



CALIFORNIA DEPARTMENT OF HUMAN RESOURCES

Administrative Services Division  
1515 S Street, North Building, Suite 400  
Sacramento, CA 95811  
(916) 322-0720  
Fax (916) 327-0568

Governor Edmund G. Brown Jr.  
**Secretary, Government Operations Agency** Marybel Batjer  
**Acting Director** Richard Gillihan  
**Acting Chief Deputy Director** Pam Manwiller

REQUEST FOR PROPOSAL  
NUMBER 700-14-01

August 1, 2014

The State of California Department of Human Resources (CalHR) releases this Request for Proposal (RFP) for investment management services for the Savings Plus Program.

In CalHR's opinion, this RFP is complete and without need of explanation. However, if you have questions or need clarifying information, submit your question(s) no later than 4:00 p.m. Pacific Time (PT) on August 12, 2014 in accordance with the RFP instructions. Please note that no verbal information given is binding upon CalHR, unless such information is issued in writing as an official RFP addendum.

All respondents to this RFP must submit a Notice of Intent to Bid on the firm's letterhead, signed by an authorized member of the firm and received by CalHR no later than 4:00 p.m. (PT) on August 25, 2014. (See Section III.D, Submission of Proposal.)

In submitting your proposal, you must comply with the instructions found herein. CalHR must receive your proposal by 4:00 p.m. (PT) on September 11, 2014. Proposals received after this date and time are ineligible for consideration and will be returned.

CalHR intends that the Agreement(s) resulting from this RFP will be effective February 1, 2015, and will run for a five-year period.

Regards,  
Contract Administration

Table of Contents

I.	PURPOSE AND DESCRIPTION .....	3
A.	INVESTMENTS .....	3
B.	SCOPE OF THE RFP .....	4
C.	LEGAL REVIEW .....	5
D.	BACKGROUND .....	6
II.	MINIMUM QUALIFICATIONS FOR PROPOSERS .....	7
A.	ORGANIZATIONAL MINIMUM REQUIREMENTS .....	7
B.	SPECIFIC INVESTMENT STRATEGY REQUIREMENTS .....	8
C.	MANDATORY LICENSING, EXPERIENCE AND BUSINESS REQUIREMENTS .....	12
III.	PROPOSAL REQUIREMENTS AND INFORMATION .....	12
A.	TIME SCHEDULE .....	12
B.	WORK PLAN AND WORK SCHEDULE REQUIREMENTS .....	13
C.	PROPOSAL CONTENT AND QUESTIONNAIRE .....	13
D.	SUBMISSION OF PROPOSAL .....	14
E.	EVALUATION PROCESS .....	18
F.	AWARD AND PROTEST .....	20
G.	DISPOSITION OF PROPOSALS .....	21
H.	STANDARD CONDITIONS OF SERVICE .....	21
IV.	REQUIRED ATTACHMENTS .....	22
	Attachment 1 – Documentation and Certification Checklist .....	22
	Attachment 2 – Standard Agreement and Exhibits to Standard Agreement .....	22
	Attachment 3 – Payee Data Record (Std. 204) .....	22
	Attachment 4 – Darfur Contracting Act .....	22
	Attachment 5 – Proposal Questionnaire .....	22

## I. PURPOSE AND DESCRIPTION

### A. INVESTMENTS

The California Department of Human Resources Administration (CalHR) issues this Request for Proposal (RFP) to select a provider(s) of passively managed investments.

Savings Plus currently offers its participants twenty-seven investment options, plus a brokerage account, through the following three-tiered structure:

Tier 1 – Target Date Funds: This tier consists of eleven custom asset allocation funds. The funds are currently constructed using Savings Plus' core funds and selected investment manager products.

Tiers 2(a) and 2(b) – Build Your Own Portfolio: These tiers consist of passively managed investment options and actively managed investment options. The actively managed investment options are constructed through the use of separate account fund-of-fund structures.

Tier 3 – Hewitt Financial Services: This tier is a self-directed brokerage account option.

**Learn more about Savings Plus' investments at:** [www.savingsplusnow.com](http://www.savingsplusnow.com).

A firm may submit a proposal provided it is able to satisfy the Minimum Qualifications for Proposers (Section II) including the:

- Organizational Minimum Requirements (Section II.A);
- Specific Investment Strategy Requirements (Section II.B); and
- Mandatory Licensing, Experience, and Business Requirements (Section II.C).

The following provides an overview of the investment categories for this RFP: Your firm may respond to the RFP for all investment categories listed below or for individual categories based on the capabilities and experience of your firm.

- **Passive US Large Capitalization Equity Index Fund**

CalHR seeks a daily valued investment vehicle designed to track the performance of the **S&P 500 Index** benchmark.

- **Passive US Mid Capitalization Equity Index Fund**

CalHR seeks a daily valued investment vehicle designed to track the performance of the **S&P 400 Index** benchmark.

- **Passive US Small Capitalization Equity Index Fund**

CalHR seeks a daily valued investment vehicle designed to track the performance of the **Russell 2000 Index** benchmark.

- **Passive Non-US Equity Index Fund**

CalHR seeks a daily valued investment vehicle designed to track the performance of the benchmark noted below:

Benchmark: **MSCI ACWI ex-US** or **MSCI ACWI ex-US IMI Index\***

- **Passive Fixed Income Index Fund**

CalHR seeks a daily valued investment vehicle designed to track the performance of the benchmark noted below:

Benchmark: **Barclays US Aggregate Bond Index** or **Barclays Global Aggregate (USD Hedged) Index\***

- \* Competing mandates and discretion resides with the Savings Plus Program on which mandate to pursue contingent upon the quality and quantity of responses received for the passive non-US Equity index fund and the passive fixed income index fund.

Note: Savings Plus does not permit direct investment into the following four countries – Brazil, India, Russia and Taiwan. In these four instances, Savings Plus was requested to enter into direct and separate contractual agreement with local entities which is not possible. Furthermore, Savings Plus does not permit its investment providers to utilize “futures contracts” to the extent that the use of such investment activities requires that Savings Plus enter into direct and separate contractual agreements with third parties.

## B. SCOPE OF THE RFP

This RFP contains all instructions that govern the requirements for proposal submission. It addresses the required format of the proposal and related material to be contained therein. It also lists the specific requirements, which all interested parties must meet to be eligible for consideration. Interested parties should:

- Carefully read the entire RFP.
- Submit appropriate questions within the designated timeframe, if clarification is necessary.
- Submit all completed response(s) by the required dates and times.
- Accurately follow and appropriately address all RFP procedures and requirements.

## C. LEGAL REVIEW

The final Agreement(s) resulting from this RFP will consist of the RFP terms, the Standard Agreement and Exhibits to Standard Agreement (Std. 213), the firm's proposal response – **except** those response items which contradict RFP requirements or which Savings Plus has deemed unacceptable – exhibits, and attachments hereto. Interested parties may submit, in accordance with the RFP instructions, questions regarding contractual details included in the RFP package. CalHR intends to resolve any and all instances of misinterpretation, miscommunication, and misunderstanding of the proposed contractual language prior to proposal submission.

All interested firms shall have legal counsel sign the Documentation and Certification Checklist (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 proposer contractually. **If the respondent is unable to obtain review by legal counsel, a statement explaining the reason for 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 proposer contractually.

Each proposing firm 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 firm 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 CalHR for the damages that are impractical or extremely difficult to estimate, but would be sustained by the State in the event that the proposer submits an erroneous or misleading certification. The liquidated damage is intended to be a reasonable estimate of the costs CalHR 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 firm's receipt of an invoice from CalHR tendered under this provision.

Questions about this RFP must be submitted directly through the RFP's Q & A section on the Bidsync website [bidsync.com](http://bidsync.com) and must be received by 4:00 p.m. Pacific Time (PT) on Tuesday, August 12, 2014.

On Friday, August 22, 2014, interested parties can obtain a complete set of questions and answers online at [bidsync.com](http://bidsync.com) under the RFP's Q & A section.

## D. BACKGROUND

### Plan Management

CalHR administers a deferred compensation plan established in 1974 under Section 457 of the Internal Revenue Code (IRC), a tax-deferred thrift plan established in 1985 and implemented in 1989 under Section 401(k) of the IRC, a Part-time, Seasonal, and Temporary Employees Retirement Program (PST Program) established in 1991 under Section 457 of the IRC, and an Alternate Retirement Program (ARP) established in 2004 under Section 401(a) of the IRC. CalHR's authority to establish these plans is found in the California *Government Code* sections 19993, 19999.5, 19999.3, and 19999.2 respectively. CalHR administers these plans as the Savings Plus Program.

The purpose of the 457 and 401(k) plans is to encourage and increase savings opportunities for State employees to better provide for and to supplement their retirement income, including income received from their defined benefit retirement plan. Persons eligible to participate in the plans include State employees, appointed and elected officers of the State, California State Judges, employees of California State Universities, and other eligible employees.

The PST Program was created as a result of the 1990 Federal Omnibus Budget Reconciliation Act, and its purpose is to provide a retirement savings program for employees, who are not covered by CalPERS, Social Security, or other specified retirement plans. The purpose of ARP is to provide a retirement savings plan in lieu of retirement benefits under CalPERS during the first twenty-four months of State employment for employees first hired into State service between August 11, 2004 and June 30, 2013.

### Staff Support

Savings Plus staff provides primary support to the Director of CalHR in the Director's role as the Fiduciary who has ultimate oversight of the administration of Savings Plus. Staff makes recommendations to the Director on plan design issues; monitors contract compliance; serves as liaison to the Third Party Administrator (TPA), investment providers, investment consultants, external legal counsel, and other third-party providers; and facilitates employee participation in Savings Plus.

The Savings Plus Investment Committee makes recommendations to the CalHR Director on portfolio design, investment strategies, and investment advisory consultants; establishes and maintains the Investment Policy; and periodically evaluates the Program's investment performance, the costs to participants, and recommends investment changes.

### Administration

Savings Plus operates in an "unbundled" program structure. Currently, Hewitt Associates, LLC (Aon Hewitt) serves as Savings Plus' TPA. Aon Hewitt provides consolidated recordkeeping services; a self-directed brokerage option; participant education and outreach services; processing functions; and call center services.

Investment Management; Custodial, Trustee and Securities Lending; Investment Consulting; and Transition Management services are obtained under separate contracts. Savings Plus provides some in-house specialized administrative functions.

#### Asset Holdings

As of June 30, 2014, Savings Plus' total assets exceeded \$10 Billion. The market value of passively managed assets exceeded \$3 Billion - current amounts were (in millions): fixed income-\$714; domestic equity small cap-\$200; domestic equity mid cap-\$432; domestic equity large cap-\$1,670; international equity-\$429

Participants can transfer their existing account balance(s) or direct some or all future contributions to passively managed funds or other investment options which include passively managed funds. Therefore, firms submitting a proposal should consider the potential for future asset growth through the addition of such participant contributions. CalHR cannot, with any certainty, predict the level of potential future asset growth.

In the Savings Plus fund of funds portfolio structure, the passively managed funds are also designated "liquidity sleeves" for many/most of the other Savings Plus investment options – in addition to the index fund serving as a stand-alone investment option and an underlying investment for the custom target date funds – and will certainly experience activity on every trading day. There is also trading activity associated with monthly rebalancing and various plan sponsor, trustee/custodian, and investment manager fees.

## II. MINIMUM QUALIFICATIONS FOR PROPOSERS

All proposers of this RFP must satisfy the following Organizational Minimum Requirements; Specific Investment Strategy Requirements; and Mandatory Licensing, Experience, and Business Requirements as of June 30, 2014. Failure to satisfy these mandatory requirements at the time of proposal submission will result in elimination from the evaluation process. The successful firm(s) must adhere to these requirements upon award and throughout the term of the Agreement.

### A. ORGANIZATIONAL MINIMUM REQUIREMENTS

Firms submitting proposals must satisfy all of the following criteria:

1. Qualify as an SEC-registered investment advisor or provide evidence of exemption from registration.
2. Managed assets for at least five years as of June 30, 2014.
3. Must not be the sub-advisor of the fund, as submitting firms will need to contract directly with CalHR.
4. Must serve in a fiduciary capacity for Savings Plus' fiduciary role insofar as the advice and dealings with the Department and the handling of Plan assets.
5. Must not have been subject to any major enforcement activities by federal or state regulators or have been involved in any significant litigation surrounding investment management-only activities over the last three years. Definitions are as follows:
  - a. Major enforcement activities include any fines and/or penalty fees paid at the firm level over \$5 million for any single instance to government agencies and/or used

to reimburse investors and/or fund shareholders including but not limited to profit disgorgement, civil fraud charges, and other settlements.

- b. Major litigation includes any pending litigation (pending litigation defined as any claim over \$50 million), lost litigation, and/or settlements over \$5 million for any single instance.

Firms involved in formal complaints by the SEC regarding market timing and short-term trading will be evaluated based on the degree of the complaint and the likelihood of failing to meet the future definitions for major enforcement activities and significant litigation outlined above.

Note: Firms must also satisfy items listed under Mandatory Licensing, Experience, and Business Requirements as listed in the RFP under Section II.C and Work Plan and Work Schedule Requirements as listed in the RFP under Section III.B.

## B. SPECIFIC INVESTMENT STRATEGY REQUIREMENTS

### US Large Cap Equity Index Fund – S&P 500 Index

Firms submitting proposals must have their specific proposed passive investment strategies satisfy all of the following criteria:

- a. The investment strategy must have been provided to a U.S. client for a minimum of five years as of June 30, 2014 (can include all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts).
- b. The investment strategy must track the S&P 500 Index with a reasonable level of tracking error for a passive mandate of this type.
- c. If the firm is proposing a commingled vehicle structure, the vehicle must not participate in a securities lending program.
- d. The investment strategy must have at least \$10 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, the mutual fund or commingled fund must have over \$8 billion in assets under management as of June 30, 2014.
- e. The proposed investment vehicle must have a total investment management fee in accordance with the following:
  - i. For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
  - ii. For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.
  - iii. For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.17%.
- f. The investment vehicle must be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option.

- g. The investment vehicle must accept 457 plan and 401(k) plan assets.

Note: Firms must also satisfy items listed under Organizational Minimum Requirements (Section II.A) and Work Plan and Work Schedule Requirements (Section III.B).

#### US Mid Cap Equity Index Fund – S&P 400 Index

Firms submitting proposals must have their specific proposed passive investment strategies satisfy all of the following criteria:

- a. The investment strategy must have been provided to a U.S. client for a minimum of five years as of June 30, 2014 (can include all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts).
- b. The investment strategy must track the S&P 400 Index with a reasonable level of tracking error for a passive mandate of this type.
- c. If the firm is proposing a commingled vehicle structure, the vehicle must not participate in a securities lending program.
- d. The investment strategy must have at least \$4 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, the mutual fund or commingled fund must have over \$2 billion in assets under management as of June 30, 2014.
- e. The proposed investment vehicle must have a total investment management fee in accordance with the following:
  - i. For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
  - ii. For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.
  - iii. For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.27%.
- f. The investment vehicle must be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option.
- g. The investment vehicle must accept 457 plan and 401(k) plan assets.

Note: Firms must also satisfy items listed under Organizational Minimum Requirements (Section II.A) and Work Plan and Work Schedule Requirements (Section III.B).

#### US Small Cap Equity Index Fund – Russell 2000 Index

Firms submitting proposals must have their specific proposed passive investment strategies satisfy all of the following criteria:

- a. The investment strategy must have been provided to a U.S. client for a minimum of five years as of June 30, 2014 (can include all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts).

- b. The investment strategy must track the Russell 2000 Index with a reasonable level of tracking error for a passive mandate of this type.
- c. If the firm is proposing a commingled vehicle structure, the vehicle must not participate in a securities lending program.
- d. The investment strategy must have at least \$2 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, the mutual fund or commingled fund must have over \$1 billion in assets under management as of June 30, 2014.
- e. The proposed investment vehicle must have a total investment management fee in accordance with the following:
  - i. For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.07%.
  - ii. For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.07%.
  - iii. For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.27%.
- f. The investment vehicle must be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option.
- g. The investment vehicle must accept 457 plan and 401(k) plan assets.

Note: Firms must also satisfy items listed under Organizational Minimum Requirements (Section II.A) and Work Plan and Work Schedule Requirements (Section III.B).

Non-US Equity Index Fund – MSCI ACWI ex-US or MSCI ACWI ex-US IMI Index

Firms submitting proposals must have their specific proposed passive investment strategies satisfy all of the following criteria:

- a. The investment strategy must have been provided to a U.S. client for a minimum of five years as of June 30, 2014 (can include all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts).
- b. The investment strategy must track the MSCI ACWI ex-US or MSCI ACWI ex-US IMI Index with a reasonable level of tracking error for a passive mandate of this type.
- c. If the firm is proposing a commingled vehicle structure, the vehicle must not participate in a securities lending program.
- d. The investment strategy must have at least \$5 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled

fund, the mutual fund or commingled fund must have over \$2 billion in assets under management as of June 30, 2014.

- e. The proposed investment vehicle must have a total investment management fee in accordance with the following:
  - i. For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.15%.
  - ii. For a proposed non-Sec Lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.15%.
  - iii. For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.25%.
- f. The investment vehicle must be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option.
- g. The investment vehicle must accept 457 plan and 401(k) plan assets.

Note: Firms must also satisfy items listed under Organizational Minimum Requirements (Section II.A) and Work Plan and Work Schedule Requirements (Section III.B).

Bond Index Fund – Barclays US Aggregate or the Barclays Global Aggregate (USD Hedged)

Firms submitting proposals must have their specific proposed passive investment strategies satisfy all of the following criteria:

- a. The investment strategy must have been provided to a U.S. client for a minimum of five years as of June 30, 2014 (can include all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts).
- b. The investment strategy must track either the Barclays US Aggregate or Barclays Global Aggregate (USD Hedged) Index with a reasonable level of tracking error for a passive mandate of this type.
- c. If the firm is proposing a commingled vehicle structure, the vehicle must not participate in a securities lending program.
- d. The investment strategy must have at least \$5 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, the mutual fund or commingled fund must have over \$3 billion in assets under management as of June 30, 2014.
- e. The proposed investment vehicle must have a total investment management fee in accordance with the following:
  - i. For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
  - ii. For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.

- iii. For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.20%.
- f. The investment vehicle must be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option.
- g. The investment vehicle must accept 457 plan and 401(k) plan assets.

Note: Firms must also satisfy items listed under Organizational Minimum Requirements (Section II.A) and Work Plan and Work Schedule Requirements (Section III.B).

### C. MANDATORY LICENSING, EXPERIENCE AND BUSINESS REQUIREMENTS

Firms submitting proposals must satisfy all of the following criteria:

1. Must not be a broker or any third party selling another company's funds.
2. Must be registered under the appropriate state and federal securities, insurance, and banking laws.
3. Must have more than \$1 billion in assets under management as of June 30, 2014.
4. Must maintain at least \$5 million of professional liability insurance coverage for errors and omissions in its work as of June 30, 2014 and be willing to increase the coverage to \$10 million effective February 1, 2015, if awarded the Agreement.
5. Must not charge a purchase fee, redemption fee, transfer fee, deferred sales charge, up-front sales load, or market value adjustments (MVA), or must be willing to waive such fees or charges or refund them to CalHR. In addition, the firm cannot apply or levy a penalty, market value adjustment, or fee of any type, if CalHR, for any reason, finds it necessary to move or transfer funds to protect program participants and their beneficiaries, or if CalHR does not renew a contract beyond its contract term. Mutual fund short-term trading fees paid to the fund designed to curtail market timing are excluded from this requirement.
6. To the extent the firm is doing business in the State of California, the firm warrants that it is currently qualified to do business in this state. "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 firm'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.

## III. PROPOSAL REQUIREMENTS AND INFORMATION

### A. TIME SCHEDULE

The following presents the important actions, dates and times when the listed actions must be taken or completed. If CalHR finds it necessary to change any of these dates, it will be accomplished by RFP Addendum. All times specified are Pacific Time (PT).

<u>Event / Action</u>	<u>Date</u>	<u>Time (PT)</u>
RFP Release Date	August 1, 2014	N / A
Written Questions Submittal Deadline	August 12, 2014	4:00 pm
Questions and Answers Posted	August 22, 2014	4:00 pm
Notice of Intent to Bid Deadline	August 25, 2014	4:00 pm
Final Date for Proposal Submission	September 11, 2014	4:00 pm
Finalist Interviews (Sacramento)	November 6 -14, 2014	N / A
Notice of Intent to Award Posted	November 19, 2014	N / A
Last Day to Protest Award	November 26, 2014	4:00 pm
Contract Award Date	December 1, 2014	4:00 pm
Contract Commencement	February 1, 2015	N / A

## B. WORK PLAN AND WORK SCHEDULE REQUIREMENTS

Refer to Attachment 2, Standard Agreement, for required activities for Investment Firms. The Scope of Work for separate account vehicles, mutual fund vehicles, and commingled trust fund vehicles are provided as Attachment 2: Exhibit A-1, Exhibit A-2, and Exhibit A-3 respectively.

Every Savings Plus investment provider bears a proportionate share of communication costs, which includes marketing, investment education, outreach and training costs. Every bid responder is encouraged to consider this non-negotiable requirement. Savings Plus' total communication costs for the last five State fiscal years were:

<u>Fiscal Year</u>	<u>Total Costs</u>	<u>Allocation to Passively Managed Funds</u>
July 1, 2008 to June 30, 2009	\$ 66,332	\$17,798
July 1, 2009 to June 30, 2010	\$ 62,699	\$18,899
July 1, 2010 to June 30, 2011	\$162,661	\$52,875
July 1, 2011 to June 30, 2012	\$ 88,850	\$29,082
July 1, 2012 to June 30, 2013	\$ 77,032	\$26,628

Note: Past communication costs are no guarantee of future amounts.

## C. PROPOSAL CONTENT AND QUESTIONNAIRE

### Statements of Compliance

Interested parties must submit the required confirmations, as provided in Attachment 5, Exhibit 5-A. The Statements of Compliance require each firm to affirmatively state it will comply with and the manner to which it complies with all minimum qualifications, specifically:

- a. The Organizational Minimum Requirements and Mandatory Licensing, Experience, and Business Requirements for all firms, as listed in Section II.

- b. The Specific Investment Strategy Requirements for each investment for which the firm is submitting a proposal, as listed in Section II.
- c. Strategy Specific Questionnaire

Each firm must also submit the Strategy Specific Questionnaire as provided for in Attachment 5. This questionnaire should be attached to the firm's General Company Questionnaire.

#### The eVestment Alliance (eA) Database

All proposing firms **must** enter all relevant data about the firm and proposed strategy(ies) in the eVestment Alliance Database. There is no fee associated with providing data. Registration information and further details can be found online at [evestment.com](http://evestment.com). Firms must update all information and confirm that it is complete, accurate, and reflects data as of June 30, 2014.

#### Proposal Submission Procedures

When completing the General Company Questionnaire and Strategy Specific and Fees Questionnaire(s), firms must give clear, concise, and quantifiable responses to all questions. Restate each question in **bold** face type (no smaller than 11 point font) with its response directly below it. If awarded an Agreement as a result of this RFP, your firm's proposal, your responses to the General Company Questionnaire and to the Strategy Specific and Fees Questionnaire(s) will be incorporated into the investment agreement subject to CalHR acceptance.

Submit proposals both in written form and on a "read only" disk. Provide the General Company Questionnaire, Strategy Specific Questionnaire, Fees Questionnaire and all appendices in an Adobe PDF file. Provide two copies of your disk with each disk clearly labeled to identify your firm's name. Provide one unbound copy of your written proposal document, all attachments, and prospectuses (if applicable) and four bound copies of your written proposal document, all attachments, and prospectuses (if applicable).

The eA Database will be utilized for the evaluation of investment performance and for accessing other information. Each firm proposing a mutual fund must provide the applicable ticker symbol for their mutual fund and the applicable prospectus. Morningstar performance data will be utilized for mutual funds. Commingled trust funds and separate accounts performance returns, net of investment management fees, may be reduced by applicable custody and administrative fees.

Unless otherwise indicated, answer all questions as of June 30, 2014.

## D. SUBMISSION OF PROPOSAL

#### Notice of Intent to Bid

All respondents to this RFP must submit a Notice of Intent to Bid on the firm's letterhead, signed by an authorized member of the firm, indicating the firm intends to submit a proposal. CalHR must receive the Notice of Intent to Bid by 4:00 p.m. (PT) on August 25, 2014. Failure to submit a Notice of Intent to Bid by the deadline may result in the firm's proposal being ineligible for consideration. Notice of Intent to Bid envelopes must be plainly marked with the RFP number and title as follows:

RFP 700-14-001 Passive Investments  
California Department of Human Resources  
Contracts Management Unit  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811

#### RFP Requirements

Proposals should provide straightforward and concise descriptions of the proposer's ability to satisfy the RFP requirements. Proposals 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 four bound copies of the proposal, along with two disks containing the questionnaires and all other documentation which comprise the entire bid response, must be sent under sealed cover marked "Savings Plus Program RFP #700-14-01."

All proposals must be received by 4:00 p.m. (PT) on September 11, 2014 to:

California Department of Human Resources  
Contracts Management Unit  
1515 "S" Street, North Building, Suite 400  
Sacramento, CA 95811

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 CalHR's office. Faxed proposals will **not** be accepted.

#### Original Copy

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.

#### Proposal Envelopes

The proposal envelopes must be plainly marked with the RFP number and title, your firm name and address, and must be marked with "DO NOT OPEN" as follows:

RFP # 700-14-01 Passive Investments  
California Department of Human Resources  
Contracts Management Unit  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811  
**DO NOT OPEN**

#### Legal Name

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

#### Section IV, Required Attachments

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

#### Strategy & Scope

Proposals must be submitted for the strategy and scope of work requirements described herein. Any deviation from the specifications will be grounds for rejection without consideration.

#### Conditional or Incomplete Proposals

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. CalHR may reject any or all proposals and may waive any immaterial deviation in a proposal. CalHR'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

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 CalHR.

#### Modifications

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. Modifications initiated by the proposer in any other manner, oral or written, will not be considered. CalHR at its sole discretion may request information from the proposer as part of the Administrative Review described in Section E.1 – Evaluation Process as presented below. Information obtained from the proposer that was requested by CalHR during the Administrative Review described in Section E.1 may be accepted at CalHR's sole discretion as a proper modification to the original proposal. Additionally, CalHR's acceptance of any modifications to the original proposal that was initiated by CalHR during the Administrative Review described in Section E.1 shall not be considered a deviation, material or otherwise, from the requirements of this RFP.

#### Withdrawals

A proposer may withdraw its proposal by submitting a written withdrawal request to CalHR, 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.

#### RFP Errors

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.

#### RFP Addendas

CalHR 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. Addenda shall be numbered consecutively as a suffix to this RFP. The first number of an addendum shall be A1, if needed.

#### Interested Parties

Interested parties or potential interested parties are prohibited from initiating any communication with CalHR/Savings Plus staff, or the staff of RVK Inc., concerning this RFP except as specified in the RFP. CalHR reserves the right to reject the proposal of any proposer violating this prohibition.

#### Defects or Errors in Submitted Documents

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

#### Multiple Proposals Received

More than one proposal from an individual, firm, partnership, corporation or association under the same or different names will not be considered. However, CalHR will consider multiple investment strategies from a single entity as long as they meet the requirements specified in this RFP. Reasonable grounds for believing that a 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 the proposers, none of the participants in such collusion will be considered in this or future procurements.

## E. EVALUATION PROCESS

### Administrative Review

Upon proposal opening, each proposal will be checked for completeness, conformity with the RFP requirements, and the presence or absence of required information in conformance with the RFP's submission requirements.

All proposals will be reviewed to ensure that each proposal meets the mandatory minimum qualifications and RFP requirements. The mandatory minimum qualifications and requirements as specified in this RFP are as follows:

- a. Each proposing firm must meet the Minimum Organizational Qualifications, as specified in Section II of this RFP. See Attachment 1 for self-certification of requirements and Attachment 5, Exhibit 5-A – Statements of Compliance.
- b. Each proposing firm must meet the Specific Investment Strategy Requirements, as specified in Section II of this RFP. See Attachment 1 for self-certification of requirements and Attachment 5, Exhibit 5-A – Statements of Compliance.
- c. Each proposing firm must meet the Mandatory Licensing, Experience, and Business Requirements, as specified in Section II of this RFP. See Attachment 1 for self-certification of requirements and Attachment 5, Exhibit 5-A – Statements of Compliance.
- d. An individual, legally authorized to bind the proposing firm contractually, must sign the Documentation and Certification Checklist – Attachment 1 without alteration.

After completion of the Administrative Review, proposals that do not meet the above requirements will be considered “non-responsive” and will be disqualified.

CalHR and the evaluation committee, at their own discretion, reserve the right to obtain additional information (but are not obligated to do so) orally or in writing, from the proposing firm or from any independent sources available to CalHR regarding qualifications or other submitted information.

CalHR reserves the right to reject any proposals containing false, misleading, inaccurate, or incomplete responses, regardless of whether such error or omission was intentional or due to oversight.

### Evaluation Criteria and Process

As further described below, the list of respondents in each investment strategy will be narrowed down to the top six candidates based on the evaluation and review of the minimum qualifications as well as preliminary scoring based on an abbreviated version of the formal scoring criteria. Those top six candidates will continue in the evaluation process with each investment proposal being scored in six categories. The categories, along with the possible points, are as follows:

Category	Possible Points
1. <b>Minimum Qualifications for Proposers.</b> RFP Section II Stipulations	Pass / Fail
2. <b>Firm Background and Experience.</b> Including but not limited to proposer's background and experience as an investment manager with consideration of years in business, assets under management, and experience of firm and its personnel in providing the proposed strategy.	100 Points
3. <b>Investment Strategy.</b> Including but not limited to proposer's investment philosophy and processes for the subject strategy.	100 Points
4. <b>Investment Performance.</b> Including but not limited to firm's historic performance track record as compared to appropriate benchmarks.	250 Points
5. <b>Operations.</b> Including but not limited to proposer's operational capabilities to manage investments within the Savings Plus Program 457 and 401(k) plans.	100 Points
6. <b>Fees Questionnaire</b>	300 Points
7. <b>Finalist Interviews</b>	150 Points
<b>Total Possible Points</b>	1,000 Points

Within each category, the proposals will be evaluated and rated relative to each other. Points will be assigned based on the firm's relative rating to other proposers. The rating will be based upon CalHR's evaluation and interpretation of the information provided by each firm.

As stated above all proposals received by the stated deadline will be reviewed by the evaluation committee to determine those that meet the mandatory minimum qualifications. If the mandatory minimum qualifications are not met, the proposal will be considered "non-responsive" and disqualified. An investment review will be conducted for each investment that passes the administrative review. The proposals will be evaluated and rated relative to each other, ranked and assigned points on the firm's relative rating. The rating will be based upon the evaluation of the information submitted by each firm.

For each strategy solicited by this RFP, if six or fewer proposal responses are received, all responses will be fully evaluated. If more than six proposal responses are received, selected data from the proposal responses will be evaluated for all proposers to identify the top six proposals. The selected data will include information from the following:

- Strategy Specific Questionnaire: *Investment Strategy*, as it relates to the strategy fit for the mandate proposed.
- Fees: Reported for the mandate proposed.
- Performance data in the eVestment Alliance Database.

A full evaluation will then be completed for the top six proposals.

The primary source of data for analysis will be the questionnaires submitted as part of this RFP and information from the eVestment Alliance Database. Additionally, at the discretion of CalHR, performance return data may be evaluated using Morningstar based on the mutual fund's ticker symbol provided. It is CalHR's assumption that data based on the mutual fund ticker symbol and information supplied in the eVestment Alliance Database questionnaire are identical. For commingled trusts or separate accounts, the return data supplied in the eVestment Alliance Database will be utilized for the evaluation of investment returns.

CalHR shall remove a proposer from consideration when it determines, at any point through the evaluation process, that a proposer does not meet the RFP's minimum qualifications.

CalHR and the evaluation committee, at their own discretion, reserve the right to obtain additional information (but are not obligated to do so) orally or in writing, from the proposing firm or from any independent sources available to CalHR regarding qualifications or other submitted information.

CalHR intends to hold finalist interviews with the top firms. Responses in the finalist interview will not affect the points assigned in the five categories (identified in the above table) for the firm's respective proposal. CalHR may award an Agreement to the top proposal(s) that receives the highest number of points.

## F. AWARD AND PROTEST

### Notice of Intent to Award

CalHR will post a Notice of Intent to Award in a public place at its offices: 1515 "S" Street, North Building, Suite 500; Sacramento, CA, 95811; and on CalHR's website ([www.calhr.ca.gov](http://www.calhr.ca.gov)) for five business days prior to awarding the Agreement.

### RFP Protest

If any proposer, prior to the award of Agreement, files a protest with CalHR on the grounds that the (protesting) proposer would have been awarded the Agreement had the agency correctly applied the evaluation standards in the RFP or if the agency followed the evaluation and scoring methods in the RFP, the Agreement shall not be awarded until either the protest has been withdrawn or CalHR has decided the matter. Proposers should submit protests by certified or registered mail to:

California Department of Human Resources  
Contracts Management Unit  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811

#### Five-Day Protest Rule

Within five days after filing the initial protest, the protesting proposer shall file with CalHR a full and complete written statement specifying the grounds for the protest. CalHR suggests that proposers submit this complete written statement by certified or registered mail to the address above.

#### Payee Data Record

Upon award of the Agreement, the Contractor must complete and submit the Payee Data Record (Std. 204), Attachment 3, to CalHR.

### G. 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. CalHR 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 proposer's proposal, shall be held in the strictest confidence until CalHR posts the Notice of Intent to Award.

All materials, ideas, and forms submitted in response to this RFP may be returned at CalHR's option and at the proposer's expense.

### H. STANDARD CONDITIONS OF SERVICE

1. The Agreement(s) resulting from this RFP will be for a five-year period with the option to extend the Agreement(s) up to two additional one-year periods. CalHR intends for the Agreement(s) to begin February 1, 2015. The Contractor(s) will be notified of the intent to extend no less than thirty days prior to the contract expiration date. Should the Contractor fail to commence work at the agreed-upon time, CalHR, upon five days written notice to the Contractor, reserves the right to terminate the Agreement.
2. All performance under the Agreement shall be completed on or before the termination date of the Agreement.
3. CalHR does not accept alternate contract language from a prospective contractor. A proposal with such language will be considered a counter-proposal and will be rejected. Proposers agree at the time of their proposal submission to adhere to all contract terms, conditions, and requirements as specified in Attachment 2, if awarded the Agreement.
4. No oral understanding or agreement shall be binding on either party.

#### **IV. REQUIRED ATTACHMENTS**

Refer to the following pages for additional required attachments that are a part of this RFP.

Special attention should be paid to Attachment 2, Standard Agreement:

- Exhibit C, which presents the non-negotiable General Terms and Conditions
- Exhibit D, which presents the non-negotiable Special Terms and Conditions.

Attachment 1 – Documentation and Certification Checklist

Attachment 2 – Standard Agreement and Exhibits to Standard Agreement

Attachment 3 – Payee Data Record (Std. 204)

Attachment 4 – Darfur Contracting Act

Attachment 5 – Proposal Questionnaire

**ATTACHMENT 1**  
**DOCUMENTATION AND CERTIFICATION CHECKLIST**

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

A complete proposal or proposal package will consist of the items identified below. Complete this checklist to confirm you have included the items in your proposal. Place a check mark or "X" next to each item you're submitting to CalHR. For those items on the checklist that pertain to certifications, provide written signature to confirm the activity is complete or the requirement is satisfied. For your proposal to be considered responsive, you must include all required attachments **and** this checklist with your proposal package.

The proposal package must include the following items or the proposal will be deemed "non-responsive" and will not be evaluated.

Attachment Name/Description

\_\_\_\_\_ Attachment 1 Documentation and Certification Checklist  
\_\_\_\_\_ Attachment 4 Darfur Contracting Act

The proposing firm should also make every effort to include the document listed below in the firm's proposal at the time of submission. 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)

For each of the items below, provide a written signature to confirm activity is complete or requirement is satisfied.

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

_____	_____
Legal Counsel Name	State Bar Number <sup>1</sup>
_____	_____
Legal Counsel Signature	Date

\_\_\_\_\_

<sup>1</sup> See RFP Section I.C Legal Review for specific instructions for absence of legal review. If the respective State of licensing does not issue a bar number, indicate this accordingly.

2. I certify that my firm completely satisfies the Organizational Minimum Requirements; Specific Investment Strategy Requirements; and Mandatory Licensing, Experience, and Business Requirements as of June 30, 2014, as specified in Section II - Minimum Qualifications For Proposals.

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

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

\_\_\_\_\_  
Date

3. I certify that my firm has properly entered all relevant data about the firm and proposed strategy(ies) in the eVestment Alliance Database and that the information therein entered is complete, accurate and reflects data as of June 30, 2014.

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

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

\_\_\_\_\_  
Date

4. I certify that I have/my firm has enclosed a completed Supplemental Questionnaire (Attachment 5), which includes the General Company Questionnaire and the Strategy Specific Questionnaire and Fees Questionnaire for each strategy bid upon.

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

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

\_\_\_\_\_  
Date

5. I certify that I have/my firm has received "Doing Business with the State of California" (Attachment 2 – Exhibit E).

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

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

\_\_\_\_\_  
Date

6. Item 3 above notwithstanding, I certify that I am submitting the final bid proposal, four bound written copies and one unbound written copy, along with two disks containing the entire bid response in an Adobe PDF file by 4:00 p.m. (PT) on September 11, 2014.

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

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

\_\_\_\_\_  
Date

**ATTACHMENT 2**  
**STANDARD AGREEMENT AND EXHIBITS TO STANDARD AGREEMENT**

STATE OF CALIFORNIA  
**STANDARD AGREEMENT**  
STD 213 (Rev 06/03)

AGREEMENT NUMBER
REGISTRATION NUMBER

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

STATE AGENCY'S NAME  
California Department of Human Resources  
CONTRACTOR'S NAME  
[REDACTED]

2. The term of this Agreement is: February 1, 2015 Through January 31, 2020  
Five (5) years with the option to extend two (2) additional 1 year periods

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	_ pages
Exhibit B - Budget Detail and Payment Provisions (See Exhibit A)	N / A
Exhibit C - General Terms and Conditions	_ pages
Exhibit D - Special Terms and Conditions	_ pages
Exhibit E - Doing Business with the State of California	_ pages
Exhibit F - Notice of Contractor Evaluation	_ pages
Exhibit G - Discretionary Investment Advisory Agreement (for Separate Account Vehicles Only)	_ pages

Items shown with an Asterisk (\*), are hereby incorporated by reference and made part of this agreement as if attached hereto. These documents can be viewed at [www.dgs.ca.gov/contracts](http://www.dgs.ca.gov/contracts)

**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,  
[REDACTED]  
BY (Authorized Signature) DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING  
[REDACTED]

ADDRESS  
[REDACTED]

AGENCY NAME  
California Department of Human Resources

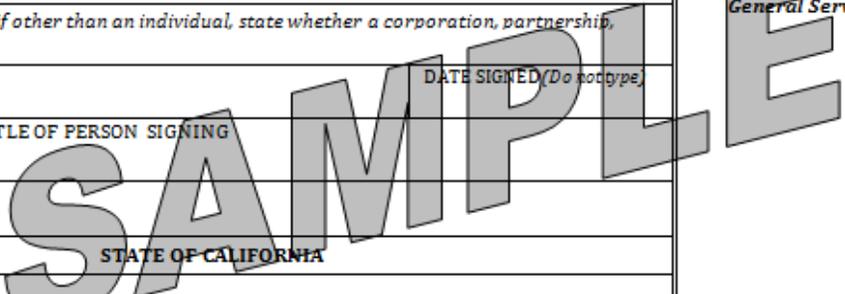
BY (Authorized Signature) DATE SIGNED (Do not type)

PRINTED NAME AND TITLE OF PERSON SIGNING  
[REDACTED]

ADDRESS

1515 "S" Street, North Bldg, Suite 400; Sacramento, CA 95811

*California Department of  
General Services Use Only*



Exempt per: [REDACTED]

EXHIBIT A-1 – SCOPE OF WORK (Separate Account Vehicles)  
AGREEMENT BETWEEN \_\_\_\_\_ AND  
THE DEPARTMENT OF HUMAN RESOURCES  
OF THE STATE OF CALIFORNIA

This AGREEMENT is made effective as of this 1<sup>st</sup> day of February 2015, by and between \_\_\_\_\_, hereinafter referred to as “Contractor,” and the California Department of Human Resources, hereinafter referred to as the “Department” or “CalHR.”

All parties understand that this Agreement and its exhibits are established to cover certain terms and conditions regarding Savings Plus Program assets invested by the Department in the Contractor’s \_\_\_\_\_ investment strategy through a separate account (“the Account”).

AGREEMENT

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, and a Thrift Plan, pursuant to IRC Section 401(k), an Alternate Retirement Program pursuant to Section 401(a) of the IRC, and a Part-time, Seasonal, and Temporary Employees Retirement Program pursuant to Section 457 of the IRC, as amended, collectively referred to as the Savings Plus Program, hereinafter referred to as “the Plans,” each of 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 represents that the appointment of the Contractor is authorized by, has been accomplished in accordance with, and does not violate the documents governing the Account; and

WHEREAS, the Department has entered into contractual agreement with a Third-Party Administrator (“TPA”), currently Aon Hewitt, which is authorized to carry out the instructions of the Department; and

WHEREAS, the Department has entered into a contractual agreement with a Trustee/Custodian, currently JPMorgan Chase Bank, N.A., which shall take and have possession of assets in the Account and is authorized to carry out the instructions of the Department; and

WHEREAS, the Department desires to utilize the Account as an authorized investment strategy in the Plans’ \_\_\_\_\_ Fund investment option, in which State employees (hereinafter referred to as “Participants”) may elect to invest; and

WHEREAS, the Department desires to utilize the Account as an authorized investment strategy in various other investment options, in which State employees (hereinafter referred to as "Participants") may elect to invest; and

WHEREAS, the Contractor is the Account's investment adviser; and

WHEREAS, this Agreement in no way constitutes an exclusive arrangement. The Department reserves the right to contract with additional investment providers that it deems appropriate for the Plans for this investment option during this contract term; 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 February 1, 2015, 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. Should the Contractor fail to commence work at the agreed-upon time, the Department, upon five days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Department shall have the right to terminate this Agreement with thirty days prior written notice to the Contractor in accordance with the Special Terms and Conditions, Exhibit D.
2. While the Plan is not subject to ERISA, the Department intends to operate as though it were. As such, the Contractor shall acknowledge its fiduciary role insofar as the advice and dealings with the Department, and the handling of the Plans' assets for which it manages.
3. The Contractor shall maintain at least \$10 million of professional liability insurance coverage for errors and omissions in its work throughout the term of the Agreement and provide evidence to the Department of such coverage.
4. The Contractor must exercise complete, unlimited discretionary management authority of the Account including the authority to purchase and sell and to invest and reinvest securities for the separate account in the name of the Department. The Account shall consist of those assets transferred by the Department to the Contractor, from time to time, together with any income or gains thereon, less any assets the Department causes to be withdrawn from the Account.
5. The Contractor must comply with written Investment Guidelines, as specified in the Discretionary Investment Advisory Agreement ("Advisory Agreement"), Exhibit G.
6. The Contractor must operate the Account in a daily unit accounting environment (e.g., process daily cash flows, keep cash allocations to stated levels, etc.).
7. The Contractor must work with the custodian designated by the Department and arrange for delivery and payment of securities bought and sold for the Account. The assets in the

Account shall be held for safekeeping for the benefit of the plans by a custodian properly appointed by the Department. The Contractor shall not act as custodian for the assets in the Account and shall not be liable to the Department for any act, conduct, or omission by the Department's Custodian. The Contractor is authorized and empowered to instruct the Custodian and to request information about the Account from the Custodian.

8. The Department shall cause the Custodian to provide the Contractor an appraisal of the assets in the Account as of the last business or trading day of each month, together with a transaction statement for the month listing all transactions occurring during the month, as well as opening and closing cash balances. These statements will be rendered on a trade date basis and will include any accrued income calculations. The Contractor shall be responsible for reconciling the Account with the Custodian on a monthly basis and shall notify the Department of all unresolved material differences no later than 20 business days after month-end.
9. The Contractor agrees to additions and withdrawals of assets. As possible, the Department will provide advance notice of significant additions or withdrawals in the Account.
10. The Contractor must vote proxies and affect corporate actions in the best interest of Plan participants and their beneficiaries invested in the Account. The Contractor shall provide the Department with quarterly proxy reports within one month following the end of each calendar quarter and will provide to the Department its proxy voting policy at least annually. The Contractor shall provide the Department with these documents more frequently if requested by the Department.
11. The Contractor must seek best execution for trades conducted in the Account.
12. The Contractor shall make available in a format acceptable to the Department information and materials necessary to inform participants of the investment.
13. The Contractor shall produce and submit to the Department monthly reports that reflect daily activity of the Account (e.g. trade activity). These statements shall be submitted, no later than thirty days after period end, to the following address:

Department of Human Resources  
Administrative Services Division  
ATTN: Accounting Office  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811

14. The Contractor will bear its proportionate share of communication costs, which includes marketing, investment education, outreach, and training costs. Currently, the formula for deriving the Contractor's share is based upon the following: one-third of the total communication costs for the period will be assessed to the Contractor based upon the Contractor's percentage of the total number of investment options offered by the Department. The remaining two-thirds of the communication costs are assessed to the Contractor based upon the percentage of total plan assets held by the Contractor. The Department shall instruct the Contractor as to the billing methodology.
15. The Contractor's annual management fee for the Account is set forth in the Advisory Agreement.

16. The Contractor shall pay all costs associated with on-site visits for due diligence reviews. Such costs shall include travel and per-diem for up to three staff from the Department or its designees. Such reviews shall occur no more frequently than bi-annually during the contract period. The Department shall instruct the Contractor as to the billing methodology.
  
17. The Contractor represents and warrants that (i) it is duly registered as an investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act") and that it provided to the Department Part 2 of its registration statement on Form ADV (the "ADV"); and (ii) the person (or persons) executing this Agreement on behalf of the Contractor has (or have) the full power and authority to execute this Agreement on behalf of the Contractor; and (iii) this Agreement has been duly authorized, executed, and delivered by the Contractor and constitutes the legal, valid, and binding obligation of the Contractor, enforceable against the Contractor in accordance with its terms; and (iv) it will notify the Department of any additions to or withdrawals of the Contractor's key management personnel and investment professionals associated with the Account within a reasonable time after such additions or withdrawals but no less frequently than quarterly; and (v) it is a business entity duly organized, validly existing and in good standing under the laws of \_\_\_\_\_ and is duly licensed, qualified, and in good standing in \_\_\_\_\_ and in all jurisdictions in which it conducts business activities; and (vi) it agrees to promptly notify the Department of any changes in the Contractor's compliance with the representations and warranties stated herein and agrees to immediately restore the representations and warranties as required by the Department in the event of a lapse. In the absence of a notice to the Department, to the contrary, the Department shall rely on the ongoing effectiveness of each representation and warranty contained herein, which representations and warranties are considered by the Department as material terms of this Agreement; and (vii) it acknowledges that it is a "fiduciary" (as that term is defined by ERISA) with respect to the Account; and (viii) it has complied, in all material respects, with all registrations required by, and will comply, in all material respects, with all applicable rules and regulations.
  
18. The Department seeks a net-of-fees, risk-adjusted return from the Account at least equivalent to \_\_\_\_\_ Index or other applicable Index, as determined by the Department, over the trailing three-year and five-year periods or as determined by the Department.
  
19. If this Agreement is terminated for any reason, the Contractor will provide the Department a copy of all records, as referenced throughout this Agreement, in hardcopy or such other form, as mutually agreed upon in writing between the Contractor and the Department, within ninety days after the effective termination date.
  
20. All notices and written communications under this Agreement shall be mailed by first class mail, postage prepaid.
  
21. The project representatives during the term of this Agreement will be as follows:

State Agency: California Dept. of Human Resources	Contractor:
Name: Administrator	Name:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

Direct all inquiries to:

State Agency: California Dept. of Human Resources Section/Unit: Savings Plus Program	Contractor:
Attention: Administrator	Attention:
Address: 1515 "S" Street, North Bldg., Suite 500, Sacramento, CA 95811	Address:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

22. All information supplied to, and all work processed or completed by, the Contractor and its agents shall be held 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.
23. The Contractor shall promptly notify the Department of any material event that may have a material adverse effect on the Contractor, the Department, or the Account.
24. The terms and conditions contained in the RFP along with the Contractor's bid response (items subject to Department's approval) 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, Exhibit F (Contractor Evaluation) to the Standard Agreement, Exhibit G to the Standard Agreement, and 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.
25. The Department and the Contractor agree that federal and state laws and regulations governing the administration of Internal Revenue Code (IRC) Section 457 and IRC Section 401(k) Plans shall supersede any provision of this Agreement.
26. Notwithstanding anything contained herein to the contrary, no party to this Agreement will be required to perform or render any services, the performance or rendition of which would be in violation of any laws relating thereto.
27. The Agreement shall be governed by, and construed in accordance with, the laws of the State of California, without applying the principles of conflicts of law thereunder. The parties irrevocably consent to the jurisdiction and venue of any federal and state courts in Sacramento County in the State of California.

EXHIBIT A-2 – SCOPE OF WORK (Mutual Fund Vehicles)  
AGREEMENT BETWEEN \_\_\_\_\_ AND  
THE DEPARTMENT OF HUMAN RESOURCES  
OF THE STATE OF CALIFORNIA

This AGREEMENT is made effective as of this 1<sup>st</sup> day of February 2015, by and between \_\_\_\_\_, hereinafter referred to as the “Contractor,” and the California Department of Human Resources, hereinafter referred to as the “Department” or “CalHR.”

All parties understand that this Agreement and its exhibits are established to cover certain terms and conditions regarding the Savings Plus Program funds invested by the Department in \_\_\_\_\_ shares of the \_\_\_\_\_ (the “Fund”).

AGREEMENT

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, and a Thrift Plan, pursuant to IRC Section 401(k), an Alternate Retirement Program pursuant to Section 401(a) of the IRC, and a Part-time, Seasonal, and Temporary Employees Retirement Program pursuant to Section 457 of the IRC, as amended, collectively referred to as the Savings Plus Program, hereinafter referred to as “the Plans,” each of 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 Aon Hewitt, 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, the Department desires to utilize \_\_\_\_\_ shares of the Fund as an authorized investment strategy of the Plans in the Plans’ \_\_\_\_\_ Fund investment option, in which State employees (hereinafter referred to as “Participants”) may elect to invest; and

WHEREAS, the Department desires to utilize the Account as an authorized investment strategy in various other investment options, in which State employees (hereinafter referred to as “Participants”) may elect to invest; and

WHEREAS, the Contractor is the Fund’s investment adviser; and

WHEREAS, this Agreement in no way constitutes an exclusive arrangement. The Department reserves the right to contract with additional investment providers that it deems appropriate for the Plans for this investment option during this contract term; 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

WHEREAS, the Fund is qualified to accept investments for plans eligible under IRC Section 457 and qualified under IRC Section 401(k) and is able to operate as a stand-alone investment option and as a part of a separate account fund-of-funds structure.

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 February 1, 2015, 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. Should the Contractor fail to commence work at the agreed-upon time, the Department, upon five days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Department shall have the right to terminate this Agreement with thirty days prior written notice to the Contractor in accordance with the Special Terms and Conditions, Exhibit D.
2. While the Plan is not subject to ERISA, the Department intends to operate as though it were. As such, the Contractor shall acknowledge its fiduciary role insofar as the advice and dealings with the Department, and the handling of the Plans' assets for which it manages.
3. For the Fund, the Contractor shall establish or cause to be established the appropriate shareholder account(s) in the name of the Master Trust for all Plan investments in the Fund pursuant to the terms of this Agreement. The Trustee shall establish one trust account, which will consist of assets of the State of California 457 Deferred Compensation Plan and the State of California 401(k) Thrift Plan. Title and ownership of such Fund account will be held in the name of "JPMorgan Chase Bank, N.A., Trustee for the State of California Savings Plus Program." Should the name of the current Trustee officially change or the Department change Trustees during the term of the Agreement, the shareholder accounts will be re-titled accordingly under the new name or the name of the new Trustee for the State of California.
4. The Contractor shall provide daily unit or share values (prices) to the Trustee's fund accounting group for the purpose of calculating a net asset value (NAV) for recordkeeping and for the purpose of participant services. The Contractor must provide these daily values to the Trustee by 6:30 p.m. Eastern Time (ET) on "Trade Day." The Contractor shall provide contingency plans to ensure the Trustee receives fund prices in a timely manner in the event of an emergency.
5. The Contractor shall provide the TPA the ability to trade electronically via NSCC for daily purchases and redemptions or via another method as mutually agreed to by the Contractor and the TPA for daily purchases and redemptions for the Fund. The Contractor, TPA, and Trustee shall work together to enable the Trustee to settle trades placed by the TPA through the NSCC or via another method as mutually agreed to by the parties. The Contractor shall provide the opportunity for the TPA/Trustee to provide additional directions once monthly or at a different frequency as determined at the Department's sole discretion in addition to the daily trade as previously stated. The Fund shall accept and process all purchase and redemption orders for plan-related transactions, including contributions, investment exchanges, rollovers or transfers from other plans, benefit payments including loans and in-service withdrawals, and required adjustments in accordance with the terms of the Fund's current prospectus ("Prospectus").

6. The TPA/Trustee shall accept Participants' instructions for transactions in units of the Fund and transmit them to the Fund in accordance with the terms of the Fund's Prospectus.
7. The Fund shall provide daily confirmation and identification of transactions through the NSCC's Fund/SERV system or via another acceptable method and provide a monthly statement of activity to the Trustee.
8. The Contractor shall wire all redeemed amounts requested by the TPA/Trustee by 4:00 p.m. (ET) on the same day if instructions are received by the Contractor by 8:30 a.m. (ET) on Trade Date +1 for daily transactions using the previous day's pricing.
9. The Contractor shall post incoming deposits promptly and accurately to the Fund with prior day pricing/crediting if instructions are received by the Contractor by 8:30 a.m. (ET) on Trade Date +1 for daily transactions.
10. If the Plans suffer a loss caused by a processing or pricing error committed by the Fund or its agents, the Contractor shall make the Plans "whole." Refer to the Errors and Omissions clause contained in Exhibit D.
11. All fees and expenses shall be netted out of the unit or share price of the investment option. Neither the Contractor nor the Fund shall charge a purchase fee, redemption fee, transfer fee, deferred sales charge, market value adjustment (MVA), or up-front sales load, or shall be willing to waive such fees or charges or refund them to the Department. Neither the Contractor nor the Fund shall apply or levy a penalty or transfer fee of any type if the Department, for any reason, finds it necessary to move or transfer investments in the Fund to protect Participants, or does not renew this contractual Agreement. However, short-term trading fees paid to the Fund designed to curtail market timing are excluded from these prohibitions.
12. The Contractor and any subcontractors must maintain financial and accounting records relating to the Plans' investments in the Fund and supporting evidence pertaining to the Plans' investments in the Fund in accordance with generally accepted accounting principles and other procedures specified by the Department. Finance and accounting records must be made available during normal business hours to the Department, the Attorney General, the State Controller, the Department of Finance and its designees during the contract period and any extension thereof, and for three years from the Agreement termination date.
13. The Contractor will bear its proportionate share of communication costs, which includes marketing, investment education, outreach, and training costs. Currently, the formula for deriving the Contractor's share is based upon the following: one-third of the total communication costs for the period will be assessed to the Contractor based upon the Contractor's percentage of the total number of investment options offered by the Department. The remaining two-thirds of the communication costs will be assessed to the Contractor, based upon the percentage of total plan assets held by the Contractor. The Department shall instruct the Contractor as to the billing methodology.
14. The Contractor shall pay all costs associated with on-site visits for due diligence reviews. Such costs shall include reasonable travel and per-diem for up to three staff from the Department or its designees. Such reviews shall occur no more frequently than bi-annually during the contract period. The Department shall instruct the Contractor as to the billing methodology.

15. The Contractor shall provide to the Department or its designee copies of any notices of shareholders' meetings, proxies and proxy soliciting materials, prospectuses, and the annual reports or other reports with respect to the Fund, as requested.
16. The Contractor shall provide advance information to the Trustee regarding the Fund's capital gains and income distributions including, but not limited to, the effective dates, the dividend rates, and the reinvestment dates.
17. The Fund shall mail to the Trustee monthly statements showing the activity in the Plans' Fund accounts. The reports shall include detailed transactional history, as well as ending balances. The reports shall also be available via DST Vision, NSCC, or similar website, as agreed to by the Contractor and the Trustee. Any reconciliation matters shall be discussed with the Contractor and Trustee. The Fund shall also submit duplicate monthly statements to the Department. These statements shall be submitted, no later than thirty days after period end, to the following address:

Department of Human Resources  
Administrative Services Division  
ATTN: Accounting Office  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811

18. The net expense ratio for the Fund's \_\_\_\_\_ share class as of \_\_\_\_\_ was \_\_\_\_\_. Any increase in the expense ratios shall be communicated to the Department twice per year via the Fund's semi-annual reports. The Contractor shall notify the Department within thirty days of the effectiveness of any significant changes to the expense ratio. The total expense ratio for the Fund's Institutional shares is expected not to exceed \_\_\_\_\_% during the term of this Agreement.
19. Shareholder services fees in the annual rate of \_\_\_\_\_ on Plan assets invested in the Fund shall be paid by the Contractor directly to the Department for the Fund. If the Contractor is unable to pay shareholder services fees directly to the Department, the fees shall be paid to the Department's designee (e.g., the TPA's affiliate broker/dealer) for the Fund. In that case, the amount attributed to all Plan assets invested in the Fund shall be subsequently remitted by the designee to the Department to offset recordkeeping expenses paid by the Department. The address for such remittances is as stated immediately above in Item 17.
20. The Department seeks a net-of-fees risk adjusted return from the Fund at least equivalent to the \_\_\_\_\_ Index, or other applicable Index as determined by the Department, over the trailing three-year and five-year periods, or as determined by the Department.  
  
The Contractor does not guarantee the investment performance of the Fund.
21. If this Agreement is terminated for any reason, the Contractor will provide the Department a copy of all records, as referenced throughout this Agreement, in hardcopy or such other form as mutually agreed upon in writing between the Contractor and the Department, within ninety days after the effective termination date.
22. All notices and written communications under this Agreement shall be mailed by first class mail, postage prepaid.
23. The project representatives during the term of this Agreement will be as follows:

State Agency: Department of Human Resources	Contractor:
Name: Administrator	Name:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

Direct all inquiries to:

State Agency: Department of Human Resources	Contractor:
Section/Unit: Savings Plus Program	
Attention: Administrator	Attention:
Address: 1515 "S" Street, North Bldg., Suite 500, Sacramento, CA 95811	Address:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

24. All information supplied to, and all work processed or completed by, the Contractor and its agents shall be held confidential and shall not be disclosed to anyone other than the Department or its designees, except as required by law or consented by the Department.
  
25. The terms and conditions contained in the RFP, as well as the Contractor's bid response (items subject to Department's approval), 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, Exhibit F (Contractor Evaluation) to the Standard Agreement, 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.
  
26. The Department and the Contractor agree that federal and state laws and regulations governing the administration of Internal Revenue Code (IRC) Section 457 and IRC Section 401(k) Plans shall supersede any provision of this Agreement.
  
27. Notwithstanding anything contained herein to the contrary, no party to this Agreement will be required to perform or render any services, the performance or rendition of which would be in violation of any laws relating thereto.

EXHIBIT A-3 – SCOPE OF WORK (Commingled Trust Vehicles)  
AGREEMENT BETWEEN \_\_\_\_\_ AND  
THE DEPARTMENT OF HUMAN RESOURCES  
OF THE STATE OF CALIFORNIA

This AGREEMENT is made effective as of this 1<sup>st</sup> day of February 2015, by and between \_\_\_\_\_, hereinafter referred to as the “Contractor,” and the California Department of Human Resources, hereinafter referred to as the “Department” or “CalHR.”

All parties understand that this Agreement and its exhibits are established to cover certain terms and conditions regarding the Savings Plus Program funds invested by the Department in an ERISA-Qualified Commingled Trust Fund of the Contractor’s \_\_\_\_\_ (the “Fund”).

AGREEMENT

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, and a Thrift Plan, pursuant to IRC Section 401(k), an Alternate Retirement Program pursuant to Section 401(a) of the IRC, and a Part-time, Seasonal, and Temporary Employees Retirement Program pursuant to Section 457 of the IRC, as amended, collectively referred to as the Savings Plus Program, hereinafter referred to as “the Plans,” each of 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 Aon Hewitt, 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, the Department desires to utilize an ERISA-qualified commingled fund for the Fund as an authorized investment strategy of the Plans in the Plans’ \_\_\_\_\_ Fund investment option, in which State employees (hereinafter referred to as “Participants”) may elect to invest; and

WHEREAS, the Department desires to utilize an ERISA-qualified commingled fund for the Fund as an authorized investment strategy in various other investment options, in which State employees (hereinafter referred to as “Participants”) may elect to invest; and

WHEREAS, the Contractor is the Fund’s investment adviser; and

WHEREAS, this Agreement in no way constitutes an exclusive arrangement. The Department reserves the right to contract with additional investment providers that it deems appropriate for the Plans for this investment option during this contract term; 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

WHEREAS, the Fund is qualified to accept investments for plans eligible under Internal Revenue Code (IRC) Section 457 and qualified under IRC Section 401(k) and is able to operate as a stand-alone investment option and as a part of a separate account fund-of-funds structure.

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 February 1, 2015, 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. Should the Contractor fail to commence work at the agreed-upon time, the Department, upon five days written notice to the Contractor, reserves the right to terminate the Agreement. In addition, the Department shall have the right to terminate this Agreement with thirty days prior written notice to the Contractor in accordance with the Special Terms and Conditions, Exhibit D.
2. While the Plan is not subject to ERISA, the Department intends to operate as though it were. The Contractor acknowledges its fiduciary role insofar as the advice and dealings with the Department, and the handling of the Plans' assets for which it manages.
3. For the Fund, the Contractor shall establish or cause to be established the appropriate shareholder account(s) in the name of the Master Trust for all Plan investments in the Fund pursuant to the terms of this Agreement. The Trustee shall establish one trust account, which will consist of assets of the State of California 457 Deferred Compensation Plan and the State of California 401(k) Thrift Plan. Title and ownership of such Fund account will be held in the name of "JPMorgan Chase Bank, N.A., Trustee for the State of California Savings Plus Program." Should the name of the current Trustee officially change or the Department change Trustees during the term of the Agreement, the shareholder accounts will be re-titled accordingly under the new name or the name of the new Trustee for the State of California.
4. The Contractor shall provide daily unit or share values (prices) to the Trustee's fund accounting group for the purpose of calculating a net asset value (NAV) for recordkeeping and for the purpose of participant services. The contractor must provide these daily values to the Trustee by 6:30 p.m. Eastern Time (ET) on "Trade Day." The Contractor shall provide contingency plans to ensure that the Trustee receives fund prices in a timely manner in the event of an emergency.
5. The Contractor shall provide the TPA the ability to trade electronically via NSCC for daily purchases and redemptions or via another method as mutually agreed to by the Contractor and the TPA for daily purchases and redemptions for the Fund. The Contractor, TPA, and Trustee shall work together to enable the Trustee to settle trades placed by the TPA through the NSCC or via another method as mutually agreed to by the parties. The Contractor shall provide the opportunity for the TPA/Trustee to provide additional directions once monthly or at a different frequency as determined at the Department's sole discretion in addition to the daily trade as previously stated. The Fund shall accept and process all purchase and redemption orders for plan-related transactions, including contributions, investment exchanges, rollovers or transfers from other plans, benefit payments including loans and in-service withdrawals, and required

adjustments in accordance with the terms of the Fund's current Fund Declaration ("Declaration").

6. The Fund shall provide daily confirmation and identification of transactions through the NSCC's Fund/SERV system or via another acceptable method and a monthly statement of activity to the Trustee.
7. The Contractor shall wire all redeemed amounts requested by the TPA/Trustee by 4:00 p.m. (ET) on the same day if instructions are received by the Contractor by 8:30 a.m. (ET) on Trade Date +1 for daily transactions using the previous day's pricing.
8. The Contractor shall post incoming deposits promptly and accurately to the Fund with prior day pricing/crediting if instructions are received by the Contractor by 8:30 a.m. (ET) on Trade Date +1 for daily transactions.
9. If the Plans suffer a loss caused by a processing or pricing error committed by the Fund or its agents, the Contractor shall make the Plans "whole." Refer to the Errors and Omissions clause contained in Exhibit D.
10. Neither the Contractor nor the Fund shall charge a purchase fee, redemption fee, transfer fee, deferred sales charge, market value adjustment (MVA), or up-front sales load, or shall be willing to waive such fees or charges or refund them to the Department. Neither the Contractor nor the Fund shall apply or levy a penalty, market value adjustment, or transfer fee of any type, if the Department, for any reason, finds it necessary to move or transfer investments in the Fund to protect Participants, or does not renew this contractual Agreement. However, short-term trading fees paid to the Fund designed to curtail market timing are excluded from these prohibitions.
11. The Contractor and any subcontractors must maintain financial and accounting records relating to the Plans' investments in the Fund and supporting evidence pertaining to the Plans' investments in the Fund in accordance with generally accepted accounting principles and other procedures specified by the Department. Finance and accounting records must be made available during normal business hours to the Department, the Attorney General, the State Controller, the Department of Finance and its designees during the contract period and any extension thereof, and for three years from the Agreement termination date.
12. The Contractor shall bear its proportionate share of communication costs, which includes marketing, investment education, outreach, and training costs. Currently, the formula for deriving the Contractor's share is based upon the following: one-third of the total communication costs for the period will be assessed to the Contractor based upon the Contractor's percentage of the total number of investment options offered by the Department. The remaining two-thirds of the communication costs is assessed to the Contractor, based upon the percentage of total plan assets held by the Contractor. The Department shall instruct the Contractor as to the billing methodology.
13. The Contractor shall pay all costs associated with on-site visits for due diligence reviews. Such costs shall include travel and per-diem for up to three staff from the Department or its designees. Such reviews shall occur no more frequently than bi-annually during the contract period. The Department shall instruct Contractor as to the billing methodology.

14. The Contractor shall provide to the Department or its designee copies of any notices of shareholders' meetings, proxies and proxy soliciting materials, and the annual reports or other reports with respect to the Fund as requested.
15. The Contractor shall make available in a format acceptable to the Department information and materials necessary to inform participants of the investment.
16. The Contractor shall provide advance information to the Trustee regarding all the Fund's capital gains and income distributions including, but not limited to, the effective dates, the dividend rates, and the reinvestment dates.
17. The Fund shall mail to the Trustee monthly statements showing the activity in the Plans' Fund accounts. The reports shall include detailed transactional history as well as ending balances. The reports shall also be available via DST Vision or similar website as agreed to by the Contractor and the Trustee. Any reconciliation matters shall be discussed with the Contractor and the Trustee. The Fund shall also submit duplicate monthly statements to the Department. These statements shall be submitted, no later than thirty days after period end, to the following address:

Department of Human Resources  
Administrative Services Division  
ATTN: Accounting Office  
1515 "S" Street, North Building, Suite 500  
Sacramento, CA 95811

18. The Contractor's annual management fee for the Fund shall be \_\_\_\_ basis points (\_\_\_\_%). Should the Contractor provide a daily NAV for the Fund that is gross of investment management fees, the Department's custodian shall deduct annual management fees from the daily unit value of the Fund. Annual management fees will be calculated in arrears on the basis of the total market value of Plan assets in the Fund. The annual fee will be calculated by the Contractor and payable each calendar quarter based upon the average month-end valuation of Plan assets in the Fund, utilizing the Department's custodian's average month-end valuations of Plan assets. The average month-end valuation of Plan assets shall be adjusted solely for monthly cash flows that are in excess of 10% of the Fund's market value on the last business day of the month immediately preceding the month in which the cash flow occurred. Fees shall be payable within 30 days following receipt of each statement.
19. The Department seeks a net-of-fees risk adjusted return from the Fund at least equivalent to the \_\_\_\_\_ Index, or other applicable Index as determined by the Department, over the trailing three-year and five-year periods, or as determined by the Department. The Contractor does not guarantee investment performance of the Fund.
20. If this Agreement is terminated for any reason, the Contractor shall provide the Department a copy of all records, as referenced throughout this Agreement, in hardcopy or such other form as mutually agreed upon in writing between the Contractor and the Department, within ninety days after the effective termination date.
21. All notices and written communications under this Agreement shall be mailed by first class mail, postage prepaid.
22. The project representatives during the term of this Agreement will be as follows:

State Agency: Department of Human Resources	Contractor:
Name: Administrator	Name:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

Direct all inquiries to:

State Agency: Department of Human Resources	Contractor:
Section/Unit: Savings Plus Program	
Attention: Administrator	Attention:
Address: 1515 "S" Street, North Bldg., Suite 500, Sacramento, CA 95811	Address:
Phone: 916-324-0536	Phone:
Fax: 916-327-1885	Fax:

23. 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.
  
24. The terms and conditions contained in the Request for Proposal, as well as the Contractor's bid response (items subject to Department's approval) 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, 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 Evaluation) to the Standard Agreement, 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.
  
25. The Department and the Contractor agree that federal and state laws and regulations governing the administration of Internal Revenue Code (IRC) Section 457 and IRC Section 401(k) Plans shall supersede any provision of this Agreement.
  
26. Notwithstanding anything contained herein to the contrary, no party to this Agreement will be required to perform or render any services, the performance or rendition of which would be in violation of any laws relating thereto.

## EXHIBIT C - GENERAL TERMS AND CONDITIONS

### APPROVAL:

This Agreement is of no force or effect until signed by both parties and approved by the Director of the Department of Human Resources or his/her designee. Contractor may not commence performance until such approval has been obtained.

### 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.

### ASSIGNMENT:

This Agreement is not assignable by the Contractor, either in whole or in part, without the consent of CalHR in the form of a formal written amendment.

### 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 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. (GC 8546.7, PCC 10115 et seq., CCR Title 2, Section 1896).

### DISPUTES:

Contractor shall continue with the responsibilities under this Agreement during any dispute.

### 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.

### 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 (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 "(Government Code Section 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.

TIMELINESS:

Time is of the essence in this Agreement.

COMPENSATION:

The consideration to be paid Contractor, as provided herein shall be in compensation for all of Contractor's services performed hereunder and expenses incurred in the performance hereof, including travel, per diem, and taxes, unless otherwise expressly so provided.

GOVERNING LAW:

This contract is governed by and shall be interpreted in accordance with the laws of the State of California without regard to choice of law rules.

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 in all respects 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.)”

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
- 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.”

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.

## EXHIBIT D - SPECIAL TERMS AND CONDITIONS

### 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.

### 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.

### 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.

### TERMINATION:

CalHR may terminate this Agreement or any Part thereof at no cost to CalHR 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 CalHR by giving CalHR 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.

PRIVITY OF CONTRACT:

The Contractor will have no privity of contract with participants of the Program. The Contractor agrees not to accept or honor any instructions that may be submitted in writing or orally by participants with respect to sub-accounts; nor shall the Contractor provide any information on the sub-accounts to any participant in writing or orally without written instruction from CalHR.

ERRORS AND OMISSIONS:

The Contractor shall be solely liable for and solely responsible to CalHR 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 CalHR 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 CalHR whole for any of CalHR'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 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 CalHR. Contractor will be liable for the postage costs associated with communicating the correction to affected plan participants.

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. CalHR may change the list of authorized persons by sending such change in writing to the Contractor.

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.)].

DRUG-FREE WORKPLACE REQUIREMENTS:

Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 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.).

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.

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).

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.

NLRB CERTIFICATION:

Contractor certifies under penalty of perjury that no more than one final, unappealable finding of contempt of court by a federal court has been issued against the contractor within the preceding two-year period.

## EXHIBIT E - DOING BUSINESS WITH THE STATE OF CALIFORNIA

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

### 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 twelve-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])

### 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.)

### 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.

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.

PAYEE DATA RECORD FORM STD. 204:

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

## EXHIBIT F - NOTICE OF CONTRACTOR EVALUATION

### Notice of Agency Evaluation of Contractor Performance Per Public Contract Code

Within sixty 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 fifteen working days of the completion of the evaluation. (PCC 10367; 10369; 10370).

EXHIBIT G - DISCRETIONARY INVESTMENT ADVISORY AGREEMENT – SEPARATE  
ACCOUNT VEHICLES ONLY

The proposer shall provide a copy of the standard Investment Advisory Agreement for the proposed investment strategy, including sample investment guidelines, as part of the Proposal Questionnaire. CalHR will amend the awarded firm's Investment Advisory Agreement, including investment guidelines, as necessary, and incorporate them as Exhibit G (Discretionary Investment Advisory Agreement).

**ATTACHMENT 3**  
**PAYEE DATA RECORD (Std. 204)**

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  
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, please 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 or other operations outside of the United States.  
Initials  
OR
  
2. \_\_\_\_\_ 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.  
Initials  
OR
  
3. \_\_\_\_\_ 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.  
Initials, plus certification below

**CERTIFICATION For # 3.**

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the prospective proposer/bidder to the clause listed above in # 3. This certification is made under the laws of the State of California.

Proposer/Bidder Firm Name (Printed)	Federal ID Number
By (Authorized Signature)	
Printed Name and Title of Person Signing	
Date Executed	Executed in the County and State of

## **ATTACHMENT 5 SUPPLEMENTAL QUESTIONNAIRE**

### **State of California Department of Human Resources (CalHR) Savings Plus Program**

#### **Passive Equity and Fixed Income Search – RFP 700-14-01**

Interested parties must complete and submit this Proposal Questionnaire. There are three components to the Proposal Questionnaire as follows:

- General Company Questionnaire (Exhibit 5-A): Firms are required to complete and submit the General Company Questionnaire.
- Strategy Specific Questionnaire (Exhibit 5-B): Firms are required to complete and submit the Strategy Specific Questionnaire for each proposed investment strategy.
- Fees Questionnaire (Exhibit 5-C): Firms are required to complete and submit the Fee Questionnaire for each proposed investment strategy.

Firms seeking to provide management services for more than one of the investment strategies discussed herein must submit a completed Exhibit 5-B and Exhibit 5-C for each strategy being proposed.

**EXHIBIT 5-A**  
**General Company Questionnaire**

**Statements of Compliance**

Affirmatively state that your firm can satisfy and will comply with and specifically re-state how your firm meets compliance with each of these components:

- (1) The Organizational Minimum Requirements and Mandatory Licensing, Experience, and Business Requirements for all firms.
- (2) The Specific Investment Strategy Requirements.
- (3) Mandatory Licensing, Experience, and Business Requirements.

The following are examples of the specific manner in which your compliance must be submitted. I.E. Bold restatement followed by your confirmation.

Organizational Minimum Requirements:

**Qualify as an SEC-registered investment advisor or provide evidence of exemption from registration.**

Manager Response: XYZ Company is an SEC-registered investment advisor and satisfies this minimum requirement.

Specific Investment Strategy Requirements

*US Large Cap Equity Index Fund – S&P 500 Index*

**Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?**

Manager Response: XYZ Company has provided this investment strategy to a U.S. Client for a minimum of five years as of June 30, 2014. Inception Date: June 2006.

**Organizational Minimum Requirements**

Does your firm qualify as an SEC-registered investment advisor or provide evidence of exemption from registration?

Has the firm managed assets for at least five years as of June 30, 2014?

Please confirm that your firm is not be the sub-advisor of the proposed investment, as submitting firms will need to contract directly with CalHR.

Will your firm serve in a fiduciary capacity for Savings Plus' fiduciary role insofar as the advice and dealings with the Department and the handling of Plan assets?

Has your firm been subject to any major enforcement activities by federal or state regulators or involved in any significant litigation surrounding investment management- only activities over the last three years? Definitions are as follows:

- Major enforcement activities include any fines and/or penalty fees paid at the firm level over \$5 million for any single instance to government agencies and/or used to reimburse investors and/or fund shareholders including but not limited to profit disgorgement, civil fraud charges, and other settlements.
- Major litigation includes any pending litigation (pending litigation defined as any claim over \$50 million), lost litigation, and/or settlements over \$5 million for any single instance.

### Specific Investment Strategy Requirements

#### *US Large Cap Equity Index Fund – S&P 500 Index*

Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?

Does your investment strategy track the S&P 500 Index with a reasonable level of tracking error for a passive mandate of this type?

If your firm is proposing a commingled vehicle structure, please confirm that the vehicle does not participate in a securities lending program.

Does the investment strategy have at least \$10 billion in assets under management as of June 30, 2014 (includes all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts)? If the proposed investment vehicle is a mutual fund or commingled fund, does the mutual fund or commingled fund have over \$8 billion in assets under management as of June 30, 2014?

Does the proposed investment vehicle conform to the following applicable total investment management fee requirements?

- For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
- For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.
- For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.17%.

Will the proposed investment vehicle be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option?

Will the investment vehicle accept 457 plan and 401(k) plan assets?

#### *US Mid Cap Equity Index Fund – S&P 400 Index*

Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?

Does your investment strategy track the S&P 400 Index with a reasonable level of tracking error for a passive mandate of this type?

If your firm is proposing a commingled vehicle structure, please confirm that the vehicle does not participate in a securities lending program.

Does the proposed investment strategy have at least \$4 billion in assets under management as of June 30, 2014 (includes all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, does the mutual fund or commingled fund have over \$2 billion in assets under management as of June 30, 2014?

Does the proposed investment vehicle conform to the following applicable total investment management fee requirements?

- For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
- For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.
- For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.27%.

Will the proposed investment vehicle be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option?

Will the investment vehicle accept 457 plan and 401(k) plan assets?

*US Small Cap Equity Index Fund – Russell 2000 Index*

Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?

Does your investment strategy track the Russell 2000 Index with a reasonable level of tracking error for a passive mandate of this type?

If your firm is proposing a commingled vehicle structure, please confirm that the vehicle does not participate in a securities lending program.

Does the investment strategy have at least \$2 billion in assets under management as of June 30, 2014 (can include all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts). If the proposed investment vehicle is a mutual fund or commingled fund, does the mutual fund or commingled fund must have over \$1 billion in assets under management as of June 30, 2014.

Does the proposed investment vehicle conform to the following applicable total investment management fee requirements?

- For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.07%.
- For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.07%.
- For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.27%.

Will the proposed investment vehicle be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option?

Will the investment vehicle accept 457 plan and 401(k) plan assets?

*Non-US Equity Index Fund – MSCI ACWI ex-US or MSCI ACWI ex-US IMI Index*

Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?

Does the proposed investment strategy track the MSCI ACWI ex-US or MSCI ACWI ex-US IMI Index with a reasonable level of tracking error for a passive mandate of this type?

If your firm is proposing a commingled vehicle structure, please confirm that the vehicle does not participate in a securities lending program.

Does the investment strategy have at least \$5 billion in assets under management as of June 30, 2014 (includes all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts)? If the proposed investment vehicle is a mutual fund or commingled fund, does the mutual fund or commingled fund have over \$2 billion in assets under management as of June 30, 2014?

Does the proposed investment vehicle conform to the following applicable total investment management fee requirements?

- For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.15%.
- For a proposed non-Sec Lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.15%.
- For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.25%.

Will the proposed investment vehicle be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option?

Will the investment vehicle accept 457 plan and 401(k) plan assets?

*Bond Index Fund – Barclays US Aggregate or the Barclays Global Aggregate (USD Hedged)*

Has your firm provided the proposed investment strategy to a U.S. client for a minimum of five years as of June 30, 2014 (includes all investment vehicles for this strategy such as mutual funds, commingled funds, and separate accounts)?

Does the proposed investment strategy track either the Barclays US Aggregate or Barclays Global Aggregate (USD Hedged) Index with a reasonable level of tracking error for a passive mandate of this type?

If your firm is proposing a commingled vehicle structure, please confirm that the vehicle does not participate in a securities lending program.

Does the proposed investment strategy have at least \$5 billion in assets under management as of June 30, 2014 (includes all investment vehicles for this investment strategy such as mutual funds, commingled trust funds, and separate accounts)? If the proposed investment vehicle is a mutual fund or commingled fund, did the mutual fund or commingled fund have over \$3 billion in assets under management as of June 30, 2014?

Does the proposed investment vehicle conform to the following applicable total investment management fee requirements?

- For a proposed separate account vehicle, the annual investment management fee must be equal to or less than 0.05%.
- For a proposed non-sec lending commingled trust vehicle, the net expense ratio or fee schedule must be equal to or less than 0.05%.
- For a proposed mutual fund vehicle, the net expense ratio or fee schedule must be equal to or less than 0.20%.

Will the proposed investment vehicle be able to operate in a daily valuation recordkeeping environment and as a stand-alone investment option?

Will the investment vehicle accept 457 plan and 401(k) plan assets?

#### Mandatory Licensing, Experience And Business Requirements

Is your firm a broker or a third party selling another company's funds?

Is your firm properly registered under the appropriate state and federal securities, insurance and banking laws?

Does your firm have more than \$1 billion in assets under management as of June 30, 2014?

Does your firm maintain at least \$5 million of professional liability insurance coverage for errors and omissions in its work as of June 30, 2014 and willing to increase the coverage to \$10 million effective February 1, 2015, if awarded the Agreement?

Does your firm confirm that it: must not charge a purchase fee, redemption fee, transfer fee, deferred sales charge, up-front sales load, or market value adjustments (MVA), or must be willing to waive such fees or charges or refund them to CalHR. In addition,

does your firm confirm the firm will not apply or levy a penalty, market value adjustment, or fee of any type, if CalHR, for any reason, finds it necessary to move or transfer funds to protect program participants and their beneficiaries, or if CalHR does not renew a contract beyond its contract term. Mutual fund short-term trading fees paid to the fund designed to curtail market timing are excluded from this requirement.

To the extent the firm is doing business in the State of California, confirm that your firm warrants that it is currently qualified to do business in this state. "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 Sec 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 firm'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.

### **Firm Background and Experience**

- 1) Provide the following information:
  - (a) Name of organization
  - (b) Complete address
  - (c) Telephone number (including area code)
  - (d) Fax number
  - (e) Name of the primary contact
  - (f) Title of the primary contact
  - (g) Email address
  - (h) Website address
- 2) Describe the ownership structure of your firm. Are there any anticipated changes in the ownership of the firm in the next 12 months? Have there been any changes in the past 5 years? If so, provide details pertaining to these changes.
- 3) Is your firm a registered investment advisor? Attach the firm's current investment advisors ADV Form, Part II (Corporate Review and Disclosure) including a current balance sheet. Insurance companies must attach a copy of their December 31, 2013 statutory filing and provide the capital and surplus of the sponsoring organization as of December 31, 2013
- 4) Provide an organizational chart, which diagrams the interrelationships between the professional staff, as well as parent-subsidiary or joint venture entities.
- 5) Is the organization involved in any line of business other than strictly asset management? If so, explain.
- 6) Describe the material developments in your organization over the past five (5) years that have impacted investment operations, investment process, or client service, etc. State the year in which these developments occurred.
- 7) Describe compliance policies in place with respect to investment professionals (i.e., guidelines, procedures, ownership and trading of personal assets and accounts, etc.).

Has your firm altered any internal compliance policies or procedures over the past two (2) years? If so, describe how.

- 8) Provide details about the investment professionals and senior personnel who have been hired by or have left your firm during the past five (5) years. Include the position/function, date hired or terminated, reason for termination, and indicate if the position was refilled.
- 9) Describe your firm's backup procedures in the event that a key investment professional assigned to this account should leave the firm or be transferred to other accounts or duties.
- 10) Over the past five (5) 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? Is there any litigation, governmental investigation, or administrative proceeding pending against your firm? If so, describe.
- 11) Describe any potential conflicts of interest your firm may have in the handling of this account.
- 12) Provide a brief history of your firm's involvement in the management of passive investment strategies. How many years has your firm provided passive investment strategies to institutional investors?

**EXHIBIT 5-B**  
**Strategy Specific Questionnaire**

Vehicle, Team, and Client Information

- (1) Provide the following information:
  - (a) Formal/official name of proposed investment strategy as it appears in the eVestment Alliance database as well as the legal name of the strategy if they are different.
  - (b) Vehicle type being proposed (e.g., mutual fund, institutional mutual fund, commingled fund, separate account)
  - (c) Share class (if applicable)
  - (d) Ticker symbol (if applicable)
  - (e) CUSIP (if applicable)
  - (f) Fund Code (if applicable)
  - (g) Other information as applicable to identify the proposed strategy
- (2) List key team members of management for the proposed investment strategy. Include team roles and primary responsibilities. Include biographies of each key investment professional including, but not limited to, tenure in the investment management business, tenure with the firm and investment strategy, and the role of each individual. Where is the investment team located?
- (3) Describe the compensation structure for investment professionals associated with the proposed product and emphasize the degree to which compensation is influenced by the proposed product performance. What percentage of total compensation is base and bonus and how is bonus determined? Also, describe the extent to which the same investment professionals are invested in the proposed product.
- (4) Does your firm have a succession plan in place for key personnel on this product? If so, explain.
- (5) Describe relevant details about the team structure and history associated with the management of the proposed investment strategy. Please list all departures and additions to the team over the last five (5) years.
- (6) Provide the total number of clients and assets as of June 30, 2014 for the specific investment strategy and vehicle you are proposing.
- (7) Provide total number of large clients and assets (i.e. accounts over \$100 million) lost over the past three (3) calendar years for the proposed investment strategy (include all investment vehicle types). List the name or type of client, mandate size, and reason for the loss.
- (8) Provide the top five largest accounts invested in the proposed investment strategy as of June 30, 2014 (include all investment vehicle types) that can be used as a reference. Provide the appropriate name and contact information.

- (9) If not included in the response to Item 8 above, list the three largest public sector defined contribution plan investments in the proposed strategy. Provide the appropriate name and contact information.

#### Investment Strategy

- (1) Discuss the process by which you are able to replicate the performance of the benchmark. Discuss advantages and disadvantages of this methodology.
- (2) Discuss how tracking error is minimized and the overall philosophy as to how tracking error is managed.
- (3) How are you able to minimize transaction costs? What trading advantages do you have as compared to your peers?
- (4) For those years where the strategy under or outperformed by a significant amount, what items contributed to this higher tracking error.
- (5) Has there ever been a change as to how your firm manages passive strategies?
- (6) Discuss your relationship with index providers and how you are able to stay current on changes with the benchmark.

#### Investment Performance

Relative to the strategy's return stream provided in the eVestment Alliance database:

- (1) Describe the composite type including, but not limited to, master feeder arrangements, eligible client restrictions, etc.
- (2) If composite performance reflects that of a separate account or commingled trust fund, does the composite comply with CFA® Institute GIPS? If not, how does it differ and why? Is GIPS compliance verified by independent 3rd party?
- (3) Are performance returns independently audited or verified? If so, how and by whom? Be specific.
- (4) Provide the inception date of the proposed investment strategy and vehicle type.

#### Operations

- (1) If the proposed vehicle is a mutual fund, discuss why other vehicle options are not available for the proposed investment strategy. Further discuss the securities lending aspect of the mutual fund and whether a non-securities lending mutual fund is available for consideration by the State of California.
- (2) If the vehicle is a mutual fund, provide the most recent prospectus. If the vehicle is a commingled fund, provide the declaration of trust and investment guidelines for the proposed investment strategy. If the vehicle is a separate account, provide a copy of the standard Investment Manager Agreement for the proposed investment strategy including sample investment guidelines.

- (3) Describe the systems or process used to monitor portfolio investment guidelines.
- (4) If the proposed vehicle is a mutual fund or commingled fund, does your firm trade the proposed fund on the NSCC platform? If not, describe how your firm would propose to work with the TPA in order to receive timely pricing for the fund given marketplace concerns about same day processing and cut off times.
- (5) Which of your firm's offices would service this account? What services would specifically be provided by which office?
- (6) Who will be the primary client service officer? Provide detailed biographical information, including years with the firm.
- (7) Provide samples of client reports and indicate their frequency. How soon after quarter-end are these reports typically available? Does your firm provide online access to these reports?
- (8) In addition, confirm your ability to meet reporting requirements as described above in this RFP's Attachment 2 Exhibit A-1 (Item 13), Exhibit A-2 (Item 17) or Exhibit A-3 (Item 17) as applicable in the circumstances.
- (9) List persons responsible for risk management and describe their role and process.
- (10) Describe the firm's capabilities to trade securities and execute relevant transactions for the proposed investment strategy? Include the following:
  - (a) Counterparty risk
  - (b) Best execution
  - (c) Number and experience of trading staff
  - (d) Procedures for selecting, monitoring, and compensating brokers
- (11) If your firm has a soft dollar policy, attach a copy. Are the firm's soft dollar practices in compliance with Securities Exchange Act Section 28(e) and the soft dollar standards of the CFA Institute?

**EXHIBIT 5-C**  
**Fees Questionnaire**

1. Please state which investment vehicle(s) you are proposing for this RFP response and state why this vehicle is preferred or recommended over others.
2. Provide the proposed total operating expense ratio (staggered fee schedule for separate account and commingled fund vehicles), including 12b(1) and sub-transfer agent fees (if applicable), for the proposed investment. Include details about available relationship pricing. If proposing a commingled fund vehicle, the custody costs should be included in the expense ratio. Custody costs associated with separate accounts will be the responsibility of CalHR. If you provide multiple vehicle fee proposals, or have the capabilities to manage this mandate in multiple vehicle structures, please specifically state which vehicle you are proposing in response to this RFP.
3. Specify if the proposed fees are the same or lower than the fees charged by the firm to other clients with accounts having a comparable size. If other accounts receive more favorable fee arrangements, explain why.
4. If the proposed vehicle is a mutual fund or commingled fund, provide the following:
  - a. If applicable, quantify the amount of revenue sharing/fee offsets for the proposed investment strategy that would be made available to CalHR. List any specific terms and conditions that must be met to receive this subsidy.
  - b. Disclose all revenue sharing/fee offset arrangements that are available to the TPA, Aon Hewitt. If the revenue sharing/fee offset arrangements are different than what would be made available to CalHR in the previous question, explain why.
5. If the proposed vehicle is a mutual fund, does your firm impose short-term trading fees related to shares bought and sold in a specific timeframe? If so, provide detailed information about the fee assessed, the period that would trigger a short-term trading fee, and the accounting aspect of imposing such fees (i.e., FIFO accounting). Also address policies in place if the TPA presently does not have the ability to track such fees due to system constraints. Will your firm allow the TPA a time period to reprogram their systems to accommodate the short-term trading fee?
6. If the proposed strategy is offered through a less expensive vehicle(s), specify the vehicle(s) type and at what asset level you require to access such vehicle(s).