



**REQUEST FOR PROPOSALS (“RFP”) for  
RISK MANAGEMENT SYSTEM**

**RFP NUMBER 21-02**

**RELEASE DATE: November 29, 2021**

**DEADLINE FOR INQUIRIES: December 21, 2021 BY 3:00 PM EST**

**DEADLINE FOR SUBMISSION: January 24, 2022 BY 3:00 PM EST**

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# SECTION 1 – INTRODUCTION

## 1.1 Title

Request for Proposals (“RFP”) for Risk Management System for the Indiana Public Retirement System (“INPRS” or the “System”)

## 1.2 Overview of Request for Risk Management System

INPRS is soliciting proposals from all qualified risk management system providers who wish to be considered in providing a risk management system that will identify, assess, monitor and report on portfolio exposures and risk across asset pools, asset classes, and managers.

## 1.3 INPRS Background

### 1.3.1 History

INPRS was established by statute in 2011 as an independent body corporate and politic. The system is not a department or agency of the state but is an independent instrumentality exercising essential government functions. INPRS was established by legislation to manage the retirement funds of certain public employees throughout the State of Indiana. INPRS administers 16 funds including:

#### Defined Benefit DB Fund

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

#### Defined Contribution DC Fund

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

#### Other Postemployment Benefit / OPEB Fund

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

#### Custodial Fund

- Local Public Safety Pension Relief Fund (LPSPR)

For additional information regarding INPRS and the funds detailed above, please access: <http://www.in.gov/inprs/>.

A copy of INPRS’s most recent Comprehensive Annual Report may be reviewed at <http://www.in.gov/inprs/annualreports.htm>

### 1.3.2 Investments

INPRS manages approximately \$39 billion dollars in defined benefit and \$7 billion dollars in defined contribution assets. INPRS has an assumed rate of return on defined benefit invested assets of 6.25%. INPRS’s investment portfolio currently consists of:

#### Defined Benefit Retirement Funds

Asset Class	Benchmark	Target Allocation	Target Range
Public Equity	MSCI ACWI IMI Net Total Return	20.0%	17.0% to 23.0%
Private Markets	<p><u>Private Equity:</u> Cambridge Pooled IRR for private equity (excluding Real Estate, Timber, and Infrastructure)</p> <p><u>Private Equity</u> 60% Russell 2000, 20% EAFE Small-Cap Index, 15% Credit Suisse High-Yield Index, 5% Credit Suisse Western Europe High-Yield Index (Euro hedged), +3.00%, lagged one quarter</p> <p><u>Private Credit:</u> Cambridge Pooled IRR for Senior Debt funds in U.S. and Europe</p> <p><u>Private Credit</u> 50% Credit Suisse Levered Loan Index, 33% S&amp;P Business Development Company (“BDC”) Index, 17% Credit Suisse Western Europe Leveraged Loan Index, +1.50%, lagged one quarter</p>	<p>15.0%</p> <p>*10% Private Equity</p> <p>*5% Private Credit</p>	10.0% to 20.0%

Fixed Income – Ex Inflation-Linked	28.6% Bloomberg Long Government; 28.6% Citi World Government Bond Index, excluding United States, 25% Japan Capped, USD Hedged; 28.6% as 50% JP Morgan EMBI (hard currency debt), 50% JP Morgan GBI (local currency debt); 14.3% Opportunistic Credit as 40% Credit Suisse Leverage Loan Total Return Index, 25% BofA ML US High-Yield Total Return Index, 25% BofA ML Non-Financial Developed Markets High-Yield Constrained Total Return Index, 10% Credit Suisse Western European Leveraged Loan Total Return Index	20.0%	17.0% to 23.0%
Fixed Income – Inflation –Linked	34.5% ICE BofA ML US TIPS 15+ Years  13.8% Bloomberg US Treasury Inflation Notes 1-10 Years  51.7% Bridgewater Custom: 40% US, 30% Euroland, 15% United Kingdom, 10% Canada, 5% Sweden	15.0%	12.0% to 18.0%
Commodities	50% Bloomberg Commodity Excess Return Index  50% Bloomberg Commodity Gold Subindex	10.0%	7.0% to 13.0%
Private Real Assets	<u>Real Estate</u> 5% Real Rate of Return (net of inflation)  NCREIF ODCE NFI net 1 quarter in arrears  70% FTSE NAREIT All Equity RETIS, 30% Bloomberg US CMBS Index  <u>Infrastructure</u> 5% Real rate of return (net of inflation)  GPR Global Listed Infrastructure Organization Index (GLIO)	10.0%  *7% Real Estate  *3% Infrastructure	5.0% to 15.0%

Absolute Return	Cash + 4.00%  Custom HFRI: 40% Macro, 45% Relative Value, 5% Event Driven, 10% Fund of Funds, 0% Equity Hedge	5.0%	0.0% to 10.0%
Risk Parity	60% MSCI ACWI IMI Net Total Return, 40% Bloomberg Global Aggregate Bond Index	20.0%	15.0% to 25.0%
Total Exposure	6.75% June 2021 and prior, 6.25% July 2021 and after	115.0%	Max = 120%

### **Defined Contribution Retirement Funds**

<b>Participant Option</b>	<b>Benchmark</b>
Large Cap Equity Index Fund	S&P 500 Index
Small/Mid Cap Equity Fund	Russell Small Cap Completeness Index
International Equity Fund	MSCI ACWI ex-US IMI
Fixed Income Fund	Bloomberg US Aggregate Bond Index
Inflation Linked Fixed Income Fund	Bloomberg US TIPS Index
Money Market Fund	FTSE 3 Month US T-Bill Index
Stable Value Fund	Federal Reserve 3 YR Constant Maturity Treasury
Target Date Funds	Custom blended benchmark of above participant options

A copy of INPRS Investment Policy statement can be reviewed at [http://www.in.gov/inprs/files/INPRS\\_IPS.pdf](http://www.in.gov/inprs/files/INPRS_IPS.pdf)

## **1.4 Issuer**

INPRS is issuing this RFP in accordance with Indiana statutes governing the procurement of services and certain administrative policies of INPRS. Verus is INPRS's general consulting firm and assisted INPRS staff in preparation of this RFP and will consult on the evaluation of responses. One (1) copy of this RFP may be provided free of charge from INPRS or an electronic copy may be obtained from the following website: <http://www.in.gov/inprs/quoting.htm>. Additional copies are available at the rate of \$0.10 per page.

## **1.5 Contacts**

Inquiries from Respondents are not to be directed to any staff or member of the Board of Trustees of INPRS, except as outlined in *Section 1.6* of this RFP. Such unauthorized communication(s) may disqualify Respondent from further consideration. INPRS reserves the right to discuss any part of any response

for the purpose of clarification. Respondents will be given equal access to any communications about the RFP between INPRS and other Respondents.

## **1.6 Inquiries about the RFP for INPRS**

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

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

If it becomes necessary to revise any part of this RFP or provide additional interpretation of a provision, an addendum will be posted to InHub prior to the due date for proposals. If such addendum issuance is necessary, the Director of Vendor Management and Procurement may extend the due date and time of the proposals to accommodate such additional information requirements, if necessary.

## **1.7 Invitation to Submit Proposals**

All proposals must be submitted to the Director of Vendor Management and Procurement through InHub's online investment RFP management platform, **no later than January 24, 2022 at 3:00 PM EST**. To request access to respond to the RFP, submit the online form at <https://www.erfp.us/inprs-risk-management-rfp/>, no later than due dates outlined in *Section 1.16* of this RFP.

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

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

## **1.8 Modification or Withdrawal of Offers**

Responses to this RFP may be modified or withdrawn in writing to [support@theinhub.com](mailto:support@theinhub.com), if modifications are received prior to the date specified for receipt of proposals. Modification to or withdrawal of a proposal received after the date specified for receipt of proposals will not be considered.

INPRS may, at its option, allow all Respondents a five-calendar-day period to correct errors or omissions to their proposals. Should this necessity arise, INPRS will contact each Respondent affected. Each Respondent must submit written corrections to the proposal within five calendar days of notification. The intent of this option is to allow proposals with only minor errors or omissions to be corrected as deemed necessary by INPRS. Major errors or omissions, such as the failure to include prices, will not be considered by INPRS as a minor errors or omission and may result in disqualification of the proposal from further evaluation.

## 1.9 Confidential Information

Respondents are advised that materials contained in proposals are subject to Indiana's Access to Public Records Act ("APRA"), IC 5-14-3 *et seq.*, and, after the contract award, the entire RFP file may be viewed and copied by any member of the public, including news agencies and competitors. The responses are deemed to be "public records" unless a specific provision of IC 5-14-3 protects it from disclosure.

Respondents claiming a statutory exception to the APRA **must indicate so in the Transmittal Letter.** (See Section 2.2.5 for instructions.) Confidential Information must be clearly marked in a separate folder. The Respondent **must provide a separate redacted (for public release) version of the document.**

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

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

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

## 1.10 RFP Response Costs

INPRS accepts no obligation for costs incurred by Respondents in preparation of a proposal or any other costs incurred in anticipation of being awarded a contract.

## 1.11 Proposal Life

All proposals made in response to this RFP must remain open and in effect for a period of not less than 180 days after the due date specified above. Any proposal accepted by INPRS for the purpose of contract negotiations shall remain valid until superseded by a contract or until rejected by INPRS.

## 1.12 Taxes

INPRS is exempt from federal, state, and local taxes. INPRS will not be responsible for any taxes levied on the Respondent as a result of any contract resulting from this RFP.

## 1.13 Secretary of State Registration

Before an out-of-state corporate Respondent can do business with INPRS, the Respondent must be registered with the Indiana Secretary of State. If an out-of-state corporate Respondent does not have such registration at present, the Respondent should contact:

Secretary of State of Indiana  
Corporations Division



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

For the necessary registration application form, or it can be accessed via the internet at the web address provided in Appendix B.2. It is each Respondent's responsibility to register prior to the initiation of any contract discussions, but registration is not a requirement to submit a response.

#### **1.14 Discussion Format**

INPRS reserves the right to conduct discussions, either oral or written, with those Respondents determined by INPRS to be reasonably viable to being selected for award. INPRS also reserves the right to seek clarification to resolve issues as deemed necessary by INPRS.

#### **1.15 Compliance Certification**

Responses to this RFP serve as a representation that the Respondent and its principals, have no current or outstanding criminal, civil, or enforcement actions initiated by the State of Indiana, and Respondent agrees that it will immediately notify INPRS of such actions should they arise. The Respondent also certifies that neither it nor its principals are presently in arrears in payment of its taxes, permit fees, or other statutory, regulatory, or judicially required payments to the State of Indiana. The Respondent agrees that INPRS may initiate a background check on the Respondent and/or its principals in order to confirm, at any time, that no such liabilities exist, and, if such liabilities are discovered, that INPRS may bar the Respondent from contracting with INPRS, cancel existing contracts, withhold payments to set off such obligations, and withhold further payments or purchases until the entity is current in its liability to the State of Indiana and has submitted proof of such payment to INPRS.

## 1.16 Summary of Milestones

The following is the expected timeline for this solicitation:

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<b>ACTIVITY</b>	<b>EXPECTED DATE</b>
<b>Release of RFP</b>	<b>November 29, 2021</b>
<b>Respondent's Inquiry Period Ends</b>	<b>December 21, 2021, 3:00 P.M. (EST)</b>
<b>Answers to Inquiries Published to InHub</b>	<b>January 10, 2022</b>
<b>Respondent RFP Submissions Due in InHub</b>	<b>January 24, 2022, 3:00 P.M. (EST)</b>
<b>Finalist Presentations</b>	<b>March 2022</b>
<b>Service Awarded</b>	<b>April 2022</b>
<b>Contract Negotiation</b>	<b>May 2022</b>

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

### **2.1 General Instructions**

To facilitate the timely evaluation of proposals, a standard format for proposal submission has been developed and is documented in this section. All Respondents are required to format their proposals in a manner consistent with the guidelines described below.

A complete proposal must be submitted electronically per the guidelines in *Section 1.7* of this RFP and must include the following:

- A transmittal letter (with the information in *Section 2.2* of this RFP).
- A business proposal (with the information and attachments described in *Section 2.3* of this RFP).
- A fee proposal (with the information in *Section 2.4* of this RFP).
- Written responses to each of the mandatory qualifications and requirements described in *Section 4* of this RFP.

### **2.2 Transmittal Letter**

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

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

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

#### **2.2.2 Identification of Respondent**

The transmittal letter must identify the following information:

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

#### **2.2.3 Summary of Ability and Desire to Supply the Required Services**

The transmittal letter must briefly summarize the Respondent's ability to supply the requested services. The letter must also contain a statement indicating the Respondent's willingness to provide the requested services subject to the terms and conditions set forth in the RFP, including INPRS's standard contract clauses.

#### **2.2.4 Signature of Authorized Representative**

An authorized representative of the Respondent must sign the transmittal letter. Respondent personnel signing the transmittal letter of the proposal must be legally authorized by the organization to commit the organization contractually. This section must contain proof of such authority. A copy of corporate bylaws or a corporate resolution adopted by the board of directors indicating this authority will fulfill this requirement.

Respondent must also attach a signed letter (as APPENDIX G – ATTESTATION LETTER) to the organization’s RFP response stating that a principal or other authorized representative has read the organization’s RFP response and attests to the accuracy and completeness of all information provided therein.

#### **2.2.5 Confidential Information**

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

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

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

#### **2.2.6 Other Information**

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

### **2.3 Business Proposal**

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

#### **2.3.1 Executive Summary**

See Appendix F Executive Summary of RFP.

#### **2.3.2 Relevant Experience**

See Appendix C Questionnaire.

### **2.3.3 Organizational Capability**

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

#### **i. Personnel**

See Appendix C Questionnaire

#### **ii. Registration to do Business**

Respondents proposing to provide services required by this RFP are required to be registered to do business within the state with the Indiana Secretary of State. The contact information for this office may be found in *Section 1.13* of this RFP. This process must be concluded prior to contract negotiations with INPRS. It is the Respondent's responsibility to successfully complete the required registration with the Secretary of State. The Respondent must indicate the status of registration, if applicable, in this section of the proposal.

#### **iii. Financial Statements and Quality Assurance Report**

This section must include the Respondent's financial statements, including an income statement and balance sheet for each of the two most recently completed fiscal years. In addition, please provide a copy of the Respondent's most recent financial statement audit report.

### **2.3.4 Required Questionnaire, Appendix C**

Complete the questionnaire, Appendix C

### **2.3.5 Assumptions**

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

## **2.4 Fee Proposal**

As described in Appendix D – Fee Proposal, please provide a detailed fee proposal. Fee calculations/formulas shall assume U.S. dollars. The Services detailed in SECTION 3 – SCOPE OF SERVICES of this RFP are the basis for the proposed fees. The proposed fees shall include all costs for providing Services to INPRS as described and shall be guaranteed through the contract term. In no case will the final fee be higher than the fee contained in the Proposal. Payment of fees shall be quarterly in arrears.

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

## SECTION 3 – SCOPE OF SERVICES

The primary objective is to provide INPRS with portfolio analytics and risk management system services for the management of the defined benefit and defined contribution retirement plans. This risk management system should be a multi-asset class, investment portfolio analytics and risk management system to assist in identifying, assessing, monitoring, and reporting on portfolio exposures and risk, both absolute and relative to benchmarks. The solution should cover all investment managers and asset classes within the asset pools and enable a comprehensive view of aggregate total risk and active risk across the asset pools and within each asset class.

Through this search, INPRS seeks to procure a portfolio analytics and risk system that will generate risk reports and analysis for the benefit of the Investment team and the INPRS Board.

The risk management solution should have the following capabilities:

- Source, aggregate and load data from various vendors including custodian, investment managers, fund of funds and various service providers, including investment consultants
- Integrate manager holdings and benchmark information across all asset classes including: equities, fixed income, absolute return (hedge funds), private equity, private credit, private real assets, risk parity and commodities. The ideal solution would provide the ability to integrate position and exposure details across all managers and holdings across all asset classes within a business day
- Stress Testing and Scenario Analysis: the ability to measure potential losses given certain historical and prospective events
- Factor exposures: the ability to identify and measure INPRS's exposure to various risk factors, such as equity, credit, rates, inflation, and currencies
- Portfolio reporting: risk and exposure with the capabilities of performance reporting
- Value at Risk (VaR): the ability to measure VaR at the manager, sub-asset class, asset class, and asset pool level
- Reporting: asset level detail reports, individual manager level reporting, portfolio level reporting and Total Fund level reporting; and the ability to create and run reports necessary to perform ad hoc analysis;
- Liquidity analysis: the ability to evaluate the liquidity of individual managers and funds, and to roll this up to the asset pool level to evaluate the asset pool's liquidity profile.

## SECTION 4 – MANDATORY MINIMUM QUALIFICATIONS

Respondents must meet all of the following minimum qualifications, and agree to meet each of the following requirements, to be given further consideration. Failure to satisfy each of the minimum qualifications, or agree to meet each of the following requirements, will result in the immediate rejection of the proposal.

- The firm has created or demonstrated the ability to provide a portfolio risk management system for institutional clients that covers all asset classes in the portfolio
- The firm must allow INPRS to perform a live demo of the multi-asset investment risk system

within a client unique test environment, for a period of no less than four weeks.

- The firm must be able to provide services that can collect and aggregate, on the client's behalf, holdings-level data from multiple sources.
- The agreement must be assessed based on a fixed fee structure, as opposed to a percentage of assets under advisement

The firm's team must provide written responses to each of the aforementioned mandatory qualifications and requirements substantiating how your firm satisfies each qualification and confirming that your firm will satisfy each requirement. The responses must contain sufficient information as prescribed to assure its accuracy.

## **SECTION 5 – CONTRACT AWARD**

Based on the results of this process, the qualifying proposal(s) determined to be the most advantageous to INPRS, taking into account all of the evaluation factors, may be selected by INPRS for contract award. If, however, INPRS decides that no proposal is sufficiently advantageous, INPRS may take whatever further action is deemed best in its sole discretion, including making no contract award. If, for any reason, a proposal is selected and it is not possible to consummate a contract with the Respondent, INPRS may begin contract preparation with the next qualified Respondent or determine that it does not wish to award a contract pursuant to this RFP.

INPRS reserves the right to discuss and further clarify proposals with any or all respondents. Additionally, INPRS may reject any or all proposals received or to award, without discussions or clarifications, a contract on the basis of proposals received. Therefore, each proposal should contain the Respondent's best terms from a price and technical standpoint. INPRS also reserves the right to divide the contract to two (2) or more respondents, in its sole discretion, in all respects.

The Executive Director or his designee(s) will, in the exercise of his/her discretion, determine which proposal(s) offer the best means of servicing the interests of INPRS. The exercise of this discretion will be final.

### **5.1 Length of Contract**

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

### **5.2 Evaluation Criteria**

INPRS has selected a group of qualified personnel to act as an evaluation team. The procedure for evaluating the responses against the evaluation criteria will be as follows:

- Each response will be evaluated on the basis of the criteria listed below.
- Based on the results of the evaluation, the Proposal or Proposals determined to be most advantageous to INPRS, taking into account all of the evaluation factors, may be selected by

INPRS for further action.

- In addition, the evaluation team will consider other factors they believe to be material for this selection.

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

Specific criteria will include:

1. Risk Management System Capabilities:
  - a. Breadth of asset class coverage provided by the proposed solution;
  - b. Breadth of risk analytics and portfolio monitoring tools;
  - c. Level and method of customization; and
  - d. Ability to automate data entry from the custodian bank and other sources
2. Data Management and System Administration:
  - a. Service level agreement;
  - b. Documented experience of successfully completing contracts of a similar size and scope to those required by this RFP; and
  - c. The firm's detailed approach and plans to perform the services required by this RFP.
3. Reporting capabilities and ongoing relationship
4. Total Price.



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

The following sample contract is the base contract that will be used if an award is made. It is the expectation of INPRS that the Respondent will review the sample contract and provide desired changes to INPRS at the time of submittal of a proposal. Desired changes are unlikely to be added unless INPRS determines in its sole discretion that the performance of services under the contract is dependent upon such changes.

If Respondent wishes to amend any term or change any language in the base contract being submitted, proposed language should be included in the business proposal in the form of an amendment to the base contract. See *paragraph 2.3.6* of this RFP for the applicable section of the business proposal. For each proposed revision, the Respondent should indicate that the change is required by the Respondent in any contract resulting from this RFP and why it is required or indicate that the change is desired (but not required) by the Respondent in any contract resulting from this RFP.

If a required change is unacceptable to INPRS, the Respondent's proposal may be considered unacceptable. It should be noted that *Appendix A.1* of this RFP includes the essential clauses that are non-negotiable.

The Respondent is required to clearly identify and explain any exception that it desires to take to any of the terms and conditions of this Solicitation in the business proposal. The evaluation of a proposal may be negatively affected by exception taken by the Respondent to any part of this Solicitation, and INPRS reserves the right, in its sole discretion, to refuse to consider any exception that is not so identified in the Respondent's proposal.

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

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

As part of the Request for Proposal (RFP) process, you are required to review the Indiana Public Retirement System’s (the “System”) sample Contract for Services and submit comments with your proposal. The following clauses are non-negotiable. If you believe that a clause will affect your risk of liability, you should adjust your bid price accordingly.

#### (Section 4) Access to Records

The System will not agree to any provision eliminating this requirement or requiring the System records to be retained for less than applicable law, including Indiana’s public records retention schedule.

#### (Section 7) Audit and Audit Settlement

The System is subject to audits by the Indiana State Board of Accounts. Therefore, the System will not accept any substantive modifications to the language under this Section.

#### (Section 11) Compliance with Laws

The Indiana Attorney General requires this provision in all State of Indiana contracts. Contractor and its agents must abide by the ethical requirements set forth in Indiana Code, including provisions regarding the telephone solicitation of customers. As the System is subject to the jurisdiction of the State Ethics Commission and State ethics rules, the System will not agree to delete these provisions.

#### (Section 13) Confidentiality of System Information

Although the System is subject to Indiana’s public records laws, many of the System records are confidential public records that cannot be disclosed. In addition, the Indiana Attorney General requires the Social Security disclosure clause in all State of Indiana contracts.

#### (Section 17) Disputes

The System will not agree in advance to any binding resolution clauses, except those of the State of Indiana courts; however, the System may agree to alternative dispute resolution options, should a dispute arise.

#### (Section 18) Drug-Free Workplace Certification

To ensure compliance with the Governor of Indiana’s executive order on drug-free workplaces, these provisions are required in all the System contracts. The System will not accept any modifications of the language under this Section.

#### (Section 23) Governing Law

The contract must be governed by the laws of the State of Indiana, and suit, if any, must be brought in a state court of jurisdiction in the State of Indiana. As a quasi-governmental agency, the System is protected by the Eleventh Amendment of the United States Constitution, which guarantees that state governments hold sovereign immunity and are immune from federal lawsuits initiated by citizens of another state. The System will not agree to any provision that can be construed as waiving the System’s Eleventh Amendment rights.

#### (Section 25) Indemnification

The System will not agree to any modification that limits Contractor’s responsibility to indemnify the System as described in this Section. The Indiana Attorney General has opined that any agreement requiring the System to indemnify Contractor is a violation of the Indiana Constitution and against public policy. In addition, the System will not agree to any modification that limits the System’s ability to recover damages or limits Contractor’s liability as described in the contract.

(Section 33) Minority and Women’s Business Enterprise Compliance

Indiana law requires this provision in all System contracts. In the event Contractor uses a subcontractor to complete services pursuant to this contract, Contractor must visit the Indiana Department of Administration’s Web site, which contains a list of subcontractors registered as Minority Business Enterprises and/or Women’s Business Enterprises. If a subcontractor who performs services required under the contract is listed on the Web site, Contractor must give that subcontractor the opportunity to bid. If Contractor does not use a subcontractor to complete services pursuant to this contract, Contractor will be unaffected by this provision.

(Section 34) Nondiscrimination

The Indiana Attorney General requires this provision in all State of Indiana contracts. The System will not agree to limit Contractor’s liability under this provision, nor will the System agree to substitute Contractor’s discrimination policy for the requirements under this Section.

(Section 51) Investigations and Complaints

As part of the System’s fiduciary and due diligence obligations, this is an essential clause in the System’s contracts. The System will not accept material changes to this provision.

**Additional contract provisions to which the System will not agree:**

- Any provision requiring the System to provide insurance or an indemnity;
- Any provision requiring the contract to be construed in accordance with the laws of any state other than Indiana;
- Any provision requiring suit to be brought in any state other than Indiana;
- Any mandatory dispute resolution other than the courts;
- Any provision requiring the System to pay taxes;
- Any provision requiring the System to pay penalties, liquidated damages, interest, or attorney fees;
- Any provision modifying the statute of limitations;
- Any provision relating to a time in which the System must make a claim;
- Any provision requiring payment in advance, except for rent; and
- Any provision limiting disclosure of information in contravention of the Indiana Access to Public Records Act

**Acknowledgement**

We have reviewed and agree to the System’s mandatory contract provisions.

Signature: \_\_\_\_\_

Name/Title: \_\_\_\_\_

Company: \_\_\_\_\_

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

## A.2 Appendix - SAMPLE CONTRACT FOR SERVICES

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

WHEREAS, the System issued a [Request for Proposal (RFP \_\_\_\_\_)]/Request for Quote] on \_\_\_\_\_, in which Contractor responded;

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

WHEREAS, Contractor is willing to provide such services;

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

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

**7. Audit and Audit Settlement.** Contractor acknowledges that it may be required to submit to an audit of funds paid through the Contract. Any such audit shall be conducted in accordance with IC § 5-11-1 *et seq.* and audit guidelines specified by INPRS. If an error is discovered as a result of an audit performed by INPRS and Contractor, or if Contractor becomes aware of any error through any other means, Contractor shall use its best efforts to promptly correct such error or to cause the appropriate party to correct such error.

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

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

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

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

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

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

**10. Changes in Work.** The Contractor shall not commence any additional work or change the scope of the work until authorized in writing by the System. The Contractor shall make no claim for additional compensation in the absence of a prior written approval and amendment executed by all signatories hereto. This Contract may only be amended, supplemented or modified by a written document executed in the same manner as this Contract.

**11. Compliance with Laws.**

A. The Contractor shall comply with all applicable federal, state and local laws, rules, regulations and

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

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

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

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

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

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

G. The Contractor hereby affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.

H. As required by IC §5-22-3-7:

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

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

(i) IC §24-4.7 [Telephone Solicitation Of Consumers];

(ii) IC §24-5-12 [Telephone Solicitations]; or

(iii) IC §24-5-14 [Regulation of Automatic Dialing Machines];

in the previous three hundred sixty-five (365) days, even if IC §24-4.7 is preempted by federal law; and

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

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

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

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

**14. Continuity of Services.**

A. The Contractor recognizes that the service(s) to be performed under this Contract are vital to the System and must be continued without interruption and that, upon Contract expiration, a successor, either the System or another contractor, may continue them. The Contractor agrees to:

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

successor.

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

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

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

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

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

A. The Contractor certifies by entering into this Contract that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from entering into this Contract by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Contract means an officer, director, owner, partner, key employee or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the Contractor.

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

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

### **17. Disputes.**

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

B. The Contractor agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Contract that are not affected by the dispute. Should the Contractor fail to continue to perform its responsibilities regarding all non-disputed work, without delay, any additional costs incurred by the System or the Contractor as a result of such failure to proceed shall be borne by the Contractor, and the Contractor shall make no claim against the System for such costs.

C. The System may withhold payments on disputed items pending resolution of the dispute. The



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

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

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

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

B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Contractor's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation, and employee assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;

C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment, the employee will (1) abide by the terms of the statement; and (2) notify the Contractor of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;

D. Notifying in writing the System within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction;

E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and

F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

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

A. The Contractor does not knowingly employ an unauthorized alien.

B. The Contractor shall enroll in and verify the work eligibility status of all his/her/its newly hired

employees through the E-Verify program as defined in IC §22-5-1.7-3. The Contractor is not required to participate should the E-Verify program cease to exist. Additionally, the Contractor is not required to participate if the Contractor is self-employed and does not employ any employees.

C. The Contractor shall not knowingly employ or contract with an unauthorized alien. The Contractor shall not retain an employee or contract with a person that the Contractor subsequently learns is an unauthorized alien.

D. The Contractor shall require his/her/its subcontractors, who perform work under this Contract, to certify to the Contractor that the subcontractor does not knowingly employ or contract with an unauthorized alien and that the subcontractor has enrolled and is participating in the E-Verify program. The Contractor agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor.

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

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

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

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

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

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

**25. Indemnification.** The Contractor agrees to indemnify, defend, and hold harmless the System, its agents, officers, and employees from all claims and suits including court costs, attorney's fees, and other expenses caused by any act or omission of the Contractor and/or its subcontractors, if any, in the performance of this Contract. The System shall not provide such indemnification to the Contractor.

**26. Independent Contractor; Workers' Compensation Insurance.** The Contractor is performing as an independent entity under this Contract. No part of this Contract shall be construed to represent the creation

of an employment, agency, partnership or joint venture agreement between the parties. Neither party will assume liability for any injury (including death) to any persons, or damage to any property, arising out of the acts or omissions of the agents, employees or subcontractors of the other party. The Contractor shall provide all necessary unemployment and workers' compensation insurance for the Contractor's employees, and shall provide the System with a Certificate of Insurance evidencing such coverage prior to starting work under this Contract.

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

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

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

A. Commercial general liability, including contractual coverage, and products or completed operations coverage (if applicable), with minimum liability limits of not less than \$700,000 per person and \$5,000,000 per occurrence unless additional coverage is required by the System. The System is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Contract.

1. Automobile liability with minimum liability limits of \$700,000 per person and \$5,000,000 per occurrence. The System is to be named as an additional insured on a primary, non-contributory basis.

2. The Contractor shall provide proof of such insurance coverage by tendering to the undersigned System representative a certificate of insurance prior to the commencement of this Contract and proof of workers' compensation coverage meeting all statutory requirements of IC §22-3-2. In addition, proof of an "all states endorsement" covering claims occurring outside the State of Indiana is required if any of the services provided under this Contract involve work outside of Indiana.

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

1. The insurer must have a certificate of authority issued by the Indiana Department of Insurance.

2. Any deductible or self-insured retention amount or other similar obligation under the insurance policies shall be the sole obligation of the Contractor.

3. The System will be defended, indemnified and held harmless to the full extent of any coverage actually secured by the Contractor in excess of the minimum requirements set forth above. The duty to indemnify the System under this Contract shall not be limited by the insurance required in this Contract.

4. The insurance required in this Contract, through a policy or endorsement(s), shall include a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written notice to the System.

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

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

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

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

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

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

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

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

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

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

**34. Nondiscrimination.** Pursuant to the Indiana Civil Rights Law, specifically including IC §22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Contractor covenants that it shall not discriminate against any employee or applicant for employment relating to this Contract with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee's or applicant's characteristic protected by federal, state, or local law ("Protected Characteristics"). Furthermore, Contractor certifies compliance with applicable federal

laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services. Breach of this paragraph may be regarded as a material breach of this Contract, but nothing in this paragraph shall be construed to imply or establish an employment relationship between the System and any applicant or employee of the Contractor or any subcontractor.

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

A. Notices to the System shall be sent to:  
Steve Russo  
Executive Director  
Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204

With a copy to:

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B. Notices to the Contractor shall be sent to:

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

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

provide the System full, immediate, and unrestricted access to the work product during the term of this Contract.

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

**39. Penalties/Interest/Attorney's Fees.** The System will in good faith perform its required obligations hereunder and does not agree to pay any penalties, liquidated damages, interest or attorney's fees, except as permitted by Indiana law, in part, IC §5-17-5, IC §34-54-8, and IC §34-13-1.

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

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

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

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

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

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

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

**47. Termination for Default**

- A. The System may immediately terminate this Contract in whole or in part, if the Contractor fails to:
1. Correct or cure any breach of this Contract;
  2. Deliver the supplies or perform the services within the time specified in this Contract or any extension;
  3. Make progress so as to endanger performance of this Contract; or
  4. Perform any of the other provisions of this Contract.

B. If the System terminates this Contract in whole or in part, it may acquire, under the terms and in the manner the System considers appropriate, supplies or services similar to those terminated, and the

Contractor will be liable to the System for any excess costs for those supplies or services. However, the Contractor shall continue the work not terminated.

C. The System shall pay the contract price for completed supplies delivered and services accepted. The Contractor and the System shall agree on the amount of payment for manufacturing materials delivered and accepted and for the protection and preservation of the property. Failure to agree will be a dispute under the Disputes clause. The System may withhold from these amounts any sum the System determines to be necessary to protect the System against loss because of outstanding liens or claims of former lien holders.

D. The rights and remedies of the System in this clause are in addition to any other rights and remedies provided by law or equity or under this Contract.

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

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

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

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

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

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

**[Contractor]**

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

**INDIANA PUBLIC RETIREMENT SYSTEM**

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



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

**ATTACHMENT B**  
**Fees**

## **APPENDIX B – MANDATORY RESPONDENT FORMS**

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

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

### **B.2 Foreign Registration Statement**

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

## APPENDIX C – QUESTIONNAIRE

### C.1 BACKGROUND & GENERAL INFORMATION

#### C.1.1 Contact information:

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

#### C.1.2 Firm Overview

Please give a brief overview of the firm that includes, but is not limited to, the following information:

1. When was the company founded?
2. Where is the company headquartered?
3. What is the ownership structure of the firm?
4. What is the organizational structure of the firm? Please list the number of employees by location and department firmwide.
5. If you are an affiliate or subsidiary of another company, what percentage of the firm's total revenue does your division generate? Please describe the organizational structure and your

relationship to the parent company and any other subsidiaries.

6. List services to the investment community (trading, investment management, index provider) other than multi-asset investment risk systems, provided by your firm, as well as services of any parent, subsidiary, or affiliate. If multi-asset investment risk systems are not your only line of business, please make clear in answering these questions.
7. Discuss the financial stability of the firm; please provide recent reports from credit rating agencies such as Standard & Poor's or Moody's.
8. Identify and describe any material litigation or investigation by a regulatory authority that the organization or officers have been involved in over the last three years that relate to risk management services.
9. Please describe any merger and/or acquisitions the firm has been involved in over the past five years. Do you anticipate any mergers and/or acquisitions involving the firm in the near future?
10. Do senior executives have ownership interests in the firm? If so, how much?
11. What are the firm's succession plans?
12. Describe your firm's compensation and incentive program.
13. What allows your firm to retain top talent?
14. Please provide the following financial information:
  - Audited financial statements for the past three (3) years.
  - Any special audit reports concerning internal controls for the past three (3) years.
15. Within the past five years, have there been any significant developments (e.g., changes in ownership, personnel reorganization, new business ventures) in your firm? If so, describe these developments in detail.
16. Do you anticipate any significant changes in your firm? If so, describe these anticipated changes and their impact on clients.
17. Have you previously been approached or are you aware of any firm interested in purchasing your business or forming strategic alliances? If so, describe how you believe this would affect the services provided to the client.
18. Have any senior executives left the firm in the past five years? Please describe the circumstances of their departure(s) and the firm's practices in recruiting and retaining key personnel.
19. Explain your firm's goals for expansion and accepting new client business. How will the firm control the quality of service to clients relating to the proposed services? Include the following:
  - Current and targeted total number of accounts.

- Current and targeted total assets.
  - Current and targeted client to staff ratio.
  - Plans for additions to staff in absolute terms and as a percentage of existing staff.
  - Plans for capital investment in absolute dollar terms and as a percentage of revenue.
20. Over the past five years, has your organization or any officer or principal been involved in any litigation or other legal proceedings, regulatory or other governmental investigation relating to the proposed services? If so, provide a brief explanation and indicate the current status.
21. Has your firm or any officer, director, partner, principal, or employee ever been the subject of any non-routine investigation, inquiry, or enforcement action by a governmental agency or self-regulatory body regarding the proposed services? If so, describe each instance and summarize any directives or letters of opinion that were issued.
22. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance against acts of fraud and dishonesty your firm carries, including deductibles. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers. Has your firm ever submitted a claim to your errors and omissions, liability, fiduciary or fidelity bond carrier(s)? If so, describe each instance.

## **C.2 Risk management system and overview**

Please give a brief overview of the Firm's risk management services, that includes, but is not limited to, the following information:

1. Describe the organizational structure of the risk services group.
2. How long has the firm been providing a risk management system? Please provide a brief history of the firm's history and growth in this area. Discuss the circumstances of your entrance into multi-asset investment risk systems.
3. What percentage of the firm's revenues does the risk system business line generate?
4. How many clients currently employ your firm for risk management services? Please provide a table listing all current clients (preferably including any public pension clients) for whom you provide a portfolio risk management solution along with the following information:
  - Name and/or Type of client (public plan, corporate plan, endowment, fund of hedge funds, etc.)
  - Description of the product/service utilized, asset classes covered, how used
  - Length of service to them
  - Nature of the relationship (retainer or project-based)
5. Please list the names and contact information of clients that you have added in the last five years and the assets of each. Specify whether the client was a public pension fund, corporation, foundation/endowment, investment consultant, or investment manager.

6. As it relates to the firm's risk clients, please provide the following information (notional AUM):

<b>Asset Value of Client</b>	<b>Number of Clients</b>	<b>Average Years Clients Retained the Firm</b>
Less than \$1 billion		
\$1 billion – less than \$10 billion		
\$10 billion – less than \$25 billion		
\$25 billion – less than \$100 billion		
More than \$100 billion		

7. Please describe the strengths that differentiate the firms' risk services from other service providers. Identify any areas targeted for improvement. Briefly discuss the overall business objectives with respect to future growth and product research and development related to risk services.
8. Please list the names and contact information of clients that you have lost in the last five years, the asset size of each, the number of years the client retained the firm, and the reason(s) for termination. Specify whether the client was a public pension fund, corporation, foundation/endowment, investment consultant, or investment manager.
9. How does your firm evaluate the on-going quality of the risk management services?
10. How do you work with clients in managing their risk system implementations?
11. Please describe any key risk services professional turnover (hiring or departures) over the past three years.
12. Does your system provide returns-based analysis and/or holdings-based analysis? If your system provides both, can returns-based analysis be combined with holdings-based analysis?
13. Please describe whether your risk reporting is estimated on an ex-ante (before the fact) or ex-post (after the fact) basis and what techniques are used for each.
14. How often are risk data and reports available from your system? (i.e. daily, monthly, quarterly, etc.) Detail the cost differential of each in Appendix D – FEE PROPOSAL.
15. Describe the ability to provide a daily risk system environment based on the prior day holdings and the functionality for the user to run intra-day updates and/or batches on risk calculations for an asset/sub-asset class, portfolio, account, and security.
16. Describe what metrics your system uses to analyze and report on downside risk, tail risk, value at risk, etc. What adjustments, if any, are made for non-normal distribution of returns in the calculations? Does the end user have the ability to add custom risk metrics and/or factors to the system? Specify aspects of the system that can be customized by the end user.
17. Does your system perform style analysis and at what level can this analysis be conducted (manager/asset class)? Detail any additional style analysis capabilities and how they compare to competitors.

18. Does your system have scenario analysis and stress testing capabilities and are they customizable? If so, describe the various inputs and process to use these capabilities.
19. Does your system have the ability to test the impact on adding/removing managers from the portfolio (What-if analysis)? What is the typical processing time to run what-if analysis?
20. Can your system analyze the fund's total risk and active risk at the total portfolio level as well as individual manager level? Can your system conduct coherent (additive) total/active risk analysis from the manager to asset-class to overall portfolio? Can it also track this through time?
21. How does your system decompose each asset class and individual manager's contribution to portfolio risk? Please provide examples.
22. Describe the output reports for the portfolio/asset class/manager level risk analysis. Is there the ability to create and print a high-level summary or dashboard report? Can this dashboard report be customized by the end user or will additional coding resources be needed to develop/incorporate any changes? Provide a sample of available reports (in Appendix E – Sample Risk Reports).
23. Does your system have the ability to run compliance reports which monitor individual manager positions relative to their stated guidelines? If so, is there an automated reporting function that will email staff when a manager has violated their guidelines?
24. Does your system have access to the full universe of index constituents, returns and fixed income credit ratings? Is this included in the quoted price? If not, detail the cost.
25. Is it possible for the user to create custom benchmarks for the total portfolio, assets classes, managers, etc?
26. Are the risk data, reports and other source data exportable to MS Excel? What other common formats are available for saving and exporting data?
27. Can your system provide expected return estimates and risk assessments for the fund's strategic asset allocation, actual asset allocation, and each of the underlying managers? Please provide examples.
28. Describe how well your risk system/model worked over the last 12 months. Provide an explanation of how it could have performed better.
29. What changes have you made to the risk factors/model in the last 24 months?
30. Describe in detail the limitations of your system and areas that your firm would ideally like to improve in the next 1-3 years.
31. What new releases are planned in the next 12 months?
32. What third-party software is compatible with your system to incorporate various asset classes, perform risk analysis, and portfolio simulation?
33. Is performance integrated with the risk system? If so, please describe the process for conducting performance attribution and analysis.



### **C.3 Data Management and System Administration**

1. Provide details on any existing relationship, system reporting connectivity/integration, and/or infrastructure/interfaces with the Bank of New York Mellon, the Custodian for INPRS.
2. Describe the functionality to provide a Graphical User Interface (GUI). Is the GUI desktop-based or web-based? Please provide any additional relevant detail.
3. Describe your system's file structure capabilities to allow analysis at a particular portfolio level, sub-asset class, asset class (e.g., public equities vs. fixed income), and plan level (e.g., Defined Benefit vs. Defined Contribution assets)?
4. Describe the ability for the user to override contents of the security master and position files by creating, deleting, updating, and/or correcting fields including the account details (i.e., portfolio name and assigned benchmark), account holdings, assigned classifications/hierarchies/schemas, underlying security identifiers (i.e., CUSIP, Sedol, ISIN), share/quantity/exposure amounts, cost/base/local prices, derivative security details (i.e. units, notional, strike, underlying, long/short tag), and user-defined fields/attributes.
5. Describe all available solutions and the associated costs for the system to consume holdings level transparency of private investments, hedge funds, and public investments in fund structure (i.e., ETF, mutual fund, commingled fund), including details surrounding the ability for the client to manually load data/holdings and/or the risk system to automatically aggregate exposure from public sources, third-party databases (e.g., Torrey Cove, Aksia, consultant systems), external managers, and/or from a data warehouse, along with the functionality to use the information collected as a risk proxy/dummy for a given account or security.
6. Describe the steps taken to ensure the accuracy of risk system data inputs and the resulting analytics, specifically detailing the quality control (QC) processes that are applied by internal market data and modeling teams. If applicable, describe the QC functionality (i.e., generic/user-defined thresholds, alerts, triggers) for client input data (i.e., missing fields in security master or position files) and output data (i.e., large absolute/relative moves in metrics or analytics), and detail how potential issues are made transparent to the client and the frequency of those notifications (i.e., automated notification daily, standard QC reports). If a user discovers an asset being rejected due to missing fields in the security master, what are the steps taken to resolve that issue?
7. Describe the functionality to provide an audit log for user activities (i.e., overrides to security master and position files, changes made to the existing system or account configurations), support role-based workflows and actions (i.e., assigned tasks and approvals), and configure user permissions and access (i.e., read vs. write, account specific authority).
8. Provide documentation on business specifications, design specifications, data models, database schemas, operating instructions, user manuals, and system overview. Additionally, describe the processes and details (i.e., broad based vs. tiered client implementation, free vs. added cost) around rollout of new releases of/enhancements to systems and interfaces.
9. Please provide information on the data processing and computer systems as it relates to the risk system that includes, but is not limited to, the following information:

- i. Location of the administrative operations and computer facilities that support risk management system operations.
  - ii. Software and procedures in place to protect financial information from hackers or other malicious users.
  - iii. Significant system enhancements that have been made over the past five years.
  - iv. Planned system enhancements.
  - v. Disaster recovery procedures.
  - vi. Percentage of downtime during the past two years and the primary causes of the downtime.
  - vii. What training is provided with the system and what is the format (i.e. onsite, conference calls, Webex, etc.)? What are the hours of operation for technical support Monday-Friday?
  - viii. Detail the process that would be in place to protect the confidentiality of the data in the system. Also detail the security process for a staff member to log into the system.
  - ix. Respondents are encouraged to provide additional information that may assist INPRS in assessing this proposal.
10. Describe the level of involvement of the plan sponsor's staff with regards to inputting/scrubbing data from the custodian.
11. Approximately how long does it take, on average, from the hire date until the system would be fully functional with the ability to pull meaningful total portfolio risk statistics?

#### **C.4 Risk Modeling**

1. Describe all available options and the associated costs (i.e., included as part of the basic offering vs. an additional package) for calculating investment risk on public equity, public fixed income, commodities, private equity, private real assets, private infrastructure, private credit, risk parity, and hedge funds. Additionally, describe any capabilities to create custom risk models or access risk models from other vendors.
2. List your top five competitors to the services being proposed to INPRS in order of significance and provide context on the rationale behind the ranking. Additionally, describe how the solutions for modeling investment risk of the above allocations compare/contrast to offerings from other risk system vendors, specifically as it pertains to perceived deficiencies/weaknesses, perceived competitive advantages, total portfolio factor models and definitions, public fixed income risk models, and private asset class risk models. If applicable, note whether the given competitive advantages are contingent on additional packages and detail the associated fixed/variable costs.

3. Describe the functionality and methodology (i.e., parametric, historical, Monte Carlo) used to calculate volatility, tracking error, correlation, and beta on an absolute, component, and marginal basis at a total portfolio, asset/sub-asset class, sector, manager, account, security, and factor level.
4. Describe the functionality of defining risk calculation settings – economy and exposure dates, constant vs. exponential weighting schemes, risk model selection, time horizon and frequency of input observations, confidence levels, risk units (i.e., dollar or percent) – and displaying the resulting correlation and covariance matrix on a total portfolio, asset/sub-asset class, sector, manager, account, security, and factor level.
5. Describe the ability to decompose investment risk on an x-sigma-rho basis (i.e., weight-volatility-correlation) and at what levels this analysis can be done (Manager, Asset-class, By Plan)
6. Describe the product enhancement pipeline and/or roadmap, specifically as it relates to asset class risk modeling enhancements, ad hoc querying and reporting (i.e., dynamic on-the-fly vs. static), data storage and visualization, and stress testing or scenario analysis?

### **C.5 Downside Risk and Asset-Liability Management.**

1. Describe the functionality and methodology used to calculate value-at-risk (VaR), conditional VaR (i.e., expected shortfall), tail VaR, liquidity at risk, liquidity levels (i.e., 1, 2, or 3), average days to liquidate, percentage of daily trading volume, credit/counterparty risk, and gross/net exposure (both default and user-defined) on an absolute, component, and marginal basis across the fund, asset/sub-asset class, sector, manager, portfolio, account, security, and factor level. If applicable, note whether the given functionality is contingent on additional packages and detail the associated fixed/variable costs.
2. Describe the functionality of stress testing and scenario analysis on a historical, hypothetical, single factor shock (with and without implied shocks), date range, and user-defined case on an absolute, component, and marginal basis across the fund, asset/sub-asset class, sector, manager, portfolio, account, security, and factor level. If applicable, discuss the process surrounding the creation of hypothetical scenarios and their relevance to the current market environment (i.e., frequency, timing lag, pro-active vs. after-the-fact creation).
3. Describe the functionality to provide an economic scenario generator that can translate forecasts or expectations of levels on macro-economic variables (i.e., GDP, unemployment, wage growth, population growth) to corresponding factor shocks that drive traditional stress testing and scenario analysis. If applicable, note whether the given functionality is contingent on additional packages and detail the associated fixed/variable costs.
4. Describe the functionality, if applicable, of the risk system to load capital market assumptions, support liability models, load actuarial assumptions, incorporate asset-liability risk/analysis, support deterministic stress testing / liquidity analysis, and support stochastic simulations (i.e., Monte Carlo) on funding ratio, gross and employer contributions (dollar and percent basis), and net cashflow (dollar and percent basis).

### **C.6 Reporting and Visualization**

1. Describe where and how risk system data output and analytics are stored and the ability for the client to access historical data output and analytics.

2. Describe the functionality of the risk system to drill-down/query/retrieve data (ad hoc) based on user-specified requests (i.e., report writer to determine top/bottom exposures, underweights/overweights, metric contributors), search across or sort/filter output of holdings based on a single or multiple security characteristics, provide a web-based interface for data visualization, generate generic or customized reporting (i.e., dashboards on risk attribution, exposures, and characteristics at the fund, asset/sub-asset class, and account level), and schedule tasks/reporting.
3. Describe the functionality of the risk system to support the integration of third-party business intelligence tools (i.e., MS Power BI, Tableau) and provide the ability for the user to export/archive risk system data to an external application (i.e., MS Excel, R, Python) and/or data warehouse on either a manual or automated basis and if there are any limitations surrounding using/distributing that data.
4. Provide details and documentation on risk system functions that are supported through various APIs. Describe how the functionality through the API and the GUI differ (specifically identifying processes or tasks that can be done in one but not the other).
5. Attach sample standard risk reports to the RFP response (as Appendix E – Sample Risk Reports). Include samples of the reports described in Parts C.2.22 and C.10.5 of the Questionnaire as well as any other relevant reports.

## **C.7 Client Onboarding and Ongoing Relationship**

1. Describe all aspects of a risk system implementation for a new client including but not limited to process, timeline, data fields required, testing and quality controls, system output, data migration (i.e., ability and scope to backload data), third-party contracting needs, software/hardware technology requirements, and client training/orientation.
2. Delineate the proposed management of services to INPRS. Provide details on the key personnel who would be assigned to the relationship including name, title, role/scope of involvement, background, academic/industry qualifications, years with the firm, years in the industry, degree of supporting internal staff/resources, and the number, total assets, and complexity (i.e., internally managed assets, private asset classes, leverage, derivatives) of other client accounts covered (both currently and historically).
3. Describe the level of turnover INPRS should expect related to key personnel assigned to the relationship. Include context on drivers of such turnover (i.e., staff departure, internal promotions, rotation of client coverage), how the expectation for INPRS was formed, and how the expectation compares to actual historical experience for all clients.
4. Describe the level of post-implementation risk system support that exists including but not limited to default service level agreements, the existence of a help desk, arrangements around client queries and problems (i.e., office hour availability, task prioritization, response and resolution turnaround, escalation measures), the ability to contract for a higher level of support, and ongoing client training/education.

## **C.8 Portfolio Management and What-if Analysis**

1. Describe the functionality to display/calculate security details (i.e., capital and notional value, gross/net exposure, currency, CUSIP/ISIN/SEDOL, quantity/shares, price) along with security characteristics including market cap, trailing and forward ratios (i.e., P/E, P/S), GICS sector/industry, average daily volume, duration, key rate duration, spread duration, option adjusted spread, duration times spread, convexity, coupon, yield to maturity, yield to worst, weighted average life, and credit rating (i.e., Fitch, Moody's, S&P, Kroll).
2. Describe the functionality of the system to provide a daily trade history by account (i.e., buys/sells), calculate/display portfolio active share, identify the available cash position, provide an account level trigger matrix, and monitor/notify users when generic or custom triggers/thresholds are breached.
3. Describe the functionality to rebalance to target and/or optimize a given objective function (i.e., minimize risk or stress PnL) at the fund, asset/sub-asset class, sector, manager, portfolio, account, or custom basket level by setting applicable portfolio, security, sector, or factor constraints (i.e., thresholds for active risk, turnover, long/short exposure, beta vs. benchmark, holding size, liquidity, active country/sector weights, average daily volume, factor percentage, ESG criteria, metric standalone/contribution).
4. Describe the functionality of "what-if" analysis including the model types available (i.e., through-time vs. point-in-time), adding/deleting a manager or security, changing manager or security weights, and modifying benchmarks.

## **C.9 Performance and Benchmarking**

1. Provide details on the performance engine interface and integration with the risk system and the Bank of New York Mellon.
2. Describe the functionality and methodology (i.e., BOD or EOD) used to calculate estimated absolute and relative returns based on various time periods/frequencies (i.e., intraday, daily, weekly, monthly, custom, MTD, QTD, YTD, 1/3/5/10-YR, since inception) across multiple views (i.e., total portfolio, asset/sub-asset class, sector, country, manager, account, security, and factor level) and decomposed across the applicable return sources (i.e., long/short exposure, allocation, selection, interaction, price, income, currency, securities lending, risk-free, rolldown, duration, curve, spread change/level).
3. Describe the functionality to calculate industry standard ex-post statistics (either by loading actual returns or estimating by linking daily account holdings) including annualized/cumulative return, active return, standard deviation, tracking error, information ratio, Sharpe ratio, Sortino ratio, alpha, beta, R-squared, correlation, downside risk, maximum drawdown (magnitude and length), and up/down market capture. Additionally, note any ability to support peer group analysis (i.e., Morningstar, eVestment) or load pension peer allocations for comparative purposes.
4. Provide details on benchmarking capabilities including the existing relationships with index providers, required contracting (i.e., client directed or pass-through), number of benchmarks available in a given client environment, length of historical holdings data that is available or can be loaded, process around creating blended/customized benchmarks, assignment of

primary/secondary/compliance benchmarks, processing turnaround time, new index sourcing, application of currency or interest rate hedging overlays, and ability to track historical effective start/end dates for underlying benchmark composite indices and weights.

## **C.10 Compliance.**

1. Provide an overview of the functionality within the compliance module.
2. Describe the process for programming/updating rules within the compliance module, including the process to test the accuracy of the programming.
3. Describe any limitations that exist on the types of compliance rules that can be programmed (i.e., unable to program multiple constraints into one rule).
4. Are there standardized rule templates that are used for programming rules that arise from regulatory agencies that impact all investors, such as Executive Order 13959, Chinese Military Divestment? Please explain.
5. Provide samples (in Appendix E – Sample Risk Reports) of the reports generated from the compliance module.
6. Discuss the frequency compliance reports can be generated (i.e., daily or monthly).
7. Describe the process for alerting users to a violation?
8. Describe the process to segregate users who are alerted to a violation based on portfolio?
9. Describe the ability to analyze a violation over a period of time on an individual portfolio or across multiple portfolios.
10. Discuss the ability for users to drill down into the underlying data on the compliance reports.
11. How long are compliance violations/reports retained in the system?
12. Provide a sample of the user guide which defines each data field in the system along with a list of valid values for those fields? Describe any limitations associated with the user guide.

## **C.11 Miscellaneous.**

1. Describe any business relationships that you or any of your affiliates have had within the past two years with the State of Indiana or with members of INPRS's Professional Staff or the Board.
2. State whether you, any of your principals, or any other affiliates have any business involvements that could be viewed as potential conflicts of interest.
3. Provide a copy of your current Code of Ethics adopted pursuant to 204A-1 of the Advisers Act.
4. Explain in detail any potential for conflict that would be created by your firm contracting with INPRS, including other client relationships that may inhibit services to INPRS and/or the other

clients.

5. What procedures/policies do you have to identify and manage conflicts of interest?
6. Please state clearly whether your firm has any current tax issues or disputes with the State of Indiana (INPRS would be unable to execute a contract with your firm until these circumstances were resolved).
7. Describe any other service not included in Appendix C – Questionnaire that you believe would be beneficial to INPRS and that you are proposing to provide for INPRS.

### **C.12 References**

List five current pension fund clients as references. For each reference, include client name, name of contact person, address, telephone number, asset value of client, services the client uses, and number of years the client retained the firm. The client should have funds of similar size and complexity to INPRS and you should be providing services similar to those proposed for INPRS. INPRS intends to contact the references.

### **C.13 Work Plan**

Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes should be fully explained. Indicate the number of person hours allocated to each task. Include a Program Evaluation and Review Technique (PERT) or similar type display, time related, showing each event. If more than one approach is apparent, comment on why you chose this approach.

## **APPENDIX D—FEE PROPOSAL**

INPRS may provide additional information necessary to provide final pricing of the proposal to qualified respondents upon request. No additional information will be provided to respondents unless a pricing schedule has been submitted.

### **Basic plan information:**

- Approximately \$46 billion in assets
- Investments in international and domestic securities
- Investments in public equity, fixed income, commodities, derivative, and other securities
- Utilization of hedge funds, private equity, private real assets, infrastructure, risk parity and commodities
- Utilization of leverage
- Administration of consolidated defined benefit plans and defined contribution plans

Detail your fee proposal for both a complete (packaged) solution and detail the cost for the individual parts you would be capable to supplying on a stand-alone basis. Also, indicate your willingness to negotiate this fee and guarantee your fee for a specified period of time.

The fee proposal must be based on a fixed fee structure, as opposed to a percentage of assets under advisement.

If relevant, provide detail in the fee proposal for:

- Frequency of risk analysis
  - Daily holdings update and risk analysis
  - Monthly holdings update and risk analysis
- With/without performance attribution capabilities
- Limitations on the number of accounts and/or composites
- Any other costs that might be incurred in the implementation of the risk system

## **APPENDIX E—SAMPLE RISK REPORTS**

As required in Parts C.6.5, C.2.22 and C.10.5 of the Questionnaire, attach sample risk reports to the RFP response as Appendix E – Sample Risk Reports.

## **APPENDIX F—EXECUTIVE SUMMARY OF RFP**

As required by Section 2.3.1 of the RFP, attach a three-page executive summary of this RFP response, including a summary of pricing terms.

## **APPENDIX G—ATTESTATION LETTER**

As described in Section 2.2.4 of the RFP, please attach a signed letter (as Appendix G – Attestation Letter) stating that a principal or other authorized representative has read your firm's RFP response and attests to the accuracy and completeness of all information provided therein.