



Request for Information:  
Fixed Income Investment Manager

January 8, 2018

Responses due by 5:00 P.M. EST January 26, 2018

**Indiana Finance Authority  
Request for Information:  
Fixed Income Investment Manger**

**I. INTRODUCTION**

This Request for Information (“RFI”) is issued by the Indiana Finance Authority (“IFA”), a body corporate and politic, not a state agency but an independent instrumentality exercising essential public functions, to seek responses (individually, a “Response” and collectively, the “Responses”) from entities that may be interested acting as the IFA’s Fixed Income Investment Manager (“the Investment Manager”). Any interested entity (hereinafter defined as a “Respondent”) is encouraged to respond to this RFI, in accordance with the guidelines discussed below.

The IFA shall select the Respondent that submits a Response demonstrating the greatest ability to effectively perform the Services more particularly described in Section II of this RFI. Responses to this RFI must be received by 5:00 P.M. EST on January 26, 2018. If selected, the Respondent shall enter into a Professional Services Agreement (the “Agreement”) with the IFA, a copy of which is attached as Exhibit A to this RFI.

**II. SCOPE OF WORK**

The Investment Manager’s Scope of Services (the “Services”) to be provided to the IFA shall include, but are not limited to, the following:

- Analyze IFA’s current investments in order to gain an understanding of the IFA’s overall investment portfolio and the different liquidity characteristics that are necessary for each type of account.
- Upon understanding the current investment environment, develop an investment strategy (for all IFA accounts that have a minimum balance of \$500,000) that adheres to the State of Indiana’s Investment Policy guidelines in the most efficient manner. A copy of the Investment Policy is attached as Exhibit B to this RFI.
- Implement the investment strategy across the entire investment portfolio.
- Continue to monitor the investments to make sure all assets are deployed according to the desired strategy or any shifting needs of the IFA.
- Provide accounting reconciliations of the implementation of the investment strategy.

The Respondent shall assume that the items described below shall be included in the Scope of Services for the Agreement.

### **III. GUIDELINES FOR RESPONSE**

To be considered by the IFA, a Response must include all aspects outlined in this section below:

- **Letter of Transmittal** (not to exceed one (1) page)
  - Respondent shall include a signed letter of transmittal, including a certification that, to the best of the Respondent's knowledge, all information provided therein is accurate and complete. Any false or misleading information may result in disqualification of the Respondent, at the IFA's discretion. The letter shall include the name, title, and contact information for the individual responsible for the Response.
  
- **Executive Summary** (not to exceed one (1) page)
  - Respondent may provide an executive summary of its Response and why the selection of the Respondent as the Investment Manager would best benefit the IFA.
  
- **Answers to Questions**
  - Respondent must answer all of the questions listed in Section IV of this RFI, with such answers numbered and labeled in the order provided.
  
- **Completion of Model Portfolio**
  - As prompted by Question 18 in Section IV of this RFI, the Respondent shall create a portfolio for all of the sample portfolios provided in Exhibit C of this RFI. The portfolios shall be created as of January 22, 2018 and shall abide by the State of Indiana's Investment Policy attached as Exhibit B to this RFI.
  - The Respondent shall provide the proposed portfolios in the Excel template found on the IFA website at the following link: <http://in.gov/ifa/2331.htm>.
  
- **Policy Information**
  - Respondent shall provide a summary of its policies on:
    - Prohibition of discriminatory employment practices;
    - Affirmative action/equal opportunities;
    - Use of Minority Business Enterprises;
    - Use of Women-owned Business Enterprises;
    - Enforcement of Drug-Free Workplace Initiatives;
    - Disaster Recovery Policy.
  
- **Completed Forms**
  - Respondent shall complete and sign Forms I and II, both of which are attached as Exhibit D to this RFI.

#### **IV. QUESTIONS FOR RESPONDENTS**

##### *Client Services*

1. Please include a description of how client servicing/communication responsibilities are divided between portfolio managers and client service/marketing personnel and how often portfolio managers meet with clients to review the portfolio.
2. Please describe the client-reporting process. How frequently are reports made available?
  - a. Please provide examples of client reports.

##### *Compliance*

3. Please describe the compliance assessment process, including the time period covered, testing methods, and frequency.
4. When was the last compliance assessment? Please attach a summary of the report, if possible.
5. To whom does the chief compliance officer report?
6. Please provide a copy of the registration forms you have provided to your local regulator. (If you are an SEC-registered adviser, please provide your firm's Form ADV, Part 1 and 2.)
7. When was your firm's last regulatory inspection (e.g., by the SEC in the United States or the Financial Services Authority in the United Kingdom)? Please provide a summary of the inspection results.
8. Has any regulatory body or market authority issued any orders or other sanctions against your firm in the last five years? If yes, please describe.
9. Is your firm or any affiliate the focus of any pending or ongoing litigation, formal investigation, or administrative proceedings related to money management activities? If yes, please describe.
10. Have the principals of your firm been under investigation related to money management activities in the last five years? If yes, please explain.

##### *Governance*

11. Please provide a summary of your firm's internal control structure.
12. Please describe any potential conflicts of interest your firm may have in the management of this account. If there are conflicts, please describe how they are addressed. When answering this question, you may refer to Schedule F of Form ADV Part 2 or another disclosure document, if appropriate.

##### *Trading*

13. Please describe any restrictions you may have on client-directed transactions.

- 14. Please describe your policies and procedures concerning trading and execution, including those relating to (i) how your firm seeks to achieve best execution; (ii) how your firm ensures equitable trading for all clients (i.e., the account of one client is not favored above the account of another) and exceptions to this policy, if any; (iii) allocation of trades (e.g., by portfolio manager or automated); and (iv) side-by-side management of hedge funds and other products, if applicable.
- 15. How do you monitor and manage trading costs?

*Brokerage/Soft Dollars*

- 16. What is your firm’s approach to the use of soft dollar arrangements?
  - a. Please provide your soft dollar policy.

*Key Personnel*

- 17. Please provide a list of all key personnel involved in the management of the IFA’s investment portfolio (i.e., dedicated to the IFA team), including the lead portfolio manager, marketing personnel, and research analysts. For the lead portfolio manager, please include the size and number of clients he or she currently manages. For each individual, please answer in the format below and attach biographies.

Name	Title	Education	Role at Firm	Total Inv. Exp. (years)	Tenure with Firm (years)

- 18. Has there been any departures of key personnel on the investment team in the previous five (5) years?
- 19. Please provide compensation structure of investment team and Portfolio Managers
- 20. Please include all/any regulatory reporting on each of the individuals working on the IFA’s investment portfolio, such as the Financial Industry Regulatory Authority (FINRA) BrokerCheck Reports.
- 21. Please provide a copy of the firm’s disaster recovery plan

*Proposed Investment Manager*

22. Using the sample portfolios further described in Exhibit C off this RFI, please list the specific portfolios you would put in place as of January 22, 2018. The Respondent shall provide the proposed portfolios in the Excel template found on the IFA website at the following link: <http://in.gov/ifa/2331.htm>.
23. What benchmark is most appropriate for this product and why? Should the IFA use different benchmarks for different types of portfolios?
24. Do you recommend that your firm have complete discretionary control or would you expect every trade to have IFA approval?
25. Does your firm serve any other state governments? Other types of government structures? Please list top five if applicable along with amount under management.
26. Please provide examples of portfolios under management with a heavy emphasis on Asset-Liability Management.
27. Would your firm recommend / anticipate strategic active trading of before maturities or take a more buy and hold strategy (assuming the IFA has not requested funds to be liquidated)
28. Would your firm recommend using callable maturities? If so, when, and please describe the analysis you use when comparing callables with non calls.
29. What are your thoughts on Prime Money Market Funds and should they be included into any of the IFA's portfolios?
30. Please provide fact sheet and prospectus for any co-mingled or mutual fund options, including money market funds.
31. Does your firm buy and sell "mutual funds" (comingled funds) or are all purchases individual securities?
32. Please list and describe any potential modifications to the Investment Policy attached as Exhibit B to this RFI.
33. Are you Global Investment Performance Standards (GIPS) compliant? If not, how do you report performance?

*Assets under Management*

34. Please fill out the following tables for your firm:

<b>Account Type</b>	<b>Asset Amounts</b>	<b>Number of Accounts</b>
Corporate		
Public fund		
Union/multi-employer		
Foundation and endowment		
Insurance		
High-net-worth Individuals		
Wrap accounts		
Sub-advised assets		
Other, please explain		
Total		

<b>Vehicle Type</b>	<b>Asset by Vehicle</b>	<b>Accounts by Vehicle</b>
Separate account		
Commingled fund		
Mutual fund: institutional class		
Mutual fund: retail class		

35. Please provide a representative client list for the investment team and at least three client references. For each reference, please include the client's name and the length of the relationship as well as the client's e-mail address and phone number.

*Investment Philosophy and Process*

36. Please briefly describe your firm's investment philosophy.

37. Please discuss your firm's investment strategy, screening processes, and portfolio construction methodology. How has this changed over time?

38. Are portfolios managed by individual managers or teams?

39. How frequently are investment policy or strategy meetings held?

40. Which person(s) make the ultimate decision on portfolio holdings?

### *Management Risk*

41. Do you stress test your portfolios? If so, how do you stress test your portfolios?
42. What are the largest risks you see in the IFA's portfolio examples found in Exhibit C to this RFI?
43. How do you monitor/manage risk in your portfolio?
  - a. Please provide example of risk reporting.
44. How do you manage/monitor liquidity in your portfolios?
  - a. Please provide example of liquidity risk reporting.

### *Research*

45. Please provide an overview of your research, including the use of fundamental, technical, and quantitative analyses. Please provide any additional comments that are unique to your firm.

### *Fees*

46. Please list your fee schedule for this service. Include any and all fees and breakdown fees into categories, including Assets Under Management (AUM) fees.
47. Under what circumstances are fees negotiable?
48. What is your billing frequency?

### *Accounting*

49. Will your firm provide accounting assistance for the securities that are bought and sold?
50. Does your firm typically provide this type of service?
51. Does your firm have a separate department set up for this function? If so, please list in the chart prompted by Question 16 of this section.
52. If your firm would provide accounting entry information, please provide the detail you would provide for each of the portfolios listed

## **V. EVALUATION OF RESPONSES**

### *Mandatory Requirements*



1. A Response must include all aspects outlined in Section III of this RFI
2. Respondent must have substantial experience in investing advisory and/or management. The following criteria are required and exceptions will not be granted:
  - a. Minimum ten (10) years' experience in investing advisory and/or management
  - b. Minimum of \$10.0B in assets under management
  - c. Portfolio manager with a minimum of five (5) years' experience acting as a portfolio manager
  - d. Key employees working on the IFA' investment portfolio must also have a minimum of ten (10) years' experience in investing management

#### *Evaluation Criteria*

General criteria for selection will include, but are not limited to, the following factors:

- (1). Background and Experience;
- (2). Reporting Abilities;
- (3). Cost Proposal;
- (4). Portfolio Construction; and
- (5). Investment Philosophy

#### **VI. CONTRACTUAL TERMS**

If selected, the IFA intends to enter into the Agreement with the Respondent for a term of one (1) year unless renewed or extended as set forth in the Agreement. The Respondent shall review the Agreement, attached hereto as Exhibit A to this RFI, and identify in its Response any provisions that would need to be further negotiated between the Respondent and the IFA. Unless specifically otherwise denoted in its Response, the Respondent consents and agrees to the provisions of the Agreement.

#### **VII. TIMELINE**

This RFI is being issued on January 8, 2018 (the “Issue Date”), and will be posted on the website of the IFA. If a Respondent intends to provide a Response, the Respondent should provide its contact information (including email address) to the Authorized Representative (as defined below) upon receipt hereof. The IFA may elect to issue addenda to this RFI, which will also be posted on the IFA’s website. If a Respondent provides its contact information, the IFA will also provide a copy of the addenda to the Respondent by email. The Authorized Representative and pertinent contact information is as follows:

**Mark Pascarella**  
**Director of Debt Management**  
**Indiana Finance Authority**  
**(317) 234-2228**  
[MPascarella@ifa.in.gov](mailto:MPascarella@ifa.in.gov)

Following the Issue Date, the Respondent shall not contact any person who is an employee, officer, elected official or agent of the State of Indiana, its agencies or instrumentalities, an employee, officer, member or agent of the IFA, with respect to this RFI, except the Authorized Representative identified above. The IFA may disqualify the Response of any Respondent who makes such contact.

A Response shall be delivered by email to the Authorized Representative at the email address provided above no later than 5:00 p.m. EST on January 26, 2018 (the “Due Date”). The IFA shall disqualify any response not received by such date or which does not follow the procedures and guidelines described in this RFI.

Following receipt of the Responses, the Authorized Representative may contact a Respondent for clarification or questions with respect to the contents of its Response, or request an interview with the Respondent if deemed necessary. The IFA reserves the right, in its sole discretion, to modify the anticipated timeline at any time and forego, without cause, the selection process. Therefore, if a Respondent’s Response has an expiration date, please reflect it in the Response.

## **MISCELLANEOUS**

### *Confidentiality of Response*

A Response is not confidential and will be subject to disclosure in its entirety except the parts of the Response that may be treated as confidential, in the sole discretion of the IFA, in accordance with Indiana Code 5-14-3 (“Public Records Act”). Each Respondent, by submitting a Response consents to such disclosure and expressly waives any right to contest such disclosure under the Public Records Act.

Upon receipt of a records request, the IFA will work with the Respondent to develop a redacted version of its Response, containing only those redactions consistent with the Public Records Act. The Respondent’s submission of a redacted form of its Response will confirm the Respondent’s

intent to defend against any challenges as to the adequacy of the response to a public records request, including but not limited to the Respondent's agreement to pay all costs and fees (including attorneys' fees and costs) incurred by the IFA in connection with any litigation, proceeding or request for disclosure, including in the event that the IFA determines, in its sole discretion, to intervene or participate in such proceeding.

Notwithstanding any proposed redactions and/or claims of exemption asserted by any Respondent, the IFA shall have sole discretion to determine the applicability of any exemptions under the Public Records Act and of the contents to be disclosed in response to a request thereunder. Under no circumstances will the IFA or its employees, agents (including the Authorized Representative), or members be responsible or liable to a Respondent or any other party as a result of disclosing any such materials, including the redacted material, whether the disclosure is deemed required by law or by an order of court or occurs through inadvertence, mistake or negligence on the part of the IFA, or its employees, agents, or members.

#### *Communication Between Respondent and Authorized Representative*

The Authorized Representative is the sole point of contact concerning this RFI. Respondents should submit questions about the intent or content of this RFI and request clarification of any and all procedures used for this RFI prior to submission of a Response.

The Authorized Representative may also communicate with Respondent's via e-mail. Each Respondent should provide an e-mail address with its response for ease of communication through this RFI process.

#### *Amendments to a Response*

A Respondent may submit an amended Response before the RFI Due Date. Such amended Response must be a complete replacement for the previously submitted Response and must be clearly identified as such in the submission.

#### *Amendments to the RFI*

The IFA reserves the right to cancel this RFI, modify the RFI, modify the process, or the defined Scope of Services. This RFI does not commit or bind the IFA to enter into an Agreement or proceed with the procurement described herein.

**Exhibit A to the RFI**

*IFA's Form Professional/Personal Services Agreement*

This Professional/Personal Services Agreement (“Agreement”), by and between the Indiana Finance Authority (“the IFA”) and \_\_\_\_\_, whose address is \_\_\_\_\_ (“the Service Provider”), is entered into upon the terms and conditions set forth herein. In consideration of the mutual undertakings and covenants contained herein, the parties agree as follows:

1. **Duties and Services.** The Service Provider shall provide the services more specifically described in Exhibit A attached hereto and incorporated herein by reference (the “Services”). The Service Provider understands that the Services will be delivered at the direction of the IFA.
2. **Consideration.** The IFA shall be billed on a monthly basis for fees and expenses relating to the Services. Such monthly billing statements must include detailed time entries. Total remuneration under this Agreement, including all fees and expenses, shall not exceed \_\_\_\_\_ dollars (\$\_\_\_\_\_) over the Initial Term (as defined below). In the event the Services continue beyond the Initial Term set out in this Agreement, this fee arrangement is subject to review, extension, and increase at the discretion of the IFA in consultation with the Service Provider based on the need for the continued Services. The IFA will not compensate the Service Provider for time spent responding to audit response letters, and will not pay the Service Provider to apprise other staff of the status and extent of work completed due to staffing changes made by the Service Provider.
3. **Term.** The term of this Agreement shall commence on \_\_\_\_\_ and shall remain in effect through \_\_\_\_\_ (the “Initial Term”), unless renewed or extended by mutual agreement of the parties in accordance with section 36, or unless earlier terminated in accordance with the provisions of this Agreement.
4. **Access to Records.** The Service Provider and its approved assignees and subcontractors, if any, shall maintain all books, documents, papers, accounting records, and other evidence pertaining to all costs incurred under this Agreement. They shall make such materials available at their respective offices at all reasonable times during the Initial Term of this Agreement, and for three (3) years from the date of final payment under this Agreement, for inspection by the IFA or its authorized designees. Copies shall be furnished at no cost to the IFA if requested.
5. **Assignment; Successors.** The Service Provider binds its successors and assignees to all the terms and conditions of this Agreement. The Service Provider shall not assign or subcontract the whole or any part of this Agreement without the IFA’s prior written consent. The Service Provider may assign its right to receive payments to such third parties as the Service Provider may desire without the prior written consent of the IFA, provided that the Service Provider gives written notice (including evidence of such assignment) to the IFA thirty (30) days in advance of any payment so assigned. The assignment shall cover all unpaid amounts under this Agreement and shall not be made to more than one party.

6. **Assignment of Antitrust Claims.** As part of the consideration for the award of this Agreement, the Service Provider assigns to the IFA all right, title and interest in and to any claims the Service Provider now has, or may acquire, under state or federal antitrust laws relating to the products or services which are the subject of this Agreement.
7. **Audits.** The Service Provider acknowledges that it may be required to submit to an audit of funds paid through this Agreement. Any such audit shall be conducted in accordance with IC § 5-11-1, et seq. and audit guidelines specified by the State of Indiana (the “State”).
8. **Authority to Bind Service Provider.** The signatory for the Service Provider represents that he/she has been duly authorized to execute this Agreement on behalf of the Service Provider, and has obtained all necessary or applicable approvals to make this Agreement fully binding upon the Service Provider when his/her signature is affixed, and accepted by the IFA.
9. **Changes in Work.** The Service Provider shall not commence any additional work or change the scope of the work until authorized in writing by the IFA. The Service Provider shall make no claim for additional compensation in the absence of a prior written approval and amendment executed by all signatories hereto. This Agreement may only be amended, supplemented, or modified by a written document executed in the same manner as this Agreement.

#### **10. Compliance with Laws.**

- A. The Service Provider shall comply with all applicable federal, state, and local laws, rules, regulations and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or amendment of any applicable state or federal statute, or the promulgation of rules or regulations thereunder, after execution of this Agreement shall be reviewed by the IFA and the Service Provider to determine whether the provisions of this Agreement require formal modification.
- B. The Service Provider and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the IFA or the State, as set forth in IC § 4-2-6 *et seq.*, IC § 4-2-7 *et seq.*, and the regulations promulgated thereunder. If the Service Provider has knowledge, or would have acquired knowledge with reasonable inquiry, that a state officer, employee, or special state appointee, as those terms are defined in IC § 4-2-6-1, has a financial interest in the Agreement, the Service Provider shall ensure compliance with the disclosure requirements in IC § 4-2-6-10.5 prior to the execution of this Agreement. If the Service Provider is not familiar with these ethical requirements, the Service Provider should refer any questions to the Indiana State Ethics Commission, or visit the Inspector General’s website at <http://www.in.gov/ig/>. If the Service Provider or its agents violate any applicable ethical standards, the IFA may, in its sole discretion, terminate this Agreement immediately upon notice to the Service Provider. In addition, the Service Provider may be subject to penalties under IC §§ 4-2-6, 4-2-7, 35-44-1-1-4, and under any other applicable laws.

- C.** The Service Provider certifies by entering into this Agreement, that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees, or other statutory, regulatory, or judicially required payments to the IFA or the State. Further, the Service Provider agrees that any payments due to the IFA or the State may be withheld from payments due to the Service Provider. Additionally, further work or payments may be withheld, delayed, or denied, and/or this Agreement suspended until the Service Provider is current in its payments and has submitted proof of such payment to the IFA or the State.
- D.** The Service Provider warrants that it has no pending or outstanding criminal, civil, or enforcement actions initiated by the IFA or the State, and agrees that it will immediately notify the IFA of any such actions. During the term of such actions, the Service Provider agrees that the IFA may delay, withhold, or deny work under any supplement, amendment, change order, or other contractual device issued pursuant to this Agreement.
- E.** Any payments that IFA may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC § 5-17-5.
- F.** The Service Provider warrants that the Service Provider and its subcontractors, if any, shall obtain and maintain all required registrations, permits, licenses, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the IFA. Failure to do so may be deemed a material breach of this Agreement and grounds for immediate termination and denial of further work with the IFA.
- G.** The Service Provider affirms that, if it is an entity described in IC Title 23, it is properly registered with and owes no outstanding reports to the Indiana Secretary of State.
- H.** As required by IC § 5-22-3-7:
- (1) The Service Provider and any principals of the Service Provider certify that
    - i. the Service Provider, except for *de minimis* and nonsystematic violations, has not violated the terms of
      1. IC § 24-4.7 [Telephone Solicitation Of Consumers];
      2. IC § 24-5-12 [Telephone Solicitations]; or
      3. IC § 24-5-14 [Regulation of Automatic Dialing Machines];in the previous three-hundred, sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and
    - ii. the Service Provider will not violate the terms of IC § 24-4.7 for the duration of the Agreement, even if IC § 24-4.7 is preempted by federal law.

- (2) The Service Provider and any principals of the Service Provider certify that an affiliate or principal of the Service Provider and any agent acting on behalf of the Service Provider or on behalf of an affiliate or principal of the Service Provider, except for *de minimis* and nonsystematic violations
- i. has not violated the terms of IC § 24-4.7 in the previous three- hundred, sixty-five (365) days, even if IC § 24-4.7 is preempted by federal law; and
  - ii. will not violate the terms of IC § 24-4.7 for the duration of the Agreement, even if IC § 24-4.7 is preempted by federal law.

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

**12. Confidentiality of IFA Information.** The Service Provider understands and agrees that data, materials, and information disclosed to the Service Provider may contain confidential and protected information. The Service Provider covenants that data, material, and information gathered, based upon, or disclosed to the Service Provider for the purpose of this Agreement will not be disclosed to or discussed with third parties without the prior written consent of the IFA.

**13. Continuity of Services.**

- A.** The Service Provider recognizes that the Services to be performed under this Agreement are vital to the IFA and must be continued without interruption and that, upon Agreement expiration, a successor, either the IFA or another service provider, may continue them. The Service Provider agrees to:
- i. Furnish phase-in training; and
  - ii. Exercise its best efforts and cooperation to effect an orderly and efficient transition to a successor
- B.** The Service Provider shall, upon the IFA's written notice:
- i. Perform transition services for up to sixty (60) days after this Agreement expires; and
  - ii. Negotiate in good faith a plan with a successor to determine the nature and extent of transition services required. The plan shall specify a training program and a date for transferring responsibilities for each division of work described in the plan, and shall be subject to the IFA's approval. The Service Provider shall provide sufficient experienced personnel during the transition period to ensure that the services called for by this Agreement are maintained at the required level of proficiency.

- C. The Service Provider shall allow as many personnel as practicable to remain on the job to help the successor maintain the continuity and consistency of the services required by this Agreement. The Service Provider also shall disclose necessary personnel records and allow the successor to conduct on-site interviews with these employees. If selected employees are agreeable to the change, the Service Provider shall release them at a mutually agreeable date and negotiate transfer of their earned fringe benefits to the successor.
- D. The Service Provider shall be reimbursed for all reasonable transition costs (i.e., costs incurred within the agreed period after contract expiration that result from the transition.)

#### **14. Debarment and Suspension.**

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

**15. Default by the IFA.** If the IFA, sixty (60) days after receipt of written notice, fails to correct or cure any material breach of this Agreement, the Service Provider may cancel and terminate this Agreement and institute measures to collect monies due up to and including the date of termination.

#### **16. Disputes.**

- A. Should any disputes arise with respect to this Agreement, the Service Provider and the IFA agree to act immediately to resolve such disputes. Time is of the essence in the resolution of disputes.



- B. The Service Provider agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all of its responsibilities under this Agreement that are not affected by the dispute. Should the Service Provider fail to continue to perform its responsibilities regarding all non-disputed work, without delay, any additional costs incurred by the IFA, the State, or the Service Provider as a result of such failure to proceed shall be borne by the Service Provider.
- C. The IFA may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the IFA to the Service Provider of one or more invoices not in dispute in accordance with the terms of this Agreement will not be cause for the Service Provider to terminate this Agreement, and the Service Provider may bring suit to collect these amounts without following the disputes procedure contained herein.

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

In addition to the provisions of the above paragraph, if the total amount set forth in this Agreement is in excess of \$25,000.00, the Service Provider hereby further agrees that this Agreement is expressly subject to the terms, conditions, and representations of the following certification:

This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. No award of a contract shall be made, and no contract, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Service Provider and made a part of the contract or agreement as part of the contract documents.

The Service Provider certifies and agrees that it will provide a drug-free workplace by:

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

- B.** Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Service Provider's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;
- C.** Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment, the employee will (1) abide by the terms of the statement; and (2) notify the Service Provider of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D.** Notifying the IFA in writing within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction;
- E.** Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and
- F.** Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

**18. Employment Eligibility Verification.** As required by IC § 22-5-1.7, the Service Provider swears or affirms under the penalties of perjury that the Service Provider does not knowingly employ an unauthorized alien. The Service Provider further agrees that:

- A.** The Service Provider shall not knowingly employ or contract with an unauthorized alien. The Service Provider shall not retain an employee or contract with a person that the Service Provider subsequently learns is an unauthorized alien.
- B.** The Service Provider shall require his/her/its subcontractors, who perform work under this Agreement, to certify to the Service Provider that the subcontractor does not knowingly employ or contract with an unauthorized alien. The Service Provider agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor.

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

- 19. Employment Option.** If the IFA determines that it would be in the IFA's or the State's best interest to hire an employee of the Service Provider, the Service Provider will release the selected employee from any non-competition agreements that may be in effect. This release will be at no cost to the IFA or the State or the employee.
- 20. Force Majeure.** In the event that either party is unable to perform any of its obligations under this Agreement or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately or as soon as is reasonably possible under the circumstances give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Agreement shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Agreement.
- 21. Funding Cancellation.** When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Agreement, this Agreement shall be canceled. A determination by the Director of State Budget Agency that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.
- 22. Governing Laws.** This Agreement shall be governed, construed, and enforced in accordance with the laws of the State and suit, if any, must be brought in the State of Indiana, County of Marion. The Service Provider specifically consents to this jurisdiction and venue.
- 23. Indemnification.** The Service Provider agrees to indemnify, defend, and hold harmless the IFA and the State, its agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Service Provider and/or its subcontractors, if any, in the performance of this Agreement. The IFA and the State shall **not** provide such indemnification to the Service Provider.
- 24. Independent Service Provider; Workers' Compensation Insurance.** The Service Provider is performing as an independent entity under this Agreement. No part of this Agreement, shall be construed to represent the creation of an employment, agency, partnership or joint venture agreement between the parties. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees, or subcontractors of the other party. The Service Provider, upon request from the IFA, shall provide all necessary unemployment and workers' compensation insurance for the Service Provider's employees, and a Certificate of Insurance evidencing such coverage prior to starting work under this Agreement.

## **25. Insurance.**

- A.** The Service Provider and its subcontractors (if any) shall secure and keep in force during the term of this Agreement, the following insurance coverages (if applicable), covering the Service Provider for any and all claims of any nature which may in any manner arise out of or result from the Service Provider's performance under this Agreement:
- 1)** Commercial general liability, including contractual coverage, and products or completed operations coverage (if applicable), with minimum liability limits not less than \$700,000 per person and \$5,000,000 per occurrence unless additional coverage is required by the IFA or the State. The IFA is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Agreement.
  - 2)** Automobile liability for owned, non-owned and hired autos with minimum liability limits of \$700,000 per person and \$5,000,000 per occurrence. The IFA is to be named as an additional insured on a primary, non-contributory basis.
  - 3)** Errors and Omissions liability with minimum liability limits of \$1,000,000 per claim and in the aggregate. Coverage for the benefit of the IFA shall continue for a period of two (2) years after the date of service provided under this Agreement.
  - 4)** Fiduciary Liability is required if the Service Provider is responsible for the management and oversight of various employee benefit plans and programs such as pensions, profit-sharing and savings, among others. These contractors face potential claims for mismanagement brought by plan members. Limits should be no less than \$700,000 per cause of action and \$5,000,000 per occurrence.
  - 5)** Valuable Papers coverage, available under an Inland Marine policy, is required when any plans, drawings, media, data, records, reports, billings and other documents are produced or used under this agreement. Insurance must have limits sufficient to pay for the re-creation and reconstruction of such records.
  - 6)** The Service Provider shall secure the appropriate Surety or Fidelity Bond(s) as required by the state department served or by applicable statute.
  - 7)** The Service Provider, upon request of the IFA, shall provide proof of such insurance coverage by tendering to the undersigned IFA representative, a certificate of insurance prior to the commencement of this Agreement and proof of workers' compensation coverage meeting all statutory requirements of IC § 22-3-2. In addition, proof of an "all states endorsement" covering claims occurring outside the State is required if any of the Services provided under this Agreement involve work outside of the State.

**B.** The Service Provider's insurance coverage must meet the following additional requirements:

- 1) The insurer must have a certificate of authority or other appropriate authorization to operate in the state in which the policy was issued.
- 2) Any deductible or self-insured retention amount or other similar obligation under the insurance policies shall be the sole obligation of the Service Provider.
- 3) The IFA and the State will be defended, indemnified, and held harmless to the full extent of any coverage actually secured by the Service Provider in excess of the minimum requirements set forth above. The duty to indemnify the IFA and the State under this Agreement shall not be limited by the insurance required in this Agreement.
- 4) The insurance required in this Agreement, through a policy or endorsement, shall include a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written notice to the IFA.
- 5) The Service Provider waives and agrees to require their insurer to waive their rights of subrogation against the IFA and the State.

**C.** Failure to provide insurance as required in this Agreement may be deemed a material breach of contract entitling the IFA to immediately terminate this Agreement. The Service Provider, upon request from the IFA, shall furnish a certificate of insurance and all endorsements to the IFA before commencement of this Agreement.

## **26. Key Person(s).**

- A.** If both parties have designated that certain individual(s) are essential to the Services offered under the Agreement, the parties agree that should such individual(s) separate employment from the Service Provider during the term of this Agreement for whatever reason, the IFA shall have the right to terminate this Agreement upon thirty (30) days' prior written notice.
- B.** In the event that the Service Provider is an individual, that individual shall be considered a key person and, as such, essential to this Agreement. Substitution of another for the Service Provider shall not be permitted without express written consent of the IFA.
- C.** Nothing in sections A and B, above shall be construed to prevent the Service Provider from using the services of others to perform tasks ancillary to those tasks which directly require the expertise of the key person. Examples of such ancillary tasks include secretarial, clerical, and common labor duties. The Service Provider shall, at all times, remain responsible for the performance of all necessary tasks, whether performed by a key person or others.

Key person(s) to this Agreement is \_\_\_\_\_.

- 27. Licensing Standards.** The Service Provider and its employees and subcontractors shall comply with all applicable licensing standards, certification standards, accrediting standards, and any other laws, rules, or regulations governing services to be provided by the Service Provider pursuant to this Agreement. The IFA will not pay the Service Provider for any Services performed when the Service Provider or its employees or subcontractors are not in compliance with such applicable standards, laws, rules, or regulations. If any license, certification, or accreditation expires or is revoked, or any disciplinary action is taken against the applicable license, certification, or accreditation, the Service Provider shall notify the IFA immediately and the IFA, at its option, may immediately terminate this Agreement.
- 28. Merger & Modification.** This Agreement constitutes the entire agreement between the parties. No understandings, agreements, or representations, oral or written, not specified within this Agreement will be valid provisions of this Agreement. This Agreement may not be modified, supplemented, or amended, except by written agreement signed by all necessary parties.
- 29. Minority and Women Business Enterprise Compliance.** The Service Provider agrees to comply fully with the provisions of the Service Provider's MBE/WBE participation plan. The Service Provider, upon request from the IFA, shall furnish a copy of the Service Provider's MBE/WBE participation plan.
- 30. Nondiscrimination.** Pursuant to the Indiana Civil Rights Law, specifically including IC § 22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Service Provider covenants that it shall not discriminate against any employee or applicant for employment relating to this Agreement with respect to the hire, tenure, terms, conditions, or privileges of employment, or any matter directly or indirectly related to employment, because of the employee's or applicant's race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). The Service Provider certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of Services. Breach of this paragraph may be regarded as a material breach of this Agreement, but nothing in this paragraph shall be construed to imply or establish an employment relationship between the IFA and any applicant or employee of the Service Provider or any subcontractor.

**31. Notice to Parties.** Whenever any notice, statement or other communication is required under this Agreement, it shall be sent by first- class mail or via a third-party commercial carrier to the following addresses, unless otherwise specifically advised.

A. Notices to the IFA shall be sent to:

Indiana Finance Authority  
One North Capitol Avenue  
Suite 900  
Indianapolis, IN 46204  
Phone: (317) 233-4332  
Fax: (317) 232-6786  
Attn: Public Finance Director

B. Notices to the Service Provider shall be sent to:

**[SERVICE PROVIDER NAME]**  
**[SERVICE PROVIDER ADDRESS, PHONE, FAX]**  
Attn: \_\_\_\_\_

**32. Order of Precedence; Incorporation by Reference; Interpretation.** Any inconsistency or ambiguity in this Agreement shall be resolved by giving precedence in the following order: (1) this Agreement, (2) attachments prepared by the IFA, [(3) RFI#\_\_\_\_\_, (4) Service Provider’s response to RFI#\_\_\_\_\_,] and (5) attachments prepared by the Service Provider. All attachments, and all documents referred to in this paragraph, are hereby incorporated fully by reference. Any interpretation applied to this Agreement, by the parties hereto, by an arbitrator, court of law, or by any other third party, shall not be made against the IFA solely by virtue of the IFA or its representatives having drafted all or any portion of this Agreement.

**33. Ownership of Documents and Materials.**

A. All documents, records, programs, applications, data, algorithms, film, tape, articles, memoranda, and other materials (the “Materials”) not developed or licensed by the Service Provider prior to execution of this Agreement, but specifically developed under this Agreement shall be considered “work for hire” and the Service Provider transfers and assigns any ownership claims to the IFA so that all Materials will be the property of the IFA. If ownership interest in the Materials cannot be assigned to the IFA, the Service Provider grants the IFA a non-exclusive, non-cancelable, perpetual, worldwide royalty-free license to use the Materials and to use, modify, copy and create derivative works of the Materials.

- B.** Use of the Materials, other than related to contract performance by the Service Provider, without the prior written consent of the IFA, is prohibited. During the performance of this Agreement, the Service Provider shall be responsible for any loss of or damage to the Materials developed for or supplied by the IFA and used to develop or assist in the Services provided while the Materials are in the possession of the Service Provider. Any loss or damage thereto shall be restored at the Service Provider's expense. The Service Provider shall provide the IFA full, immediate, and unrestricted access to the Materials and to the Service Provider's work product during the term of this Agreement.
- 34. Penalties/Interest/Attorney's Fees.** The IFA will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as permitted by Indiana law, in part, IC § 5-17-5, IC § 34-54-8, IC § 34-13-1, and IC § 34-52-2-3. Notwithstanding the provisions contained in IC § 5-17-5, any liability resulting from the IFA's failure to make prompt payment shall be based solely on the amount of funding originating from the IFA and shall not be based on funding from federal or other sources.
- 35. Progress Reports.** The Service Provider shall submit progress reports to the IFA upon request. The report shall be oral, unless the IFA, upon receipt of the oral report, should deem it necessary to have it in written form. The progress reports shall serve the purpose of assuring the IFA that work is progressing in line with the schedule, and that completion can be reasonably assured on the scheduled date.
- 36. Renewal Option; Extension Upon Mutual Agreement.** This Agreement may be renewed under the same terms and conditions, subject to the approval of the IFA and the Service Provider. The term of the renewed agreement may not be longer than the term of the original Agreement. Notwithstanding anything in the foregoing to the contrary, the term of the Agreement may be extended on the same terms and conditions on a month-to-month basis upon the expiration of the Initial Term. Any such extension shall be set forth in writing and signed by both parties.
- 37. Severability.** The invalidity of any section, subsection, clause, or provision of this Agreement shall not affect the validity of the remaining sections, subsections, clauses, or provisions of this Agreement.
- 38. Substantial Performance.** This Agreement shall be deemed to be substantially performed only when fully performed according to its terms and conditions, and any written amendments or supplements.
- 39. Taxes.** The IFA is exempt from most state and local taxes and many federal taxes. The IFA will not be responsible for any taxes levied on the Service Provider as a result of this Agreement.



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

**41. Termination for Default**

- A. Upon thirty (30) days' notice to the Service Provider, the IFA may terminate this Agreement in whole or in part if the Service Provider fails to:
  - 1) Correct or cure any breach of this Agreement; the time to correct or cure the breach may be extended beyond thirty (30) days if the IFA determines progress is being made and the extension is agreed to by the parties;
  - 2) Deliver the supplies or perform the Services within the time specified in this Agreement or any extension;
  - 3) Make progress so as to endanger performance of this Agreement; or
  - 4) Perform any of the other provisions of this Agreement.
  
- B. If the IFA terminates this Agreement in whole or in part, it may acquire, under the terms and in the manner the IFA considers appropriate, supplies or services similar to those terminated, and the Service Provider will be liable to the IFA for any excess costs for those supplies or services. However, the Service Provider shall continue the work not terminated.
  
- C. The IFA shall pay the contract price for completed supplies delivered and Services accepted. The Service Provider and the IFA shall agree on the amount of payment for manufacturing materials delivered and accepted, and for the protection and preservation of the property. Failure to agree will be a dispute under the provisions governing disputes. The IFA may withhold from these amounts any sum the IFA determines to be necessary to protect the IFA against loss because of outstanding liens or claims of former lien holders.
  
- D. The rights and remedies of the IFA in this clause are in addition to any other rights and remedies provided by law, equity, or under this Agreement.

**42. Travel.** No expenses for travel will be reimbursed unless specifically permitted under the scope of services or consideration provisions. Expenditures made by the Service Provider for travel will be reimbursed at the current rate paid by the IFA, and in accordance with the State of Indiana Travel Policies and Procedures as specified in the current Financial Management Circular. Out-of-state travel requests must be reviewed and approved in advance by the IFA both for availability of funds and for appropriateness per Circular guidelines.

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

**44. Work Standards.** The Service Provider shall execute its responsibilities by following and applying at all times the highest professional, technical guidelines and standards. If, in its sole discretion, the IFA becomes dissatisfied with the work product of or the working relationship with those individuals assigned to work on this Agreement, the IFA may request in writing the replacement of any or all such individuals, and the Service Provider shall grant such request. The Service Provider shall not be entitled to compensation for the time necessary to familiarize replacement personnel with the status of the Services provided and to be provided.

**Non-Collusion and Acceptance**

The undersigned attests, subject to the penalties for perjury, that he/she is the Service Provider, or that he/she is the properly authorized representative, agent, member or officer of the Service Provider, that he/she has not, nor has any other member, employee, representative, agent, or officer of the Service Provider, directly or indirectly, to the best of the undersigned's knowledge, entered into or offered to enter into any combination, collusion, or agreement to receive or pay, and that he/she has not received or paid; any sum of money or other consideration for the execution of this Agreement, other than that which appears upon the face of this Agreement.

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

**[SERVICE PROVIDER NAME]:**

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

**INDIANA FINANCE AUTHORITY:**

By: \_\_\_\_\_  
Printed Name: Dan Huge  
Title: Public Finance Director of the State of Indiana  
Date: \_\_\_\_\_

## **Exhibit B to the RFI**

### *State of Indiana – Investment Policy*

## **INVESTMENT POLICY**

### **I. Purpose:**

This document sets forth the investment policy of State Issuers, as defined below. This policy serves to ensure that the objectives listed below will be met and applies to: (1) the investment of bond proceeds for which State Issuers have investment responsibility and (2) all other funds related to debt issuance and management with respect to a body corporate and politic.

### **II. Applicability:**

This policy applies to the Indiana Finance Authority (“IFA”) and other bodies corporate and politic (collectively, “State Issuers”) including, but not limited to, the Indiana Bond Bank, Indiana Housing and Community Development Authority, Indiana State Fair Commission, Ports of Indiana, Indiana Secondary Market For Education Loans (“ISM”), and all state higher educational institutions; provided, however, that this policy shall not apply to those assets of ISM that are not encumbered by trust or otherwise, and instead the Statement of Investment Objectives and Guidelines for ISM as approved by its Board of Directors at a regularly scheduled meeting on April 17, 2014, shall apply to investment of those assets. For purposes of clarity, with respect to Conduit Debt, which is debt issued by a State Issuer and loaned to a Conduit Borrower, the Conduit Borrower, not the State Issuer shall have the investment responsibility for the proceeds of the Conduit Debt. Such proceeds may be invested in the permitted investments provided for in the resolution or indenture pursuant to which such Conduit Debt is issued and shall not be subject to the other provisions of this investment policy.

Any State Issuer may adapt its own investment policy in lieu of this policy, as long as such alternative policy is no less restrictive than this policy or is approved by the Public Finance Director.

### **III. Objectives**

The primary objectives, in priority order, of a State Issuer's investment program should be:

#### **A. Safety**

Safety of principal should be the foremost objective of the investment program. Investments should be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. Credit risk will be minimized both by diversification (limiting the potential for loss from any one issuer or any one type of security) and by limiting investments to the types of securities described in Section VI hereof. Market risk will be minimized both by structuring the portfolio so that investments generally mature in time to meet anticipated cash requirements (limiting the need to sell securities prior to maturity) and by investing primarily in shorter-term securities.

#### **B. Liquidity**

The investment portfolio should be structured so that investments generally mature in time to meet anticipated cash requirements. Further, since all cash requirements cannot be anticipated, the portfolio should consist primarily of cash equivalents and securities with active secondary or resale markets.

#### **C. Yield**

The investment portfolio should be structured with the objective of attaining a market rate of return, taking into account the constraints of safety and liquidity described above. Return on investment is less important than safety and liquidity. Return on investment should typically approximate or exceed the calculated yield on 3-month constant-maturity U.S. Treasury obligations.

#### **D. Full Investment**

To the extent practicable, all funds should be fully deployed as earning assets.

#### **E. Minimal Turnover**

Securities should typically not be sold, or investment agreements terminated, prior to maturity, with the following exceptions: (1) A declining-credit security can be sold early to minimize the potential loss of principal. (2) A security can be sold and replaced with another if such action improves the quality or yield of the portfolio. (3) A security can be sold early to meet liquidity needs.

#### **IV. Delegation of Authority**

Each State Issuer should appoint an Investment Officer that should establish controls and procedures to implement an investment program which should include regular reporting to the Public Finance Director and to the governing board of the State Issuer.

#### **V. Standard of Care**

##### **A. Prudence**

Investments should be made in accordance with the prudent person standard. This standard provides that an investor should act with the care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

Investment officers acting in accordance with this investment policy statement and any written procedures and exercising due diligence, should be relieved of personal liability for an individual security's credit risk or market price changes, provided that deviations from expected results are reported in a timely fashion and that appropriate action is taken to control adverse developments.

##### **B. Ethics and Conflicts of Interest**

Investment Officers should refrain from personal business activity that could conflict with the proper execution and management of a State Issuer's investment program, or that could impair their ability to make impartial decisions. Investment Officers should also maintain knowledge of all applicable laws, rules, and regulations; and not knowingly violate, or participate or assist in the violation of, such laws, rules, and regulations.

## VI. Permitted Investments

- A. A State Issuer is only permitted to invest indentured funds in those securities authorized by the applicable trust indenture and statutes, which authorizations are hereby made a part of this policy. In addition to restrictions under indentures, it is the policy of a State Issuer to limit allowable investments to the following types of securities:
1. U.S. Treasury securities (*e.g.* bills, notes, bonds, SLGS, STRIPS, and TIPS), which are backed by the full faith and credit of the U.S. government
  2. Federal agency obligations (including both federally related institution securities and federally sponsored agency securities), including, but not limited to, Ginnie Mae, Fannie Mae, Freddie Mac, Farmer Mac, and Federal Home Loan Bank debt
    - any full-faith-and-credit securities are permitted
    - non-full-faith-and-credit debt securities are permitted if rated in one of the two highest rating categories by one of the following rating agencies: Fitch, Moody's, and Standard & Poor's (the "Rating Agencies")
  3. Mortgage pass-through securities issued by Ginnie Mae, Fannie Mae, or Freddie Mac
    - any full-faith-and-credit securities are permitted
    - non-full-faith-and-credit pass-through securities are permitted if guaranteed by the issuing agency, and if the issuing agency is rated in one of the two highest rating categories by one of the Rating Agencies
  4. Obligations of state and local governments in the United States and their political subdivisions, if rated in one of the three highest rating categories by one of the Rating Agencies or such obligation is a pre-refunded obligation that has been legally defeased with any investments permitted in this policy
  5. Repurchase agreements, if at least 102% collateralized by any of the above
  6. Money market mutual funds regulated by the Securities and Exchange Commission
    - only no-load funds are permitted (*i.e.* no commission or fee should be charged on purchases or sales of shares)
    - permitted funds will be those that limit assets of the fund to U.S. Treasury securities, federal agency securities, and repurchase agreements collateralized by the same; or that are rated in the highest rating category by one of the Rating Agencies
    - these funds seek to maintain a stable net asset value of \$1.00 per share
    - by definition these funds will meet the requirements for portfolio maturity, portfolio quality, and portfolio diversification in Rule 2a-7 under the Investment Company Act of 1940
  7. Commercial paper, if rated in the highest rating category by one of the Rating Agencies, with a maturity not to exceed 370 days
  8. Investment agreements, if the provider is rated the equivalent of Aa3 or higher by one of the Rating Agencies

9. Time deposits (includes Certificates of Deposits, Money Market Accounts, Savings, etc) with maturities not exceeding five years, in state- or nationally-chartered banks whose deposits are insured by the Federal Deposit Insurance Corporation (“FDIC”), with balances not to exceed the FDIC coverage limit, or in any financial institution designated by the Indiana State Board of Finance as an approved depository for public funds, subject to the Indiana Board for Depositories’ Rules of Collateralization
- B. Additional securities may be added to the above approved list with the prior approval of the Public Finance Director and the governing board of the applicable State Issuer.
  - C. Investments are not permitted in certain derivatives, nor in certain mutual funds which invest primarily in such securities. Investments specifically prohibited are those characterized as being illiquid, highly volatile and difficult to value. Prohibited securities include, but are not limited to, mortgage derivatives such as Z-bonds, PAC-2s, and Re-REMICS.
  - D. Pursuant to IC 4-4-11-15(50), certain swap agreements (as defined in IC 8-9.5-9-4) are permissible as part of the bond issuance process, pursuant to the guidelines of IC 8-9.5-9-5 and IC 8-9.5-9-7 (Appendix E). These agreements include rate swap agreements, basis swaps, forward rate agreements, interest rate options, rate cap agreements, rate floor agreements, rate collar agreements, and any similar agreements (including any option to enter into any such agreement).
  - E. At times, funds may be invested for the betterment of the state economy or that of local entities within the state. These development-oriented investments may not fit the permitted investments listed above. In the future, any such investments will be subject to the prior approval of the Public Finance Director and the governing board of the State Issuer. The Indiana Seed Fund I, LLC, an existing equity investment under the former Indiana Health and Educational Facility Financing Authority, is an example that will not be subject to the requirements herein and was previously approved by that board.

## **VII. Investment Parameters**

### **A. Maximum Maturity**

To the extent possible, investments will be matched with anticipated cash flow requirements. Unless matched to a specific cash flow, a State Issuer should not typically invest in securities maturing more than five years from the date of purchase. However, reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five years, if the maturities of such investments precede the expected use of funds.



## **B. Average Maturity**

The average weighted maturity of the portfolio should not typically exceed two years.

## **C. Diversification**

Investments should be diversified by type of security and issuer. Except for cash equivalents and U.S. Treasury and Agency securities, the total portfolio should consist of no more than 40% of any single type of security.

## **D. Investment Directives**

In lieu of specific investment directives, an Investment Officer may issue general directives to the appropriate trustee for the investment of certain funds. These directives should be consistent with this Policy and the appropriate trust indenture.

## **VIII. Authorized Broker/Dealers**

- A. All financial institutions currently serving as trustee for any State Issuer or component unit of a State Issuer are authorized to provide investment services, including investment advice, to a State Issuer. In addition, the Investment Officers should maintain a list of broker/dealers authorized to provide a State Issuer with investment services and advice. Such list should be reported to a State Issuer on an annual basis. Broker/dealers may be primary dealers or regionally recognized dealers. However, any broker/dealer which desires to serve in any capacity other than as an advisor should provide a State Issuer with the following in order to be initially approved and update the same annually, every July 1, for as long as the Authorized Broker/Dealer conducts business with the IFA:
- Current audited financial statements
  - Copies of their firm's Financial Industry Regulatory Authority ("FINRA") BrokerCheck Report, including the related reporting information for all individuals who will work on the IFA Account
  - Authorized Brokers/Dealers are required to update the IFA if any new Disclosure Events are posted to their FINRA BrokerCheck Report regarding the firm or any individuals working for the firm between yearly disclosures
  - Certification of having read this Investment Policy
- B. Each Investment Officer is authorized to enter into safekeeping agreements, wire transfer agreements or other agreements necessary or useful in administering this policy. A background check is required for each Investment Officer prior to this authorization.
- C. The Investment Officers should conduct an annual review of the financial condition and registration of all broker/dealers on the authorized list.

## **IX. Safekeeping and Custody**

### **A. Communication**

All investment transactions, including, but not limited to, those completed by telephone, should be supported in writing and approved by an Investment Officer. Written communication may be made by facsimile on State Issuer's letterhead.

### **B. Book Entry**

A State Issuer should strive to invest in book-entry securities, thus avoiding physical delivery of securities. No securities should be physically stored or kept in the offices of a State Issuer.

### **C. Custodial Safekeeping**

Securities purchased from any bank or dealer, including collateral when appropriate, should generally be placed with the appropriate trustee or with an independent third party for safekeeping.

Any security that is able to be wired over the FedWire will be kept safe in a customer or trust account in a Federal Reserve Bank through the appropriate custodial bank.

Any security not able to be wired over the FedWire, that is held by the Depository Trust Corporation (DTC), should be held in the name of a State Issuer or trustee through the appropriate custodial bank.

Securities may be held by a broker/dealer to the extent the broker/dealer serves as an agent for a State Issuer or the appropriate trustee. No securities will be held by a broker/dealer without evidence of adequate Securities Investor Protection Corporation (SIPC) insurance (or protection judged to be equivalent by a State Issuer or the appropriate trustee).

### **D. Delivery vs. Payment**

All securities will be held in accounts in the name of the State Issuer or the appropriate trustee. Securities will be deposited prior to the release of funds. Securities held by a third party custodian will be evidenced by safekeeping receipts.

## **X. Performance and Reporting**

### **A. Annual Report**

The Investment Officers should prepare an investment report at least annually which should provide a clear picture of the status of the portfolio and transactions made over the preceding year. Such report should be designed to allow the governing body of a State Issuer and the Public Finance Director to ascertain whether the investment activities during the reporting period have conformed to this policy.

**B. Performance**

The portfolio should achieve a market rate of return during a market environment of stable interest rates. Portfolio performance should be compared at least annually to the yield on 3-month U.S. Treasury obligations. Such performance comparison should be included in the annual report.

## Exhibit C to the RFI

### *Sample Portfolios*

As prompted by Question 18 in Section IV of this RFI, the Respondent shall create a proposed portfolio for all of the sample portfolios listed below. The portfolios shall be created as of January 22, 2018 and shall abide by the State of Indiana's Investment Policy, attached to this RFI as Exhibit B. The Respondent should note that all figures and constraints listed in the Sample Portfolios are for illustrative purposes and actual values in the IFA's investment portfolio may differ materially.

The Respondent shall provide the proposed portfolios in the Excel template found on the IFA website at the following link: <http://in.gov/ifa/2331.htm>.

#### **SAMPLE PORTFOLIO 1**

- **Portfolio Amount:** \$30,000,000
- **Liquidity Constraints**
  - Daily Liquidity: \$1,000,000 Monthly
  - Maximum Maturity: 3 Years
  - Annual Contributions: \$4,500,000
  - Unanticipated Draw Request Needs:
    - Could need additional \$8M within three (3) months' notice
- **Uses of Funds**
  - Make loans to local municipalities
- **Custody**
  - Bank of New York Mellon
- **Investment Guidelines**
  - IFA Investment Policy

#### **SAMPLE PORTFOLIO 2**

- **Portfolio Amount:** \$7,500,000
- **Liquidity Constraints**
  - Daily Liquidity: \$1,500,000
  - Maximum Maturity: Two (2) Years
  - Annual Contributions: \$0
  - Unanticipated Draw Request Needs:
    - Could need additional \$3M with one (1) month notice
- **Uses of Funds**
  - Strategic Investment Initiatives
- **Custody**
  - Bank of New York Mellon
- **Investment Guidelines**

- IFA Investment Policy

### **SAMPLE PORTFOLIO 3**

- **Portfolio Amount:** \$12,000,000
- **Liquidity Constraints**
  - Daily Liquidity: \$3,500,000
  - Maximum Maturity: One (1) Years
  - Monthly Contributions: \$50,000
    - Once cash received, must be able to invest proceeds up to the original 1 year limit
  - Unanticipated Draw Request Needs:
    - Could need additional \$250,000 with two (2) months' notice
- **Uses of Funds**
  - Repair and Replacement of facilities
- **Custody**
  - Bank of New York Mellon
- **Investment Guidelines**
  - IFA Investment Policy

### **SAMPLE PORTFOLIO 4**

- **Portfolio Amount:** \$4,300,000
- **Liquidity Constraints**
  - Daily Liquidity: \$0
  - Maximum Maturity: Please adhere to having funds available as follows:
    - 2/1/19 - \$1,500,000
    - 2/1/20 - \$1,000,000
    - 2/1/21 - \$750,000
    - 2/1/22 - \$500,000
    - 2/1/23 - \$350,000
    - 2/1/24 - \$200,000
  - Monthly Contributions: \$0M
  - Unanticipated Draw Request Needs: \$0
- **Uses of Funds**
  - Reserve Account
- **Custody**
  - Bank of New York Mellon
- **Investment Guidelines**
  - IFA Investment Policy

## **SAMPLE PORTFOLIO 5**

- **Portfolio Amount:** \$6,000,000
- **Liquidity Constraints**
  - Daily Liquidity: \$0
  - Maximum Maturity: Six (6) Months
  - Monthly Contributions: \$1,000,000
  - Unanticipated Draw Request Needs:
    - \$6M every six (6) months
- **Uses of Funds**
  - Debt Service
- **Custody**
  - Bank of New York Mellon
- **Investment Guidelines**
  - IFA Investment Policy

**Exhibit D to the RFI**

***Forms I and II***

**FORM I - INFORMATION REGARDING RESPONDENT FIRM**

Please provide the following information:

1. Name of Respondent Firm.
2. Firm Headquarters Mailing Address.
3. Firm Headquarters Telephone number, including country code.
4. Name of Contact Person.
5. Title of Contact Person.
6. Address of Contact Person.
7. Telephone No. of Contact Person.
8. Email of Contact Person
9. Firm Classification (check one):
  - Bank
  - Insurance Company
  - SEC-Registered Investment Advisor
  - Non-U.S. Registered Investment Manager (country and entity registered with \_\_\_\_\_)
  - Other (please explain \_\_\_\_\_)
10. Name of parent firm (if any) and the name of affiliations or subsidiaries (if any).
11. Date of firm inception.
12. Name of regulatory body overseeing the firm, this product, and the dates of registration, as appropriate.
13. Will your firm have a fiduciary responsibility to the IFA?

14. Firm’s fidelity bond and fiduciary liability insurance policies, including coverage amounts.

15. Please fill out the following table, listing the number of individuals in each job function. If individuals hold multiple job functions or responsibilities, only count them once under their main responsibility and please detail this in the “Notes” section at the bottom of the table.

<b>Job Function</b>	<b>Number of Employees</b>	<b>Avg. Yrs. Experience</b>	<b>Avg. Yrs. Tenure</b>
Compliance personnel			
Portfolio managers			
Research analysts			
Traders			
Economists			
Client service			
Marketing			
Other staff			
Total firm employees			
<i>Notes:</i>			

16. Please provide an organizational chart of the firm.

Under penalty of perjury, I certify that the foregoing is true and correct, and that I am authorized to represent these matters on behalf of the firm:

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

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

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

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





5. Has any project performed or managed by the firm or, to the knowledge of the undersigned, any affiliate involved repeated or multiple failures to comply with safety rules, regulations, or requirements within the past ten years?

Yes

No

If yes, please identify the team members and the projects, provide an explanation of the circumstances, and provide owner contact information including telephone numbers.

6. Has the firm or any affiliate been found, adjudicated or determined by any federal or state court or agency (including, but not limited to, the Equal Employment Opportunity Commission, the Office of Federal Contract Compliance Programs and any applicable Indiana governmental agency) to have violated any laws or Executive Orders relating to employment discrimination or affirmative action within the past ten years, including but not limited to Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. Sections 2000 *et seq.*); the Equal Pay Act (29 U.S.C. Section 206(d)); and any applicable or similar Indiana law?

Yes

No

If yes, please explain:

7. Has the firm or any affiliate been found, adjudicated, or determined by any state court, state administrative agency, including, but not limited to, the Indiana Department of Labor, federal court or federal agency, to have violated or failed to comply with any law or regulation of the United States or any state within the past ten years governing prevailing wages (including but not limited to payment for health and welfare, pension, vacation, travel time, subsistence, apprenticeship or other training, or other fringe benefits) or overtime compensation?

Yes

No

If yes, please explain:

8. With respect to each of Questions 1-7 above, if not previously answered or included in a prior response on this form, is any proceeding, claim, matter, suit, indictment, etc. currently pending against the firm that could result in the firm being found liable, guilty or in violation of the matters referenced in Questions 1-7 above and/or subject to debarment, suspension, removal or disqualification by the federal government, any state or local government, or any foreign governmental entity?

Yes

No

If yes, please explain and provide the information requested as to such similar items set forth in Questions 1-7 above.

Under penalty of perjury, I certify that the foregoing is true and correct, and that I am authorized to represent these matters on behalf of the firm:

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

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

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

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