



**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**REQUEST FOR PROPOSALS
FOR
GENERAL INVESTMENT CONSULTING SERVICES**

RFP # 30901-28316

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1. INTRODUCTION

The State of Tennessee, Treasury Department, hereinafter referred to as “the State,” has issued this Request for Proposals (RFP) to define minimum contract requirements; solicit responses; detail response requirements; and, outline the State’s process for evaluating responses and selecting a contractor to provide the needed goods or services.

Through this RFP, the State seeks to procure necessary goods or services at the most favorable, competitive prices and to give ALL qualified businesses, including those that are owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises, an opportunity to do business with the state as contractors, subcontractors or suppliers.

1.1. Statement of Procurement Purpose

The State intends to secure a contract for a general investment consultant for the Tennessee Consolidated Retirement System (TCRS), the Chairs of Excellence (COE), the Baccalaureate Education System Trust (BEST), the State Pooled Investment Fund (SPIF), and the Optional Retirement Program (ORP).

TCRS is a public employee retirement system providing defined benefit pension plans for four large groups of public employees: K-12 public school teachers, higher education employees, State employees, and local government employees. TCRS has approximately \$44 billion in assets and serves over 214,000 active members and 133,000 retirees as of June 30, 2015. The annual retired payroll exceeds \$2.0 billion. TCRS was created and is governed by Tennessee State law; specifically in Tennessee Code Annotated, Title 8, Chapters 34-37. The investment statutes governing TCRS are located in Tennessee Code Annotated, Section 8, Chapter 37, Part 1 and its current investment policy is attached to this RFP as RFP Attachment 6.7. For additional information about TCRS, including its investments and finances, please refer to the TCRS annual report located at <http://treasury.tn.gov/tcrs> by clicking on “reports”, and then by clicking on 2014 Annual TCRS Report.

The COE Trust provides funds with which state colleges and universities are able to contract with persons of regional or national prominence to teach in specified academic areas. The program is open to all state four-year colleges and universities, and the UT Space Institute. The funding of the program is provided through contributions (corpus) made by a private donor and a matching amount by the State of Tennessee, thus, creating a chair. A chair is authorized to spend 4% of the 3-year average market value of the chair; however, the corpus cannot be spent. Since the beginning of the program in 1984, there have been 99 chairs created, with Tennessee State appropriations totaling \$44 million and matching contributions totaling \$55.9 million. The COE Trust was also created and is governed by Tennessee State law. The laws governing the COE can be found in Tennessee Code Annotated, Sections 49-7-501 through 49-7-503 and in its current investment policy. The investment policy is attached to this RFP as RFP Attachment 6.7. Additional information concerning the financial history of the COE program can be found on page 33 and on pages 70 through 78 of the 2014 Annual Treasurer’s Report, which can be located at <http://treasury.tn.gov/>.

The BEST Program was created by the Tennessee General Assembly for the purpose of providing Tennessee families with a means to save for their children’s future college education costs. This is accomplished, in part, through BEST’s Prepaid Plan, which is a qualified tuition program under Section 529 of the Internal Revenue Code. The BEST program is governed in accordance with Section 529 of the Internal Revenue Code, Tennessee Code Annotated, Title 49, Chapter 7, Part 8; and Chapter 1700-05 of the Official Rules and Regulations of the State of Tennessee.

The concept of the BEST Prepaid Plan is that units can be purchased at a price based on today’s cost of tuition and mandatory fees at Tennessee’s four (4)-year public universities, and then units may be redeemed at a payout value based on the cost of tuition and fees when the child uses the units for college in the future. In effect, the units purchased by participants in the program grow in value based on the tuition inflation increases at Tennessee’s four (4)-year public universities. The funds received from all units purchased are pooled and the assets are invested in stocks and bonds with the intent that

investment earnings will keep pace with tuition inflation increases. The methodology for calculation of the per unit price is contained in Tennessee Code Annotated, Section 49-7-807(c). On November 22, 2010, the BEST board voted to stop selling units in the BEST Prepaid Plan. As of June 30, 2014, the BEST Prepaid Plan has approximately \$88 million in assets. The investment policy governing the BEST Prepaid Plan is attached to this RFP as RFP Attachment 6.7. Additional information about the BEST Prepaid Plan may be found on at www.tnbest.org or www.tn.gov/treasury/best.

The SPIF includes the State of Tennessee's cash, the various dedicated reserves and trust funds of the State of Tennessee, and the Local Government Investment Pool. As of June 30, 2014, the SPIF had assets of \$8.4 billion. The laws governing the SPIF, including its authorized investments, are located in Tennessee Code Annotated, Sections 9-4-602 and 9-4-603 and in its current investment policy. The investment policy is attached to this RFP as RFP Attachment 6.7. Additional information concerning the SPIF can be found on pages 49 through 61 and on pages 103 through 112 of the 2014 Annual Treasurer's Report, which can be located at <http://treasury.tn.gov/>.

The Optional Retirement Program (ORP) is available to higher education faculty and staff as an alternative to TCRS as the primary retirement plan option. It is administered through contracts to provide record keeping, transaction processing, and access to investment management options. Applicable law requires at least two (2) but no more than three (3) investment option/plan providers and that no more than fifty percent (50%) of the balance may be distributed in lump sum without a like amount being annuitized. There are three (3) ORP providers currently - ING, VALIC and TIAA CREF. ORP participants may select more than one (1) ORP provider. The ORP providers administer the plan, investment management options, communication, and enrollment duties. ORP plan providers are the third party administrators for that plan and collect contributions, invest them in accordance with participant direction and disburse balances upon proper conditions being met. As of June 30, 2015, the total ORP Plan assets amount to approximately \$2.5 billion.

Services expected include:

	Program				
	TCRS	BEST	COE	SPIF	ORP
1. General Services					
a. General consulting requiring less than four hours of the consultant's time per inquiry. This includes general consulting, general education, and general investment information.	Yes	Yes	Yes	Yes	Yes
b. Monthly performance measurement	Yes	Yes	Yes	No	No
c. Quarterly performance measurement and analytics.	Yes	Yes	Yes	No	Yes
d. Due diligence review in the first year	Yes	Yes	Yes	No	Yes
e. Access to consultant's research and white papers.	Yes	Yes	Yes	Yes	Yes
f. Annual review of external managers	Yes	No	No	No	Yes
g. Quarterly update on external manager changes or events.	Yes	No	No	No	No
h. Two Board presentations annually	Yes	No	No	No	No
2. Asset Allocation Study	Yes	No	No	No	No
3. Investment Manager & Fund Selection	Yes	No	No	No	Yes
4. Comprehensive Services					
a. Comprehensive consulting requiring 4 or more hours of the consultant's time for such projects including, but not limited to: research, education, investment policy, etc.	Yes	Yes	Yes	Yes	Yes

Notwithstanding the foregoing, no description of expected service shall in any way supersede or otherwise preempt the required service detailed within the pro forma contract (RFP Attachment 6.6.) or the final contract signed by the parties. Proposers should NOT construe the foregoing as a guaranteed or complete description of service that shall be required under the contract resulting from this RFP.

1.1.1 Background

- a. The financial data for determining portfolio performance will be provided by the master custodian bank. The current master custodian bank is State Street Bank and Trust Company.
- b. The TCRS fund currently has the following portfolios for each asset class:
 - 1) Domestic equity (internally managed): Three portfolios managed against the S&P 500 index, one managed against the S&P 400, and one managed against the S&P 600. The overall domestic equity benchmark is the S&P 1500.
 - 2) One indexed portfolio of Canadian public equities benchmarked against the S&P/TSX60 benchmark.
 - 3) International equity (external management): The international equity portfolio is managed by a team of eight external investment management firms in conjunction with internal management. The portfolio is benchmarked against a custom benchmark of 72.22% MSCI EAFE IMI net / 27.78% MSCI Emerging Markets net. There is no minimum or maximum number of external managers established.
 - 4) Domestic fixed income (internally managed): Three portfolios consisting of: corporate; government and agencies; and mortgage-backed. The portfolio is currently benchmarked against the Citigroup Large Pension Fund Baseline Bond Index (LPF) index.
 - 5) Inflation Hedged Bonds (internally managed): One portfolio.
 - 6) Real Estate: One portfolio.
 - 7) Private Equity: One portfolio.
 - 8) Strategic Lending: One portfolio.
 - 9) Short-term securities: One portfolio.
- c. The COE fund has three (3) portfolios: Domestic equity, international equity, and fixed income.
- d. The BEST fund has three (3) portfolios: Domestic equity, international equity, and fixed income.
- e. The State retains the right to expand or reduce the number of portfolios for each fund.
- f. The State utilizes a real estate consultant, currently the Townsend Group, for real estate issues such as advisor searches. It is anticipated that the State will continue to utilize a separate real estate consultant. The State also utilizes a private equity consultant, currently Torrey Cove Capital Partners, to provide services such as due diligence and program design for TCRS' private equity portfolio which includes traditional private equity and strategic lending. The State uses an actuarial firm, currently Bryan, Pendleton, Swats and McAllister, for any asset/liability studies that may be conducted.
- g. It is important you understand the Investment Division Code of Ethics and Standards of Professional Conduct, which are included in this RFP as RFP Attachment 6.7.
- h. The Investment Division has 31 employees: one (1) chief investment officer, eleven (11) equity employees, two (2) equity traders, six (6) fixed income employees, two (2) real estate employees, three (3) cash managers, three (3) private equity employees, and three (3) support personnel. There are fifteen (15) employees with the CFA designation, four (4) employees with the CAIA designation, one (1) employee with the FRM designation, and one (1) employee with the CPA designation.

1.2. Scope of Service, Contract Period, & Required Terms and Conditions

The RFP Attachment 6.6., *Pro Forma* Contract details the State's requirements:

- Scope of Services and Deliverables (Section A);
- Contract Period (Section B);
- Payment Terms (Section C);
- Standard Terms and Conditions (Section D); and,
- Special Terms and Conditions (Section E).

The *pro forma* contract substantially represents the contract document that the successful Respondent must sign.

1.3. Nondiscrimination

No person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of a Contract pursuant to this RFP or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal, Tennessee state constitutional, or statutory law. The Contractor pursuant to this RFP shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

1.4. RFP Communications

- 1.4.1. The State has assigned the following RFP identification number that must be referenced in all communications regarding this RFP:

RFP # 30901-28316

- 1.4.2. **Unauthorized contact about this RFP with employees or officials of the State of Tennessee except as detailed below may result in disqualification from consideration under this procurement process.**

- 1.4.2.1. Prospective Respondents must direct communications concerning this RFP to the following person designated as the Solicitation Coordinator:

Dawn Rochelle
 Treasury Department
 Andrew Jackson State Office Building, 13th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243
 Phone: (615) 253-8770
 Email: Dawn.Rochelle@tn.gov

- 1.4.2.2. Notwithstanding the foregoing, Prospective Respondents may alternatively contact:

- a. staff of the Governor's Office of Diversity Business Enterprise for assistance available to minority-owned, woman-owned, Tennessee service-disabled veteran owned, and small businesses as well as general, public information relating to this RFP (visit www.tn.gov/businessopp/ for contact information); and
- b. the following individual designated by the State to coordinate compliance with the nondiscrimination requirements of the State of Tennessee, Title VI of the Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and associated federal regulations:

Greg Cason, Director of Human Resources

Tennessee Treasury Department
 Andrew Jackson Building, 13th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243
 Phone: (615) 741-4915 Fax: (615) 741-0996 Email: greg.cason@tn.gov

- 1.4.3. Only the State's official, written responses and communications with Respondents are binding with regard to this RFP. Oral communications between a State official and one or more Respondents are unofficial and non-binding.
- 1.4.4. Potential Respondents must ensure that the State receives all written questions and comments, including questions and requests for clarification, no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.4.5. Respondents must assume the risk of the method of dispatching any communication or response to the State. The State assumes no responsibility for delays or delivery failures resulting from the Respondent's method of dispatch. Actual or digital "postmarking" of a communication or response to the State by a specified deadline is not a substitute for the State's actual receipt of a communication or response.
- 1.4.6. The State will convey all official responses and communications related to this RFP to the prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to RFP Section 1.8).
- 1.4.7. The State reserves the right to determine, at its sole discretion, the method of conveying official, written responses and communications related to this RFP. Such written communications may be transmitted by mail, hand-delivery, facsimile, electronic mail, Internet posting, or any other means deemed reasonable by the State. For internet posting, please refer to the following website: http://tn.gov/generalserv/cpo/sourcing_sub/rfp.shtml.
- 1.4.8. The State reserves the right to determine, at its sole discretion, the appropriateness and adequacy of responses to written comments, questions, and requests related to this RFP. The State's official, written responses will constitute an amendment of this RFP.
- 1.4.9. Any data or factual information provided by the State (in this RFP, an RFP amendment or any other communication relating to this RFP) is for informational purposes only. The State will make reasonable efforts to ensure the accuracy of such data or information, however it is the Respondent's obligation to independently verify any data or information provided by the State. The State expressly disclaims the accuracy or adequacy of any information or data that it provides to prospective Respondents.

1.5. **Assistance to Respondents With a Handicap or Disability**

Prospective Respondents with a handicap or disability may receive accommodation relating to the communication of this RFP and participating in the RFP process. Prospective Respondents may contact the Solicitation Coordinator to request such reasonable accommodation no later than the Disability Accommodation Request Deadline detailed in the RFP Section 2, Schedule of Events.

1.6. **Respondent Required Review & Waiver of Objections**

- 1.6.1. Each prospective Respondent must carefully review this RFP, including but not limited to, attachments, the RFP Attachment 6.6., *Pro Forma* Contract, and any amendments, for questions, comments, defects, objections, or any other matter requiring clarification or correction (collectively called "questions and comments").

- 1.6.2. Any prospective Respondent having questions and comments concerning this RFP must provide them in writing to the State no later than the Written Questions & Comments Deadline detailed in the RFP Section 2, Schedule of Events.
- 1.6.3. Protests based on any objection to the RFP shall be considered waived and invalid if the objection has not been brought to the attention of the State, in writing, by the Written Questions & Comments Deadline.

1.7. **Pre-Response Teleconference**

A Pre-response Conference will be held at the time and date detailed in the RFP Section 2, Schedule of Events. Pre-response Teleconference attendance is not mandatory..

Should a prospective Respondent wish to participate in the Pre-Response Teleconference, please contact the Department's Solicitation Coordinator, Dawn Rochelle at (615) 253-8770 or at Dawn.Rochelle@tn.gov.

The purpose of the conference is to discuss the RFP scope of goods or services. The State will entertain questions, however prospective Respondents must understand that the State's oral response to any question at the Pre-response Teleconference shall be unofficial and non-binding. Prospective Respondents must submit all questions, comments, or other concerns regarding the RFP in writing prior to the Written Questions & Comments Deadline date detailed in the RFP Section 2, Schedule of Events. The State will send the official response to these questions and comments to prospective Respondents from whom the State has received a Notice of Intent to respond as indicated in RFP Section 1.8 and on the date detailed in the RFP Section 2, Schedule of Events.

1.8. **Notice of Intent to Respond**

Before the Notice of Intent to Respond Deadline detailed in the RFP Section 2, Schedule of Events, prospective Respondents should submit to the Solicitation Coordinator a Notice of Intent to Respond (in the form of a simple e-mail or other written communication). Such notice should include the following information:

- the business or individual's name (as appropriate)
- a contact person's name and title
- the contact person's mailing address, telephone number, facsimile number, and e-mail address

A Notice of Intent to Respond creates no obligation and is not a prerequisite for submitting a response, however, it is necessary to ensure receipt of any RFP amendments or other notices and communications relating to this RFP.

1.9. **Response Deadline**

A Respondent must ensure that the State receives a response no later than the response Deadline time and date detailed in the RFP Section 2, Schedule of Events. A response must respond, as required, to this RFP (including its attachments) as may be amended. The State will not accept late responses, and a Respondent's failure to submit a response before the deadline will result in disqualification of the response. It is the responsibility of the Respondent to ascertain any additional security requirements with respect to packaging and delivery to the State of Tennessee. Respondents should be mindful of any potential delays due to security screening procedures, weather, or other filing delays whether foreseeable or unforeseeable.

2. RFP SCHEDULE OF EVENTS

2.1. The following RFP Schedule of Events represents the State's best estimate for this RFP.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		August 25, 2015
2. Disability Accommodation Request Deadline	2:00 p.m.	August 31, 2015
3. Pre-response Conference	10:00 a.m.	September 1, 2015
4. Notice of Intent to Respond Deadline	2:00 p.m.	September 2, 2015
5. Written "Questions & Comments" Deadline	2:00 p.m.	September 9, 2015
6. State Response to Written "Questions & Comments"		September 17, 2015
7. Response Deadline	2:00 p.m.	September 24, 2015
8. State Completion of Technical Response Evaluations		October 6, 2015
9. State Schedules Respondent Oral Presentation		October 8, 2015
10. Respondent Oral Presentation		October 13, 2015
11. State Opening & Scoring of Cost Proposals	2:00 p.m.	October 15, 2015
12. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection	2:00 p.m.	October 20, 2015
13. End of Open File Period		October 27, 2015
14. State sends contract to Contractor for signature		October 28, 2015
15. Contractor Signature Deadline	2:00 p.m.	November 4, 2015

2.2. **The State reserves the right, at its sole discretion, to adjust the RFP Schedule of Events as it deems necessary.** Any adjustment of the Schedule of Events shall constitute an RFP amendment, and the State will communicate such to prospective Respondents from whom the State has received a Notice of Intent to Respond (refer to section 1.8).

3. RESPONSE REQUIREMENTS

3.1. Response Form

A response to this RFP must consist of two parts, a Technical Response and a Cost Proposal.

- 3.1.1. **Technical Response.** RFP Attachment 6.2., Technical Response & Evaluation Guide provides the specific requirements for submitting a response. This guide includes mandatory requirement items, general qualifications and experience items, and technical qualifications, experience, and approach items all of which must be addressed with a written response and, in some instances, additional documentation.

NOTICE: A technical response must not include any pricing or cost information. If any pricing or cost information amounts of any type (even pricing relating to other projects) is included in any part of the technical response, the state may deem the response to be non-responsive and reject it.

- 3.1.1.1. A Respondent must use the RFP Attachment 6.2., Technical Response & Evaluation Guide to organize, reference, and draft the Technical Response by duplicating the attachment, adding appropriate page numbers as required, and using the guide as a table of contents covering the Technical Response.
- 3.1.1.2. A response should be economically prepared, with emphasis on completeness and clarity. A response, as well as any reference material presented, must be written in English and must be written on standard 8 ½" x 11" pages (although oversize exhibits are permissible) and use a 12 point font for text. All response pages must be numbered.
- 3.1.1.3. All information and documentation included in a Technical Response should respond to or address a specific requirement detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide. All information must be incorporated into a response to a specific requirement and clearly referenced. Any information not meeting these criteria will be deemed extraneous and will not contribute to evaluations.
- 3.1.1.4. The State may determine a response to be non-responsive and reject it if:
- a. the Respondent fails to organize and properly reference the Technical Response as required by this RFP and the RFP Attachment 6.2., Technical Response & Evaluation Guide; or
 - b. the Technical Response document does not appropriately respond to, address, or meet all of the requirements and response items detailed in the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 3.1.2. **Cost Proposal.** A Cost Proposal must be recorded on an exact duplicate of the RFP Attachment 6.3., Cost Proposal & Scoring Guide.

NOTICE: If a Respondent fails to submit a cost proposal exactly as required, the State may deem the response to be non-responsive and reject it.

- 3.1.2.1. A Respondent must only record the proposed cost exactly as required by the RFP Attachment 6.3., Cost Proposal & Scoring Guide and must NOT record any other rates, amounts, or information.

- 3.1.2.2. The proposed cost shall incorporate ALL costs for services under the contract for the total contract period, including any renewals or extensions.
- 3.1.2.3. A Respondent must sign and date the Cost Proposal.
- 3.1.2.4. A Respondent must submit the Cost Proposal to the State in a sealed package separate from the Technical Response (as detailed in RFP Sections 3.2.3., *et seq.*).

3.2. Response Delivery

3.2.1. A Respondent must ensure that both the original Technical Response and Cost Proposal documents meet all form and content requirements, including all required signatures, as detailed within this RFP.

3.2.2. A Respondent must submit original Technical Response and Cost Proposal documents and copies as specified below.

3.2.2.1. One (1) original Technical Response paper document labeled:

“RFP # 30901-28316 TECHNICAL RESPONSE ORIGINAL”

and five (5) digital copies of the Technical Response each in the form of one (1) digital document in “PDF” format properly recorded on its own otherwise blank, standard CD-R recordable disc.

“RFP # 30901-28316 TECHNICAL RESPONSE COPY”

The digital copies should not include copies of sealed customer references, however any other discrepancy between the paper Technical Response document and any digital copies may result in the State rejecting the proposal as non-responsive.

3.2.2.2. One (1) original Cost Proposal paper document labeled:

“RFP # 30901-28316 COST PROPOSAL ORIGINAL”

and one (1) copy in the form of a digital document in “PDF/XLS” format properly recorded on separate, blank, standard CD-R recordable disc labeled:

“RFP # 30901-28316 COST PROPOSAL COPY”

In the event of a discrepancy between the original Cost Proposal document and the digital copy, the original, signed document will take precedence.

3.2.3. A Respondent must separate, seal, package, and label the documents and copies for delivery as follows:

3.2.3.1. The Technical Response original document and digital copies must be placed in a sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-28316 TECHNICAL RESPONSE FROM [RESPONDENT LEGAL ENTITY NAME]”

3.2.3.2. The Cost Proposal original document and digital copy must be placed in a separate, sealed package that is clearly labeled:

“DO NOT OPEN... RFP # 30901-28316 COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

- 3.2.3.3. The separately, sealed Technical Response and Cost Proposal components may be enclosed in a larger package for mailing or delivery, provided that the outermost package is clearly labeled:

“RFP # 30901-28316 SEALED TECHNICAL RESPONSE & SEALED COST PROPOSAL FROM [RESPONDENT LEGAL ENTITY NAME]”

- 3.2.4. A Respondent must ensure that the State receives a response no later than the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events at the following address:

Dawn Rochelle
 Treasury Department
 Andrew Jackson State Office Building, 13th Floor
 502 Deaderick Street
 Nashville, Tennessee 37243
 Phone: (615) 253-8770
 Email: Dawn.Rochelle@tn.gov

3.3. Response & Respondent Prohibitions

- 3.3.1. A response must not include alternate contract terms and conditions. If a response contains such terms and conditions, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.2. A response must not restrict the rights of the State or otherwise qualify either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal. If a response restricts the rights of the State or otherwise qualifies either the offer to deliver goods or provide services as required by this RFP or the Cost Proposal, the State, at its sole discretion, may determine the response to be a non-responsive counteroffer and reject it.
- 3.3.3. A response must not propose alternative goods or services (*i.e.*, offer services different from those requested and required by this RFP) unless expressly requested in this RFP. The State may consider a response of alternative goods or services to be non-responsive and reject it.
- 3.3.4. A Cost Proposal must be prepared and arrived at independently and must not involve any collusion between Respondents. The State will reject any Cost Proposal that involves collusion, consultation, communication, or agreement between Respondents. Regardless of the time of detection, the State will consider any such actions to be grounds for response rejection or contract termination.
- 3.3.5. A Respondent must not provide, for consideration in this RFP process or subsequent contract negotiations, any information that the Respondent knew or should have known was materially incorrect. If the State determines that a Respondent has provided such incorrect information, the State will deem the Response non-responsive and reject it.
- 3.3.6. A Respondent must not submit more than one Technical Response and one Cost Proposal in response to this RFP, except as expressly requested by the State in this RFP. If a Respondent submits more than one Technical Response or more than one Cost Proposal, the State will deem all of the responses non-responsive and reject them.
- 3.3.7. A Respondent must not submit a response as a prime contractor while also permitting one or more other Respondents to offer the Respondent as a subcontractor in their own responses. Such may result in the disqualification of all Respondents knowingly involved. This restriction does not, however, prohibit different Respondents from offering the same subcontractor as a part

of their responses (provided that the subcontractor does not also submit a response as a prime contractor).

3.3.8. The State shall not consider a response from an individual who is, or within the past six (6) months has been, a State employee. For purposes of this RFP:

3.3.8.1. An individual shall be deemed a State employee until such time as all compensation for salary, termination pay, and annual leave has been paid;

3.3.8.2. A contract with or a response from a company, corporation, or any other contracting entity in which a controlling interest is held by any State employee shall be considered to be a contract with or proposal from the employee; and

3.3.8.3. A contract with or a response from a company, corporation, or any other contracting entity that employs an individual who is, or within the past six (6) months has been, a State employee shall not be considered a contract with or a proposal from the employee and shall not constitute a prohibited conflict of interest.

3.4. **Response Errors & Revisions**

A Respondent is responsible for any and all response errors or omissions. A Respondent will not be allowed to alter or revise response documents after the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events unless such is formally requested, in writing, by the State.

3.5. **Response Withdrawal**

A Respondent may withdraw a submitted response at any time before the Response Deadline time and date detailed in the RFP Section 2, Schedule of Events by submitting a written request signed by an authorized Respondent representative. After withdrawing a response, a Respondent may submit another response at any time before the Response Deadline. After the Response Deadline, a Respondent may only withdraw all or a portion of a response where the enforcement of the response would impose an unconscionable hardship on the Respondent.

3.6. **Additional Services**

If a response offers goods or services in addition to those required by and described in this RFP, the State, at its sole discretion, may add such services to the contract awarded as a result of this RFP. Notwithstanding the foregoing, a Respondent must not propose any additional cost amounts or rates for additional goods or services. Regardless of any additional services offered in a response, the Respondent's Cost Proposal must only record the proposed cost as required in this RFP and must not record any other rates, amounts, or information.

NOTICE: If a Respondent fails to submit a Cost Proposal exactly as required, the State may deem the response non-responsive and reject it.

3.7. **Response Preparation Costs**

The State will not pay any costs associated with the preparation, submittal, or presentation of any response.

4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS

4.1. RFP Amendment

The State at its sole discretion may amend this RFP, in writing, at any time prior to contract award. However, prior to any such amendment, the State will consider whether it would negatively impact the ability of potential Respondents to meet the response deadline and revise the RFP Schedule of Events if deemed appropriate. If an RFP amendment is issued, the State will convey it to potential Respondents who submitted a Notice of Intent to Respond (refer to RFP Section 1.8). A response must address the final RFP (including its attachments) as amended.

4.2. RFP Cancellation

The State reserves the right, at its sole discretion, to cancel the RFP or to cancel and reissue this RFP in accordance with applicable laws and regulations.

4.3. State Right of Rejection

4.3.1. Subject to applicable laws and regulations, the State reserves the right to reject, at its sole discretion, any and all responses.

4.3.2. The State may deem as non-responsive and reject any response that does not comply with all terms, conditions, and performance requirements of this RFP. Notwithstanding the foregoing, the State reserves the right to waive, at its sole discretion, minor variances from full compliance with this RFP. If the State waives variances in a response, such waiver shall not modify the RFP requirements or excuse the Respondent from full compliance, and the State may hold any resulting Contractor to strict compliance with this RFP.

4.4. Assignment & Subcontracting

4.4.1. The Contractor may not subcontract, transfer, or assign any portion of the Contract awarded as a result of this RFP without prior approval of the State. The State reserves the right to refuse approval, at its sole discretion, of any subcontract, transfer, or assignment.

4.4.2. If a Respondent intends to use subcontractors, the response to this RFP must specifically identify the scope and portions of the work each subcontractor will perform (refer to RFP Attachment 6.2., Section B, General Qualifications & Experience Item B.14.).

4.4.3. Subcontractors identified within a response to this RFP will be deemed as approved by the State unless the State expressly disapproves one or more of the proposed subcontractors prior to signing the Contract.

4.4.4. After contract award, a Contractor may only substitute an approved subcontractor at the discretion of the State and with the State's prior, written approval.

4.4.5. Notwithstanding any State approval relating to subcontracts, the Respondent who is awarded a contract pursuant to this RFP will be the prime contractor and will be responsible for all work under the Contract.

4.5. Right to Refuse Personnel or Subcontractors

The State reserves the right to refuse, at its sole discretion and notwithstanding any prior approval, any personnel of the prime contractor or a subcontractor providing goods or services in the performance of a contract resulting from this RFP. The State will document in writing the reason(s) for any rejection of personnel.

4.6. Insurance

From time-to-time, the State may require the awarded Contractor to provide a Certificate of Insurance issued by an insurance company licensed or authorized to provide insurance in the State of Tennessee. Each Certificate of Insurance shall indicate current insurance coverages meeting minimum requirements as may be specified by this RFP. A failure to provide a current, Certificate of Insurance will be considered a material breach and grounds for contract termination.

4.7. Professional Licensure and Department of Revenue Registration

- 4.7.1. All persons, agencies, firms, or other entities that provide legal or financial opinions, which a Respondent provides for consideration and evaluation by the State as a part of a response to this RFP, shall be properly licensed to render such opinions.
- 4.7.2. Before the Contract resulting from this RFP is signed, the apparent successful Respondent (and Respondent employees and subcontractors, as applicable) must hold all necessary or appropriate business or professional licenses to provide the goods or services as required by the contract. The State may require any Respondent to submit evidence of proper licensure.
- 4.7.3. Before the Contract resulting from this RFP is signed, the apparent successful Respondent must be registered with the Tennessee Department of Revenue for the collection of Tennessee sales and use tax. The State shall not award a contract unless the Respondent provides proof of such registration or provides documentation from the Department of Revenue that the Contractor is exempt from this registration requirement. The foregoing is a mandatory requirement of an award of a contract pursuant to this solicitation. For purposes of this registration requirement, the Department of Revenue may be contacted at: TN.Revenue@tn.gov.

4.8. Disclosure of Response Contents

- 4.8.1. All materials submitted to the State in response to this RFP shall become the property of the State of Tennessee. Selection or rejection of a response does not affect this right. By submitting a response, a Respondent acknowledges and accepts that the full response contents and associated documents will become open to public inspection in accordance with the laws of the State of Tennessee.
- 4.8.2. The State will hold all response information, including both technical and cost information, in confidence during the evaluation process. Notwithstanding the foregoing, a list of actual Respondents submitting timely responses may be available to the public, upon request, after technical responses are opened.
- 4.8.3. Upon completion of response evaluations, indicated by public release of a Notice of Intent to Award, the responses and associated materials will be open for review by the public in accordance with *Tennessee Code Annotated*, Section 10-7-504(a)(7).

4.9. Contract Approval and Contract Payments

- 4.9.1. After contract award, the Contractor who is awarded the contract must submit appropriate documentation with the Department of Finance and Administration, Division of Accounts.
- 4.9.2. This RFP and its contractor selection processes do not obligate the State and do not create rights, interests, or claims of entitlement in either the Respondent with the apparent best-evaluated response or any other Respondent. State obligations pursuant to a contract award shall commence only after the contract is signed by the State agency head and the Contractor and after the Contract is approved by all other state officials as required by applicable laws and regulations.

- 4.9.3. No payment will be obligated or made until the relevant Contract is approved as required by applicable statutes and rules of the State of Tennessee.
- 4.9.3.1. The State shall not be liable for payment of any type associated with the Contract resulting from this RFP (or any amendment thereof) or responsible for any goods delivered or services rendered by the Contractor, even goods delivered or services rendered in good faith and even if the Contractor is orally directed to proceed with the delivery of goods or the rendering of services, if it occurs before the Contract start date or after the Contract end date.
- 4.9.3.2. All payments relating to this procurement will be made in accordance with the Payment Terms and Conditions of the Contract resulting from this RFP (refer to RFP Attachment 6.6., *Pro Forma Contract*, Section C).
- 4.9.3.3. If any provision of the Contract provides direct funding or reimbursement for the competitive purchase of goods or services as a component of contract performance or otherwise provides for the reimbursement of specified, actual costs, the State will employ all reasonable means and will require all such documentation that it deems necessary to ensure that such purchases were competitive and costs were reasonable, necessary, and actual. The Contractor shall provide reasonable assistance and access related to such review. Further, the State shall not remit, as funding or reimbursement pursuant to such provisions, any amounts that it determines do not represent reasonable, necessary, and actual costs.

4.10. **Contractor Performance**

The Contractor who is awarded a contract will be responsible for the delivery of all acceptable goods or the satisfactory completion of all services set out in this RFP (including attachments) as may be amended. All goods or services are subject to inspection and evaluation by the State. The State will employ all reasonable means to ensure that goods delivered or services rendered are in compliance with the Contract, and the Contractor must cooperate with such efforts.

4.11. **Contract Amendment**

After contract award, the State may request the Contractor to deliver additional goods or perform additional services within the general scope of the contract and this RFP, but beyond the specified scope of service, and for which the Contractor may be compensated. In such instances, the State will provide the Contractor a written description of the additional goods or services. The Contractor must respond to the State with a time schedule for delivering the additional goods or accomplishing the additional services based on the compensable units included in the Contractor's response to this RFP. If the State and the Contractor reach an agreement regarding the goods or services and associated compensation, such agreement must be effected by means of a contract amendment. Further, any such amendment requiring additional goods or services must be signed by both the State agency head and the Contractor and must be approved by other state officials as required by applicable statutes, rules, policies and procedures of the State of Tennessee. The Contractor must not provide additional goods or render additional services until the State has issued a written contract amendment with all required approvals.

4.12. **Severability**

If any provision of this RFP is declared by a court to be illegal or in conflict with any law, said decision will not affect the validity of the remaining RFP terms and provisions, and the rights and obligations of the State and Respondents will be construed and enforced as if the RFP did not contain the particular provision held to be invalid.

4.13. **Next Ranked Respondent**

The State reserves the right to initiate negotiations with the next ranked Respondent should the State cease doing business with any Respondent selected via this RFP process.

5. EVALUATION & CONTRACT AWARD

5.1. Evaluation Categories & Maximum Points

The State will consider qualifications, experience, technical approach, and cost in the evaluation of responses and award points in each of the categories detailed below (up to the maximum evaluation points indicated) to each response deemed by the State to be responsive.

EVALUATION CATEGORY	MAXIMUM POINTS POSSIBLE
General Qualifications & Experience (refer to RFP Attachment 6.2., Section B)	20
Technical Qualifications, Experience & Approach (refer to RFP Attachment 6.2., Section C)	40
Oral Presentation (refer to RFP Attachment 6.2., Section D)	10
Cost Proposal (refer to RFP Attachment 6.3.)	30

5.2. Evaluation Process

The evaluation process is designed to award the contract resulting from this RFP not necessarily to the Respondent offering the lowest cost, but rather to the Respondent deemed by the State to be responsive and responsible who offers the best combination of attributes based upon the evaluation criteria. ("Responsive Respondent" is defined as a Respondent that has submitted a response that conforms in all material respects to the RFP. "Responsible Respondent" is defined as a Respondent that has the capacity in all respects to perform fully the contract requirements, and the integrity and reliability which will assure good faith performance.)

5.2.1. **Technical Response Evaluation.** The Solicitation Coordinator and the Proposal Evaluation Team (consisting of three (3) or more State employees) will use the RFP Attachment 6.2., Technical Response & Evaluation Guide to manage the Technical Response Evaluation and maintain evaluation records.

- 5.2.1.1. The State reserves the right, at its sole discretion, to request Respondent clarification of a Technical Response or to conduct clarification discussions with any or all Respondents. Any such clarification or discussion will be limited to specific sections of the response identified by the State. The subject Respondent must put any resulting clarification in writing as may be required and in accordance with any deadline imposed by the State.
- 5.2.1.2. The Solicitation Coordinator will review each Technical Response to determine compliance with RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A— Mandatory Requirements. If the Solicitation Coordinator determines that a response failed to meet one or more of the mandatory requirements, the Proposal Evaluation Team will review the response and document the team's determination of whether:
- the response adequately meets RFP requirements for further evaluation;
 - the State will request clarifications or corrections for consideration prior to further evaluation; or,
 - the State will determine the response to be non-responsive to the RFP and reject it.

- 5.2.1.3. Proposal Evaluation Team members will independently evaluate each Technical Response (that is responsive to the RFP) against the evaluation criteria in this RFP, and will score each in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide.
- 5.2.1.4. For each response evaluated, the Solicitation Coordinator will calculate the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, and record each average as the response score for the respective Technical Response section.
- 5.2.1.5 The Solicitation Coordinator will invite the top three (3) ranked Respondents to make an oral presentation. The ranking will be determined after the Technical Response score is totaled and ranked (i.e. 1 = the best evaluated ranking, etc.).
 - 5.2.1.5.1. The oral presentations are mandatory. The Solicitation Coordinator will schedule Respondent presentations during the period indicated by the RFP Section 2, Schedule of Events. The Solicitation Coordinator will make every effort to accommodate each Respondent's schedules. When the Respondent presentation schedule has been determined, the Solicitation Coordinator will contact Respondents with the relevant information as indicated by RFP Section 2, Schedule of Events.
 - 5.2.1.5.2. Respondent presentations are only open to the invited Respondent, Proposal Evaluation Team members, the Solicitation Coordinator, and any technical consultants who are selected by the State to provide assistance to the Proposal Evaluation Team.
 - 5.2.1.5.3. Oral presentations provide an opportunity for Respondents to explain and clarify their responses. Respondents must not materially alter their responses and presentations will be limited to addressing the items detailed in RFP Attachment 6.2., Technical Response & Evaluation Guide. Respondent pricing shall not be discussed during oral presentations.
 - 5.2.1.5.4. The State will maintain an accurate record of each Respondent's oral presentation session. The record of the Respondent's oral presentation shall be available for review when the State opens the procurement files for public inspection.
 - 5.2.1.5.5. Proposal Evaluation Team members will independently evaluate each oral presentation in accordance with the RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D.
 - 5.2.1.5.6. The Solicitation Coordinator will calculate and document the average of the Proposal Evaluation Team member scores for RFP Attachment 6.2., Technical Response & Evaluation Guide, Section D, and record that number as the score for Respondent's Technical Response section.
- 5.2.1.6. Before Cost Proposals are opened, the Proposal Evaluation Team will review the Technical Response Evaluation record and any other available information pertinent to whether or not each Respondent is responsive and responsible. If the Proposal Evaluation Team identifies any Respondent that does not to meet the responsive and responsible thresholds such that the team would not recommend the Respondent for

Cost Proposal Evaluation and potential contract award, the team members will fully document the determination.

- 5.2.2. **Cost Proposal Evaluation.** The Solicitation Coordinator will open for evaluation the Cost Proposal of each Respondent deemed by the State to be responsive and responsible and calculate and record each Cost Proposal score in accordance with the RFP Attachment 6.3., Cost Proposal & Scoring Guide.
- 5.2.3. **Total Response Score.** The Solicitation Coordinator will calculate the sum of the Technical Response section scores and the Cost Proposal score and record the resulting number as the total score for the subject Response (refer to RFP Attachment 6.5., Score Summary Matrix).

5.3. Contract Award Process

- 5.3.1 The Solicitation Coordinator will submit the Proposal Evaluation Team determinations and scores to the head of the procuring agency for consideration along with any other relevant information that might be available and pertinent to contract award.
- 5.3.2. The procuring agency head will determine the apparent best-evaluated Response. To effect a contract award to a Respondent other than the one receiving the highest evaluation process score, the head of the procuring agency must provide written justification and obtain the written approval of the Chief Procurement Officer and the Comptroller of the Treasury.
- 5.3.3. The State will issue a Notice of Intent to Award identifying the apparent best-evaluated response and make the RFP files available for public inspection at the time and date specified in the RFP Section 2, Schedule of Events.

NOTICE: The Notice of Intent to Award shall not create rights, interests, or claims of entitlement in either the apparent best-evaluated Respondent or any other Respondent.

- 5.3.4. The Respondent identified as offering the apparent best-evaluated response must sign a contract drawn by the State pursuant to this RFP. The contract shall be substantially the same as the RFP Attachment 6.6., *Pro Forma* Contract. The Respondent must sign the contract by the Contractor Signature Deadline detailed in the RFP Section 2, Schedule of Events. If the Respondent fails to provide the signed contract by this deadline, the State may determine that the Respondent is non-responsive to this RFP and reject the response.
- 5.3.5. Notwithstanding the foregoing, the State may, at its sole discretion, entertain limited negotiation prior to contract signing and, as a result, revise the *pro forma* contract terms and conditions or performance requirements in the State's best interests, PROVIDED THAT such revision of terms and conditions or performance requirements shall NOT materially affect the basis of response evaluations or negatively impact the competitive nature of the RFP and contractor selection process.
- 5.3.6. If the State determines that a response is non-responsive and rejects it after opening Cost Proposals, the Solicitation Coordinator will re-calculate scores for each remaining responsive Cost Proposal to determine (or re-determine) the apparent best-evaluated response.

RFP # 30901-28316 STATEMENT OF CERTIFICATIONS AND ASSURANCES

The Respondent must sign and complete the Statement of Certifications and Assurances below as required, and it must be included in the Technical Response (as required by RFP Attachment 6.2., Technical Response & Evaluation Guide, Section A, Item A.1.).

The Respondent does, hereby, expressly affirm, declare, confirm, certify, and assure ALL of the following:

1. The Respondent will comply with all of the provisions and requirements of the RFP.
2. The Respondent will provide all services as defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma Contract* for the total contract period.
3. The Respondent, except as otherwise provided in this RFP, accepts and agrees to all terms and conditions set out in the RFP Attachment 6.6., *Pro Forma Contract*.
4. The Respondent acknowledges and agrees that a contract resulting from the RFP shall incorporate, by reference, all proposal responses as a part of the contract.
5. The Respondent will comply with:
 - (a) the laws of the State of Tennessee;
 - (b) Title VI of the federal Civil Rights Act of 1964;
 - (c) Title IX of the federal Education Amendments Act of 1972;
 - (d) the Equal Employment Opportunity Act and the regulations issued there under by the federal government; and,
 - (e) the Americans with Disabilities Act of 1990 and the regulations issued there under by the federal government.
6. To the knowledge of the undersigned, the information detailed within the response submitted to this RFP is accurate.
7. The response submitted to this RFP was independently prepared, without collusion, under penalty of perjury.
8. No amount shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Respondent in connection with this RFP or any resulting contract.
9. Both the Technical Response and the Cost Proposal submitted in response to this RFP shall remain valid for at least 120 days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract pursuant to the RFP.

By signing this Statement of Certifications and Assurances, below, the signatory also certifies legal authority to bind the proposing entity to the provisions of this RFP and any contract awarded pursuant to it. If the signatory is not the Respondent (if an individual) or the Respondent's company *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to bind the Respondent.

DO NOT SIGN THIS DOCUMENT IF YOU ARE NOT LEGALLY AUTHORIZED TO BIND THE RESPONDENT

SIGNATURE:

PRINTED NAME & TITLE:

DATE:

**RESPONDENT LEGAL ENTITY
NAME:**

**RESPONDENT FEDERAL EMPLOYER IDENTIFICATION NUMBER (or
SSN):**

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION A: MANDATORY REQUIREMENTS. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

The Solicitation Coordinator will review the response to determine if the Mandatory Requirement Items are addressed as required and mark each with pass or fail. For each item that is not addressed as required, the Proposal Evaluation Team must review the response and attach a written determination. In addition to the Mandatory Requirement Items, the Solicitation Coordinator will review each response for compliance with all RFP requirements.

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		The Response must be delivered to the State no later than the Response Deadline specified in the RFP Section 2, Schedule of Events.	
		The Technical Response and the Cost Proposal documentation must be packaged separately as required (refer to RFP Section 3.2., <i>et. seq.</i>).	
		The Technical Response must NOT contain cost or pricing information of any type.	
		The Technical Response must NOT contain any restrictions of the rights of the State or other qualification of the response.	
		A Respondent must NOT submit alternate responses (refer to RFP Section 3.3.).	
		A Respondent must NOT submit multiple responses in different forms (as a prime and a sub-contractor) (refer to RFP Section 3.3.).	
	A.1.	Provide the Statement of Certifications and Assurances (RFP Attachment 6.1.) completed and signed by an individual empowered to bind the Respondent to the provisions of this RFP and any resulting contract. The document must be signed without exception or qualification.	
	A.2.	Provide a statement, based upon reasonable inquiry, of whether the Respondent or any individual who shall cause to deliver goods or perform services under the contract has a possible conflict of interest (<i>e.g.</i> , employment by the State of Tennessee) and, if so, the nature of that conflict. NOTE: Any questions of conflict of interest shall be solely within the discretion of the State, and the State reserves the right to cancel any award.	
	A.3.	Provide a current bank reference indicating that the Respondent's business relationship with the financial institution is in positive standing. Such reference must be written in the form of a standard business letter, signed, and dated within the past three (3) months.	
	A.4.	Provide two current positive credit references from vendors with which the Respondent has done business written in the form of standard business letters, signed, and dated within the past three (3) months.	
	A.5.	Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		satisfactory credit rating for the Respondent (NOTE: A credit bureau report number without the full report is insufficient and will <u>not</u> be considered responsive.)	
	A.6.	Provide a statement that the Proposer currently serves as the general investment consultant for at least three (3) defined benefit pension plan clients with assets exceeding \$20 billion. Provide the fund name, name of the fund's contact person, the contact person's phone number and asset size to support the above statement.	
	A.7.	Provide a statement that the Proposer has at least one public pension fund client with assets exceeding \$20 billion. Provide the fund name, contact name, phone number, and asset size to support the above statement.	
	A.8	Provide a statement that the Proposer has been in business at least ten (10) years as of December 31, 2014.	
	A.9.	Provide a statement that the Proposer agrees to serve as a fiduciary to the State with respect to the services to be provided under any contract awarded pursuant to this RFP.	
	A.10.	Provide a statement that the Proposer is registered with the SEC as an investment advisor pursuant to the investment advisors act of 1940.	
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>			

RFP ATTACHMENT 6.2. — SECTION B

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION B: GENERAL QUALIFICATIONS & EXPERIENCE. The Respondent must address all items detailed below and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below. Proposal Evaluation Team members will independently evaluate and assign one score for all responses to Section B— General Qualifications & Experience Items.

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
	B.1.	Detail the name, e-mail address, mailing address, telephone number, and facsimile number of the person the State should contact regarding the response.
	B.2.	Describe the Respondent's form of business (<i>i.e.</i> , individual, sole proprietor, corporation, non-profit corporation, partnership, limited liability company) and business location (physical location or domicile).
	B.3.	Detail the number of years the Respondent has been in business.
	B.4.	Briefly describe how long the Respondent has been providing the goods or services required by this RFP.
	B.5.	Describe the Respondent's number of employees, client base, and location of offices.
	B.6.	Provide a statement of whether there have been any mergers, acquisitions, or change of control of the Respondent within the last ten (10) years. If so, include an explanation providing relevant details.
	B.7.	Provide a statement of whether the Respondent or, to the Respondent's knowledge, any of the Respondent's employees, agents, independent contractors, or subcontractors, involved in the delivery of goods or performance of services on a contract pursuant to this RFP, have been convicted of, pled guilty to, or pled <i>nolo contendere</i> to any felony. If so, include an explanation providing relevant details.
	B.8.	Provide a statement of whether, in the last ten (10) years, the Respondent has filed (or had filed against it) any bankruptcy or insolvency proceeding, whether voluntary or involuntary, or undergone the appointment of a receiver, trustee, or assignee for the benefit of creditors. If so, include an explanation providing relevant details.
	B.9.	Provide a statement of whether there is any material, pending litigation against the Respondent that the Respondent should reasonably believe could adversely affect its ability to meet contract requirements pursuant to this RFP or is likely to have a material adverse effect on the Respondent's financial condition. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it would impair the Respondent's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.10.	Provide a statement of whether there are any pending or in progress Securities Exchange Commission investigations involving the Respondent. If such exists, list each separately, explain the relevant details, and attach the opinion of counsel addressing whether and to what extent it will impair the Respondent's performance in a contract pursuant to this RFP. NOTE: All persons, agencies, firms, or other entities that provide legal opinions regarding the

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		Respondent must be properly licensed to render such opinions. The State may require the Respondent to submit proof of license for each person or entity that renders such opinions.
	B.11.	Provide a brief, descriptive statement detailing evidence of the Respondent's ability to deliver the goods or services sought under this RFP (e.g., prior experience, training, certifications, resources, program and quality management systems, etc.).
	B.12.	Provide a narrative description of the proposed project team, its members, and organizational structure along with an organizational chart identifying the key people who will be assigned to deliver the goods or services required by this RFP.
	B.13.	Provide a personnel roster listing the names of key people who the Respondent will assign to meet the Respondent's requirements under this RFP along with the estimated number of hours that each individual will devote to that performance. Follow the personnel roster with a resume for each of the people listed. The resumes must detail the individual's title, education, current position with the Respondent, and employment history.
	B.14.	Provide a statement of whether the Respondent intends to use subcontractors to meet the Respondent's requirements of any contract awarded pursuant to this RFP, and if so, detail: <ul style="list-style-type: none"> (a) the names of the subcontractors along with the contact person, mailing address, telephone number, and e-mail address for each; (b) a description of the scope and portions of the goods each subcontractor involved in the delivery of goods or performance of the services each subcontractor will perform; <u>and</u> (c) a statement specifying that each proposed subcontractor has expressly assented to being proposed as a subcontractor in the Respondent's response to this RFP.
	B.15.	Provide documentation of the Respondent's commitment to diversity as represented by the following: <ul style="list-style-type: none"> (a) <u>Business Strategy</u>. Provide a description of the Respondent's existing programs and procedures designed to encourage and foster commerce with business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises. Please also include a list of the Respondent's certifications as a diversity business, if applicable. (b) <u>Business Relationships</u>. Provide a listing of the Respondent's current contracts with business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises. Please include the following information: <ul style="list-style-type: none"> (i) contract description; (ii) contractor name and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled); (iii) contractor contact name and telephone number. (c) <u>Estimated Participation</u>. Provide an estimated level of participation by business enterprises owned by minorities, women, Tennessee service-disabled veterans, and small business enterprises if a contract is awarded to the Respondent pursuant to this RFP. Please include the following information: <ul style="list-style-type: none"> (i) a percentage (%) indicating the participation estimate. (Express the estimated participation number as a percentage of the total estimated contract value that will be dedicated to business with subcontractors and supply contractors having such ownership characteristics only and DO NOT INCLUDE DOLLAR AMOUNTS); (ii) anticipated goods or services contract descriptions; (iii) names and ownership characteristics (i.e., ethnicity, gender, Tennessee service-disabled veterans) of anticipated subcontractors and supply contractors.

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>NOTE: In order to claim status as a Diversity Business Enterprise under this contract, businesses must be certified by the Governor's Office of Diversity Business Enterprise (Go-DBE). Please visit the Go-DBE website at https://tn.diversitysoftware.com/FrontEnd/StartCertification.asp?TN=tn&XID=9265 for more information.</p> <p>(d) <u>Workforce</u>. Provide the percentage of the Respondent's total current employees by ethnicity and gender.</p> <p>NOTE: Respondents that demonstrate a commitment to diversity will advance State efforts to expand opportunity to do business with the State as contractors and subcontractors. Response evaluations will recognize the positive qualifications and experience of a Respondent that does business with enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises and who offer a diverse workforce.</p>
	B.16.	<p>Provide a statement of whether or not the Respondent has any current contracts with the State of Tennessee or has completed any contracts with the State of Tennessee within the previous five (5) year period. If so, provide the following information for all of the current and completed contracts:</p> <p>(a) the name, title, telephone number and e-mail address of the State contact knowledgeable about the contract;</p> <p>(b) the procuring State agency name;</p> <p>(c) a brief description of the contract's scope of services;</p> <p>(d) the contract period; and</p> <p>(e) the contract number.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ Current or prior contracts with the State are <u>not</u> a prerequisite and are <u>not</u> required for the maximum evaluation score, and the existence of such contracts with the State will <u>not</u> automatically result in the addition or deduction of evaluation points. ▪ Each evaluator will generally consider the results of inquiries by the State regarding all contracts noted.
	B.17.	<p>Provide customer references from individuals who are <u>not</u> current or former State employees for projects similar to the goods or services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> ▪ two (2) accounts Respondent currently services that are similar in size to the State; <u>and</u> ▪ three (3) completed projects. <p>References from at least three (3) different individuals are required to satisfy the requirements above, e.g., an individual may provide a reference about a completed project and another reference about a currently serviced account. The standard reference questionnaire, which <u>must</u> be used and completed, is provided at RFP Attachment 6.4. References that are not completed as required may be deemed non-responsive and may not be considered.</p> <p>The Respondent will be <u>solely</u> responsible for obtaining fully completed reference questionnaires and including them in the sealed Technical Response. In order to obtain and submit the completed reference questionnaires follow the process below.</p> <p>(a) Add the Respondent's name to the standard reference questionnaire at RFP Attachment 6.4. and make a copy for each reference.</p> <p>(b) Send a reference questionnaire and new, standard #10 envelope to each reference.</p> <p>(c) Instruct the reference to:</p> <ol style="list-style-type: none"> (i) complete the reference questionnaire; (ii) sign and date the completed reference questionnaire; (iii) seal the completed, signed, and dated reference questionnaire within the envelope provided; (iv) sign his or her name in ink across the sealed portion of the envelope; and

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>(v) return the sealed envelope directly to the Respondent (the Respondent may wish to give each reference a deadline, such that the Respondent will be able to collect all required references in time to include them within the sealed Technical Response).</p> <p>(d) <u>Do NOT open the sealed references upon receipt.</u></p> <p>(e) Enclose all <u>sealed</u> reference envelopes within a larger, labeled envelope for inclusion in the Technical Response as required.</p> <p>NOTES:</p> <ul style="list-style-type: none"> ▪ The State will not accept late references or references submitted by any means other than that which is described above, and each reference questionnaire submitted must be completed as required. ▪ The State will not review more than the number of required references indicated above. ▪ While the State will base its reference check on the contents of the sealed reference envelopes included in the Technical Response package, the State reserves the right to confirm and clarify information detailed in the completed reference questionnaires, and may consider clarification responses in the evaluation of references. ▪ The State is under <u>no</u> obligation to clarify any reference information.
	B.18.	<p>Provide a statement and any relevant details addressing whether the Respondent is any of the following:</p> <p>(a) is presently debarred, suspended, proposed for debarment, or voluntarily excluded from covered transactions by any federal or state department or agency;</p> <p>(b) has within the past three (3) years, been convicted of, or had a civil judgment rendered against the contracting party from commission of fraud, or a criminal offence in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;</p> <p>(c) is presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed above; and</p> <p>has within a three (3) year period preceding the contract had one or more public transactions (federal, state, or local) terminated for cause or default.</p>
	B.19	Provide a statement describing the depth of the Respondent as measured by the firm's consultant to client and personnel to client ratios and back-up procedures for providing services to the State
	B.20.	Provide a statement describing the accessibility of the Respondent's primary or lead consultants who would be providing services to the State, as measured by the number of clients for each primary or lead consultant.
	B. 21	Provide a narrative addressing both the Respondent's history of serving large public funds and the number of public funds with assets of \$20 billion currently served.
		<p>SCORE (for <u>all</u> Section B—Qualifications & Experience Items above): (maximum possible score = 20)</p>
State Use – Evaluator Identification:		

RFP ATTACHMENT 6.2. — SECTION C

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION C: TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH. The Respondent must address all items (below) and provide, in sequence, the information and documentation as required (referenced with the associated item references). The Respondent must also detail the response page number for each item in the appropriate space below.

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the response to each item. Each evaluator will use the following whole number, raw point scale for scoring each item:

0 = little value 1 = poor 2 = fair 3 = satisfactory 4 = good 5 = excellent

The Solicitation Coordinator will multiply the Item Score by the associated Evaluation Factor (indicating the relative emphasis of the item in the overall evaluation). The resulting product will be the item's Raw Weighted Score for purposes of calculating the section score as indicated.

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.1.	Provide a narrative that illustrates the Respondent's understanding of the State's requirements and project schedule.		5	
	C.2.	Provide a narrative that illustrates how the Respondent will complete the scope of services, accomplish required objectives, and meet the State's project schedule.		5	
	C.3.	Provide a narrative that illustrates how the Respondent will manage the project, ensure completion of the scope of services, and accomplish required objectives within the State's project schedule.		5	
	C.4	Describe the Respondent's overall philosophy and approach to providing general consulting services to a public pension plan and if this philosophy or approach has changed throughout the Respondent's history with a description of the change in philosophy or approach.		5	
	C.5.	<p><u>Performance measurement and portfolio analytics:</u></p> <p>Describe the content and format of performance reports. Specifically, describe the types of reporting and attribution analysis you can provide on investment performance at the individual security, portfolio, asset class, and total fund levels.</p> <p>Describe your ability to provide performance reports gross and net of fees. Furthermore, communicate your ability to provide time-weighted and money-weighted returns.</p> <p>Describe how you calculate the performance measurement reports in compliance with the CFAI GIPS performance presentation standards. What sources of data do you utilize for analyzing and evaluating your client's performance? What quality and reconciliation checks do you perform?</p> <p>How many business days following the receipt of data from the master custodian bank do you require to complete quarter-end reports? Specify the time frames 10+ in which you can provide the monthly and quarterly performance measurement reports described in Section A.4 of the pro forma contract (RFP Attachment 6.6).</p> <p>Describe the flexibility of your reporting and the ability to</p>		15	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>customize the reports at our request. Are performance reports available online? Can date ranges, benchmarks, and universes be customized online? Are detailed attribution reports available on-line?</p> <p>Please attach samples of your performance and portfolio analytics reports.</p> <p>Describe your firm's universes for peer-comparison, including size, composition, percentage of public funds, percentage of private funds, etc. Is it proprietary or purchased from an independent source? If proprietary, how is the data compiled? How do you present risk adjusted comparisons at the total fund level? Over intervals of 1- 3-, 5- and 10-years (to the extent applicable), how have your clients performed in relation to their peers on both absolute and risk adjusted bases?</p> <p>How would you capture historical performance for TCRS, COE, and BEST from a prior consultant?</p>			
	C.6.	<p><u>Asset allocation studies:</u></p> <p>Describe how your firm is prepared to consult and make presentations on asset allocation changes and other asset allocation issues related to the total portfolio.</p> <p>Describe the process for developing your capital market outlook. Provide documentation that supported your last capital market outlook.</p> <p>Describe your asset allocation model. How are your assumptions generated? What time frame does the model use? How sensitive is your model to changes in assumptions? Are third party models or assumptions utilized? How are investment objectives and range constraints factored into the optimization process?</p> <p>What is your commitment to internal research into the construction of assumptions used in your asset allocation model(s)? To what extent would you involve TCRS' staff in discussing the assumptions that form the basis of your asset allocation model?</p> <p>What strategy or evaluation process does your firm employ to measure the risk tolerance of your client fiduciaries?</p> <p>How often do you recommend a formal review of asset allocation policies?</p> <p>What recommendations have you made to your broader client base over the last three years regarding changes in strategic asset allocation? To the extent any have been made, have you produced white papers or any other research documents to support your recommendations. If so, please provide a sample of such research.</p>		20	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
	C.7.	<p><u>Investment Manager Searches:</u></p> <p>Describe your firm's methodology for the evaluation and selection of investment managers. Include how your firm evaluates a manager's personnel and organizational structure; investment philosophy (and adherence thereto); research capabilities; financial condition; and client service.</p> <p>Describe in detail your manager database. Explain how firms enter your search universe. How are firms included or excluded from your universe? Do clients have direct access to the database?</p> <p>How many active and passive managers does your average client retain? To what styles and market cap ranges are they assigned?</p> <p>Are active managers able to consistently outperform broad market indices as well as relevant style benchmarks? Discuss findings that support your views. What roles do you think are appropriate for active managers, passive managers, and enhanced indexers?</p> <p>Has your manager evaluation process resulted in the recommendation of the same managers consistently over several searches? Please explain and provide examples of recent studies.</p> <p>Explain how external manager performance reviews are conducted and at what point such reviews would be initiated. Do you initiate or do you wait for instructions from your client to do so?</p> <p>Describe your process for recommending manager termination.</p>		15	
	C.8.	<p><u>General Information and Education:</u></p> <p>List the areas in which you provide research/advice, indicating those in which you feel especially qualified.</p> <p>What role does passive management play in your firm's general view of the asset allocation process for your clients?</p> <p>Have you ever assisted any clients in the development and/or evaluation of their internally managed programs?</p> <p>Provide a brief outline of your experiences, if any, and your general view of the role of internal management versus external management in pension plans like TCRS.</p> <p>How do you consult your clients on manager transition and/or rebalancing strategic asset allocation targets?</p> <p>How many clients do you have who currently invest in real estate? Do they use your firm as their sole consultant for real</p>		10	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<p>estate or do they also use a dedicated real estate consultant?</p> <p>Discuss the role of alternative investments within a pension portfolio. Do you have clients using alternative investments? If so, what form of alternatives? What percentage of your client base uses alternative investments? How does your firm assist in the design, implementation and monitoring of such an investment program? Do you have staff dedicated to researching alternative investments?</p> <p>If requested, could your firm provide on-site sessions for staff? What conferences/seminars do you make available to clients? Describe the firm's experience and capabilities in providing education to public pension plan trustees?</p> <p>Describe the firm's experience and capability in providing policy guideline development and review for a public pension plan or public fund.</p> <p>Describe your database of available research (i.e. white papers) on topics such as asset classes, optimization models, passive versus active management, securities lending, soft dollars, custodians, transaction costs, transition management, proxy voting, securities litigation, etc. Who at your firm conducts this research? Are research reports, databases, or analytical tools available online?</p> <p>Describe the due diligence review that you will conduct in year 1 of the contract as described in Section A.3 of the <i>pro forma</i> contract (RFP Attachment 6.6).</p> <p>Address your ability to provide general support for ad hoc projects (such as benchmarking staff compensation versus relevant peers) or for responses to industry developments (such as increased scrutiny on less transparent private equity fees and expenses).</p>			
	C.9.	<p><u>Firm Overview and Conflicts:</u></p> <p>Provide assets under advisory. To the extent the firm provides discretionary management, please list and describe each discretionary mandate.</p> <p>Provide information regarding the relative percentage of revenues your firm derives from the following (the total of all sources of revenue should add to 100%):</p> <ul style="list-style-type: none"> • Revenues from investment management organizations • Revenues from brokerage activities • Revenues from tax-exempt institutional investors • Revenue from other sources (please specify) <p>Provide information regarding the relative percentage of revenues your firm derives from the following (the total of all sources of revenue should add to 100%):</p>		10	

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
		<ul style="list-style-type: none"> Revenues from non-discretionary investment consulting services Revenues from discretionary investment consulting services Revenue from other investment consulting Revenue from other activities (please specify) <p>Provide a comprehensive list of institutional clients.</p> <p>Provide an ownership table of the Proposer.</p> <p>Provide a copy of Proposer's most recent SEC Form ADV (Part 2).</p> <p>Describe the scope and levels of coverage for both (i) errors and omissions and (ii) blanket fidelity bond or other comparable forms of insurance carried or held by the Proposer to provide loss protection in the event of employee theft, dishonesty or fraud.</p> <p>Provide a statement describing what policies and procedures the Respondent has established to avoid or limit any potential or actual conflicts of interest that may arise in providing the consulting services to the State. Describe how the firm would handle and resolve the discovery of a potential or actual conflict of interest as it relates to the firm's contract with the State.</p>			
	C.10.	<p><u>Firm Stability:</u></p> <p>Provide the names (or brief descriptions if confidentiality is required) and assets, both discretionary and non-discretionary, of all clients gained and lost since August 2010. For each client lost, specify the reason and a current contact name at the firm.</p> <p>Provide a list of all employees and their respective titles that have left the Proposer in the past five years. Unless prohibited under a confidentiality agreement, please explain the circumstances surrounding the departures.</p>		10	
<p><i>The Solicitation Coordinator will use this sum and the formula below to calculate the section score. All calculations will use and result in numbers rounded to two (2) places to the right of the decimal point.</i></p>					<p>Total Raw Weighted Score: <i>(sum of Raw Weighted Scores above)</i></p>
<p>Total Raw Weighted Score</p> <hr/> <p>Maximum Possible Raw Weighted Score <i>(i.e., 5 x the sum of item weights above)</i></p>			<p>X 40 <i>(maximum possible score)</i></p>	<p>= SCORE:</p>	
<p><i>State Use – Evaluator Identification:</i></p>					

RFP ATTACHMENT 6.2. — SECTION C (continued)

RESPONDENT LEGAL ENTITY NAME:					
Response Page # (Respondent completes)	Item Ref.	Section C— Technical Qualifications, Experience & Approach Items	Item Score	Evaluation Factor	Raw Weighted Score
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>					

COST PROPOSAL & SCORING GUIDE

NOTICE: THIS COST PROPOSAL MUST BE COMPLETED EXACTLY AS REQUIRED

COST PROPOSAL SCHEDULE— The Cost Proposal, detailed below, shall indicate the proposed price for goods or services defined in the Scope of Services of the RFP Attachment 6.6., *Pro Forma* Contract and for the entire contract period. The Cost Proposal shall remain valid for at least one hundred twenty (120) days subsequent to the date of the Cost Proposal opening and thereafter in accordance with any contract resulting from this RFP. All monetary amounts shall be in U.S. currency and limited to two (2) places to the right of the decimal point.

NOTICE: The Evaluation Factor associated with each cost item is for evaluation purposes only. The evaluation factors do NOT and should NOT be construed as any type of volume guarantee or minimum purchase quantity. The evaluation factors shall NOT create rights, interests, or claims of entitlement in the Respondent.

Notwithstanding the cost items herein, pursuant to the second paragraph of the *Pro Forma* Contract section C.1. (refer to RFP Attachment 6.6.), "The State is under no obligation to request work from the Contractor in any specific dollar amounts or to request any work at all from the Contractor during any period of this Contract."

This Cost Proposal must be signed, in the space below, by an individual empowered to bind the Respondent to the provisions of this RFP and any contract awarded pursuant to it. If said individual is not the *President* or *Chief Executive Officer*, this document must attach evidence showing the individual's authority to legally bind the Respondent.

RESPONDENT SIGNATURE:			
PRINTED NAME & TITLE:			
DATE:			
RESPONDENT LEGAL ENTITY NAME:			
Cost Item Description	Proposed Cost	State Use Only	
		Evaluation Factor	Evaluation Cost (cost x factor)
(1) Investment Consulting Services (detailed in Sections A.3 through A.5.a and A.6 through A.8 of the Pro Forma Contract [RFP Attachment 6.6])) including <i>Due Diligence Review, Performance Measurement and Portfolio Analytics, Consulting, Education and Research Services, Annual External Management Review Services, Annual Optional Retirement Plan Review Services, and Biannual Meeting Presentations</i>	\$ / month	60	
(2). Asset Allocation Study (detailed in Section A.9 of the Pro Forma Contract attached hereto as RFP Attachment 6.6)	\$ / per study	15	
(3). Investment Manager Search – including all associated services (detailed in Section A.10 of the Pro Forma Contract (RFP Attachment 6.6))	\$ / per search	15	

RFP ATTACHMENT 6.3. (continued)

RESPONDENT LEGAL ENTITY NAME:			
Cost Item Description	Proposed Cost	State Use Only	
		Evaluation Factor	Evaluation Cost (cost x factor)
(4). Education and Research Projects (detailed in Section A.5.b. of the Pro Forma Contract (RFP Attachment 6.6))	\$ / per hour	10	
<p align="center">EVALUATION COST AMOUNT (sum of evaluation costs above):</p> <p>The Solicitation Coordinator will use this sum and the formula below to calculate the Cost Proposal Score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.</p>			
<p>lowest evaluation cost amount from <u>all</u> proposals</p> <hr/> <p>evaluation cost amount being evaluated</p>			<p>x 30</p> <p>(maximum section score)</p> <p>= SCORE:</p>
<p><i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i></p>			

REFERENCE QUESTIONNAIRE

The standard reference questionnaire provided on the following pages of this attachment MUST be completed by all individuals offering a reference for the Respondent.

The Respondent will be solely responsible for obtaining completed reference questionnaires as required (refer to RFP Attachment 6.2., Technical Response & Evaluation Guide, Section B, Item B.17.), and for enclosing the sealed reference envelopes within the Respondent's Technical Response.

RFP # 30901-28316 REFERENCE QUESTIONNAIRE

REFERENCE SUBJECT: RESPONDENT NAME (completed by Respondent before reference is requested)

The "reference subject" specified above, intends to submit a response to the State of Tennessee in response to the Request for Proposals (RFP) indicated. As a part of such response, the reference subject must include a number of completed and sealed reference questionnaires (using this form).

Each individual responding to this reference questionnaire is asked to follow these instructions:

- complete this questionnaire (either using the form provided or an exact duplicate of this document);
- sign and date the completed questionnaire;
- seal the completed, signed, and dated questionnaire in a new standard #10 envelope;
- sign in ink across the sealed portion of the envelope; and
- return the sealed envelope containing the completed questionnaire directly to the reference subject.

(1) **What is the name of the individual, company, organization, or entity responding to this reference questionnaire?**

(2) **Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.**

NAME:	
TITLE:	
TELEPHONE #	
E-MAIL ADDRESS:	

(3) **What goods or services does/did the reference subject provide to your company or organization?**

(4) **What is the level of your overall satisfaction with the reference subject as a vendor of the goods or services described above?**

Please respond by circling the appropriate number on the scale below.

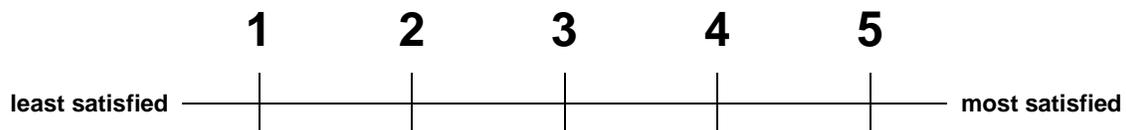
	1	2	3	4	5	
least satisfied						most satisfied

RFP # 30901-28316 REFERENCE QUESTIONNAIRE — PAGE 2

If you circled 3 or less above, what could the reference subject have done to improve that rating?

- (5) If the goods or services that the reference subject provided to your company or organization are completed, were the goods or services provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (6) If the reference subject is still providing goods or services to your company or organization, are these goods or services being provided in compliance with the terms of the contract, on time, and within budget? If not, please explain.
- (7) How satisfied are you with the reference subject's ability to perform based on your expectations and according to the contractual arrangements?
- (8) In what areas of goods or service delivery does/did the reference subject excel?
- (9) In what areas of goods or service delivery does/did the reference subject fall short?
- (10) What is the level of your satisfaction with the reference subject's project management structures, processes, and personnel?

Please respond by circling the appropriate number on the scale below.

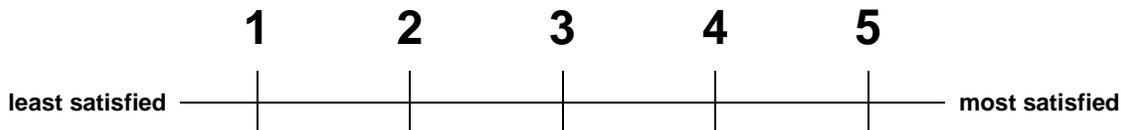


What, if any, comments do you have regarding the score selected above?

RFP # 30901-28316 REFERENCE QUESTIONNAIRE — PAGE 3

(11) Considering the staff assigned by the reference subject to deliver the goods or services described in response to question 3 above, how satisfied are you with the technical abilities, professionalism, and interpersonal skills of the individuals assigned?

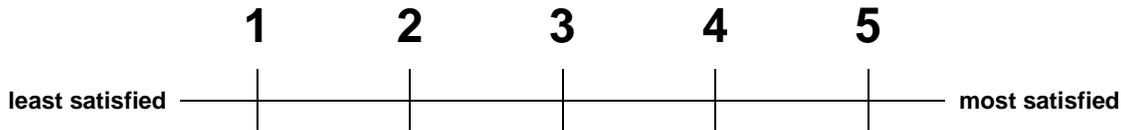
Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

(12) Would you contract again with the reference subject for the same or similar goods or services?

Please respond by circling the appropriate number on the scale below.



What, if any, comments do you have regarding the score selected above?

REFERENCE SIGNATURE:

(by the individual completing this request for reference information)

_____ (must be the same as the signature across the envelope seal)

DATE:

RFP ATTACHMENT 6.5.

SCORE SUMMARY MATRIX

	<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>		<i>RESPONDENT NAME</i>	
GENERAL QUALIFICATIONS & EXPERIENCE (maximum: 20)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
TECHNICAL QUALIFICATIONS, EXPERIENCE & APPROACH (maximum: 40)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
ORAL PRESENTATION (maximum: 10)						
<i>EVALUATOR NAME</i>						
<i>EVALUATOR NAME</i>						
<i>REPEAT AS NECESSARY</i>						
	AVERAGE:		AVERAGE:		AVERAGE:	
COST PROPOSAL (maximum: 30)	SCORE:		SCORE:		SCORE:	
TOTAL RESPONSE EVALUATION SCORE: (maximum: 100)						

Solicitation Coordinator Signature, Printed Name & Date:

RFP # 30901-28316 *PRO FORMA* CONTRACT

The *Pro Forma* Contract detailed in following pages of this exhibit contains some “blanks” (signified by descriptions in capital letters) that will be completed with appropriate information in the final contract resulting from the RFP.

CONTRACT
BETWEEN THE STATE OF TENNESSEE,
TREASURY DEPARTMENT
AND
CONTRACTOR NAME

This Contract, by and between the State of Tennessee, Treasury Department ("State") and **Contractor Legal Entity Name** ("Contractor"), is for the provision of General Investment Consulting Services, as further defined in the "SCOPE." State and Contractor may be referred to individually as a "Party" or collectively as the "Parties" to this Contract.

The Contractor is **a/an Individual, For-Profit Corporation, Non-Profit Corporation, Special Purpose Corporation Or Association, Partnership, Joint Venture, Or Limited Liability Company.**

Contractor Place of Incorporation or Organization: **Location**

Contractor Edison Registration ID # **Number**

A. SCOPE:

- A.1. The Contractor shall provide all goods or services and deliverables as required, described, and detailed below and shall meet all service and delivery timelines as specified by this Contract.
- A.2. In General. The Contractor shall perform investment consulting services requested by the State in connection with the Tennessee Consolidated Retirement System (the "Retirement System"), the Chairs of Excellence Program (COE), the Tennessee Baccalaureate Education System Trust (BEST), the State Pooled Investment Fund (SPIF), and the Optional Retirement Program (ORP), hereinafter collectively referred to as "the Programs", and shall be, in general, an advisor to the State in the investment operations of the Programs.
- A.3. Due Diligence Review. The Contractor shall commence, immediately upon the effective date of this Contract, a due diligence review of the investment operations of the Programs, excluding the SPIF. Such review shall include the investment policies, guidelines and procedures of the respective Programs, the organizational structure of the Programs' investment divisions and such other matters as shall be agreed to by the parties. Upon completion of the evaluation, the Contractor shall provide a written due diligence report to the State containing its conclusions and any recommendations as a result of such review. The report shall be provided to the State by no later than June 30, 2016.
- A.4. Performance Measurement and Portfolio Analytics. The Contractor shall provide monthly and quarterly performance measurement reports on the investment performance of the Programs, except for the SPIF, in the manner and within the time frames described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.5. OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. The reports shall identify whether the Programs' investment portfolios are within the authorized asset ranges, whether performance is consistent with the investment objectives and policies of the Programs, and whether the investment managers are performing consistently within applicable standards. The reports shall also include the following analysis and shall contain such other information as is agreed upon by both parties from time to time:
- (i) Measurement of rates of return earned on the various segments of the Programs' portfolios in accordance with the methodology recommended by the CFAI; and
 - (ii) Comparison of the respective Program's investment performance against other tax-free funds. The Contractor shall further provide a separate comparison of each Program against public management funds and a separate comparison against funds having the same investment characteristics as the Program being evaluated.

A.5. Consulting, Education and Research Services.

- a. General Consulting, Education and Research Services. At the State's request, the Contractor shall conduct in-depth research, and analysis on pension, endowment, and investment issues requested by the State as it relates to the Programs. Said research shall include current industry trends and developments, accounting, regulatory and legal changes relative to pensions, endowments, and investments. In particular, the Contractor shall provide technical advice as requested by the State, either orally or in written form, in connection with miscellaneous problems and questions that may arise from time to time relative to pensions, endowments, and investments. The Contractor shall also provide continuing education on pensions, endowments, and investments to the State which shall be accomplished through biannual educational conferences, research projects and surveys, access to the Contractor's research and white papers and such other means as is agreed upon by both parties from time to time. The Contractor shall also assist the State in drafting policies, procedures, and guidelines relative to the Programs at the request of the State.
- b. Comprehensive Consulting, Education and Research Services or Other Significant Projects and Services. For consulting, education and research services described in Section A.5.a above that require more than four (4) hours of the Contractor's time, the Contractor shall provide the State with a written statement of the cost involved in performing such services. The Contractor shall provide such statement within five (5) days of the State's request therefore specifying the project services requested by the State, the maximum number of hours required and the maximum cost for completing the project. The maximum cost to the State for the project shall be determined by multiplying the maximum number of hours required by the hourly rate detailed for such projects in Contract Section C.3, below.

If approved by the State, the statement provided by the Contractor shall constitute a Memorandum of Understanding (MOU) which shall be signed by the State's Chief Investment Officer. The Contractor shall not perform any service related to a project until the State's Chief Investment Officer has signed and returned the MOU to the Contractor. Each signed MOU shall be incorporated as a part of this contract.

Subsequent to the State Chief Investment Officer's approval of the MOU, the Contractor shall provide and invoice the State for the project on an hourly basis. After the project has been completed, the Contractor shall invoice the State in accordance with the payment provisions of this Contract detailed in Section C.3 below. For each project, the State shall be liable to the Contractor only for the cost of the actual hours required for the project's completion, not to exceed the maximum cost for the project detailed in the MOU. In no instance shall the State be liable to the Contractor for the cost of any hours worked in excess of the maximum hours or any amount exceeding the maximum cost for project.

- A.6. Annual External Management Review Services. Currently, the State engages external investment managers to actively manage the international stock portfolio of the Retirement System (the "External Managers"). On an annual basis, the Contractor shall provide written evaluation reports on the international investment performance of each External Manager. In addition, the Contractor shall assist State staff in the ongoing evaluation of the performance of the External Managers.
- A.7. Annual Optional Retirement Plan (ORP) Review Services. On an annual basis, the Contractor shall provide written evaluation reports on the investment performance of each provider in the ORP. In addition, the Contractor shall assist State staff in the ongoing evaluation of the performance of the ORP managers.
- A.8. Biannual Meeting Presentations. The Contractor shall be available at least twice a year to meet with the Board of Trustees of the Retirement System at the State's facilities in Nashville to explain the reports and any studies described in this Section A in the Contract that relate to the

Retirement System, or to discuss any other matter in connection with the services being performed by the Contractor hereunder relative to the Retirement System.

- A.9. Asset Allocation Study Services. At the State's request, the Contractor shall perform an asset allocation study on the Program's investment operations and make written recommendations to the State. The study shall be conducted in the manner mutually agreed to by the parties. The Contractor agrees to provide, at the State's request, the data and assumptions from any asset allocation study performed hereunder to the Retirement System's actuary for the purpose of conducting an asset/liability study of the Retirement System. The data and assumptions shall be provided to the actuary in such format as shall be mutually agreed to by the parties.
- A.10. Investment Manager Search Services. At the State's request, the Contractor shall provide analysis of and assist the State in acquiring any additional External Managers desired by the State. At the direction of the State, the Contractor shall prepare and/or issue a request for information and/or questionnaire to entities that are in the business of providing international stock portfolio management. The purpose of such request for information or questionnaire shall be to define the international investment services needed by the State, to solicit proposals for the provision of such services and to gain adequate information by which the State may evaluate the services offered by proposers. If requested by the State, the Contractor shall review the proposals and recommend a certain number of international investment managers for consideration by the State. The State shall make the final decision in the selection of any such investment manager.
- A.11. Origination of Service Requests. The consulting relationship under this Contract is between the State Treasurer and the Contractor. Routine contact will be made through the State's Chief Investment Officer. In the event of direct contact by a party other than the Chief Investment Officer or the State Treasurer's office, the Contractor shall refer such party to the Chief Investment Officer from whom any such inquiries should originate.
- A.12. Warranty. Contractor represents and warrants that the term of the warranty ("Warranty Period") shall be the greater of the Term of this Contract or any other warranty general offered by Contractor, its suppliers, or manufacturers to customers of its goods or services. The goods or services provided under this Contract shall conform to the terms and conditions of this Contract throughout the Warranty Period. Any nonconformance of the goods or services to the terms and conditions of this Contract shall constitute a "Defect" and shall be considered "Defective." If Contractor receives notice of a Defect during the Warranty Period, then Contractor shall correct the Defect, at no additional charge.

Contractor represents and warrants that the State is authorized to possess and use all equipment, materials, software, and deliverables provided under this Contract.

Contractor represents and warrants that all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, and in conformity with standards generally accepted in Contractor's industry.

If Contractor fails to provide the goods or services as warranted, then Contractor will re-provide the goods or services at no additional charge. If Contractor is unable or unwilling to re-provide the goods or services as warranted, then the State shall be entitled to recover the fees paid to Contractor for the Defective goods or services. Any exercise of the State's rights under this Section shall not prejudice the State's rights to seek any other remedies available under this Contract or applicable law.

- A.13. Inspection and Acceptance. The State shall have the right to inspect all goods or services provided by Contractor under this Contract. If, upon inspection, the State determines that the goods or services are Defective, the State shall notify Contractor, and Contractor shall re-deliver the goods or provide the services at no additional cost to the State. If after a period of thirty (30) days following

delivery of goods or performance of services the State does not provide a notice of any Defects, the goods or services shall be deemed to have been accepted by the State.

- A.14. Principal Consultants. The Contractor agrees to assign the individuals named on pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION B.13 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal as the principal consultants to the State under this Contract. Should any of the named consultants assigned to the State's account leave the direct employment of the Contractor during the term of the Contract, the State reserves the right to: (1) approve the appointment of the person designated to replace the consultant; or (2) immediately terminate the Contract. Upon such termination, the Contractor shall have no right to any actual, general, special, incidental, consequential, or any other damages whatsoever of any description or amount as a consequence of the State terminating the Contract under the provisions of this Section A.14.
- A.15. Disclosures of Indirect and Direct Interests. The Contractor shall promptly advise the State of any direct or indirect interest it may have in any product the Program may invest in pursuant to this Contract. "Direct interest" means any contract with the Contractor itself or with any business in which the Contractor is the sole proprietor, a partner, or the entity having the controlling interest, i.e., largest number of outstanding shares owned by any single individual or corporation. "Indirect interest" means any contract in which the Contractor is interested but not directly so.
- A.16. Transition of Services Upon Termination. Upon the natural expiration of this Contract or in the event of its termination for any reason, the Contractor shall transfer, in accordance with the State's instructions, all historical performance data on the Program's investment operations to whomever the State may designate in writing to the Contractor. Such data shall be furnished to the State's written designee in a standard electronic format within thirty (30) calendar days after the State's written request therefore. The Contractor agrees to cooperate with the State, and any subsequent contractor selected by the State to perform the services hereunder, in the transition and conversion of the services hereunder. The Contractor shall remain liable to the State under this Contract for any acts or omissions occurring on or prior to the date on which all such data and all services hereunder have been successfully transferred or converted in accordance with this Paragraph.
- A.17. Services to Other Clients. The State understands and acknowledges that the Contractor performs investment advisory and management services for various clients. The State agrees that the Contractor may give advice and take action with respect to any of its other clients that may differ from advice given, or differ in the timing or nature of action taken, with respect to the State, so long as it is the Contractor's policy to allocate investment opportunities to the State over the term of this Contract on a prudent, fair and equitable basis. The Contractor shall not have any obligation to recommend the purchase or sale of any security or investment that the Contractor or its affiliates may purchase or sell for the accounts of any other client, if in the opinion of the Contractor, such transaction or investment appears unsuitable, impractical or undesirable for the State.
- A.18. Procurement of External Managers. In the event the State elects to acquire additional external international investment managers under Section A.10 above, the Contractor shall promptly advise the State of any indirect interest it may have in any individual, association, corporation, or product which may be so acquired by the State. The Contractor shall have no direct interest in any individual, association, corporation, or product which may be so acquired by the State. "Direct interest" means any contract with the Contractor itself or with any business in which the Contractor is the sole proprietor, a partner, or the entity having the controlling interest, i.e., largest number of outstanding shares owned by any single individual or corporation. "Indirect interest" means any contract in which the Contractor is interested but not directly so.
- A.19. Representations and Warranties. The Contractor represents and warrants that (1) it has no interest and shall not acquire any interest, direct or indirect, which would conflict in any manner or

degree with the performance of services under this Contract; (2) with respect to the Account, it shall not engage in transactions with either itself, including any affiliates or parent companies, except upon the prior written approval of the Retirement System; (3) it is duly authorized to execute and deliver this Contract, and to perform its obligations hereunder and has taken all necessary action to authorize such execution, delivery and performance; (4) the person signing this Contract on its behalf is duly authorized to do so on its behalf; (5) it has obtained all authorizations of any governmental body required in connection with this Contract and the transactions hereunder and such authorizations are in full force and effect; and (6) the execution, delivery and performance of this Contract will not violate any law, ordinance, charter, by-law or rule applicable to it or any agreement by which it is bound or by which any of its assets are affected. The Contractor shall promptly notify the Retirement System in writing if any of the above representations change or cease to be true and correct in all respects.

The Contractor represents and warrants the following (to the extent applicable):

- a. With reference to Rule 206(4)-5 promulgated under the Investment Advisers Act, neither the Managing Member nor any Affiliate has within the last five (5) years:
 - (i). contributed to an official of a Tennessee government entity;
 - (ii). provided or agreed to provide, directly or indirectly, payment to any person to solicit, on behalf of the Managing Member, a Tennessee government entity for investment advisory services; or
 - (iii). coordinated, or solicited any person or political action committee to make, any contribution to an official of a Tennessee government entity to which the Managing Member is providing or seeking to provide investment advisory services; or
 - (iv). coordinated, or solicited any person or political action committee to make, any payment to a political party operating in Tennessee or a Tennessee county or incorporated municipality where the Managing Member is providing or seeking to provide investment advisory services to Tennessee government.
- b. With reference to Municipal Securities Rulemaking Board Rule G-37, neither the Managing Member nor any Affiliate has within the last five (5) years engaged or sought to engage an issuer located in Tennessee in municipal securities business.
- c. With reference to Rule 23.451 of the Commodity Futures Trading Commission, neither the Managing Member nor any Affiliate has within the last five (5) years engaged or sought to engage a Special Entity (as defined in Section 4s(h)(2)(C) of the Commodity Exchange Act) located in Tennessee in a swap or a trading strategy involving a swap.
- d. With reference to Tenn. Code Ann. §3-6-305, neither the Managing Member nor any Affiliate has, within the last five (5) years, engaged in lobbying for compensation, or otherwise been involved with: (i) any firm, corporation, partnership or other business entity that regularly supplies lobbying services to others for compensation; (ii) any individual, partnership, committee, association, corporation, labor organization, or any other organization or group of persons who engages in lobbying for compensation; or (iii) a person or entity that employs, retains or otherwise arranges for a lobbyist to engage in lobbying on behalf of the person or entity for compensation.
- e. The Managing Member has not provided any compensation to any individual or entity for assisting in the solicitation of the State of Tennessee, Department of Treasury or any of its plans or programs.
- f. The Managing Member has such policies and procedures in effect as are reasonably designed to monitor and report the activities described in a. through e. above.

No more than once per fiscal year, the Managing Member shall either (i) affirm that the representations set forth in this Section 12.1(h) are true and correct or (ii) disclose the circumstances preventing such affirmation.

- A.20. Back-up Procedures and Disaster Recovery. The Contractor shall maintain business interruption plans in the event of a loss of the Contractor's principal place of business due to natural or manmade causes, including back-up systems for data and other records, office space and other technology needed to perform the services hereunder. The Contractor shall resume services hereunder within seventy-two (72) hours of the disaster or malfunction. The Contractor shall provide notification of an incident to the State within two (2) hours after the beginning of operation of the Contractor's Emergency Operations Command Post.
- A.21. On-Site Visits. The State or its duly appointed representatives shall be entitled to visit the Contractor's operational headquarters or other offices where the TCRS account is serviced and to examine all records pertaining to the TCRS account, and to make reasonable request for copies of such records.
- A.22. Transfer of Contractor's Obligations.
- a. The Contractor shall immediately notify the State in writing of a proposed merger, acquisition or sale of its business operation, or the part of its business operation that provides services under this Contract, or that this Contract will be sold to or assumed by another entity. The entity that is proposed to assume the Contractor's duties under this Contract, whether through merger, acquisition, sale or other transaction, will be hereinafter described as the "New Entity."
 - b. The Contractor (or, if the Contractor no longer exists as a legal entity, the New Entity) will provide to the State within a reasonable time, information that the State may require about the merger, acquisition or sale, which may include, but not be limited to the following:
 - i. the date and terms of the merger, acquisition or sale, including specifically, but not limited to, adequate documentation of the financial solvency and adequate capitalization of the proposed New Entity
 - ii. evidence of financial solvency and adequate capitalization of the proposed New Entity which may include, but not be limited to the following:
 - (1) Debt;
 - (2) Assets;
 - (3) Liabilities;
 - (4) Cash flow
 - (5) Percentage of the total revenues of the company that are represented by this Contract;
 - (6) The most recent annual financial reports; or
 - (7) The most recent annual financial reports filed with government agencies, if applicable; or
 - iii. a complete description of the relationship of any New Entity to any parent company or subsidiary or division resulting from the merger, acquisition or sale of the original Contractor's business or the part of the original Contractor's business that provides services under this Contract or from assumption by, or sale to, another entity of the contract itself, including, but not limited to:
 - (1) the names and positions of corporate or company officers, project managers, other Contractor management staff with responsibilities under the Contract, and numbers and the type of technical or other personnel who will be responsible for fulfilling the obligations of the Contract, and any subcontracts that will be used to provide any personal or other services under the Contract by the New Entity and,

- (2) an organizational chart clearly describing the organizational structure of the New Entity, parent company, subsidiary, division or other unit of the entity or parent company with which it has merged or by which it, or the Contract, has been acquired.
- iv. such additional evidence of financial solvency, adequate capitalization and information regarding corporate organizational and personnel assigned to the Contract as the State determines is necessary to evaluate the status of the proposed or consummated merger, acquisition or sale.
- c. The original Contractor shall immediately notify the State in writing in the event of a change in its legal name and/or Federal Employer Identification Number (FEIN). The Contractor shall comply with State requests for copies of any documents that have been filed with state corporate records officials or other officials in the state of its incorporation that verify the name change and a narrative description of the reasons for the name change. If a New Entity has succeeded to the interest of the original Contractor, it shall immediately provide the State written notification of its Federal Employer Identification Number (FEIN), its complete corporate name, State of incorporation, and other documentation required to effectuate the transfer.
- d. Notwithstanding any other provisions of this Contract to the contrary, the State may immediately terminate this Contract in whole or in stages in the event that it determines that the New Entity
 - i. has been debarred from State or Federal contracting in the past five years; or
 - ii. has had a contract terminated for cause by the State of Tennessee within the past five years.

The Contractor shall be entitled to compensation for satisfactory, authorized service completed as of the termination date, but in no event shall the State be liable to the Contractor or New Entity for compensation for any service which has not been rendered. Upon such termination, the Contractor or New Entity shall have no right to any actual general, special, incidental, consequential, or any other damages whatsoever of any description or amount.

- e. The New Entity shall provide to the State within ten (10) business days of the State's request, a notarized statement signed by an individual authorized to bind the New Entity certifying that all liabilities and obligations incurred by the former Contractor are assumed by the New Entity.
- f. If the New Entity owes money to the State of Tennessee, it acknowledges that Tennessee Code Annotated Section 9-4-604 requires repayment of these funds and will enter into a legally binding agreement for repayment.

B. TERM OF CONTRACT:

This Contract shall be effective on December 1, 2015 ("Effective Date") and extend for a period of sixty (60) months after the Effective Date ("Term"). The State shall have no obligation for goods or services provided by the Contractor prior to the Effective Date.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. **Maximum Liability.** In no event shall the maximum liability of the State under this Contract exceed **Written Dollar Amount (\$Number)** ("Maximum Liability"). This Contract does not grant the Contractor any exclusive rights. The State does not guarantee that it will buy any minimum quantity of goods or services under this Contract. Subject to the terms and conditions of this Contract, the Contractor will only be paid for goods or services provided under this Contract after a purchase order is issued to Contractor by the State or as otherwise specified by this Contract.
- C.2. **Compensation Firm.** The payment methodology in Section C.3. of this Contract shall constitute the entire compensation due the Contractor for all goods or services provided under this Contract regardless of the difficulty, materials or equipment required. The payment methodology includes all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Contractor.
- C.3. **Payment Methodology.** The Contractor shall be compensated based on the payment methodology for goods or services authorized by the State in a total amount as set forth in Section C.1.
- a. The Contractor's compensation shall be contingent upon the satisfactory provision of goods or services as set forth in Section A.
 - b. The Contractor shall be compensated based upon the following payment methodology:
 - (1) For service performed from December 1, 2015 to November 30, 2016, the following rates shall apply:

Services Description	Amount (per compensable increment)
Investment Consulting Services (detailed at Contract Sections A.3 through A.5.a. and A.6. through A.8.) including <i>Due Diligence Review, Performance Measurement and Portfolio Analytics, Consulting, Education and Research Services, Annual External Management Review Services, Annual Optional Retirement Plan Review Services, Biannual Meeting Presentations</i>	\$ AMOUNT per month
Asset Allocation Study (detailed at Contract Section A.9.)	\$ AMOUNT per study
Investment Manager Search – including all associated services (detailed at Contract Section A.10.)	\$ AMOUNT per search
Education and Research Projects (detailed at Contract Section A.5.b.)	\$ AMOUNT per hour

- (2) For service performed from December 1, 2016, through November 30, 2017, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1), above, but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2016 and that figure

published in the same month, 12- months prior, up to a maximum of four percent (4%).

- (3) For service performed from December 1, 2017, through November 30, 2018, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1), above, but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2017 and that figure published in the same month, 12- months prior, up to a maximum of four percent (4%).
- (4) For service performed from December 1, 2018, through November 30, 2019, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1), above, but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2018 and that figure published in the same month, 12- months prior, up to a maximum of four percent (4%).
- (5) For service performed from December 1, 2019, through November 30, 2020, the Contractor shall be compensated based upon the payment rates in Section C.3.b.(1), above, but adjusted by the percentage increase, if any, between the Consumer Price Index for All Urban Consumers (CPI-U): U.S. city average, All Items expenditure category, not seasonally adjusted, index base period: 1982-84=100) published by the United States Department of Labor, Bureau of Labor Statistics in November 2019 and that figure published in the same month, 12- months prior, up to a maximum of four percent (4%).

- c. The Contractor shall not be compensated for travel time to the primary location of service provision.
- d. A "month" shall be defined as a calendar month. If the Contractor provides service during a period that is less than a calendar month, the Contractor shall bill *pro rata* for only the number of days of said period. The Contractor shall not bill more than the monthly rate regardless of the difficulty, time, or resources required by included and required services.

C.4. Travel Compensation. The Contractor shall not be compensated or reimbursed for travel time, travel expenses, meals, or lodging.

C.5. Invoice Requirements. The Contractor shall invoice the State only for goods delivered and accepted by the State or services satisfactorily provided at the amounts stipulated in Section C.3., above. Contractor shall submit invoices and necessary supporting documentation, no more frequently than once a month, and no later than thirty (30) days after goods or services have been provided to the following address:

Michael Brakebill, Chief Investment Officer
 State of Tennessee, Treasury Department
 Investment Division
 13th Floor, Andrew Jackson State Office Building
 502 Deaderick Street

Nashville, Tennessee 37243

- a. Each invoice, on Contractor's letterhead, shall clearly and accurately detail all of the following information (calculations must be extended and totaled correctly):
 - (1) Invoice number (assigned by the Contractor);
 - (2) Invoice date;
 - (3) Contract number (assigned by the State);
 - (4) Customer account name: Treasury Department, Investment Division;
 - (5) Customer account number (assigned by the Contractor to the above-referenced Customer);
 - (6) Contractor name;
 - (7) Contractor Tennessee Edison registration ID number;
 - (8) Contractor contact for invoice questions (name, phone, or email);
 - (9) Contractor remittance address;
 - (10) Description of delivered goods or services provided and invoiced, including identifying information as applicable;
 - (11) Number of delivered or completed units, increments, hours, or days as applicable, of each good or service invoiced;
 - (12) Applicable payment methodology (as stipulated in Section C.3.) of each good or service invoiced;
 - (13) Amount due for each compensable unit of good or service; and
 - (14) Total amount due for the invoice period.

 - b. Contractor's invoices shall:
 - (1) Only include charges for goods delivered or services provided as described in Section A and in accordance with payment terms and conditions set forth in Section C;
 - (2) Only be submitted for goods delivered or services completed and shall not include any charge for future goods to be delivered or services to be performed;
 - (3) Not include Contractor's taxes, which includes without limitation Contractor's sales and use tax, excise taxes, franchise taxes, real or personal property taxes, or income taxes; and
 - (4) Include shipping or delivery charges only as authorized in this Contract.

 - c. The timeframe for payment (or any discounts) begins only when the State is in receipt of an invoice that meets the minimum requirements of this Section C.5.
- C.6. Payment of Invoice. A payment by the State shall not prejudice the State's right to object to or question any payment, invoice, or other matter. A payment by the State shall not be construed as acceptance of goods delivered, any part of the services provided, or as approval of any amount invoiced.
- C.7. Invoice Reductions. The Contractor's invoice shall be subject to reduction for amounts included in any invoice or payment that is determined by the State, on the basis of audits conducted in accordance with the terms of this Contract, to not constitute proper compensation for goods delivered or services provided.
- C.8. Deductions. The State reserves the right to deduct from amounts, which are or shall become due and payable to the Contractor under this or any contract between the Contractor and the State of Tennessee, any amounts that are or shall become due and payable to the State of Tennessee by the Contractor.
- C.9. Prerequisite Documentation. The Contractor shall not invoice the State under this Contract until the State has received the following, properly completed documentation.

- a. The Contractor shall complete, sign, and present to the State the "Authorization Agreement for Automatic Deposit Form" provided by the State. By doing so, the Contractor acknowledges and agrees that, once this form is received by the State, payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, may be made by ACH; and
- b. The Contractor shall complete, sign, and return to the State the State-provided W-9 form. The taxpayer identification number on the W-9 form must be the same as the Contractor's Federal Employer Identification Number or Social Security Number referenced in the Contractor's Edison registration information.

D. MANDATORY TERMS AND CONDITIONS:

- D.1. Required Approvals. The State is not bound by this Contract until it is duly approved by the Parties and all appropriate State officials in accordance with applicable Tennessee laws and regulations. Depending upon the specifics of this Contract, this may include approvals by the Commissioner of Finance and Administration, the Commissioner of Human Resources, the Comptroller of the Treasury, and the Chief Procurement Officer. Approvals shall be evidenced by a signature or electronic approval.
- D.2. Communications and Contacts. All instructions, notices, consents, demands, or other communications required or contemplated by this Contract shall be in writing and shall be made by certified, first class mail, return receipt requested and postage prepaid, by overnight courier service with an asset tracking system, or by email or facsimile transmission with recipient confirmation. All communications, regardless of method of transmission, shall be addressed to the respective Party at the appropriate mailing address, facsimile number, or email address as stated below or any other address provided in writing by a Party.

The State:

Michael Brakebill, Chief Investment Officer
 Treasury Department, Investment Division
 13th Floor, Andrew Jackson Building
 502 Deaderick Street
 Nashville, Tennessee 37243
 michael.brakebill@tn.gov
 Telephone # (615) 532-1157
 FAX # (615) 253-4969

The Contractor:

Contractor Contact Name & Title
Contractor Name
Address
Email Address
 Telephone # **Number**
 FAX # **Number**

All instructions, notices, consents, demands, or other communications shall be considered effective upon receipt or recipient confirmation as may be required.

- D.3. Modification and Amendment. This Contract may be modified only by a written amendment signed by all Parties and approved by all applicable State officials.
- D.4. Subject to Funds Availability. The Contract is subject to the appropriation and availability of State or federal funds. In the event that the funds are not appropriated or are otherwise unavailable, the State reserves the right to terminate this Contract upon written notice to the Contractor. The

State's exercise of its right to terminate this Contract shall not constitute a breach of Contract by the State. Upon receipt of the written notice, the Contractor shall cease all work associated with the Contract. If the State terminates this Contract due to lack of funds availability, the Contractor shall be entitled to compensation for all conforming goods requested and accepted by the State and for all satisfactory and authorized services completed as of the termination date. Should the State exercise its right to terminate this Contract due to unavailability of funds, the Contractor shall have no right to recover from the State any actual, general, special, incidental, consequential, or any other damages of any description or amount.

- D.5. Termination for Convenience. The State may terminate this Contract for convenience without cause and for any reason. The State shall give the Contractor at least thirty (30) days written notice before the termination date. The Contractor shall be entitled to compensation for all conforming goods delivered and accepted by the State or for satisfactory, authorized services completed as of the termination date. In no event shall the State be liable to the Contractor for compensation for any goods neither requested nor accepted by the State or for any services neither requested by the State nor satisfactorily performed by the Contractor. In no event shall the State's exercise of its right to terminate this Contract for convenience relieve the Contractor of any liability to the State for any damages or claims arising under this Contract.
- D.6. Termination for Cause. If the Contractor fails to properly perform its obligations under this Contract in a timely or proper manner, or if the Contractor materially violates any terms of this Contract ("Breach Condition"), the State shall have the right to immediately terminate the Contract and withhold payments in excess of compensation for completed services or provided goods. Notwithstanding the above, the Contractor shall not be relieved of liability to the State for damages sustained by virtue of any Breach Condition and the State may seek other remedies allowed at law or in equity for breach of this Contract.
- D.7. Assignment and Subcontracting. The Contractor shall not assign this Contract or enter into a subcontract for any of the goods or services provided under this Contract without the prior written approval of the State. Notwithstanding any use of the approved subcontractors, the Contractor shall be the prime contractor and responsible for compliance with all terms and conditions of this Contract. The State reserves the right to request additional information or impose additional terms and conditions before approving an assignment of this Contract in whole or in part or the use of subcontractors in fulfilling the Contractor's obligations under this Contract.
- D.8. Conflicts of Interest. The Contractor warrants that no part of the Contractor's compensation shall be paid directly or indirectly to an employee or official of the State of Tennessee as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Contractor in connection with any work contemplated or performed under this Contract.
- The Contractor acknowledges, understands, and agrees that this Contract shall be null and void if the Contractor is, or within the past six (6) months has been, an employee of the State of Tennessee or if the Contractor is an entity in which a controlling interest is held by an individual who is, or within the past six (6) months has been, an employee of the State of Tennessee.
- D.9. Nondiscrimination. The Contractor hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Contract or in the employment practices of the Contractor on the grounds of handicap or disability, age, race, creed, color, religion, sex, national origin, or any other classification protected by federal or state law. The Contractor shall, upon request, show proof of nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.10. Prohibition of Illegal Immigrants. The requirements of Tenn. Code Ann. § 12-3-309 addressing the use of illegal immigrants in the performance of any contract to supply goods or services to the

state of Tennessee, shall be a material provision of this Contract, a breach of which shall be grounds for monetary and other penalties, up to and including termination of this Contract.

- a. The Contractor agrees that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract. The Contractor shall reaffirm this attestation, in writing, by submitting to the State a completed and signed copy of the document at Attachment A, semi-annually during the Term. If the Contractor is a party to more than one contract with the State, the Contractor may submit one attestation that applies to all contracts with the State. All Contractor attestations shall be maintained by the Contractor and made available to State officials upon request.
 - b. Prior to the use of any subcontractor in the performance of this Contract, and semi-annually thereafter, during the Term, the Contractor shall obtain and retain a current, written attestation that the subcontractor shall not knowingly utilize the services of an illegal immigrant to perform work under this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant to perform work under this Contract. Attestations obtained from subcontractors shall be maintained by the Contractor and made available to State officials upon request.
 - c. The Contractor shall maintain records for all personnel used in the performance of this Contract. Contractor's records shall be subject to review and random inspection at any reasonable time upon reasonable notice by the State.
 - d. The Contractor understands and agrees that failure to comply with this section will be subject to the sanctions of Tenn. Code Ann. § 12-3-309 for acts or omissions occurring after its effective date.
 - e. For purposes of this Contract, "illegal immigrant" shall be defined as any person who is not: (i) a United States citizen; (ii) a Lawful Permanent Resident; (iii) a person whose physical presence in the United States is authorized; (iv) allowed by the federal Department of Homeland Security and who, under federal immigration laws or regulations, is authorized to be employed in the U.S.; or (v) is otherwise authorized to provide services under the Contract.
- D.11. Records. The Contractor shall maintain documentation for all charges under this Contract. The books, records, and documents of the Contractor, for work performed or money received under this Contract, shall be maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit at any reasonable time and upon reasonable notice by the State, the Comptroller of the Treasury, or their duly appointed representatives. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.12. Monitoring. The Contractor's activities conducted and records maintained pursuant to this Contract shall be subject to monitoring and evaluation by the State, the Comptroller of the Treasury, or their duly appointed representatives.
- D.13. Progress Reports. The Contractor shall submit brief, periodic, progress reports to the State as requested.
- D.14. Strict Performance. Failure by any Party to this Contract to require, in any one or more cases, the strict performance of any of the terms, covenants, conditions, or provisions of this Contract shall not be construed as a waiver or relinquishment of any term, covenant, condition, or provision. No term or condition of this Contract shall be held to be waived, modified, or deleted except by a written amendment signed by the Parties.

- D.15. Independent Contractor. The Parties shall not act as employees, partners, joint venturers, or associates of one another. The Parties are independent contracting entities. Nothing in this Contract shall be construed to create an employer/employee relationship or to allow either Party to exercise control or direction over the manner or method by which the other transacts its business affairs or provides its usual services. The employees or agents of one Party are not employees or agents of the other Party.
- D.16. Patient Protection and Affordable Care Act. The Contractor agrees that it will be responsible for compliance with the Patient Protection and Affordable Care Act ("PPACA") with respect to itself and its employees, including any obligation to report health insurance coverage, provide health insurance coverage, or pay any financial assessment, tax, or penalty for not providing health insurance. The Contractor shall indemnify the State and hold it harmless for any costs to the State arising from Contractor's failure to fulfill its PPACA responsibilities for itself or its employees.
- D.17. Limitation of State's Liability. The State shall have no liability except as specifically provided in this Contract. In no event will the State be liable to the Contractor or any other party for any lost revenues, lost profits, loss of business, decrease in the value of any securities or cash position, time, money, goodwill, or any indirect, special, incidental, punitive, exemplary or consequential damages of any nature, whether based on warranty, contract, statute, regulation, tort (including but not limited to negligence), or any other legal theory that may arise under this Contract or otherwise. The State's total liability under this Contract (including any exhibits, schedules, amendments or other attachments to the Contract) or otherwise shall under no circumstances exceed the Maximum Liability. This limitation of liability is cumulative and not per incident.
- D.18. Limitation of Contractor's Liability. In accordance with Tenn. Code Ann. § 12-3-701, the Contractor's liability for all claims arising under this Contract shall be limited to an amount equal to two (2) times the Maximum Liability amount detailed in Section C.1. and as may be amended, PROVIDED THAT in no event shall this Section limit the liability of the Contractor for: (i) intellectual property or any Contractor indemnity obligations for infringement for third-party intellectual property rights; (ii) any claims covered by any specific provision in the Contract providing for liquidated damages; or (iii) any claims for intentional torts, criminal acts, fraudulent conduct, or acts or omissions that result in personal injuries or death.
- D.19. Hold Harmless. The Contractor agrees to indemnify and hold harmless the State of Tennessee as well as its officers, agents, and employees from and against any and all claims, liabilities, losses, and causes of action which may arise, accrue, or result to any person, firm, corporation, or other entity which may be injured or damaged as a result of acts, omissions, or negligence on the part of the Contractor, its employees, or any person acting for or on its or their behalf relating to this Contract. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.
- In the event of any suit or claim, the Parties shall give each other immediate notice and provide all necessary assistance to respond. The failure of the State to give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.
- D.20. HIPAA Compliance. The State and Contractor shall comply with obligations under the Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), Health Information Technology for Economic and Clinical Health ("HITECH") Act and any other relevant laws and regulations regarding privacy (collectively the "Privacy Rules"). The obligations set forth in this Section shall survive the termination of this Contract.

- a. Contractor warrants to the State that it is familiar with the requirements of the Privacy Rules, and will comply with all applicable requirements in the course of this Contract.
 - b. Contractor warrants that it will cooperate with the State, including cooperation and coordination with State privacy officials and other compliance officers required by the Privacy Rules, in the course of performance of the Contract so that both parties will be in compliance with the Privacy Rules.
 - c. The State and the Contractor will sign documents, including but not limited to business associate agreements, as required by the Privacy Rules and that are reasonably necessary to keep the State and Contractor in compliance with the Privacy Rules. This provision shall not apply if information received or delivered by the parties under this Contract is NOT “protected health information” as defined by the Privacy Rules, or if the Privacy Rules permit the parties to receive or deliver the information without entering into a business associate agreement or signing another document.
 - d. The Contractor will indemnify the State and hold it harmless for any violation by the Contractor or its subcontractors of the Privacy Rules. This includes the costs of responding to a breach of protected health information, the costs of responding to a government enforcement action related to the breach, and any fines, penalties, or damages paid by the State because of the violation.
- D.21. Tennessee Consolidated Retirement System. Subject to statutory exceptions contained in Tenn. Code Ann. §§ 8-36-801, *et seq.*, the law governing the Tennessee Consolidated Retirement System (“TCRS”), provides that if a retired member of TCRS, or of any superseded system administered by TCRS, or of any local retirement fund established under Tenn. Code Ann. §§ 8-35-101, *et seq.*, accepts State employment, the member's retirement allowance is suspended during the period of the employment. Accordingly and notwithstanding any provision of this Contract to the contrary, the Contractor agrees that if it is later determined that the true nature of the working relationship between the Contractor and the State under this Contract is that of “employee/employer” and not that of an independent contractor, the Contractor, if a retired member of TCRS, may be required to repay to TCRS the amount of retirement benefits the Contractor received from TCRS during the Term.
- D.22 Tennessee Department of Revenue Registration. The Contractor shall comply with all applicable registration requirements contained in Tenn. Code Ann. §§ 67-6-601 – 608. Compliance with applicable registration requirements is a material requirement of this Contract.
- D.23. Debarment and Suspension. The Contractor certifies, to the best of its knowledge and belief, that it, its current and future principals, its current and future subcontractors and their principals:
- a. are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any federal or state department or agency;
 - b. have not within a three (3) year period preceding this Contract been convicted of, or had a civil judgment rendered against them from commission of fraud, or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (federal, state, or local) transaction or grant under a public transaction; violation of federal or state antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification, or destruction of records, making false statements, or receiving stolen property;
 - c. are not presently indicted or otherwise criminally or civilly charged by a government entity (federal, state, or local) with commission of any of the offenses detailed in section b. of this certification; and

- d. have not within a three (3) year period preceding this Contract had one or more public transactions (federal, state, or local) terminated for cause or default.

The Contractor shall provide immediate written notice to the State if at any time it learns that there was an earlier failure to disclose information or that due to changed circumstances, its principals or the principals of its subcontractors are excluded or disqualified.

- D.24. Force Majeure. "Force Majeure Event" means fire, flood, earthquake, elements of nature or acts of God, wars, riots, civil disorders, rebellions or revolutions, acts of terrorism or any other similar cause beyond the reasonable control of the Party except to the extent that the non-performing Party is at fault in failing to prevent or causing the default or delay, and provided that the default or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, workaround plans or other means. A strike, lockout or labor dispute shall not excuse either Party from its obligations under this Contract. Except as set forth in this Section, any failure or delay by a Party in the performance of its obligations under this Contract arising from a Force Majeure Event is not a default under this Contract or grounds for termination. The non-performing Party will be excused from performing those obligations directly affected by the Force Majeure Event, and only for as long as the Force Majeure Event continues, provided that the Party continues to use diligent, good faith efforts to resume performance without delay. The occurrence of a Force Majeure Event affecting Contractor's representatives, suppliers, subcontractors, customers or business apart from this Contract is not a Force Majeure Event under this Contract. Contractor will promptly notify the State of any delay caused by a Force Majeure Event (to be confirmed in a written notice to the State within one (1) day of the inception of the delay) that a Force Majeure Event has occurred, and will describe in reasonable detail the nature of the Force Majeure Event. If any Force Majeure Event results in a delay in Contractor's performance longer than forty-eight (48) hours, the State may, upon notice to Contractor: (a) cease payment of the fees until Contractor resumes performance of the affected obligations; or (b) immediately terminate this Contract or any purchase order, in whole or in part, without further payment except for fees then due and payable. Contractor will not increase its charges under this Contract or charge the State any fees other than those provided for in this Contract as the result of a Force Majeure Event.
- D.25. State and Federal Compliance. The Contractor shall comply with all applicable state and federal laws and regulations in the performance of this Contract.
- D.26. Governing Law. This Contract shall be governed by and construed in accordance with the laws of the State of Tennessee. The Tennessee Claims Commission or the state or federal courts in Tennessee shall be the venue for all claims, disputes, or disagreements arising under this Contract. The Contractor acknowledges and agrees that any rights, claims, or remedies against the State of Tennessee or its employees arising under this Contract shall be subject to and limited to those rights and remedies available under Tenn. Code Ann. §§ 9-8-101 - 407.
- D.27. Entire Agreement. This Contract is complete and contains the entire understanding between the Parties relating to its subject matter, including all the terms and conditions of the Parties' agreement. This Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the Parties, whether written or oral.
- D.28. Severability. If any terms and conditions of this Contract are held to be invalid or unenforceable as a matter of law, the other terms and conditions of this Contract shall not be affected and shall remain in full force and effect. The terms and conditions of this Contract are severable.
- D.29. Headings. Section headings of this Contract are for reference purposes only and shall not be construed as part of this Contract.
- D.30. Incorporation of Additional Documents. Each of the following documents is included as a part of this Contract by reference. In the event of a discrepancy or ambiguity regarding the Contractor's

duties, responsibilities, and performance under this Contract, these items shall govern in order of precedence below:

- a. any amendment to this Contract, with the latter in time controlling over any earlier amendments;
- b. this Contract with any attachments or exhibits (excluding the items listed at subsections c. through f., below), which includes Contract Attachment A: Attestations and Contract Attachment B. Treasury Department Gifts and Solicitations Policy ;
- c. any clarifications of or addenda to the Contractor's proposal seeking this Contract;
- d. the State solicitation, as may be amended, requesting responses in competition for this Contract;
- e. any technical specifications provided to proposers during the procurement process to award this Contract; and,
- f. the Contractor's response seeking this Contract.

- D.31. Insurance. Contractor shall provide the State a certificate of insurance ("COI") evidencing the coverages and amounts specified below. The COI shall be provided ten (10) business days prior to the Effective Date and again upon renewal or replacement of coverages required by this Contract. If insurance expires during the Term, the State must receive a new COI at least thirty (30) calendar days prior to the insurance's expiration date. If the Contractor loses insurance coverage, does not renew coverage, or for any reason becomes uninsured during the Term, the Contractor shall notify the State immediately.

The COI shall be on a form approved by the Tennessee Department of Commerce and Insurance ("TDCI") and signed by an authorized representative of the insurer. The COI shall list each insurer's national association of insurance commissioners (also known as NAIC) number or federal employer identification number and list the State of Tennessee, Risk Manager, 312 Rosa L. Parks Ave., 3rd floor Central Procurement Office, Nashville, TN 37243 in the certificate holder section. At any time, the State may require the Contractor to provide a valid COI detailing coverage description; insurance company; policy number; exceptions; exclusions; policy effective date; policy expiration date; limits of liability; and the name and address of insured. The Contractor's failure to maintain or submit evidence of insurance coverage is considered a material breach of this Contract.

If the Contractor desires to self-insure, then a COI will not be required to prove coverage. In place of the COI, the Contractor must provide a certificate of self-insurance or a letter on the Contractor's letterhead detailing its coverage, liability policy amounts, and proof of funds to reasonably cover such expenses. Compliance with Tenn. Code Ann. § 50-6-405 and the rules of the TDCI is required for the Contractor to self-insure workers' compensation.

All insurance companies must be: (a) acceptable to the State; (b) authorized by the TDCI to transact business in the State of Tennessee; and (c) rated A- VII or better by A. M. Best. The Contractor shall provide the State evidence that all subcontractors maintain the required insurance or that the subcontractors are included under the Contractor's policy.

The Contractor agrees to name the State as an additional insured on any insurance policies with the exception of workers' compensation (employer liability) and professional liability (errors and omissions) ("Professional Liability") insurance. Also, all policies shall contain an endorsement for a waiver of subrogation in favor of the State.

The deductible and any premiums are the Contractor's sole responsibility. Any deductible over fifty thousand dollars (\$50,000) must be approved by the State. The Contractor agrees that the insurance requirements specified in this Section do not reduce any liability the Contractor has assumed under this Contract including any indemnification or hold harmless requirements.

The State agrees that it shall give written notice to the Contractor as soon as practicable after the State becomes aware of any claim asserted or made against the State, but in no event later than thirty (30) calendar days after the State becomes aware of such claim. The failure of the State to

give notice shall only relieve the Contractor of its obligations under this Section to the extent that the Contractor can demonstrate actual prejudice arising from the failure to give notice. This Section shall not grant the Contractor or its insurer, through its attorneys, the right to represent the State in any legal matter, as the right to represent the State is governed by Tenn. Code Ann. § 8-6-106.

All coverage required shall be on a primary basis and noncontributory with any other insurance coverage or self-insurance carried by the State. The State reserves the right to amend or require additional endorsements, types of coverage, and higher or lower limits of coverage depending on the nature of the work. Purchases or contracts involving any hazardous activity or equipment, tenant, concessionaire and lease agreements, alcohol sales, cyber-liability risks, environmental risks, special motorized equipment, or property may require customized insurance requirements (e.g. umbrella liability insurance) in addition to the general requirements listed below.

The Contractor shall obtain and maintain, at a minimum, the following insurance coverages and policy limits.

a. Commercial General Liability Insurance

- 1) The Contractor shall maintain commercial general liability insurance, which shall be written on an Insurance Services Office, Inc. (also known as ISO) occurrence form (or a substitute form providing equivalent coverage) and shall cover liability arising from property damage, premises/operations, independent contractors, contractual liability, completed operations/products, personal and advertising injury, and liability assumed under an insured contract (including the tort liability of another assumed in a business contract).
- 2) The Contractor shall maintain bodily injury/property damage with a combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate for bodily injury and property damage, including products and completed operations coverage with an aggregate limit of at least two million dollars (\$2,000,000).

b. Workers' Compensation and Employer Liability Insurance

- 1) For Contractors statutorily required to carry workers' compensation and employer liability insurance, the Contractor shall maintain:
 - i. Workers' compensation and employer liability insurance in the amounts required by appropriate state statutes; or
 - ii. In an amount not less than one million dollars (\$1,000,000) including employer liability of one million dollars (\$1,000,000) per accident for bodily injury by accident, one million dollars (\$1,000,000) policy limit by disease, and one million dollars (\$1,000,000) per employee for bodily injury by disease.
- 2) If the Contractor certifies that it is exempt from the requirements of Tenn. Code Ann. §§ 50-6-101 – 103, then the Contractor shall furnish written proof of such exemption for one or more of the following reasons:
 - i. The Contractor employees fewer than five (5) employees;
 - ii. The Contractor is a sole proprietor;

- iii. The Contractor is in the construction business or trades with no employees;
- iv. The Contractor is in the coal mining industry with no employees;
- v. The Contractor is a state or local government; or
- vi. The Contractor self-insures its workers' compensation and is in compliance with the TDCI rules and Tenn. Code Ann. § 50-6-405.

c. Automobile Liability Insurance

- 1) The Contractor shall maintain automobile liability insurance which shall cover liability arising out of any automobile (including owned, leased, hired, and non-owned automobiles).
- 2) The Contractor shall maintain bodily injury/property damage with a limit not less than one million dollars (\$1,000,000) per occurrence or combined single limit.

d. Professional Liability Insurance

- 1) Professional liability insurance shall be written on an occurrence basis. This coverage may be written on a claims-made basis but must include an extended reporting period or "tail coverage" of at least two (2) years after the Term;
- 2) Any professional liability insurance policy shall have a limit not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) in the aggregate; and
- 3) If the Contract involves the provision of services by medical professionals, a policy limit not less than two million (\$2,000,000) per claim and three million dollars (\$3,000,000) in the aggregate for medical malpractice insurance.

e. Errors and Omission Coverage

- 1) with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.

E. SPECIAL TERMS AND CONDITIONS:

- E.1. Conflicting Terms and Conditions. Should any of these special terms and conditions conflict with any other terms and conditions of this Contract, the special terms and conditions shall be subordinate to the Contract's other terms and conditions.
- E.2. Confidentiality of Records. Strict standards of confidentiality of records and information shall be maintained in accordance with applicable state and federal law. All material and information, regardless of form, medium or method of communication, provided to the Contractor by the State or acquired by the Contractor on behalf of the State that is regarded as confidential under state or federal law shall be regarded as "Confidential Information." Nothing in this Section shall permit Contractor to disclose any Confidential Information, regardless of whether it has been disclosed or made available to the Contractor due to intentional or negligent actions or inactions of agents of the State or third parties. Confidential Information shall not be disclosed except as required or permitted under state or federal law. Contractor shall take all necessary steps to safeguard the confidentiality of such material or information in conformance with applicable state and federal law.

The obligations set forth in this Section shall survive the termination of this Contract.

- E.3. Work Papers Subject to Review. The Contractor shall make all audit, accounting, or financial analysis work papers, notes, and other documentation available for review by the Comptroller of the Treasury or his representatives, upon request, during normal working hours either while the analysis is in progress or subsequent to the completion of this Contract.
- E.4. Lobbying. The Contractor certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of an agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress in connection with any contract, grant, loan, or cooperative agreement, the Contractor shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Contractor shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
- This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into and is a prerequisite for making or entering into this transaction imposed by 31 U.S.C. § 1352.
- E.5. Partial Takeover of Contract. The State may, at its convenience and without cause, exercise a partial takeover of any service that the Contractor is obligated to perform under this Contract, including any service which is the subject of a subcontract between Contractor and a third party (a "Partial Takeover"). A Partial Takeover of this Contract by the State shall not be deemed a breach of contract. The Contractor shall be given at least thirty (30) days prior written notice of a Partial Takeover. The notice shall specify the areas of service the State will assume and the date the State will be assuming. The State's exercise of a Partial Takeover shall not alter the Contractor's other duties and responsibilities under this Contract. The State reserves the right to withhold from the Contractor any amounts the Contractor would have been paid but for the State's exercise of a Partial Takeover. The amounts shall be withheld effective as of the date the State exercises its right to a Partial Takeover. The State's exercise of its right to a Partial Takeover of this Contract shall not entitle the Contractor to any actual, general, special, incidental, consequential, or any other damages irrespective of any description or amount.
- E.6. Unencumbered Personnel. The Contractor shall not restrict its employees, agents, subcontractors or principals who perform services for the State under this Contract from performing the same or similar services for the State after the termination of this Contract, either as a State employee, an independent contractor, or an employee, agent, subcontractor or principal of another contractor with the State.
- E.7. Applicable Gifts and Solicitations Policy. The Contractor shall not offer to give, or give, any gift to any employee of the Treasury Department or to any member of the Board, Commission or Committee administratively attached to the Treasury Department that would violate the Treasury

RFP ATTACHMENT 6.6

Department's Gifts and Solicitations Policy, attached hereto as Contract Attachment B which may be updated from time to time.

- E.8. Survival. The terms, provisions, representations, and warranties contained in this Contract which by their sense and context are intended to survive the performance and termination of this Contract, shall so survive the completion of performance and termination of this Contract.

IN WITNESS WHEREOF,

CONTRACTOR LEGAL ENTITY NAME:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TREASURY DEPARTMENT:

DAVID H. LILLARD, JR., STATE TREASURER

DATE

CONTRACT ATTACHMENT A**ATTESTATION RE PERSONNEL USED IN CONTRACT PERFORMANCE**

SUBJECT CONTRACT NUMBER:	
CONTRACTOR LEGAL ENTITY NAME:	
FEDERAL EMPLOYER IDENTIFICATION NUMBER: (or Social Security Number)	

The Contractor, identified above, does hereby attest, certify, warrant, and assure that the Contractor shall not knowingly utilize the services of an illegal immigrant in the performance of this Contract and shall not knowingly utilize the services of any subcontractor who will utilize the services of an illegal immigrant in the performance of this Contract.

CONTRACTOR SIGNATURE

NOTICE: This attestation MUST be signed by an individual empowered to contractually bind the Contractor. Attach evidence documenting the individual's authority to contractually bind the Contractor, unless the signatory is the Contractor's chief executive or president.

PRINTED NAME AND TITLE OF SIGNATORY

DATE OF ATTESTATION

TREASURY DEPARTMENT GIFTS AND SOLICITATION POLICY

No employee or any member of a Board, Commission or Committee administratively attached to the Department shall solicit, accept or agree to accept, directly or indirectly, on behalf themselves or their immediate family, any gift in violation of state law including, but not limited to, any gratuity, service, favor, entertainment, lodging, transportation, loan, loan guarantee rebate, money, any promise, obligation or contract for future awards or compensation or any other thing of monetary value, from any **individual or entity** that:

- Has, or is seeking to obtain, contractual or other business or financial relations with the Treasury Department or the Tennessee Consolidated Retirement System;
- Conducts operations or activities that are regulated by the Treasury Department;
- May bid on future procurement from the Department or a Board, Commission, or Committee administratively attached to the Department based on the employee's reasonable belief that the person or entity intends to submit a bid; or
- Has an interest that may be substantially affected by the performance or nonperformance of the employee's official duties.

Generally, gifts from a lobbyist or an employer of a lobbyist are prohibited; however, the following are exceptions to the general gift prohibition:

- A gift given for nonbusiness purpose and motivated by a close personal friendship and not by the position of the employee, and specifically authorized and defined by the Ethics Commission;
- Informational materials in the form of books, articles, periodicals, other written materials, audiotapes, videotapes, or other forms of communication;
- Sample merchandise, promotional items, and appreciation tokens if they are routinely given to customers, suppliers or potential customers or suppliers in the ordinary course of business;
- Unsolicited tokens or awards of appreciation, honorary degrees, or bona fide awards in recognition of public service in the form of a plaque, trophy, desk item, wall memento, and similar items, provided that any such item shall not be in a form which can readily be converted to cash;
- Benefits resulting from business, employment, or other outside activities of the employee or the employee's immediate family, if such benefits are customarily provided to others in similar circumstances and are not enhanced due to the status of the employee;
- Opportunities and benefits made available to all members of an appropriate class of the general public, including but not limited to, discounts afforded to the general public or prizes and awards given out in public contests;
- Expenses of out-of-state travel, if such expenses are paid for or reimbursed by a governmental entity or an established and recognized organization of elected or appointed state government officials;

CONTRACT ATTACHMENT B

- Food, refreshments, amenities, goody bags, entertainment, or beverages provided as part of a meal, reception or similar event including tradeshows and professional meetings; and
- Food, refreshments, meals, foodstuffs, entertainment, beverages that are provided in connection with the following: an event where the employee is a speaker or part of a panel discussion at a scheduled meeting of an established or recognized membership organization which regularly meets at in-state events in which invitations are extended to legislative or executive branch employees. The value of the items shall not exceed fifty dollars (\$50.00) per person, per day.*

* The amount may be increased to reflect the percentage of change in the average consumer price index. The Ethics Commission publishes the increased amount on its website.

For other gifts offered which are not included in the exceptions above, the employee must obtain the written approval of the Assistant Treasurer for Legal, Compliance, and Audit.

THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

INVESTMENT POLICY

REVISED AND RESTATED

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I. Definitions

The following definitions are used hereafter with respect to this Investment Policy:

Aggregate Book Value- *see Market Value.*

Board- The Board of Trustees of the TCRS.

Book Value- *see Market Value.*

Buyout – Generally a type of traditional private equity investment that invests in the purchase of all or part of the stock or assets of a privately or publicly owned company through the use of debt and equity.

Cash Equivalents – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of ninety days or less (:S 90 days), including, but not limited to, commercial paper and discount notes. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States with a remaining term to maturity of three hundred ninety-seven days or less (:S 397 days) may also be considered Cash Equivalents for purposes of this Investment Policy.

Chief Investment Officer ("CIO") – The Department of Treasury employee responsible for the investment and oversight of the TCRS assets in accordance with statutory guidelines and the investment policies and strategies established by the Board.

Commingled Investment – A pooled investment vehicle that is overseen by an External Investment Manager. The following types of pooled investment vehicles used for real estate investments may include, but are not limited to: open and closed end funds; private limited partnerships; private limited liability companies; private and public Real Estate Investment Trusts ("REITs"); and group trusts. The TCRS may also participate in secondary offerings or purchase fund interests from other investors in the secondary market.

Core Investments – An industry term that generally means a Traditional Property Type that is well-located, of institutional quality and leased, at the time of acquisition, at a rate of eighty percent or greater (?:80%). "Core plus," as defined by the general real estate industry, may also be considered a Core Investment for purposes of this Investment Policy.

Derivative Instruments – Any agreement, option or instrument, or any series or combinations of an agreement, option or instrument: (i) to make or take delivery of, or assume or relinquish, a specified amount of one (1) or more underlying interests, or to make a cash settlement in lieu thereof; or (ii) that has a price, performance, value or cash flow based primarily upon the actual or expected price, yield, level, performance, value or cash flow of one (1) or more underlying interests. Derivative Instruments include, but are not limited to, options, warrants (not attached to another investment), caps, floors, collars, swaps, security-based swaps, security-based swap agreements, mixed swaps, swaptions, forwards, futures and any other agreements, options or instruments substantially similar thereto, or any series or combinations thereof. Derivative Instruments do not include Collateralized Mortgage Obligations ("CMOs"), Treasury Inflation-

Protected Securities ("TIPS"), other asset-backed securities, principal-protected structured securities or floating rate securities.

Direct Investment – A direct ownership or co-ownership in Core Investments or Non-Core Investments (real estate).

Direct Lending – The transfer of funds from the ultimate lender to the ultimate borrower, most often through a third (administrative) party.

Distressed – Generally a type of traditional private equity investment that invests in the debt obligations of under-performing companies in need of operating or financial restructuring and that are typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Distressed Debt – A debt instrument issued by a company that is typically involved in a turnaround, restructuring, deleveraging or bankruptcy situation.

Emerging Market Debt – A debt instrument issued by nations or companies that are in the process of rapid growth and industrialization. Emerging Market Debt is subject to the same screening methodology discussed within this Investment Policy (Section VI.G).

Equity(ies) -Investments representing an equity, ownership interest to include, but not limited to, publicly traded common and preferred stock, Initial Public Offerings ("IPOs"), bonds or any security convertible to stock, equity Exchange Traded Funds ("equity ETFs"), publicly traded Real Estate Investment Trusts ("REITs") and equity Restricted Securities.

External Investment Adviser – An individual or entity duly selected and contractually bound, who/that typically provides asset management services on a non-discretionary basis to the TCRS. Such External Investment Adviser will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

External Investment Manager- An individual or entity, duly selected and contractually bound, who/that typically assumes discretion over a specified portion of the TCRS's assets. Such External Investment Manager will be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations.

Fixed Income Security(ies) – Investments representing an instrument under which the issuer owes the holder (debt) to include, but not limited to, notes, bonds or other fixed income securities exceeding one year (> 1) in maturity, Mortgage-Backed Securities ("MBS"), Asset-Backed Securities ("ABS"), Collateralized Mortgage Obligations ("CMO"), Commercial Mortgage Backed Securities ("CMBS"), Medium Term Notes ("MTN"), municipal securities, corporate securities, bond Exchange Traded Funds ("bond ETFs") and debt Restricted Securities.

General Consultant – An entity or individual, duly selected and contractually bound, with substantial experience in providing advice on and/or consulting services related to the Total Assets based upon its/his/her expertise and analysis of the issues and/or assets under consideration.

Growth Equity – Generally a type of traditional private equity investment that invests in an established company for the purpose of growing its business.

Hedging Transaction- A derivative transaction that is entered into and maintained to manage: (i) the risk of a change in the value, yield, price, cash flow or quantity of assets or liabilities, or a portfolio of assets and/or liabilities; or (ii) the currency exchange rate risk related to assets or liabilities, or a portfolio of assets and/or liabilities.

High Yield Bonds – A debt instrument with a credit rating below Investment Grade.

Income Generation Transaction – A derivative transaction, excluding Hedging Transactions and Replication Transactions, which is entered into to generate income.

Internal Legal Counsel – The Assistant Treasurer for Legal, Compliance and Audit or his/her authorized designee(s) who represent the Department of Treasury.

Investment Advisory Council ("IAC")- A council consisting of at least five (5) persons, duly qualified and selected, which will review information furnished to it and provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

Investment Committee – A committee of the Board comprised of Board members that will assist the Board in fulfilling its responsibilities with respect to the investments of the TCRS.

Investment Grade – Rating description given to debt securities. For purposes of this Investment Policy, Investment Grade for long-term debt securities must be within the four (4) highest tiers (e.g., AAA, AA, A, or BBB) and short-term debt securities must be within the three (3) highest tiers (e.g., A-1, A-2 or A-3); rating modifiers(+, -)should not be considered when determining the tiers. Debt securities issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States shall be considered as holding the highest possible rating.

Investment Guidelines – Policies and procedures that provide operational framework for implementing and monitoring various investment strategies and activities. Investment Guidelines are often drafted by Investment Staff and must be recommended by the Chief Investment Officer and approved by the State Treasurer before becoming effective.

Investment Staff- Each Department of Treasury, Investment Division employee involved in the investment management of the Total Assets.

Legal Advisor – The Attorney General and Reporter or his/her authorized designee(s) who represent the Board in all matters.

Levered and Unlevered Loans – A debt instrument from companies with below Investment Grade credit ratings. Leveraged loans are typically secured with a lien on the company's assets and are generally senior to the company's other debt.

Market Value – Aggregate Book Value, Book Value and Market Value are determined in accordance with applicable financial reporting requirements. For additional guidance, refer to the TCRS's Comprehensive Annual Financial Report.

Tennessee Consolidate Retirement System

Master Custodian- A bank, savings and loan association or trust company, duly selected and contractually bound, that, at a minimum, holds the assets of and processes securities transactions for the State of Tennessee, Department of Treasury on behalf of the TCRS.

Mezzanine Debt- Placed between debt and equity in a company's capital structure, mezzanine debt is typically a subordinated debt instrument for late-stage venture and mature companies and offers income through a current coupon and equity participation through a warrant.

Non-Core Investments – Broadly defined as all other real estate assets that are not Core Investments. Non-Core Investments include "value-added," "opportunistic," "build to core" or "lease to core" investments, as defined by the general real estate industry.

Outside Legal Counsel – Attorney(s) or law firm(s), duly selected and contractually bound, who/that provide legal advice to the TCRS or the Department of Treasury for or on behalf of the TCRS.

Other Opportunities – Generally a type of private equity investment that is designed to capture innovative investment opportunities created by the marketplace that do not fit an existing category.

Real Estate Debt – A debt instrument that is secured by the collateral of specified real estate property.

Replication Transaction – A derivative transaction or combination of derivative transactions, excluding Hedging Transactions, affected either separately or in conjunction with cash market investments included in a portfolio in order to replicate the risks and returns of another authorized transaction, investment or instrument and/or operate as a substitute for cash market transactions.

Resource – Generally a type of traditional private equity investment that invests in commodities or natural resources.

Restricted Securities- Has the same meaning as set forth in Rule 144(a)(3) promulgated under the Securities Act of 1933.

Service Providers- Any external party who/that performs investment-related services for or on behalf of the TCRS, including, but not limited to, the General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, etc.

Short-Term Security(ies) – Debt investments representing highly rated, highly liquid and readily marketable securities with a remaining term to maturity (at the time of purchase) of three hundred sixty days or less(;;; 360 days), including, but not limited to, commercial paper, discount notes and short-term United States agency debt.

Structured Credit – Products comprised of tranches of portfolios of credit instruments or exposures, including credit derivatives, usually securitized by various financial assets.

T.C.A.-Tennessee Code Annotated.

TCRS- Tennessee Consolidated Retirement System, which may also be referred to under state law as "retirement system."

Total Assets-The total plan assets or overall investment portfolio of the TCRS.

Traditional Property Type -Real estate that consists of only office, multifamily (apartment), retail and/or industrial assets.

Venture Capital – Generally a type of traditional private equity investment that invests in the financing of rapidly-growing companies that do not have access to public equity or debt financing.

II. Overview and Authority

A. Introduction

The Tennessee Consolidated Retirement System was established by the General Assembly as of July 1, 1972 for the purpose of providing retirement and other benefits for state employees, teachers, higher education employees, local government employees and employees of other entities authorized to participate.

B. Investment Authority

General administration and responsibility for the proper operation of the TCRS are vested with the TCRS Board of Trustees ("Board"), including the authority for investing and reinvesting the assets of the TCRS. The State Treasurer, a constitutional officer, is the custodian of the funds of the TCRS. The day-to-day administration and operation of the TCRS are primarily delegated to the State Treasurer.

Implementation of the TCRS Investment Policy established by the Board is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Chief Investment Officer and Investment Staff, including the power to invest and reinvest the TCRS's assets in accordance with the criteria established by this Investment Policy.

The Chief Investment Officer with the approval of the State Treasurer may, through written Investment Guidelines, provide additional investment criteria or guidance.

C. Fiduciary Standard

All assets of the TCRS shall be invested and managed solely in the interest of the TCRS's beneficiaries and in a manner consistent with T.C.A. §35-14-107, the prudent investor rule pursuant to T.C.A. §35-14-103 and the standard of care pursuant to T.C.A. §35-14-104. Furthermore, the delegation of investment and management functions shall be carried out in accordance with T.C.A. §35-14-111. Notwithstanding the foregoing, and in accordance with T.C.A. §8-37-104, the assets of the TCRS shall be invested subject to the criteria further established by the Board through this Investment Policy, as may be amended from time to time.

D. Scope

The Investment Policy is binding on all persons and entities with authority over the TCRS's assets, including, but not limited to, the Board, Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS.

III. Objective

The purpose of this Investment Policy is to support the TCRS's primary investment objective by:

- Outlining the distinct roles and responsibilities of the Board, Investment Staff and Service Providers;
- Establishing formalized benchmarks to measure and evaluate the performance results of the Total Assets;
- Setting forth the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS and in the best interest of the beneficiaries;
- Communicating the Investment Policy, as approved by the Board, to the Investment Staff, External Investment Managers, External Investment Advisers, General Consultant, Service Providers, Master Custodian and any other person who or entity that may have a fiduciary relationship with the TCRS; and
- Functioning as a supervisory tool, guiding the ongoing oversight of the Total Assets.

IV. Roles and Responsibilities

In addition to the responsibilities described below and throughout this Investment Policy, Service Providers, as well as any other person who or entity that may have a fiduciary relationship with the TCRS, may have additional duties and responsibilities outlined within federal and state laws, rules and regulations; executed contracts or agreements; or as dictated by standard business or industry practices.

A. Board of Trustees

- 1) Adopt an Investment Policy that establishes the additional investment criteria, which the Board determines to be prudent in consideration of the purposes, terms, distribution requirements and other circumstances of the TCRS;
- 2) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 3) Review and, if applicable, authorize the use of Service Providers or the processes employed by Investment Staff;
- 4) Evaluate the investment performance of the Total Assets through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers; and
- 5) Periodically review the actions taken by delegates in order to monitor performance and compliance with the terms of the delegation.

B. Investment Advisory Council

- 1) Review information furnished to the Investment Advisory Council; and
- 2) Provide such investment advice to the State Treasurer and Chief Investment Officer as the Investment Advisory Council deems appropriate.

C. Investment Committee

- 1) Evaluate the investment performance of the traditional private equity, strategic lending and real estate portfolios, through reports supplied by the State Treasurer, Chief Investment Officer, Investment Staff and Service Providers;
- 2) Approve private equity, strategic lending and real estate commitments or transactions that equal or exceed seventy-five million dollars (2: \$75,000,000); and
- 3) Review other information that may be furnished to the Investment Committee and, as applicable, provide assistance to the Board, State Treasurer and Chief Investment Officer.

D. State Treasurer

- 1) Implement the Investment Policy, as approved by the Board;
- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Delegate investment and management functions that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 4) Review and, as applicable, authorize the use of Service Providers and the employment of Investment Staff;
- 5) Evaluate and, as applicable, approve the processes employed and procedures established by Investment Staff;
- 6) Evaluate the investment performance of the Total Assets through reports supplied by the Chief Investment Officer, Investment Staff and Service Providers;
- 7) Negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets;
- 8) Monitor the Total Assets' compliance with this Investment Policy and applicable federal and state laws, rules and regulations; and
- 9) Take actions that are deemed essential to protect the assets of the TCRS with any emergency actions being promptly reported to the Board.

E. Chief Investment Officer

- 1) Assume executive responsibility and authority, as delegated by the State Treasurer, for the ongoing evaluation and management of the Total Assets, ensuring compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;

- 2) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 3) Undertake the necessary authority to effectively manage and supervise the Investment Staff;
- 4) Delegate investment and management functions to Investment Staff that a prudent trustee of comparable skills would properly delegate under the circumstances;
- 5) Review and, as applicable, recommend the use of Service Providers, General Consultant, External Investment Managers and External Investment Advisers and the employment of Investment Staff;
- 6) Report to and consult with the State Treasurer and/or his designee on administrative, organizational and investment activities;
- 7) Collaborate, as applicable, with the Investment Committee, Investment Advisory Council, Investment Staff and Service Providers on development and implementation of appropriate investment strategies, policies, procedures and Investment Guidelines;
- 8) Prepare and submit reports, as required, to document investment activities; and
- 9) Notify the State Treasurer of situations that merit the Board's attention.

F. Investment Staff

- 1) Assume fiduciary responsibility and authority, as delegated by the State Treasurer and Chief Investment Officer, for the Investment Staff member's role in the ongoing evaluation and management of the Total Assets;
- 2) Utilize special skills and expertise in an effort to accomplish the primary objective of the Total Assets, as stated in the Investment Policy;
- 3) Operate with a duty of undivided loyalty, investing and managing the TCRS's assets solely in the interest of the beneficiaries;
- 4) Source and evaluate prospective investments on an as-needed basis;
- 5) Ensure compliance with the Investment Policy and such other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply;
- 6) Assist the State Treasurer, or his designee, and Chief Investment Officer with respect to any matters related to the TCRS's assets;
- 7) Prepare and submit reports, as required, to document investment activities; and
- 8) Notify the State Treasurer of situations that merit his attention.

G. General Consultant

- 1) Provide a third-party perspective and oversight to applicable portfolios;
- 2) Assess the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures;
- 3) Assist with developing and implementing Investment Guidelines, policies, procedures and investment strategies;
- 4) Prepare and submit relevant, reliable and timely research, performance reports and objective advice as required or as needed by the Board, State Treasurer, Chief Investment Officer or Investment Staff;
- 5) Source and evaluate prospective investments on an as-needed basis; and

- 6) Support the Investment Staff with respect to any matters related to applicable portfolios.

V. Governing Principles

The Board has adopted a set of governing principles for the oversight of the Total Assets. Those principles are as follows:

A. Primary Investment Objective

The primary investment objective of the Total Assets is to establish a stable, diversified investment portfolio that, in the long-term, will meet or exceed the assumed actuarial rate of return, as adopted by the Board, in order to provide sufficient liquidity to pay beneficiaries in a timely manner.

B. Authorized Asset Classes and Investment Activities

The Board, in accordance with T.C.A. §8-37-101 et. seq., hereby empowers the State Treasurer and Investment Staff to invest and reinvest the TCRS's assets in the following asset-classes and investment activities, subject to all the terms, conditions, limitations and restrictions imposed, as applicable, by this Investment Policy and other Investment Guidelines, policies, procedures, internal controls, laws, rules and regulations that may apply:

- Equities;
- Fixed Income Securities
- Short-Term Securities;
- Private equity;
- Real estate;
- Cash and Cash Equivalents;
- Canadian securities;
- International securities;
- Canadian and international currency;
- Derivative Instruments;
- Securities lending; and
- Standby note purchaser.

C. General Asset Allocation

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board hereby establishes the following strategic asset allocation ranges:

<u>Asset Classes</u>	<u>Minimum</u>	<u>Maximum</u>	Statutory Limit
Domestic Equity	25%	50%	75%
International Equity	5%	25%	
Emer in Markets E uit	0%	10%	
Domestic Fixed Income Securities	20%	60%	70%
Short-Term Securities	0%	10%	
Inflation Indexed Bonds	0%	15%	
International Fixed Income Securities	0%	10%	
Private Equity	0%	10%	10%
Real Estate	0%	10%	10%
Cash and Cash Equivalentents	0%	10%	10%

For purposes of the above table: domestic includes United States and Canada; emerging market is a subset of international; and private equity includes traditional and strategic lending. Additional statutory and Investment Policy limitations may apply.

D. Benchmarks

Based on input from the Chief Investment Officer, Investment Staff and General Consultant, the Board has determined that the investment performance for the Total Assets and each component portfolio will be compared with the following respective benchmark indices:

Portfolio	<u>Benchmark Index</u>	Weight
Equity-United States	S&P 1500	33%
Equity-Canadian	S&P / TSX 60 Index	4%
Equity – International Developed Markets	MSCI EAFE Investable Market Index (IMI)	13%
Equity – Emerging Markets	MSCI Emerging Markets Index	5%
Domestic Fixed Income and Short-Term Securities	Citigroup Large Pension Fund Index	25%
Inflation Indexed Bonds	Citigroup TIPS Index	4%
International Fixed Income and Short-Term Securities	Citigroup Non-U.S. G-5 Government Bond Index	0%
Private Equity – Traditional	S&P 500 + 3%	3%
Private Equity-Strategic Lending	Custom Index: 50% Barclay's High Yield 2% Issuer Capped Index + 50% Credit Suisse <u>Leveraged Loan Index</u>	5%
Real Estate	NCREIF Property Index	7%
Cash and Cash Equivalents	91-Day United States Treasury Bills	1%
	TOTAL	100%

To facilitate proper evaluation of the emerging markets equity portfolio, the benchmark index returns will be adjusted to exclude countries based on the country screening methodology developed by Investment Staff and approved by the Chief Investment Officer and State Treasurer. Additionally, the Board recognizes that the performance for some investments, such as private equity and real estate, will lag by a quarter due to the reporting schedules of the underlying holdings.

In recognition of the TCRS's long-term perspective, these performance benchmarks are to be measured through the use of a five-year (5) rolling average. The Total Assets' overall annualized total return should exceed the return available if the TCRS were to invest in an index fund comprised of the above-referenced benchmark indices, weighted as referenced above.

Furthermore, the Total Assets' performance will be calculated on an as-allocated basis, using the actual percentages invested versus the target weight.

VI. Additional Investment Criteria

The Board, in accordance with T.C.A. §8-37-104(a) and (b), hereby imposes the following, terms, conditions, limitations and restrictions, which supersede, as applicable, those terms, conditions, limitations and restrictions contained in T.C.A. §56-3-303 through 306. The disqualification of an investment under one (1) section of this Investment Policy does not prevent its qualification in whole or in part under another section.

A. Equity

No Equity will be purchased with the purpose or with the effect of changing or influencing the control of the issuer. Additionally, no more than four and ninety-nine one hundredths percent (4.99%) of a voting class of a company's equity securities registered under Section 12 of the Securities Exchange Act of 1934 (i.e., outstanding shares) shall be, directly or indirectly, acquired.

B. Fixed Income Securities and Short-Term Securities

Only Fixed Income Securities and Short-Term Securities rated Investment Grade by one of the designated Nationally Recognized Statistical Rating Organizations ("NRSROs") shall be purchased. This rating restriction does not apply to bond ETFs or debt Restricted Securities. Additionally, there is no requirement to divest of an asset if it is downgraded below Investment Grade.

The TCRS may transact in when-issued, To Be Announced ("TBA"), dollar roll and other transactions that result or may result in delayed delivery for the purchase or sale of Fixed Income Securities. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

C. Private Equity

The private equity asset class is categorized into two component portfolios: traditional and strategic lending.

1. Disclosure Process

Any TCRS employee or Board member who has a role in determining whether the TCRS assets should be invested in a private equity investment and who is directly solicited by any person or entity on a specific private equity investment proposal must disclose such to the Investment Staff.

For purposes of this disclosure process, "directly solicited" means direct personal contact by person(s) or entity(ies) intending to solicit funding for a specific private equity fund or transaction. This direct contact will typically include a discussion on a particular investment, the merits of that investment and detailed documentation supporting the investment. Casual meetings and telephone calls of a general nature are not deemed to be a direct solicitation for purpose of this disclosure process.

The names of any person(s) or entity(ies) disclosed to Investment Staff pursuant to this disclosure process will be recorded by the Investment Staff and reported to the audit committee of the Board on a quarterly basis.

2. Contractual Obligations

Traditional private equity and strategic lending investments may involve various contracts and legal agreements. Any contractual terms, including those related to fees, will be consistent with the then-current market for comparable investments.

3. Process for and Factors Used in Selection

The process for selecting and approving traditional private equity and strategic lending investments will be outlined within the Traditional Private Equity and Strategic Lending Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review and closing processes.

The following factors and standards are to be used, at a minimum, by Investment Staff in the selection of traditional private equity and strategic lending investments:

- Key Personnel – Key personnel should possess specialized skills and expertise; reputable professional background; and be appropriately registered, or exempt from registration, under the applicable state and federal securities laws, rules and regulations;
- Strategy and Strategic Fit – A private equity investment should be selected based, in part, on its ability to improve the overall risk and return profile of the Total Assets and its contribution to portfolio diversification;
- Legal and Economic Terms – Investment terms and/or contracts should be actively negotiated to ensure that the interest of the partners and/or investment managers align with the interests of the TCRS and that the TCRS is adequately compensated based, in part, on the level of investment risk.

The Board recognizes that other factors and standards should be used in evaluating and selecting traditional private equity and strategic lending investments and relies on Investment Staff and the respective investment consultant to use reasonable judgment in proactively investigating proposed traditional private equity and strategic lending investments. Prior to consideration of a traditional private equity or strategic lending investment, an independent third-party advisor selected by the TCRS (i.e., External Investment Advisor, External Investment Manager, General Consultant, investment consultant, etc.) must determine that the proposed investment complies with the factors and standards as established within this Investment Policy and any applicable Investment Guidelines.

4. Open Records Exception

Traditional private equity or strategic lending investment records shall be open to public inspection in accordance with and pursuant to T.C.A. §8-37-104(a)(IO)(C).

5. Holding Entities

The Board authorizes the State Treasurer and Investment Staff to create holding entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to and collecting income from traditional private equity or strategic lending investments. The Board also authorizes the transfer of a traditional private equity or strategic lending investment from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the traditional private equity or strategic lending investment, if deemed prudent.

6. Investment Types and Risk Control Measures – Traditional Private Equity

Traditional private equity investments may include, but shall not be limited to, the following types of investments: Venture Capital; Buyout; Distressed; Growth Equity; Resource; and Other Opportunities.

The following risk control measures will be implemented in the oversight of the traditional private equity portfolio:

- Financing Stage – The traditional private equity portfolio will mitigate company and financing life-cycle risk through diversification in investment types.
- Investment Timing – Vintage year risk will be monitored during the initial funding phase of the traditional private equity portfolio;
- Industry Concentration – No more than forty percent (:S 40%) of the traditional private equity portfolio commitments will be made to a single industry within a particular sector;
- General Partner Concentration- No more than twenty percent (:S 20%) of the traditional private equity portfolio target shall be committed to a single External Investment Manager;
- Investment Size – The TCRS will represent no more than fifteen percent (:S 15%) of the targeted size of a limited partnership without the written approval of the State Treasurer; and
- Operational Matters – The traditional private equity portfolio will mitigate operational risk through the use of multiple managers, strategies and investment types.

7. Investment Types and Risk Control Measures- Strategic Lending

Strategic lending investments may include, but shall not be limited to, the following types of investments: High Yield Bonds; Levered and Unlevered Loans; Emerging Market Debt; Distressed Debt; Mezzanine Debt; Direct Lending; Structured Credit; Real Estate Debt; and Other Opportunities.

The following risk control measures will be implemented in the oversight of the strategic lending portfolio:

- Financing Stage and Industry Concentration – The strategic lending portfolio may be somewhat under-diversified on a standalone basis due to the opportunistic nature of the portfolio and such risks are mitigated at the Total Assets level;
- Investment Timing- Generally, vintage year risk does not pose a concern for the strategic lending portfolio;
- General Partner Concentration- No more than fifty percent (:S 50%) of the strategic lending portfolio target shall be committed to a single External Investment Manager;
- Investment Size – The TCRS will represent no more than fifteen percent (:S 15%) of the targeted size of a commingled investment vehicle without the written approval of the State Treasurer; and
- Operational Matters – The strategic lending portfolio will mitigate operational risk through the use of multiple managers, strategies and investment types.

D. Real Estate

Acquisitions of real estate may be made in Direct Investments or Commingled Investments provided that:

- No Direct Investment may be located in the state of Tennessee; and
- No Direct Investment shall exceed one-half of one percent (< 0.5%) of the Market Value of the Total Assets.

Furthermore, of the greater of the real estate portfolio's target allocation or the total value invested:

- No more than forty percent (:S 40%) shall be committed to a single External Investment Manager or External Investment Adviser; and
- Seventy percent or more (2: 70%) will be comprised of Core Investments.

The process for selecting and approving real estate investments will be outlined within the Real Estate Investment Guidelines. At a minimum, such Investment Guidelines must detail the introduction, due diligence, recommendation, approval, legal review and closing processes.

The Board authorizes the State Treasurer and Investment Staff to create entities, to the extent permitted by law, on behalf of the TCRS for the purpose of acquiring, holding title to, and collecting income from real property. The Board also authorizes the transfer of real estate property from direct ownership to a title holding entity on behalf of the TCRS (or the converse) during the course of a holding period of the real estate investment.

E. Cash and Cash Equivalents

Cash that cannot be invested immediately, or that is needed for operations, should be actively managed through the use of cash and Cash Equivalents to obtain the best return available. Cash may also be invested in short-term, open-end mutual funds under the contractual arrangement with the Master Custodian or invested in the State Pooled Investment Fund.

Cash Equivalents must be rated within the highest tier (e.g., A-1) by at least two (2: 2) of the designated NRSROs; rating modifiers(+,-) should not be considered when determining the tiers.

The TCRS shall invest not more than one hundred million dollars (:S \$100,000,000) in Cash Equivalents issued by any one issuer, excluding Cash Equivalents

- Issued by the United States, any agency of the United States federal government or any entity with the express or implied backing of the United States; or
- That matures on the next business day.

For purposes of this section, "business day" shall mean any day on which (i) the United States securities exchanges, (ii) the Master Custodian and (iii) the State of Tennessee, Department of Treasury are open for regular business activity.

F. Canadian Securities

The TCRS may invest in publicly traded, Canadian securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

G. International Securities

The TCRS may invest in publicly traded, international securities that are otherwise of the same kinds, classes and investment grades otherwise eligible for investment.

The Board hereby authorizes up to twenty-five percent (:S 25%) of the Total Assets may be invested in international securities, up to ten percent (:S 10%) of which may be invested in emerging markets.

The Board hereby determines that the following international countries are permissible:

- International countries included in the Morgan Stanley Capital International ("MSCI") EAFE Investable Market Index ("IMI"), as amended from time to time (i.e., international developed markets); and
- International countries included in the MSCI Emerging Markets ("EM") Index, as amended from time to time (i.e., emerging markets).

Suitability of investing in such emerging markets countries shall be further subject to a screening methodology reviewed by the TCRS's General Consultant, recommended by the Chief Investment Officer and approved by the State Treasurer.

For purposes of the TCRS's international securities investments, a security's country classification will be determined, at the time of acquisition, using the following criteria:

- Market in which the issuer conducts its primary business ("Country Classification");
- Issuer's management location, country of primary listing, country of revenue and reporting currency ("Country of Risk"); and
- Country in which the issuer is legally established ("Country of Incorporation").

The issuer's parent and ultimate parent entity(ies) and the security's geographical focus, if applicable, may also be evaluated in order to determine a security's country classification.

H. Canadian and International Currency

Canadian and international currency transactions are permitted as necessary to facilitate the settlement of Canadian and international securities transactions and to mitigate currency risk. The TCRS may engage in "bona fide spot foreign exchange transactions," as defined by the United States Commodities Futures Trading Commission ("CFTC"), Hedging Transactions, Income Generation Transactions or Replication Transactions involving currencies of Canada and those international countries authorized pursuant to this Investment Policy. Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to currency transactions.

Hedging Transactions, Income Generation Transactions and Replication Transactions will be executed only with registered swap dealers.

I. Derivative Instruments

The TCRS may purchase or sell stock index futures. Stock index futures contracts shall

- Not be utilized for purposes of "speculative leveraging" as defined in T.C.A. §8-37-104(a)(7);
- Be classified by and included in the asset allocation ranges of the domestic and international equity portfolios;
- Be measured in their notional principal or notional equivalent amount; and
- Not exceed ten percent (:S 10%) of the Market Value of the Total Assets.

Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements related to stock index futures.

Additionally, the TCRS may engage in Hedging Transactions, Income Generation Transactions or Replication Transactions involving Derivative Instruments under the following conditions:

- Derivative Instruments will be measured in their notional principal or notional equivalent amount;
- Derivative Instruments, excluding currency Derivative Instruments, shall not exceed twenty percent (:S 20%) of the Market Value of the Total Assets; and
- Cash and obligations of the United States government or any of its agencies may be used to meet variation margin or collateral requirements.

Hedging Transactions, Income Generation Transactions and Replication Transactions shall be executed only with registered swap dealers.

J. Securities Lending

The TCRS may loan its securities for a fee, provided that:

- The total market value of securities on loan does not exceed thirty percent (< 30%) of the Market Value of the Total Assets; and
- Each loan is collateralized in accordance with this Investment Policy.

Only the following types of financial instruments will be acceptable collateral for purposes of securities lending:

- Bonds, notes and treasury bills of the United States or other obligations guaranteed as to principal and interest by the United States government or any of its agencies;
- Obligations guaranteed as to principal and interest by the United States government or United States sponsored corporations or enterprises; and
- Cash.

Collateral will be marked-to-market, each business day, to ensure that on any business day the market value, plus accrued but unpaid rebates and, in the case of debt securities, accrued but unpaid interest, of the collateral held in respect to a securities lending transaction is not less than:

- 102% (2: 102%) of the aggregate market value of the loaned securities for domestic securities and international securities that are denominated in the same currency as the collateral provided by the borrower;
- 105% (2: 105%) of the aggregate market value of the loaned securities for international securities that are not denominated in the same currency as the collateral provided by the borrower; or
- 100% (2: 100%) for cash collateral.

Cash received as collateral may be invested by or on behalf of the TCRS in any investment instrument in which the TCRS's assets may be directly invested. Such cash may also be invested in short-term investment funds, provided the portfolio of such funds contains only those investment instruments in which the TCRS's assets may be directly invested.

K. Standby Note Purchaser

The TCRS may enter into contracts to serve as a standby note purchaser for the Tennessee State School Bond Authority, the Tennessee State Funding Board and the Tennessee Local Development Authority, provided said contracts contain the following provisions:

- The TCRS receives an annual commission, representing a fair market value fee for serving as the standby note purchaser; such fee shall be reviewed annually and, as appropriate, adjusted; and
- If called upon to purchase such notes, the TCRS shall receive a market rate of return exceeding the market rate for short-term investments.

VII. Risk Management

A. Rebalancing and Transitioning

The Total Assets should be actively managed in an effort to attain, within acceptable risk limitations, the TCRS's primary investment objective. As such, the Chief Investment Officer and Investment Staff shall have the ability to make tactical shifts in asset allocations as deemed appropriate to increase risk-adjusted returns, so long as such changes are within the approved asset allocation ranges as stated within this Investment Policy.

Additionally, the Board recognizes that one or more component portfolio may experience a period of transition due to, for example, an initial funding phase, rebalancing or strategy shift. The Board acknowledges that during a transition period it may be necessary to analyze assets based upon terminal value and not relative to a benchmark.

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B. Percentage Limitations

In determining compliance with the percentage limitations stated within this Investment Policy, the Total Assets will be valued at Market Value. Accordingly, an investment may be made on any given day provided that such investment does not cause any applicable limitation prescribed in this Investment Policy to be exceeded on such day.

C. Designated Nationally Recognized Statistical Rating Organizations ("NRSROs")

The credit ratings of any credit rating agency that is registered with the Securities and Exchange Commission ("SEC") as a NRSRO will be deemed sufficiently reliable for use to determine a security's investment grade and eligibility under this Investment Policy.

D. Trading, Brokerage and Research

Best execution, cost and benefits that serve the exclusive interest of the beneficiaries are the overriding principles in determining the trading and brokerage counterparty to be used in any transaction.

The State Treasurer and Investment Staff are hereby authorized to transact with duly selected trading and brokerage counterparties. Selection of trading and brokerage counterparties shall be subject to the qualifications and processes established by the Investment Staff and approved by the State Treasurer.

The State Treasurer and Investment Staff are hereby authorized to enter into client commission agreements or commission sharing or rebate arrangements in order to obtain research services permitted under the safe harbor protections of Section 28(e) of the Securities and Exchange Act of 1934.

E. Service Providers

The State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, is authorized to contract for investment management services, personal services, professional services and consultant services as necessary and in the best interest of the TCRS. Such services include, but are not limited to, those provided by a General Consultant, External Investment Advisers, External Investment Managers, Outside Legal Counsel, investment consultants, data providers, data aggregators, securities litigation monitors, proxy advisors, investment and performance analytics, trading and execution platforms, research providers, etc. The Board delegates to the State Treasurer, in consultation with the Chief Investment Officer and Internal Legal Counsel, the responsibility to determine the procurement method for and duties and responsibilities of such Service Providers.

Pursuant to, and as defined in, T.C.A. §8-37-113 the State Treasurer shall endeavor to use "emerging investment managers" to the greatest extent feasible within the bounds of financial and fiduciary prudence. Use of "emerging investment managers" shall be subject to the qualifications established by the Investment Staff and approved by the State Treasurer.

F. Legal, Compliance and Audit

The State Treasurer, in consultation with Internal Legal Counsel and with the approval of the Legal Advisor, has primary responsibility for the retention of Outside Legal Counsel. The State Treasurer and Internal Legal Counsel shall consult, as needed and applicable, with the Legal Advisor and/or Outside Legal Counsel. The State Treasurer, or his designee(s), has the authority to negotiate and execute, with the advice and counsel of the Legal Advisor, Internal Legal Counsel and/or Outside Legal Counsel, as applicable, all contracts, agreements, forms and memoranda of understanding deemed necessary or desirable for the efficient administration of the TCRS's assets.

The Chief Investment Officer and Investment Staff will collaborate with the Department of Treasury compliance staff to ensure efficient and effective development and administration of a compliance program that is reasonably designed to prevent, detect and, if necessary, remedy violations of the laws, rules, regulations and policies applicable to the Department of Treasury Investment Division's investment and securities activities.

To aid in the safeguarding of the TCRS's assets, the Department of Treasury internal audit staff will periodically evaluate risk control areas as to their adequacy, efficiency and effectiveness. Additionally, the State Treasurer shall ensure that critical investment, accounting and legal, compliance and audit functions are segregated within the Department of Treasury.

G. Investment Guidelines, Policies and Procedures

The Investment Policy includes references to Investment Guidelines, policies and procedures established and implemented by the State Treasurer and Investment Staff. The Board deems these Investment Guidelines, policies and procedures as integral components to the implementation and oversight of the TCRS's Investment Policy. At a minimum, the State Treasurer shall implement detailed Investment Guidelines for Derivative Instruments, traditional private equity, strategic lending, real estate and securities lending. Additionally, the State Treasurer shall implement written policies and procedures related to proxy voting, trade management and supervision, evaluation of research services, the use of placement agents and conflicts of interest.

VIII. Monitoring and Reporting

A. Quarterly

The State Treasurer shall report quarterly to the Council on Pensions and Insurance any holdings in securities issued by companies that have substantial current operations in nations determined by the United States Department of State to be state-sponsors of terrorism.

The State Treasurer shall also report quarterly to the Council on Pensions and Insurance the investments in emerging market countries.

The Chief Investment Officer shall provide a detailed, written review of the investment activity at the quarterly Board meetings. Pursuant to the private equity

disclosure process (Section VI.C.1), the Investment Staff will report the required information to the audit committee of the Board on a quarterly basis.

B. Periodically

The Chief Investment Officer shall provide a detailed, written report of the investment activity, including, but not limited to, presenting all receipts, disbursements and changes in the assets and liabilities, at all Investment Advisory Council meetings.

The State Treasurer, Chief Investment Officer, Investment Staff and Service Providers, shall provide other reports as requested or as needed by the Board or State Treasurer.

C. Annually

The Board shall publish an annual report. The Chief Investment Officer, Investment Staff and, as needed, Service Providers shall assist in preparing the investment-related portions of the annual report.

The State Treasurer shall prepare an annual report of investment activity to the Council on Pensions and Insurance. Such report will consist of the General Consultant's report and a summary of the closing balances of investments in emerging market countries.

The State Treasurer, in accordance with T.C.A. §8-37-113(b) shall submit an annual statement to the general assembly regarding the use of emerging investment managers.

At least annually, the General Consultant shall review the TCRS's Investment Policy and applicable Investment Guidelines, policies and procedures and provide its recommendations to the State Treasurer and Chief Investment Officer for consideration.

IX. Policy Interpretation

The Board, State Treasurer, Investment Staff and Service Providers are required to comply with all applicable federal and state laws, rules and regulations. The Investment Policy may reference or restate applicable laws, rules and regulations, or portions thereof, for convenience; however, in the event of any conflict between the law and this Investment Policy, the law prevails. Each fiduciary to the TCRS is ultimately responsible for compliance with applicable laws, rules and regulations.

The Board hereby authorizes the State Treasurer to take, for and on behalf of the TCRS, all actions necessary to comply with applicable federal and state securities laws, rules and regulations. In implementing such, the State Treasurer may delegate certain responsibilities to the Investment Staff, Department of Treasury staff or Service Providers.

In cases of uncertainty, the State Treasurer is authorized to provide written interpretive guidance and approve in writing, from time to time, variances from the requirements contained within the Investment Policy in furtherance of compliance or as deemed in the best interest of the TCRS's beneficiaries, consistent with both fiduciary standards and the scope of the Investment Policy. Such interpretive guidance or variance shall be reported in writing to the Board at its next meeting and to the Council of Pensions and Insurance within a reasonable time.

X. Approval and Adoption

The Council on Pensions and Insurance hereby approved, as required, the applicable provisions within this revised and restated Investment Policy of the Tennessee Consolidated Retirement System at its meeting held on the 30th day of March, 2015.


 RANDY McNALLY, COMMITTEE CHAIR
 Council on Pensions and Insurance

The Board of Trustees of the Tennessee Consolidated Retirement System hereby approved and adopted this revised and restated Investment Policy of the Tennessee Consolidated Retirement System at its meeting on the 27th day of March, 2015.


 DAVID H. LILLARD, JR., CHAIRMAN
 BOARD OF TRUSTEES
 Tennessee Consolidated Retirement System