



COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Mailing Address
PO Box 125
Harrisburg PA 17108-0125

Toll-Free - 1-888-773-7748
(1-888-PSERS4U)
Local - 717-787-8540

Building Location
5 North 5th Street
Harrisburg PA

Web Address: www.psers.state.pa.us

September 7, 2010

RE: Request for Proposal – PSERS RFP 2010-6

You are invited to submit a proposal to the Pennsylvania Public School Employees' Retirement System (PSERS) in accordance with the enclosed specifications to satisfy a need for proxy research and votings services.

All proposals must be submitted in the number of copies outlined in Section I-12 of the RFP to PSERS, Attention: Terrienne Mirarchi, 5 North 5th Street, Harrisburg, PA 17101. Proposals must be received at the above address no later than 1:30 PM, September 24, 2010. Late proposals will not be considered regardless of the reason.

All questions should be submitted by email (with subject line "PSERS RFP 2010-3 Question") to John Kemp, johkemp@state.pa.us no later than September 13, 2010. All Offerors will be provided with answers to questions asked by any one Offeror.

A preproposal conference will NOT be held.

Thank you.

Sincerely,

Terrienne P. Mirarchi
Purchasing and Contracting Manager

REQUEST FOR PROPOSALS FOR

Proxy Research and Voting Services

ISSUING OFFICE

**Commonwealth of Pennsylvania
Public School Employees' Retirement System (PSERS)
5 North 5th Street
Harrisburg, PA 17101-1905**

RFP NUMBER

PSERS RFP 2010-6

DATE OF ISSUANCE

September 2010

**REQUEST FOR PROPOSALS FOR
Proxy Research and Voting Services**

TABLE OF CONTENTS

CALENDAR OF EVENTS	iii
Part I—GENERAL INFORMATION	1
Part II—PROPOSAL REQUIREMENTS	10
Part III—CRITERIA FOR SELECTION	25
Part IV—WORK STATEMENT	28
 APPENDIX A, STANDARD COMMONWEALTH CONTRACT TERMS AND CONDITIONS	
 APPENDIX B, INVESTMENT POLICY STATEMENT, OBJECTIVES AND GUIDELINES	
 APPENDIX C, COST FORMAT	
 APPENDIX D, DOMESTIC WORKFORCE UTILIZATION CERTIFICATION	
 APPENDIX E, PROPOSAL COVER SHEET	

CALENDAR OF EVENTS

The Commonwealth will make every effort to adhere to the following schedule:

Activity	Responsibility	Date
Deadline to submit Questions via email to johkemp@state.pa.us	Potential Offerors	September 13, 2010
Preproposal Conference— will not be held.	Issuing Office/Potential Offerors	
Answers to Potential Offeror questions posted to the DGS website (http://www.dgsweb.state.pa.us/RTA/Search.aspx) no later than this date.	Issuing Office	September 15, 2010
Please monitor website for all communications regarding the RFP.	Potential Offerors	
Sealed proposal must be received by the Issuing Office at: Public School Employees' Retirement System ATTN: Terrianne Mirarchi 5 North 5 th Street Harrisburg, PA 17101	Offerors	September 24, 2010 1:30 PM

PART I

GENERAL INFORMATION

I-1. Purpose. This request for proposals (“RFP”) provides to those interested in submitting proposals for the subject procurement (“Offerors”) sufficient information to enable them to prepare and submit proposals for the Commonwealth of Pennsylvania, Public School Employees’ Retirement System’s (“PSERS”) consideration on behalf of the Commonwealth of Pennsylvania (“Commonwealth”) to satisfy a need for Proxy Research and Voting Services (“Project”).

I-2. Issuing Office. PSERS (“Issuing Office”) has issued this RFP on behalf of the Commonwealth. The sole point of contact in the Commonwealth for this RFP shall be John Kemp, Operations Manager, PSERS, 5 North 5th Street, PO Box 125, Harrisburg, PA 17108-0215, johkemp@state.pa.us, the Issuing Officer for this RFP. Please refer all inquiries to the Issuing Officer.

I-3. Scope. This RFP contains instructions governing the requested proposals, including the requirements for the information and material to be included; a description of the service to be provided; requirements which Offerors must meet to be eligible for consideration; general evaluation criteria; and other requirements specific to this RFP.

I-4. Problem Statement. The purpose of this RFP is to solicit proposals from one or more qualified firms to provide complete Proxy Voting Services. This includes but is not limited to (1) Proxy Policy Development – proxy policy development and consulting services to assist PSERS with the review and development of PSERS’ proxy voting policy; (2) Proxy Research and Voting – proxy research, analysis, recommendation, and voting services; and (3) Proxy Vote Disclosure services. Additional detail is provided in **Part IV** of this RFP.

I-5. Type of Contract. It is proposed that if the Issuing Office enters into a contract as a result of this RFP, it will be a five-year fee for service based purchase order containing the Standard Contract Terms and Conditions as shown in **Appendix A** and available at http://www.dgsweb.state.pa.us/comod/currentForms/STD272_SAP.doc. All references in this RFP to “contract” shall mean the purchase order referenced in this section I-5. The Issuing Office, in its sole discretion, may undertake negotiations with Offerors whose proposals, in the judgment of the Issuing Office, show them to be qualified, responsible and capable of performing the Project.

I-6. Rejection of Proposals. The Issuing Office reserves the right, in its sole and complete discretion, to reject any proposal received as a result of this RFP.

I-7. Incurring Costs. The Issuing Office is not liable for any costs the Offeror incurs in preparation and submission of its proposal, in participating in the RFP process or in anticipation of award of the contract.

I-8. Preproposal Conference. A preproposal conference will not be held. Offerors should forward all questions related to this RFP to the Issuing Office in accordance with **Part I, Section I-9** to ensure adequate time for analysis before the Issuing Office provides an answer.

I-9. Questions & Answers. If an Offeror has any questions regarding this RFP, the Offeror must submit the questions by email (**with the subject line “RFP PSERS RFP 2010-6 Question”**) to the Issuing Officer named in **Part I, Section I-2** of the RFP. If the Offeror has questions, they must be submitted via email **no later than** the date indicated on the Calendar of Events. The Offeror shall not attempt to contact the Issuing Officer by any other means. The Issuing Officer shall post the answers to the questions on the DGS website by the date stated on the Calendar of Events.

All questions and responses as posted on the DGS website are considered as an addendum to, and part of, this RFP in accordance with RFP **Part I, Section I-10**. Each Offeror shall be responsible to monitor the DGS website for new or revised RFP information. The Issuing Office shall not be bound by any verbal information nor shall it be bound by any written information that is not either contained within the RFP or formally issued as an addendum by the Issuing Office. The Issuing Office does not consider questions to be a protest of the specifications or of the solicitation. The required protest process for Commonwealth procurements is described on the DGS website <http://www.dgs.state.pa.us/procurement/cwp/view.asp?=3&Q=124610&PM-1>.

I-10. Addenda to the RFP. If the Issuing Office deems it necessary to revise any part of this RFP before the proposal response date, the Issuing Office will post an addendum to the DGS website at <http://www.dgsweb.state.pa.us/RTA/Search.aspx>. It is the Offeror's responsibility to periodically check the website for any new information or addenda to the RFP. Answers to the questions asked during the Questions & Answers period also will be posted to the website as an addendum to the RFP.

I-11. Response Date. To be considered for selection, hard copies of proposals must arrive at the Issuing Office on or before the time and date specified in the RFP Calendar of Events. The Issuing Office will **not** accept proposals via email or facsimile transmission. Offerors who send proposals by mail or other delivery service should allow sufficient delivery time to ensure timely receipt of their proposals. If, due to inclement weather, natural disaster, or any other cause, the Commonwealth office location to which proposals are to be returned is closed on the proposal response date, the deadline for submission will be automatically extended until the next Commonwealth business day on which the office is open, unless the Issuing Office otherwise notifies Offerors. The hour for submission of proposals shall remain the same. The Issuing Office will reject, unopened, any late proposals.

I-12. Proposals. To be considered, Offerors should submit a complete response to this RFP to the Issuing Office, using the format provided in **Part II**, providing **ten (10) paper copies of the Technical Submittal and one (1) paper copy of the Cost Submittal and two (2) paper copies of the Disadvantaged Business Submittal**. In addition to the paper copies of the proposal, Offerors shall submit two **complete and exact** copies of the entire proposal (Technical, Cost and Disadvantaged Business Submittals, along with all requested documents) on CD-ROM or Flash drive in Microsoft Office or Microsoft Office-compatible format. The electronic copy must be a mirror image of the paper copy and any spreadsheets must be in Microsoft Excel. The Offerors

may not lock or protect any cells or tabs. Offerors should ensure that there is no costing information in the technical submittal. Offerors should not reiterate technical information in the cost submittal. The CD or Flash drive should clearly identify the Offeror and include the name and version number of the virus scanning software that was used to scan the CD or Flash drive before it was submitted. The Offeror shall make no other distribution of its proposal to any other Offeror or Commonwealth official or Commonwealth consultant. Each proposal page should be numbered for ease of reference. An official authorized to bind the Offeror to its provisions must sign the proposal. If the official signs the Proposal Cover Sheet (Appendix D to this RFP) and the Proposal Cover Sheet is attached to the Offeror's proposal, the requirement will be met. For this RFP, the proposal must remain valid for 120 days or until a contract is fully executed. If the Issuing Office selects the Offeror's proposal for award, the contents of the selected Offeror's proposal will become, except to the extent the contents are changed through Best and Final Offers or negotiations, contractual obligations.

Each Offeror submitting a proposal specifically waives any right to withdraw or modify it, except that the Offeror may withdraw its proposal by written notice received at the Issuing Office's address for proposal delivery prior to the exact hour and date specified for proposal receipt. An Offeror or its authorized representative may withdraw its proposal in person prior to the exact hour and date set for proposal receipt, provided the withdrawing person provides appropriate identification and signs a receipt for the proposal. An Offeror may modify its submitted proposal prior to the exact hour and date set for proposal receipt only by submitting a new sealed proposal or sealed modification which complies with the RFP requirements.

I-13. Disadvantaged Business Information. The Issuing Office encourages participation by small disadvantaged businesses as prime contractors, joint ventures and subcontractors/suppliers and by socially disadvantaged businesses as prime contractors.

Small Disadvantaged Businesses are small businesses that are owned or controlled by a majority of persons, not limited to members of minority groups, who have been deprived of the opportunity to develop and maintain a competitive position in the economy because of social disadvantages. The term includes:

- A. Department of General Services Bureau of Minority and Women Business Opportunities (BMWBO)-certified minority business enterprises (MBEs) and women business enterprises (WBEs) that qualify as small businesses; and
- B. United States Small Business Administration certified 8(a) small disadvantaged business concerns.
- C. Businesses that BMWBO determines meet the Small Business Administration criteria for designation as a small disadvantaged business.

Small businesses are businesses in the United States which are independently owned, are not dominant in their field of operation, employ no more than 100 full-time or full-time equivalent employees, and earn less than \$20 million in gross annual revenues (\$25 million in gross annual revenues for those businesses in the information technology sales or service business).

Socially disadvantaged businesses are businesses in the United States that BMWBO determines are owned or controlled by a majority of persons, not limited to members of minority groups, who are subject to racial or ethnic prejudice or cultural bias, but which do not qualify as small businesses. In order for a business to qualify as “socially disadvantaged,” the offeror must include in its proposal clear and convincing evidence to establish that the business has personally suffered racial or ethnic prejudice or cultural bias stemming from the business person’s color, ethnic origin or gender.

Questions regarding this Program can be directed to:

Department of General Services
Bureau of Minority and Women Business Opportunities
Room 611, North Office Building
Harrisburg, PA 17125
Phone: (717) 783-3119
Fax: (717) 787-7052
Email: gs-bmwbo@state.pa.us
Website: www.dgs.state.pa.us

A database of BMWBO-certified minority- and women-owned businesses can be accessed at <http://www.dgsweb.state.pa.us/mbewbe/VendorSearch.aspx>. The federal vendor database can be accessed at <http://www.ccr.gov> by clicking on *Dynamic Small Business Search* (certified companies are so indicated).

I-14. Information Concerning Small Businesses in Enterprise Zones. The Issuing Office encourages participation by small businesses, whose primary or headquarters facility is physically located in areas the Commonwealth has identified as *Designated Enterprise Zones*, as prime contractors, joint ventures and subcontractors/suppliers.

The definition of headquarters includes, but is not limited to, an office or location that is the administrative center of a business or enterprise where most of the important functions of the business are conducted or concentrated and location where employees are conducting the business of the company on a regular and routine basis so as to contribute to the economic development of the geographical area in which the office or business is geographically located.

Small businesses are businesses in the United States that are independently owned, are not dominant in their field of operation, employ no more than 100 full-time or full-time equivalent persons and earn less than \$20 million in gross annual revenues (\$25 million in gross annual revenues for those businesses in the information technology sales or service business).

There is no database or directory of small businesses located in Designated Enterprise Zones. Information on the location of *Designated Enterprise Zones* can be obtained by contacting:

Aldona M. Kartorie
Center for Community Building

PA Department of Community and Economic Development
4th Floor, Commonwealth Keystone Building
400 North Street
Harrisburg, PA 17120-0225
Phone: (717) 720-7409
Fax: (717) 787-4088
Email: akartorie@state.pa.us

I-15. Economy of Preparation. Offerors should prepare proposals simply and economically, providing a straightforward, concise description of the Offeror's ability to meet the requirements of the RFP.

I-16. Alternate Proposals. The Issuing Office has identified the basic approach to meeting its requirements, allowing Offerors to be creative and propose their best solution to meeting these requirements. The Issuing Office will not accept alternate proposals.

I-17. Discussions for Clarification. Offerors may be required to make an oral or written clarification of their proposals to the Issuing Office to ensure thorough mutual understanding and Offeror responsiveness to the solicitation requirements. The Issuing Office will initiate requests for clarification.

I-18. Prime Contractor Responsibilities. The contract will require the selected Offeror to assume responsibility for all services offered in its proposal whether it produces them itself or by subcontract. The Issuing Office will consider the selected Offeror to be the sole point of contact with regard to contractual matters.

I-19. Proposal Contents.

a. Confidential Information. The Commonwealth is not requesting, and does not require, confidential proprietary information or trade secrets to be included as part of Offerors' submissions in order to evaluate proposals submitted in response to this RFP. Accordingly, except as provided herein, Offerors should not label proposal submissions as confidential or proprietary or trade secret protected. Any Offeror who determines that it must divulge such information as part of its proposal must submit the signed written statement described in subsection c. below and must additionally provide a redacted version of its proposal, which removes only the confidential proprietary information and trade secrets, for required public disclosure purposes.

b. Commonwealth Use. All material submitted with the proposal shall be considered the property of the Commonwealth of Pennsylvania and may be returned only at the Issuing Office's option. The Commonwealth has the right to use any or all ideas not protected by intellectual property rights that are presented in any proposal regardless of whether the proposal becomes part of a contract. Notwithstanding any Offeror copyright designations contained on proposals, the Commonwealth shall have the right to make copies and distribute proposals internally and to comply with public record or other disclosure requirements under the provisions of any

Commonwealth or United States statute or regulation, or rule or order of any court of competent jurisdiction.

c. **Public Disclosure.** After the award of a contract pursuant to this RFP, all proposal submissions are subject to disclosure in response to a request for public records made under the Pennsylvania Right-to-Know-Law, 65 P.S. § 67.101, et seq. If a proposal submission contains confidential proprietary information or trade secrets, a signed written statement to this effect must be provided with the submission in accordance with 65 P.S. § 67.707(b) for the information to be considered exempt under 65 P.S. § 67.708(b)(11) from public records requests. Financial capability information submitted in response to Part II, Section II-7 of this RFP is exempt from public records disclosure under 65 P.S. § 67.708(b)(26).

I-20. Best and Final Offers. While not required, the Issuing Office reserves the right to conduct discussions with Offerors for the purpose of obtaining “best and final offers.” To obtain best and final offers from Offerors, the Issuing Office may do one or more of the following:

- i) Schedule oral presentations;
- ii) Request revised proposals; and
- iii) Enter into pre-selection negotiations, including the use of an online auction.

The Issuing Office will limit any discussions to responsible Offerors (those that have submitted responsive proposals and possess the capability to fully perform the contract requirements in all respects and the integrity and reliability to assure good faith performance) whose proposals the Issuing Office has determined to be reasonably susceptible of being selected for award. The Criteria for Selection found in **Part III, Section III-4**, shall also be used to evaluate the best and final offers. Price reductions offered through any reverse online auction shall have no effect upon the Offeror’s Technical Submittal. Dollar commitments to Disadvantaged Businesses and Enterprise Zone Small Businesses can be reduced only in the same percentage as the percent reduction in the total price offered through negotiations, including the online auction.

I-21. News Releases. Offerors shall not issue news releases, Internet postings, advertisements or any other public communications pertaining to this Project without prior written approval of the Issuing Office, and then only in coordination with the Issuing Office.

I-22. Restriction of Contact. From the issue date of this RFP until the Issuing Office selects a proposal for award, the Issuing Officer is the sole point of contact concerning this RFP. Any violation of this condition may be cause for the Issuing Office to reject the offending Offeror’s proposal. If the Issuing Office later discovers that the Offeror has engaged in any violations of this condition, the Issuing Office may reject the offending Offeror’s proposal or rescind its contract award. Offerors must agree not to distribute any part of their proposals beyond the Issuing Office. An Offeror who shares information contained in its proposal with other Commonwealth personnel and/or competing Offeror personnel may be disqualified.

I-23. Debriefing Conferences. Offerors whose proposals are not selected will be notified of the name of the selected Offeror and given the opportunity to be debriefed. The Issuing Office will schedule the time and location of the debriefing. The debriefing will not compare the Offeror with other Offerors, other than the position of the Offeror's proposal in relation to all other Offeror proposals. An Offeror's exercise of the opportunity to be debriefed does not constitute the filing of a protest.

I-24. Issuing Office Participation. Offerors shall provide all services, supplies, facilities, and other support necessary to complete the identified work.

I-25. Term of Contract. The term of the contract will commence on the Effective Date and will end five years after the Effective Date. The Issuing Office will fix the Effective Date after the contract has been fully executed by the selected Offeror and by the Commonwealth and all approvals required by Commonwealth contracting procedures have been obtained. The selected Offeror shall not start the performance of any work prior to the Effective Date of the contract and the Commonwealth shall not be liable to pay the selected Offeror for any service or work performed or expenses incurred before the Effective Date of the contract.

I-26. Offeror's Representations and Authorizations. By submitting its proposal, each Offeror understands, represents, and acknowledges that:

- a. All of the Offeror's information and representations in the proposal are material and important, and the Issuing Office may rely upon the contents of the proposal in awarding the contract(s). The Commonwealth shall treat any misstatement, omission or misrepresentation as fraudulent concealment of the true facts relating to the Proposal submission, punishable pursuant to 18 Pa. C.S. § 4904.
- b. The Offeror has arrived at the price(s) and amounts in its proposal independently and without consultation, communication, or agreement with any other Offeror or potential offeror.
- c. The Offeror has not disclosed the price(s), the amount of the proposal, nor the approximate price(s) or amount(s) of its proposal to any other firm or person who is an Offeror or potential offeror for this RFP, and the Offeror shall not disclose any of these items on or before the proposal submission deadline specified in the Calendar of Events of this RFP.
- d. The Offeror has not attempted, nor will it attempt, to induce any firm or person to refrain from submitting a proposal on this contract, or to submit a proposal higher than this proposal, or to submit any intentionally high or noncompetitive proposal or other form of complementary proposal.
- e. The Offeror makes its proposal in good faith and not pursuant to any agreement or discussion with, or inducement from, any firm or person to submit a complementary or other noncompetitive proposal.

- f. To the best knowledge of the person signing the proposal for the Offeror, the Offeror, its affiliates, subsidiaries, officers, directors, and employees are not currently under investigation by any governmental agency and have not in the last **four** years been convicted or found liable for any act prohibited by State or Federal law in any jurisdiction, involving conspiracy or collusion with respect to bidding or proposing on any public contract, except as the Offeror has disclosed in its proposal.
- g. To the best of the knowledge of the person signing the proposal for the Offeror and except as the Offeror has otherwise disclosed in its proposal, the Offeror has no outstanding, delinquent obligations to the Commonwealth including, but not limited to, any state tax liability not being contested on appeal or other obligation of the Offeror that is owed to the Commonwealth.
- h. The Offeror is not currently under suspension or debarment by the Commonwealth, any other state or the federal government, and if the Offeror cannot so certify, then it shall submit along with its proposal a written explanation of why it cannot make such certification.
- i. The Offeror has not made, under separate contract with the Issuing Office, any recommendations to the Issuing Office concerning the need for the services described in its proposal or the specifications for the services described in the proposal.
- j. Each Offeror, by submitting its proposal, authorizes Commonwealth agencies to release to the Commonwealth information concerning the Offeror's Pennsylvania taxes, unemployment compensation and workers' compensation liabilities.
- k. Until the selected Offeror receives a fully executed and approved written contract from the Issuing Office, there is no legal and valid contract, in law or in equity, and the Offeror shall not begin to perform.

I-27. Notification of Selection. The Issuing Office will notify the selected Offeror in writing of its selection for negotiation after the Issuing Office has determined, taking into consideration all of the evaluation factors, the proposal that is the most advantageous to the Issuing Office.

I-28. RFP Protest Procedure. The RFP Protest Procedure is on the DGS website at <http://www.dgsweb.state.pa.us/comod/ProtestProcedures.doc>. A protest by a party not submitting a proposal must be filed within **seven** days after the protesting party knew or should have known of the facts giving rise to the protest, but no later than the proposal submission deadline specified in the Calendar of Events of the RFP. Offerors may file a protest within **seven** days after the protesting Offeror knew or should have known of the facts giving rise to the protest, but in no event may an Offeror file a protest later than **seven** days after the date the notice of award of the contract is posted on the DGS website. The date of filing is the date of receipt of the protest. A protest must be filed in writing with the Issuing Office.

I-29. Use of Electronic Versions of this RFP. This RFP is being made available by electronic means. If an Offeror electronically accepts the RFP, the Offeror acknowledges and accepts full responsibility to insure that no changes are made to the RFP. In the event of a conflict between a version of the RFP in the Offeror's possession and the Issuing Office's version of the RFP, the Issuing Office's version shall govern.

PART II

PROPOSAL REQUIREMENTS

Offerors must submit their proposals in the format, including heading descriptions, outlined below. To be considered, the proposal must respond to all requirements in this part of the RFP. Offerors should provide any other information thought to be relevant, but not applicable to the enumerated categories, as an appendix to the Proposal. All cost data relating to this proposal and all Disadvantaged Business cost data should be kept separate from and not included in the Technical Submittal. Each Proposal shall consist of the following **three** separately sealed submittals:

- a. Technical Submittal, which shall be a response to RFP **Part II, Sections II-1 through II-10**;
- b. Disadvantaged Business Submittal, in response to RFP **Part II, Section II-11**; and
- c. Cost Submittal, in response to RFP **Part II, Section II-12**.

The Issuing Office reserves the right to request additional information which, in the Issuing Office's opinion, is necessary to assure that the Offeror's competence, number of qualified employees, business organization, and financial resources are adequate to perform according to the RFP.

The Issuing Office may make investigations as deemed necessary to determine the ability of the Offeror to perform the Project, and the Offeror shall furnish to the Issuing Office all requested information and data. The Issuing Office reserves the right to reject any proposal if the evidence submitted by, or investigation of, such Offeror fails to satisfy the Issuing Office that such Offeror is properly qualified to carry out the obligations of the RFP and to complete the Project as specified.

II-1. Mandatory Minimum Qualifications.

- A. The Offeror must meet all of the following minimum qualifications to be given further consideration. Failure to satisfy each of the minimum qualifications will result in the immediate rejection of the proposal.
 - 1) The Offeror of proxy research services must have been in the business of providing proxy research services for at least three (3) years, evidenced by a certificate of incorporation or copy of Form ADV as well as documentation of proxy research services which date back three years.
 - 2) The Offeror of proxy research services must currently have at least five (5) other large institutional investor clients, each of which has at least \$5 billion in a

diverse portfolio of U.S. and non-U.S. equities under management, that are being provided the same type of services as of May 31, 2010.

- 3) The primary contact(s) for PSERS' account and the heads of U.S. and non-U.S. research must have at least five (5) years of experience directly related to those duties.
 - 4) The Offeror and its key professionals must not have material conflicts of interest with the PSERS Board, its custodian bank, or its investment managers.
- B. The Offeror must provide responses to each of the aforementioned minimum qualifications substantiating how your firm satisfies each qualification. The responses must contain sufficient information as prescribed to assure PSERS of its accuracy. Failure to provide complete information will result in the rejection of the proposal.
- C. In its responses, the Offeror must agree to provide PSERS with prompt written notice should, during its tenure as proxy research and voting agent, it no longer meet any of the minimum qualifications noted above.

II-2. Offeror's Qualifications

1. Give a brief history of the firm including:
 - a. year organization was started and when each relevant service was initiated. Also include the number of years your firm has been providing proxy services to institutional investors and specifically to pension fund clients. Please include categories of services available to clients during this period.
 - b. the location of your firm's headquarters and branch offices, and primary location where the relationship will be serviced.
2. Please provide the following indicators of financial stability:
 - a. Audited financial statements for the past three (3) years, and
 - b. Any special audit reports concerning internal controls for the past three (3) years.
3. Describe the ownership of the firm, including but not limited to the ownership structure, affiliated companies, and joint ventures. If an affiliate, designate percent of parent firm's total revenue generated by your organization. If the firm is a joint venture partner, identify the percentage of ownership and revenues recognized by each partner to the combined association.
4. Provide an organizational chart diagramming the relationships between the professional staff as well as the parent-subsidiary, affiliate, or joint venture entities.

5. Please describe the levels (U.S. dollar amounts) of coverage and deductibles for errors and omissions coverage and any other fiduciary or professional liability coverage that your firm carries. List the insurance carriers supplying the coverage.
6. Over the past five years, has your organization or any of its affiliates or parent, or any officer, principal, or primary contacts been involved in any business litigation, securities or tax law violation investigations or proceedings, regulatory or legal proceedings (including those of the SEC), or government investigations? If so, provide a detailed explanation and indicate the current status.
7. Describe the material developments in your organization (changes in ownership, personnel, business, etc.) over the past three years in detail. Include any anticipated changes in the organization's basic ownership structure or any other significant changes in the organization.
8. Describe in detail any potential conflicts of interest your firm may have in the management of PSERS' account, or in the alternative, state that no potential conflicts exist.
 - a. Does your firm or any affiliate provide services to clients other than institutional shareholders?
 - b. Does the firm provide non-proxy services to any clients?
 - c. Are there contractual or business relationships with publicly traded companies? Please describe any services and relationships and identify the amount and percentage of income and profit associated with them.
 - d. How are conflicts of interest managed, disclosed, or prevented? Include any other pertinent activities, actions, or relationships not specifically outlined in this question.
 - e. Does your firm have a conflict of interest policy? If so, please provide a copy.
9. Does the firm accept "soft dollars" or similar arrangements as payment for services?
10. Does your firm have a disaster recovery plan, including arrangements for an alternative worksite should your facilities become inoperative because of fire, earthquake, etc? Describe.
11. Describe your firm's overall business strengths, weaknesses, and uniqueness.
12. Please provide a breakdown of revenue by line of business for your firm.

13. Please indicate the composition of your firm's client base using the number and percentages of clients. Please explain if your firm's client base is heavily weighted to any particular type of investor.

<u>Client Type</u>	<u>Number</u>	<u>Percentage by Equity Asset Size</u>	<u>Percentage by Revenue Earned</u>	<u>Percentage by Number of Equity Holdings</u>
Public Pension Funds	_____	_____	_____	_____
Corporate Pension Funds	_____	_____	_____	_____
Endowments	_____	_____	_____	_____
Mutual Funds	_____	_____	_____	_____
Insurance Companies	_____	_____	_____	_____
Other	_____	_____	_____	_____
TOTAL	_____	_____	_____	_____

14. Please list the **5 largest** U.S. tax-exempt clients. For each of these clients, please provide the full contact information so that we may contact them for a reference.

<u>Client Name</u>	<u>Contact Information</u>	<u>Date of Inception</u>	<u>Market Value of Equity Holdings (5/31/2010)</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

15. List all clients gained in the proxy research and voting services area over the past three years as of May 31, 2010.
16. List all clients lost in the proxy research and voting services area over the past three years as of May 31, 2010. Identify three clients that have terminated their agreement over the past three years that can be contacted as references. Provide the firm name, contact person and title, phone number, and reason for termination.
17. Describe the objectives of your firm with respect to future growth, commenting on new products or services, additional resources, and size limitations. Explain your firm's goals and desires for expansion, particularly how such goals pertain to accepting new client business and the quality of service to all clients. Is there a limit to the number of new clients your firm will accept? At what point will your firm

need to add additional staff? What are the client ratios of both your firm and the proposed Primary Contact?

18. Is your firm registered with the SEC under to Investment Advisers Act of 1940 as a Registered Investment Advisor? If your firm is registered, please provide a copy of the latest Form ADV Part II. If your firm is not registered, please explain why.
19. Is your firm willing to agree to a most favored nations clause certifying that the fees, costs, or pricing chargeable to PSERS are equal to or less than the offeror's established market prices and do not exceed the fees, costs, or prices charged be the offeror to any of its clients for the same or similar amount of work?
20. Is your firm willing to agree to reimburse PSERS for the "reasonable travel expenses" incurred by PSERS, if any, for (i) a trip by no more than two members of PSERS' professional investment staff to offeror's location once per year and (ii) if the offeror sponsors an investment conference, attendance by no more than two of PSERS professional investment staff? For purposes of this question, "reasonable travel expenses" shall include airfare, automobile rental, lodging, meals, advisor-sponsored registration fees, and other travel expenses in accordance with the Commonwealth Management Directive 230.10 as revised, Travel and Subsistence Allowances, and shall not exceed \$5,000 per year. If the offeror agrees to reimburse PSERS for reasonable travel expenses, PSERS shall submit a claim for reimbursement of such expenses, which the offeror shall promptly pay.

II-3. Personnel.

1. Which of your firm's offices would service this account? What services would specifically be provided by which office?
2. Who will be the primary client service contact? How often would the person be available for client meetings?
3. How many people are employed by the firm? How many people would support this relationship? Please name and include a brief resume of the officers, directors, principals, key individuals, service segment supervisors, and person(s) you propose to be primary contact(s) or primary people responsible for the services for PSERS. Include the locations and number of accounts each manages. Please also include length of experience in providing those services and any specialty expertise they possess, prior employment history, and the highest educational degree they have attained.
4. Please identify all consultants to your firm and their staff that would be involved in providing the proposed services to PSERS, including research and systems support personnel. Include length of experience in providing those services, any specialty expertise they possess, and the highest educational degree they have attained.

5. Provide an organizational chart that diagrams the different functions dedicated to the services covered by this RFP. Professionals should be identified over their areas of responsibility.
6. Please explain how the team dedicated to the PSERS account would function, including the primary contact(s), back-up, quality control, research, and support services. In addition, please explain how the team would interact and communicate with PSERS.
7. What are the procedures for addressing PSERS' issues when the primary contact(s) or other assigned personnel are on vacation or unavailable?
8. What personnel or organizational changes are planned over the next 3 years?
9. Discuss the causes and impact of any turnover (departures or hiring/promotions) of any key professionals in the past five years.
10. Provide a copy of your Code of Ethics. Does the firm and its employees comply with the Code of Ethics and the Standards of Professional Conduct of the CFA Institute?
11. Describe your internal training procedures for staff.

II-4. Soundness of Approach

1. State in succinct terms your understanding of the problem presented or the service required by this RFP.
2. Referring to the Work Statement in Section IV, describe in detail the services you propose to provide PSERS. Explain what your firm's competitive advantage would be for providing those services to PSERS. Describe what differentiates your services from those of your competition.
3. What research and analytical resources (including databases) does your firm possess that are related to the services your firm would provide to PSERS? Do you have a database or library of institutional investor proxy voting policies? Please describe how your firm gathers, verifies, updates, maintains and analyzes the data collected.
4. What experience have you had in drafting both U.S. and non-U.S. proxy voting policies?
5. What are the primary issues and activities on which institutional investor corporate governance activities should focus? Why? Also include comments on executive compensation, board independence, and social issues.

6. Outline your processes for monitoring and reporting on corporate governance issues and trends. Describe your capabilities for identifying U.S. and non-U.S. trends and influences.
7. How would you determine when to recommend that a proxy voting policy be reviewed or changed?
8. Please comment on PSERS' current proxy policy. PSERS' U.S. and Non-US Proxy Voting Policies can be found at <http://www.psers.state.pa.us/invest/invest.htm> What improvements, changes, and/or updates would you make? How do you handle case-by-case recommendations?
9. Please provide a description of your firm's experience, processes, procedures, and information technology capabilities for monitoring, researching, analyzing, recommending, voting, reporting, and keeping records for U.S. proxies and for non-U.S. proxies.
10. Given PSERS' large and diverse number of public equity holdings and proxy votes, what approach would you recommend to ensure that PSERS is effectively monitoring and voting all of its positions? As part of this, please describe how you will work with PSERS' custodian bank.
11. What on-line reporting, monitoring, and analytical tools would you make available to PSERS? Describe the capabilities that a PSERS holdings database would have to screen companies for various metrics and characteristics.
12. Please describe the internal structure and organization of the firm's research department. What percent of the firm's revenues are annually invested in this area? How many research analysts does your firm utilize? How is company research gathered and from what sources? Discuss how your firm gathers, verifies, updates, maintains and analyzes the data collected on companies and how it is included in any database. Do you use internal and external resources in the research process? How many securities are in your database for U.S. and non-U.S. companies? How many countries do you cover? Please provide a list of countries your firm covers.
13. How are governance ratings and profiles developed? How many companies do you rate/profile? What metrics are used in arriving at the ratings? How often are ratings and profiles updated? Has validity of the ratings been verified? If so, please describe. Please include a sample copy of governance ratings and profiles.
14. Explain the methodology used in analyzing executive compensation issues, including those relating to use of employee stock options.
15. What definitions would you recommend using for determining board independence?
16. What position do you take on social issues?

17. How do you handle case-by-case recommendations?
18. How do you handle recommendations on proxy fights, shareholder proposals, proxies out on loan, class actions and other special situations?
19. Identify any circumstances where you would not be able to vote on PSERS' behalf. Please include information on how you handle commingled accounts, country funds, preferred stock, warrants, or debt holdings.
20. What quality control procedures do you have in place? How many times have your reports or analyses been accused of or found to contain bias or factual inaccuracies in the last three years? Please explain.
21. What is your procedure for handling complaints about the accuracy of your reports and analyses?
22. Describe your firm's internal audit and compliance functions.
23. What capabilities do you have to post PSERS' votes and a brief supporting explanation on our web site? Who would respond to questions prompted by postings to our web site and how would they be handled?
24. Please attach your most recent proxy recommendations and analyses for Massey Energy and BP PLC. Also include examples of the annual and quarterly proxy voting reports your firm provides.
25. Does your company issue a full report for all securities you cover regardless of the number of clients that hold that security?
26. Outline your processes for monitoring and reporting on corporate governance issues and trends. Describe in detail the type and frequency of updates, conferences, web casts, informational materials, etc., that would be provided to PSERS. Through what media would it be provided? Does your firm provide research or reports other than those specifically requested by the client? If so, please describe. Attach sample copies of reports, newsletters and publications generated within the last year.
27. Please provide your firms' current risk management policy.

II-5. Work Plan. Describe in narrative form your technical plan for accomplishing the work. Use the task descriptions in Part IV of this RFP as your reference point. Modifications of the task descriptions are permitted; however, reasons for changes must be fully explained.

II-6. Objections and Additions to Standard Contract Terms and Conditions. The Offeror will identify which, if any, of the terms and conditions (contained in **Appendix A**) it would like to negotiate and what additional terms and conditions the Offeror would like to add to the

standard contract terms and conditions. The Offeror's failure to make a submission under this paragraph will result in its waiving its right to do so later, but the Issuing Office may consider late objections and requests for additions if to do so, in the Issuing Office's sole discretion, would be in the best interest of the Commonwealth. The Issuing Office may, in its sole discretion, accept or reject any requested changes to the standard contract terms and conditions. The Offeror shall not request changes to the other provisions of the RFP, nor shall the Offeror request to completely substitute its own terms and conditions for **Appendix A**. All terms and conditions must appear in one integrated contract. The Issuing Office will not accept references to the Offeror's, or any other, online guides or online terms and conditions contained in any proposal.

Regardless of any objections set out in its proposal, the Offeror must submit its proposal, including the cost proposal, on the basis of the terms and conditions set out in **Appendix A**. The Issuing Office will reject any proposal that is conditioned on the negotiation of the terms and conditions set out in **Appendix A or to other provisions of the RFP as specifically identified above**. The Board will not consider proposals that contain any limitations of Offeror liability for services provided. Any proposal containing such a limitation shall be rejected.

II-7. Disadvantaged Business Submittal.

A. Disadvantaged Business Information.

1. To receive credit for being a Small Disadvantaged Business or a Socially Disadvantaged Business or for entering into a joint venture agreement with a Small Disadvantaged Business or for subcontracting with a Small Disadvantaged Business (including purchasing supplies and/or services through a purchase agreement), a Offeror must include proof of Disadvantaged Business qualification in the Disadvantaged Business Submittal of the proposal, as indicated below:

- a) A Small Disadvantaged Businesses certified by BMWBO as an MBE/WBE must provide a photocopy of their BMWBO certificate.
- b) Businesses certified by the U.S. Small Business Administration pursuant to Section 8(a) of the Small Business Act (15 U.S.C. § 636(a)) as an 8(a) Small Disadvantaged Businesses must submit proof of U.S. Small Business Administration certification. The owners of such businesses must also submit proof of United States citizenship.
- c) Businesses, which assert that they meet the U.S. Small Business Administration criteria for designation as a small disadvantaged business, must submit: a) self-certification that the business meets the Small Business Administration criteria and b) documentary proof to support the self-certification. The owners of such businesses must also submit proof of United States citizenship, and provide any relevant small disadvantaged business certifications by other certifying entities.

d) All businesses claiming Small Disadvantaged Business status, whether as a result of BMWBO certification, or U.S. Small Business Administration certification as an 8(a) or self-certification as a U.S. Small Business Administration small disadvantaged business, must attest to the fact that the business has no more than 100 full-time or full-time equivalent employees.

e) All businesses claiming Small Disadvantaged Business status, whether as a result of BMWBO certification, or U.S. Small Business Administration certification as an 8(a) or self-certification as a U.S. Small Business Administration small disadvantaged business, must submit proof that their gross annual revenues are less than \$20,000,000 (\$25,000,000 for those businesses in the information technology sales or service business). This can be accomplished by including a recent tax return or audited financial statement.

2. All businesses claiming status as a Socially Disadvantaged Business must include in the Disadvantaged Business Submittal of the proposal clear and convincing evidence to establish that the business has personally suffered racial or ethnic prejudice or cultural bias stemming from the business person's color, ethnic origin or gender. The submitted evidence of prejudice or bias must:

a) Be rooted in treatment that the business person has experienced in American society, not in other countries.

b) Show prejudice or bias that is chronic and substantial, not fleeting or insignificant.

c) Indicate that the business person's experience with the racial or ethnic prejudice or cultural bias has negatively impacted his or her entry into and/or advancement in the business world.

BMWBO shall determine whether the Offeror has established that a business is socially disadvantaged by clear and convincing evidence.

3. In addition to the above verifications, the Offeror must include in the Disadvantaged Business Submittal of the proposal the following information:

a) Those Small Disadvantaged Businesses submitting a proposal as the Offeror, must include a numerical percentage which represents the total percentage of the work (as a percentage of the total cost in the Cost Submittal) to be performed by the Offeror and not by subcontractors and suppliers.

b) Those Small Disadvantaged Businesses submitting a proposal as a part of a joint venture partnership, must include a numerical percentage which represents the total percentage of the work (as a percentage of the total cost in the Cost Submittal) to be performed by the Small Disadvantaged Business joint venture

partner and not by subcontractors and suppliers or by joint venture partners who are not Small Disadvantaged Businesses. Offeror must also provide:

- 1) The amount of capital, if any, each Small Disadvantaged Business joint venture partner will be expected to provide.
- 2) A copy of the joint venture agreement signed by all parties.
- 3) The business name, address, name and telephone number of the primary contact person for the Small Disadvantaged Business joint venture partner.

c) *All* Offerors must include a numerical percentage which represents the total percentage of the total cost in the Cost Submittal that the Offeror commits to paying to Small Disadvantaged Businesses as subcontractors. To support its total percentage DB subcontractor commitment, Offeror must also include:

- 1) The dollar amount of each subcontract commitment to a Small Disadvantaged Business;
- 2) The name of each Small Disadvantaged Business. The Offeror will not receive credit for stating that after the contract is awarded it will find a Small Disadvantaged Business.
- 3) The services or supplies each Small Disadvantaged Business will provide, including the timeframe for providing the services or supplies.
- 4) The location where each Small Disadvantaged Business will perform services.
- 5) The timeframe for each Small Disadvantaged Business to provide or deliver the goods or services.
- 6) A signed subcontract or letter of intent for each Small Disadvantaged Business. The subcontract or letter of intent must identify the specific work, goods or services the Small Disadvantaged Business will perform and how the work, goods or services relates to the project.
- 7) The name, address and telephone number of the primary contact person for each Small Disadvantaged Business.

d) The total percentages and each subcontractor commitment will become contractual obligations once the contract is fully executed.

e) The name and telephone number of the Offeror's project (contact) person for the Small Disadvantaged Business information.

4. The Offeror is required to submit **two** (2) copies of its Disadvantaged Business Submittal. The submittal shall be clearly identified as Disadvantaged Business information and sealed in its own envelope, separate from the remainder of the proposal.

5. A Small Disadvantaged Business can be included as a subcontractor with as many prime contractors as it chooses in separate proposals.

6. An Offeror that qualifies as a Small Disadvantaged Business and submits a proposal as a prime contractor is not prohibited from being included as a subcontractor in separate proposals submitted by other Offerors.

B. Enterprise Zone Small Business Participation.

1. To receive credit for being an enterprise zone small business or entering into a joint venture agreement with an enterprise zone small business or subcontracting with an enterprise zone small business, an Offeror must include the following information in the Disadvantaged Business Submittal of the proposal:

- a) Proof of the location of the business' headquarters (such as a lease or deed or Department of State corporate registration), including a description of those activities that occur at the site to support the other businesses in the enterprise zone.
- b) Confirmation of the enterprise zone in which it is located (obtained from the local enterprise zone office).
- c) Proof of United States citizenship of the owners of the business.
- d) Certification that the business employs no more than 100 full-time or full-time equivalent employees.
- e) Proof that the business' gross annual revenues are less than \$20,000,000 (\$25,000,000 for those businesses in the information technology sales or service business). This can be accomplished by including a recent tax return or audited financial statement.
- f) Documentation of business organization, if applicable, such as articles of incorporation, partnership agreement or other documents of organization.

2. In addition to the above verifications, the Offeror must include in the Disadvantaged Business Submittal of the proposal the following information:

- a) The name and telephone number of the Offeror's project (contact) person for the Enterprise Zone Small Business.
- b) The business name, address, name and telephone number of the primary contact person for each Enterprise Zone Small Business included in the proposal. The Offeror must specify each Enterprise Zone Small Business to which it is making commitments. The Offeror will not receive credit for stating that it will find an Enterprise Zone Small Business after the contract is awarded or for listing several businesses and stating that one will be selected later.

- c) The specific work, goods or services each Enterprise Zone Small Business will perform or provide.
 - d) The total cost amount submitted in the Offeror's cost proposal and the estimated dollar value of the contract to each Enterprise Zone Small Business.
 - e) Of the estimated dollar value of the contract to each Enterprise Zone Small Business, the percent of the total value of services or products purchased or subcontracted that each Enterprise Zone Small Business will provide.
 - f) The location where each Enterprise Zone Small Business will perform these services.
 - g) The timeframe for each Enterprise Zone Small Business to provide or deliver the goods or services.
 - h) The amount of capital, if any, each Enterprise Zone Small Business will be expected to provide.
 - i) The form and amount of compensation each Enterprise Zone Small Business will receive.
 - j) For a joint venture agreement, a copy of the agreement, signed by all parties.
 - k) For a subcontract, a signed subcontract or letter of intent.
3. The dollar value of the commitment to each Enterprise Zone Small Business must be included in the same sealed envelope with the Disadvantaged Business Submittal of the proposal. The following will become a contractual obligation once the contract is fully executed:
- a) The amount of the selected Offeror's Enterprise Zone Small Business commitment;
 - b) The name of each Enterprise Zone Small Business; and
 - c) The services each Enterprise Zone Small Business will provide, including the timeframe for performing the services.

II-8. Cost Submittal. The information requested in this **Part II, Section II-12** shall constitute the Cost Submittal. The Cost Submittal shall be placed in a separate sealed envelope within the sealed proposal, separated from the technical submittal. Offerors should **not** include any assumptions in their cost submittals. If the Offeror includes assumptions in its cost submittal, the Issuing Office may reject the proposal. Offerors should direct in writing to the Issuing Office

pursuant to **Part I, Section I-9**, of this RFP any questions about whether a cost or other component is included or applies. All Offerors will then have the benefit of the Issuing Office's written answer so that all proposals are submitted on the same basis. The total cost you are proposing must be broken down into the following components:

- a. **Research Services.** Itemize the charge per meeting for the following:
 - (1) U.S. meetings; and
 - (2) Non-U.S. meetings.
- b. **Voting Services.** Itemize the charge per ballot for the following:
 - (1) U.S. ballots; and
 - (2) Non-U.S. ballots.
- c. **Vote Disclosure Service.** Itemize the fixed annual fee for a web-based search and presentation mechanism for disclosure of any archived proxy votes cast on behalf of PSERS.
- d. **Total Cost.** The total cost should be based on the following statistics based on the fixed cost of the vote disclosure service plus the annual fee based on the 2009 meetings and ballots voted:
 - (1) U.S. meetings - 1,600
 - (2) Non-U.S. meetings - 3,800
 - (3) U.S. ballots voted - 2,300
 - (4) Non-U.S. ballots voted - 6,000

The contractor must complete this section (II-9(d)) of their cost proposal in the format shown in Appendix C

- e. **Cost Certification.** The offeror must make the following certification in their cost proposal and affirmatively agree to include it in the contract:

“The offeror hereby certifies that:

- (a) the contract price is based upon fees, costs, or pricing specifically negotiated in good faith with PSERS; and
- (b) the fees, costs, or pricing chargeable to PSERS are equal to or less than the Offeror's established market prices and do not exceed the fees, costs, or pricing charged by the Offeror under similar fee structures to any other of its clients for the same or similar services.

In the event that the Offeror charges lesser fees, costs, or pricing under similar fee structures to any other client for the same or similar services, the Offeror shall provide timely notice of such terms to PSERS and, at PSERS'

option, adjust the fees, costs, or pricing charged to PSERS to equal such lesser fees, costs, or pricing effective as of the time that such lesser fees, costs, or pricing took or will take effect.

The Offeror shall promptly provide such proofs in support of its certification of the contract price as the Commonwealth of Pennsylvania may reasonably request.

The Offeror further understands that any intentionally misleading representation in this Certification shall be punishable under Section 4904 of Title 18 Pa. C.S.”

The Issuing Office will reimburse the selected Offeror for work satisfactorily performed after execution of a written contract and the start of the contract term, in accordance with contract requirements, and only after the Issuing Office has issued a notice to proceed.

II-10. Domestic Workforce Utilization Certification. Complete and sign the Domestic Workforce Utilization Certification contained in **Appendix D** of this RFP. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal.

PART III

CRITERIA FOR SELECTION

III-1. Mandatory Responsiveness Requirements. To be eligible for selection, a proposal must be:

- a. Timely received from an Offeror;
- b. Properly signed by the Offeror.
- c. Meet all of the Mandatory Minimum Qualifications outlined in Section II-1.

III-2. Technical Nonconforming Proposals. The Issuing Office reserves the right, in its sole discretion, to waive technical or immaterial nonconformities in an Offeror's proposal.

III-3. Evaluation. The Issuing Office has selected a committee of qualified personnel to review and evaluate timely submitted proposals. Independent of the committee, BMWBO will evaluate the Disadvantaged Business Submittal and provide the Issuing Office with a rating for this component of each proposal. The Issuing Office will notify in writing of its selection for negotiation the responsible Offeror whose proposal is determined to be the most advantageous to the Commonwealth as determined by the Issuing Office after taking into consideration all of the evaluation factors. The Issuing Office will award a contract only to an Offeror determined to be responsible in accordance with the most current version of Commonwealth Management Directive 215.9, *Contractor Responsibility Program*.

III-4. Criteria for Selection. The following criteria will be used in evaluating each proposal. In order for a proposal to be considered for selection for best and final offers or selection for contract negotiations, the total score for the technical submittal of the proposal must be greater than or equal to 70% of the highest scoring technical submittal.

- a. **Technical:** The Issuing Office has established the weight for the Technical criterion for this RFP as **60%** of the total points. Evaluation will be based upon the following in order of importance: Soundness of Approach; Personnel Qualifications; and Offeror's Qualifications.
- b. **Cost:** The Issuing Office has established the weight for the Cost criterion for this RFP as **20%** of the total points.
- c. **Disadvantaged Business Participation:** BMWBO has established the weight for the Disadvantaged Business Participation criterion for this RFP as **20%** of the total points. Evaluation will be based upon the following in order of priority:

Priority Rank 1

Proposals submitted by Small
Disadvantaged Businesses.

Priority Rank 2	Proposals submitted from a joint venture with a Small Disadvantaged Business as a joint venture partner.
Priority Rank 3	Proposals submitted with subcontracting commitments to Small Disadvantaged Businesses.
Priority Rank 4	Proposals submitted by Socially Disadvantaged Businesses.

Each proposal will be rated for its approach to enhancing the utilization of Small Disadvantaged Businesses and/or Socially Disadvantaged Businesses. Each approach will be evaluated, with Priority Rank 1 receiving the highest score and the succeeding options receiving scores in accordance with the above-listed priority ranking

To the extent that an Offeror qualifies as a Small Disadvantaged Business or a Socially Disadvantaged Business, the Small Disadvantaged Business or Socially Disadvantaged Business cannot enter into subcontract arrangements for more than **40%** of the total estimated dollar amount of the contract. If a Small Disadvantaged Business or a Socially Disadvantaged Business subcontracts more than **40%** of the total estimated dollar amount of the contract to other contractors, the Disadvantaged Business Participation scoring shall be proportionally lower for that proposal.

- d. **Enterprise Zone Small Business Participation:** In accordance with the priority ranks listed below, bonus points in addition to the total points for this RFP, will be given for the Enterprise Zone Small Business Participation criterion. The maximum bonus points for this criterion are 3% of the total points for this RFP. The following options will be considered as part of the final criteria for selection:

Priority Rank 1	Proposals submitted by an Enterprise Zone Small Business will receive three percent bonus for this criterion.
Priority Rank 2	Proposals submitted by a joint venture with an Enterprise Zone Small Business as a joint venture partner will receive two percent bonus for this criterion.
Priority Rank 3	Proposals submitted with a subcontracting commitment to an Enterprise Zone Small Business will

receive the one percent bonus for this criterion.

Priority Rank 4

Proposals with no Enterprise Zone Small Business Utilization shall receive no points under this criterion.

To the extent that an Offeror is an Enterprise Zone Small Business, the Offeror cannot enter into contract or subcontract arrangements for more than **40%** of the total estimated dollar amount of the contract in order to qualify as an Enterprise Zone Small Business for purposes of this RFP.

- e. **Domestic Workforce Utilization:** Any points received for the Domestic Workforce Utilization criterion are bonus points in addition to the total points for this RFP. The maximum bonus points for this criterion are 3% of the total points for this RFP. To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those Offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. Offerors who seek consideration for this criterion must submit in hardcopy the signed Domestic Workforce Utilization Certification Form in the same sealed envelope with the Technical Submittal. The certification will be included as a contractual obligation when the contract is executed.

PART IV

WORK STATEMENT

Background.

The Pennsylvania Public School Employees' Retirement System (PSERS) is the administrator of a cost-sharing multiple-employer defined benefit retirement system established by the Commonwealth of Pennsylvania to provide pension benefits for employees of the public school system in the Commonwealth. The PSERS' funding policy provides for periodic member contributions at statutory rates and employer contributions at actuarially determined rates that are sufficient to accumulate assets to pay defined benefits when due. As provided by statute, the PSERS' Board of Trustees (Board) has exclusive control and management responsibility of PSERS' fund and full power to invest the fund. In exercising its fiduciary responsibility to PSERS' membership, the Board is governed by the "prudent person" rule and has adopted a Statement of Investment Policy to formally document investment objectives and responsibilities. This policy, as well as applicable state law, defines permissible investments for the PSERS.

The market value of the System's net assets totaled approximately \$46 billion as of May 31, 2010. Based on this valuation of its assets, the System is the 14th largest public pension fund in the nation. A copy of the Fund's annual financial statements for the year ended June 30, 2009 can be obtained on the internet at <http://www.psers.state.pa.us/Publications/cafr/index.htm>. The Board needs proxy research and proxy voting services to fulfill its fiduciary duties with respect to the PSERS' fund.

IV-1. Scope of Services.

a. General. The purpose of this Request for Proposals is to solicit proposals from one or more qualified firms to provide complete Proxy Voting Services. This includes but is not limited to (1) Proxy Policy Development – proxy development and consulting services to assist PSERS with the review and continued development of PSERS' proxy voting policy; (2) Proxy Research and Voting – proxy research, analysis, recommendation, and voting services; and (3) Proxy Vote Disclosure services.

b. Specific.

1. Proxy Development Services.

- i) Work with PSERS to develop a Proxy Voting strategy that is consistent with fiduciary responsibilities and is integrated into PSERS' U.S. and Non-U.S. Proxy Voting Policies.
- ii) Review and discuss PSERS' existing proxy voting policies and ascertain the appropriateness of the current policy for PSERS in the current corporate governance landscape.

iii) Provide proxy guideline development services and make improvements to PSERS' proxy voting policy as necessary.

iv) Provide proxy voting policy updates at least annually.

2. Proxy Voting and Management Services.

i) Manage PSERS' U.S. and non-U.S. proxy voting activity and execute required votes on PSERS behalf in accordance with the proxy voting guidelines provided by PSERS. Monitor meeting schedules and agendas, and receive, open, and document all physical proxy voting ballots.

ii) Provide record keeping and maintain detailed records of all recommended and actual votes and special instructions. Also provide comprehensive written proxy voting reports as requested.

iii) Track and monitor the holdings of PSERS' U.S. and non-U.S. equity portfolios and obtain required proxy voting information from PSERS' custodian bank. Reconcile with the custodian bank any discrepancies, including but not limited to holdings, ballots, numbers of shares held, proxies to be voted, votes against management, votes with management, and votes withheld.

iv) Provide proxy voting research and analysis, including in-depth and impartial research and financial and economic analysis with emphasis on shareholder value. Issues might include, but are not limited to, accounting practices, financial transparency, independence of the board, quality of board oversight, pay-for-performance equity based compensation, and mergers and acquisitions.

v) Provide clear definitive recommendations on case-by-case issues that cannot be voted with ease or certainty pursuant to guidelines. Provide customized recommendations when warranted as well as personalized assistance, advice, and discussion of governance issues, legislative issues, SEC issues, voting policies, and specific analyses and recommendations.

vi) Provide PSERS with an appropriate database of information on research and analysis for each proxy proposal to be voted upon on behalf of PSERS, and provide PSERS access to research and analyses of proxy proposals through a web-based accessible research platform.

vii) Keep PSERS informed of proxy voting and corporate governance changes and developments and provide PSERS with regular access to any meetings, conference calls, and/or web casts that might provide timely information on specific issues of concern regarding corporate governance. Prepare and assist in the preparation of reports on proxy voting and corporate governance issues.

3. Proxy Vote Disclosure Services

- i) Provide a web-based search and presentation mechanism for disclosure and a short description of any archived proxy votes cast on behalf of PSERS for all meetings where a ballot has been cast, via a link on PSERS' web site.
- ii) Provide reporting of PSERS' proxy votes no more than two business days after the date of the proxy meeting.

IV-2. Reports and Project Control. PSERS expects that written vote analysis for every company in PSERS' U.S. and non-U.S. equity portfolios will be available in written form no later than seven (7) business days in advance of the last day on which the ballot may be cast. The contractor shall cast all ballots in a timely manner. The contractor shall provide disclosure of PSERS' proxy votes no more than two business days after the date of each proxy meeting, available to the public from a link on PSERS' website. The contractor shall maintain an electronic database of PSERS' votes, make the database accessible to PSERS, and prepare the following monthly reports to PSERS that summarizes the votes cast on behalf of PSERS:

- a. **Vote Summary Report.** This report should include company name, CUSIP or SEDOL number, meeting date, record date, type of meeting, ballot issues, management vote recommendation, PSERS' vote, and number of shares voted.
- b. **Issues Summaries Report.** This report should include identification of issue, total number of meetings, and vote (for, against, withhold, abstain, split, with or against management, and unvoted).
- c. **Votes Against Management Report.** This report should include company, meeting date, issue, management recommendation, and actual vote.
- d. **Meeting and Ballot Report.** This report should include the total number of U.S. and non-U.S. meetings and ballots voted on behalf of PSERS.
- e. **Custom Reports.** These reports would be provided on an ad hoc basis as may be reasonably required in connection with the services provided by the contractor.

IV-3. Emergency Preparedness Requirements.

To support continuity of operations during an emergency, including a pandemic, the Commonwealth needs a strategy for maintaining operations for an extended period of time. One part of this strategy is to ensure that essential contracts that provide critical business services to the Commonwealth have planned for such an emergency and put contingencies in place to provide needed goods and services.

- 1. Describe how you anticipate such a crisis will impact your operations.

2. Describe your emergency response continuity of operations plan. Please attach a copy of your plan, or at a minimum, summarize how your plan addresses the following aspects of emergency preparedness:
 - employee training (describe your organization's training plan and how frequently your plan will be shared with employees)
 - identified essential business functions and key employees (within your organization) necessary to carry them out
 - contingency plans for:
 - How your organization will handle staffing issues when a portion of key employees are incapacitated due to illness.
 - How employees in your organization will carry out the essential functions if contagion control measures prevent them from coming to the primary workplace.
 - How your organization will communicate with staff and suppliers when primary communications systems are overloaded or otherwise fail, including key contacts, chain of communications (including suppliers), etc.
 - How and when your emergency plan will be tested, and if the plan will be tested by a third-party.

IV-4. Contract Requirements—Disadvantaged Business Participation and Enterprise Zone Small Business Participation.

All contracts containing Disadvantaged Business participation and/or Enterprise Zone Small Business participation must also include a provision requiring the selected contractor to meet and maintain those commitments made to Disadvantaged Businesses and/or Enterprise Zone Small Businesses at the time of proposal submittal or contract negotiation, unless a change in the commitment is approved by the BMWBO. All contracts containing Disadvantaged Business participation and/or Enterprise Zone Small Business participation must include a provision requiring Small Disadvantaged Business subcontractors, Enterprise Zone Small Business subcontractors and Small Disadvantaged Businesses or Enterprise Zone Small Businesses in a joint venture to perform at least **50%** of the subcontract or Small Disadvantaged Business/Enterprise Zone Small Business participation portion of the joint venture.

The selected contractor's commitments to Disadvantaged Businesses and/or Enterprise Zone Small Businesses made at the time of proposal submittal or contract negotiation shall be maintained throughout the term of the contract and through any renewal or extension of the contract. Any proposed change must be submitted to BMWBO, which will make a recommendation to the Contracting Officer regarding a course of action.

If a contract is assigned to another contractor, the new contractor must maintain the Disadvantaged Business participation and/or Enterprise Zone Small Business participation of the original contract.

The selected contractor shall complete the Prime Contractor's Quarterly Utilization Report (or similar type document containing the same information) and submit it to the contracting officer of the Issuing Office and BMWBO within **10** workdays at the end of each quarter the contract is in force. This information will be used to determine the actual dollar amount paid to Small

Disadvantaged Business and/or Enterprise Zone Small Business subcontractors and suppliers, and Small Disadvantaged Business and/or Enterprise Zone Small Business participants involved in joint ventures. Also, this information will serve as a record of fulfillment of the commitment the selected contractor made and for which it received Disadvantaged Business and Enterprise Zone Small Business points. If there was no activity during the quarter then the form must be completed by stating "No activity in this quarter."

NOTE: EQUAL EMPLOYMENT OPPORTUNITY AND CONTRACT COMPLIANCE STATEMENTS REFERRING TO COMPANY EQUAL EMPLOYMENT OPPORTUNITY POLICIES OR PAST CONTRACT COMPLIANCE PRACTICES DO NOT CONSTITUTE PROOF OF DISADVANTAGED BUSINESSES STATUS OR ENTITLE AN OFFEROR TO RECEIVE CREDIT FOR DISADVANTAGED BUSINESSES UTILIZATION.

APPENDIX A

Standard Commonwealth Contract Terms and Conditions

Please refer to this website for Commonwealth Standard Contract Terms and Conditions:
http://www.dgsweb.state.pa.us/comod/CurrentForms/STD272_SAP.doc

APPENDIX B

INVESTMENT POLICY STATEMENT, OBJECTIVES, AND GUIDELINES

Please refer to this website for the Investment Policy Statement, Objectives and Guidelines:

<http://www.psers.state.pa.us/invest/guide/index.htm>

COST FORMAT

TOTAL

APPENDIX D
DOMESTIC WORKFORCE UTILIZATION CERTIFICATION

To the extent permitted by the laws and treaties of the United States, each proposal will be scored for its commitment to use the domestic workforce in the fulfillment of the contract. Maximum consideration will be given to those offerors who will perform the contracted direct labor exclusively within the geographical boundaries of the United States or within the geographical boundaries of a country that is a party to the World Trade Organization Government Procurement Agreement. Those who propose to perform a portion of the direct labor outside of the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement will receive a correspondingly smaller score for this criterion. In order to be eligible for any consideration for this criterion, offerors must complete and sign the following certification. This certification will be included as a contractual obligation when the contract is executed. Failure to complete and sign this certification will result in no consideration being given to the offeror for this criterion.

I, _____ [title] of _____ [name of Contractor] a
_____ [place of incorporation] corporation or other legal entity, ("Contractor") located at
_____, [address], having a Social Security or Federal Identification Number of _____, do hereby
certify and represent to the Commonwealth of Pennsylvania ("Commonwealth") (Check **one** of the boxes below):

☐ All of the direct labor performed within the scope of services under the contract will be performed exclusively within the geographical boundaries of the United States or one of the following countries that is a party to the World Trade Organization Government Procurement Agreement: Aruba, Austria, Belgium, Bulgaria, Canada, Chinese Taipei, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Latvia, Liechtenstein, Lithuania, Luxemburg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Singapore, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, and the United Kingdom

OR

☐ _____ percent (____ %) [Contractor must specify the percentage] of the direct labor performed within the scope of services under the contract will be performed within the geographical boundaries of the United States or within the geographical boundaries of one of the countries listed above that is a party to the World Trade Organization Government Procurement Agreement. Please identify the direct labor performed under the contract that will be performed outside the United States and not within the geographical boundaries of a party to the World Trade Organization Government Procurement Agreement and identify the country where the direct labor will be performed:

[Use additional sheets if necessary]

The Department of General Services [or other purchasing agency] shall treat any misstatement as fraudulent concealment of the true facts punishable under Section 4904 of the *Pennsylvania Crimes Code*, Title 18, of Pa. Consolidated Statutes.

Attest or Witness:

Corporate or Legal Entity's Name

Signature/Date

Signature/Date

Printed Name/Title

Printed Name/Title

**APPENDIX E - PROPOSAL COVER SHEET
COMMONWEALTH OF PENNSYLVANIA**

RFP# _____

Enclosed in three separately sealed submittals is the proposal of the Offeror identified below for the above-referenced RFP:

Offeror Information:	
Offeror Name	
Offeror Mailing Address	
Offeror Website	
Offeror Contact Person	
Contact Person's Phone Number	
Contact Person's Facsimile Number	
Contact Person's E-Mail Address	
Offeror Federal ID Number	

Submittals Enclosed and Separately Sealed:	
<input type="checkbox"/>	Technical Submittal
<input type="checkbox"/>	Disadvantaged Business Submittal
<input type="checkbox"/>	Cost Submittal

<i>Signature</i>	
Signature of an official authorized to bind the Offeror to the provisions contained in the Offeror's proposal:	
Printed Name	
Title	

FAILURE TO COMPLETE, SIGN AND RETURN THIS FORM WITH THE OFFEROR'S PROPOSAL MAY RESULT IN THE REJECTION OF THE OFFEROR'S PROPOSAL