-dealer as a party and signatory to the agreement. Would the DPA consider such modifications or clarifications, and how would the DPA suggest such modifications or clarifications be included with our response? (Submitted: Jan 23, 2012 12:48:20 PM PST)

#### Answer

- All non-negotiable items have been properly identified in the Request for Proposal. It is the Department's intent to enter into agreements with vendors to create a pool of transition managers. It is our intent that the contractual terms and conditions for each selected vendor shall be the same. The issue of subcontractors is clearly addressed. The agreement shall be between the State and the selected vendor. (Answered: Jan 31, 2012 10:17:38 AM PST)

#### Question 2

Under Section II. B of the RFP, any modifications or clarifications to the contract included as Exhibit A to the RFP will not be accepted. The proposed contract does not contain our standard regulatory provisions necessary to the provision of our services and we would also look to modify the contract to include an affiliated broker-dealer as a party and signatory to the agreement. Would the DPA consider such modifications or clarifications, and how would the DPA suggest such modifications or clarifications be included with our response? (Submitted: Jan 23, 2012 12:48:46 PM PST)

#### Answer

- Duplicate of Question 1. (Answered: Jan 30, 2012 11:42:17 AM PST)

#### Question 3

Under Section II. B of the RFP, legal counsel must sign the RFP and certify that counsel is authorized to bind the firm contractually. Within our firm, legal counsel does not have such binding authority. Would the DPA accept in lieu the signature of an executive officer so authorized? (Submitted: Jan 23, 2012 12:49:22 PM PST)

#### Answer

- This issue regarding legal counsel was anticipated and is clearly addressed at the bottom of page 23 of the RFP. (Answered: Jan 31, 2012 10:17:38 AM PST)

#### Question 4

Under D. PROPOSAL CONTENT AND QUESTIONNAIRE section it says the questions needs to be of Font point 11. Does the answer as well need to be in the font point 11? (Submitted: Jan 23, 2012 1:25:51 PM PST)

#### Answer

- Yes. (Answered: Jan 31, 2012 10:17:38 AM PST)

#### Question 5

With reference to the instruction- (Due to limited storage space, the proposal package should be prepared in the least expensive method (i.e., cover page with staple in upper left-hand corner, no fancy bindings). If the document is too large to be stapled as suggested, can we use spiral bind since we might have a few exhibits? (Submitted: Jan 23, 2012 1:26:18 PM PST)

#### Answer

- Yes. (Answered: Jan 31, 2012 10:17:38 AM PST)

#### Question 6

Under IV. MANDATORY BUSINESS LICENSING AND PRACTICE REQUIREMENTS it says the following ¿  
¿The responding company must agree to be bound by and comply with the DPA's confidentiality requirements, as outlined in Attachment 2 ¿ Appendix A¿. However we do not see any document titled as Appendix A. We do have Exhibits A to G. Are we missing something? (Submitted: Jan 23, 2012 1:26:48 PM PST)

#### Answer

- The sentence should have read, "...as outlined in Attachment 2, Exhibit A." We apologize for any confusion this wording oversight may have caused. (Answered: Jan 30, 2012 11:42:17 AM PST)

#### Question 7

If the Transition Manager is utilizing a wholly owned broker-dealer subsidiary to execute trades and the only compensation the Transition Manager is receiving for its transition services is through compensation to Manager by such broker-dealer, then is it possible to change the wording in Section 9 of the Scope of Services agreement to reflect that Manager will "seek to obtain" best execution as opposed to "providing" best execution? (Submitted: Jan 23, 2012 2:42:35 PM PST)

#### Answer

- Such items are deemed non-negotiable as presented in the RFP. (Answered: Jan 31, 2012 10:17:38 AM PST)

#### Question 8



Considering the relatively quick timing of a given transition, if there are any corporate actions and securities lending activities that take place, can the language in Section 10 of the Scope of Work agreement be modified to include a timing element, i.e. "to the extent reasonably feasible" or "to the extent reasonably practical"? (Submitted: Jan 23, 2012 2:42:55 PM PST)

**Answer**

- Such items are deemed non-negotiable as presented in the RFP. (Answered: Jan 31, 2012 10:17:38 AM PST)

**Question 9**

Can you provide a word version of the RFP questions and required forms? (Submitted: Jan 23, 2012 2:43:11 PM PST)

**Answer**

- You may request a Word version of the RFP document by emailing [kathie.mullen@dpa.ca.gov](mailto:kathie.mullen@dpa.ca.gov). (Answered: Jan 23, 2012 2:53:59 PM PST)

**Question Deadline: Jan 23, 2012 4:00:00 PM PST**