



STATE OF TENNESSEE
TREASURY DEPARTMENT

REQUEST FOR PROPOSALS # 30901-28515
AMENDMENT # 2
FOR PRIVATE EQUITY INVESTMENT CONSULTING
SERVICES

DATE: **APRIL 30, 2015**

RFP # **30901-28515** IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		March 23, 2015
2. Disability Accommodation Request Deadline	2:00 p.m.	March 26, 2015
3. Pre-response Conference	10:00 a.m.	March 27, 2015
4. Notice of Intent to Respond Deadline	2:00 p.m.	March 30, 2015
5. Written "Questions & Comments" Deadline	2:00 p.m.	April 7, 2015
6. State Response to Written "Questions & Comments"		April 14, 2015
7. Response Deadline	2:00 p.m.	April 23, 2015
8. State Completion of Technical Response Evaluations		May 12, 2015
9. State Schedules Respondent Oral Presentation		May 14, 2015
10. Respondent Oral Presentation	8 a.m. – 4:30 p.m.	May 19, 2015 – May 20, 2015
11. State Opening & Scoring of Cost Proposals		May 22, 2015
12. State Notice of Intent to Award Released and RFP Files Opened for Public Inspection		May 28, 2015
13. End of Open File Period		June 4, 2015
14. State sends contract to Contractor for signature		June 5, 2015
15. Contractor Signature Deadline	2:00 p.m.	June 12, 2015



STATE OF TENNESSEE
TREASURY DEPARTMENT

REQUEST FOR PROPOSALS # 30901-28515
AMENDMENT # 1
FOR PRIVATE EQUITY INVESTMENT CONSULTING SERVICES

DATE: APRIL 14, 2015

RFP # 30901-28515 IS AMENDED AS FOLLOWS:

1. This RFP Schedule of Events updates and confirms scheduled RFP dates. Any event, time, or date containing revised or new text is highlighted.

EVENT	TIME (central time zone)	DATE
1. RFP Issued		March 23, 2015
2. Disability Accommodation Request Deadline	2:00 p.m.	March 26, 2015
3. Pre-response Conference	10:00 a.m.	March 27, 2015
4. Notice of Intent to Respond Deadline	2:00 p.m.	March 30, 2015
5. Written "Questions & Comments" Deadline	2:00 p.m.	April 7, 2015
6. State Response to Written "Questions & Comments"		April 14, 2015
7. Response Deadline	2:00 p.m.	April 23, 2015
8. State Completion of Technical Response Evaluations		May 6, 2015
9. State Schedules Respondent Oral Presentation		May 8, 2015
10. Respondent Oral Presentation	8 a.m. – 4:30 p.m.	May 12, 2015 – May 13, 2015
11. State Opening & Scoring of Cost Proposals		May 15, 2015
12. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		May 20, 2015
13. End of Open File Period		May 28, 2015
14. State sends contract to Contractor for signature		May 29, 2015
15. Contractor Signature Deadline	2:00 p.m.	June 5, 2015

2. State responses to questions and comments in the table below amend and clarify this RFP.

Any restatement of RFP text in the Question/Comment column shall NOT be construed as a change in the actual wording of the RFP document.

QUESTION / COMMENT	STATE RESPONSE
<p>1 Concerns that are noted at this stage are that (i) the contract terms presented involve a very short notification of termination at 30 days. For the sake of an orderly handover of a portfolio on termination, <i>our company</i> would recommend a notice period of 60 days. (ii) The contract terms include an extensive indemnification clause that we would need to review with our external counsel to ensure we are able to satisfy the terms. (iii) Ea3 on insurance is not applicable for a contract of this nature. (iv) E2b, we are not sure it is possible to name the State on <i>our company's</i> insurance policies, no other clients are named and we would like to ask to remove this clause. and finally, (v) <i>Our company</i>, as an entity regulated by the SEC and the UK FCA has some standard compliance language to be added to all contracts, example clauses are attached.</p> <p>1.1 United Kingdom Regulatory Matters. The Investment Manager warrants and represents that it is authorized by the FCA (“Financial Conduct Authority”) to carry out certain regulated activities in the United Kingdom under the Financial Services and Markets Act 2000 (“FSMA”). On the basis of the information supplied by CLIENT to the Investment Manager and other information available to the Investment Manager, CLIENT is categorized for the purpose of this Agreement as a Professional Client pursuant to Rule 3.5 of the FCA New Conduct of Business Sourcebook. CLIENT acknowledges that as a result of its categorization as a Professional Client, it will not benefit from the protections afforded to Retail Clients under the FCA New Conduct of Business Sourcebook. Nothing in this Agreement shall exclude or restrict any duty or liability which the Investment Manager has in relation to CLIENT under the rules and guidance issued by the FCA from time to time and for the time being in force (the “FCA Rules”) or any liability which the Investment Manager may incur under the FSMA or under the FCA Rules as a</p>	<p>i. Assuming that the question is referencing the language contained in Section A.22. [Transition of Services Upon Termination] in the Contract, the State will agree to change the transition period from thirty (30) days to sixty (60) days. The change in the language from thirty (30) days to sixty (60) days will be contained in the new Section A.22. in the Contract (see below).</p> <p>ii. The State cannot change its indemnification provision contained in Section D.19. [Hold Harmless] in the Contract.</p> <p>iii. Assuming this question refers to E.2.a.(3), the State is not willing to seek approval to change this provision.</p> <p>iv. The State will not change this provision. The Contract must name the State as the insured.</p> <p>v. It is not necessary to include a Contractor’s regulatory requirements in the Contract, so the State will not amend the Contract to amend these provisions.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>result of a breach of such duty.</p> <p>2 CUSTODY OF INVESTMENTS</p> <p>2.1 CLIENT Custody. The Investment Manager shall not have custody of any cash, securities, investments or other assets of CLIENT. CLIENT shall be responsible for the safe custody of its own assets.</p> <p>2.2 Holding of Cash. The Investment Manager shall not hold any cash balances or monies belonging to CLIENT. Therefore, the FCA's client money rules and Rule 206(4)-2 under the Advisers Act are not applicable.</p> <p>2.3 Holding of Investments. The Investment Manager shall not hold any of the investments or any documents of title relating to investments. All investments and related documents of title shall be lodged with CLIENT (or with such custodian as it may direct) for safe custody.</p> <p>2.4 Disclosure Obligations. CLIENT shall promptly provide (or cause to be provided) to the Investment Manager such information as the Investment Manager may request to enable the Investment Manager to comply with its disclosure or reporting obligations from time to time under any applicable laws or regulations.</p> <p>2.5 Other Information Requirements. CLIENT will promptly provide to the Investment Manager any information or other assistance reasonably necessary to enable the Investment Manager to discharge properly any duties or responsibilities which it has under the applicable legal and regulatory requirements of the United Kingdom and the United States.</p> <p>2.6 Risk Factors and Warnings. CLIENT acknowledges that it is aware of and accepts the following:</p> <p>2.6.1 Investments in private funds are speculative, involve a high degree of risk, and include limitations on transferability;</p>	

QUESTION / COMMENT	STATE RESPONSE
<p>2.6.2 The value of investments can fall as well as rise and there is no certainty in recouping the amount of money originally invested;</p> <p>2.6.3 Similarly, the income from certain investments can fluctuate in value in money terms;</p> <p>2.6.4 The services provided by the Investment Manager may include the recommendation to CLIENT of investments which may not be readily realisable and for which there is no recognised market;</p> <p>2.6.5 Information determining the current value of such investments and the risks to which they are exposed may not be readily available;</p> <p>2.6.6 It may be difficult to transfer, dispose of or otherwise exit such investments; and</p> <p>2.6.7 Where an investment in the CLIENT Portfolio comprises a liability in one currency which is to be matched by an asset in a different currency, or where investments in the CLIENT Portfolio are denominated in a currency other than dollars, a movement of exchange rates may have a separate effect, unfavourable or favourable, on the gain or loss otherwise experienced on the investments.</p> <p>2.7 Placement Agent Disclosure Policy. The Investment Manager will comply with the CLIENT Placement Agent Disclosure Policy as attached as Schedule XX to this Agreement.</p>	
<p>2 Section 3.1.2. indicates that the Cost Proposal must be completed in the exact form as Attachment 6.3 and Section 3.2.2.2. requires that the digital copy of the Cost Proposal is provided in Excel (“XLS”) format. Is the Cost Proposal available in Excel format or should we recreate this document in Excel?</p>	<p>The proposer can recreate the Cost Proposal in Excel format or the State will accept it as a pdf document.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>3 Section 4.8 states that the full response will be open to public inspection. Can you please confirm whether there are any relevant laws or regulations that allow for trade secret or proprietary information to be held confidentially, and if so, if there are any specific restrictions as to how this information should be disclaimed in the proposal?</p>	<p>Tennessee law does not contain a provision generally making trade secrets or proprietary information confidential.</p>
<p>4 Does staff anticipate any changes to the current internal operations / ongoing monitoring? For example, PE policy states that staff currently reconciles and approves all capital calls and distributions – is this something staff may consider relying more heavily on the consultant to perform?</p>	<p>While staff anticipates the implementation of a Contract Resource Management and portfolio management software, staff does not anticipate that this will affect the Contractor or impose additional requirements on the Contractor that is awarded a Contract pursuant to this RFP. Staff does not anticipate relying more heavily on the Contractor to approve capital calls and distributions.</p>
<p>5 Any other private equity investment activities currently performed in-house that staff may seek to more fully rely on the consultant for or vice versa?</p>	<p>Staff does not anticipate relying on the Contractor to perform private equity activities currently performed by Staff, other than the duties contained in the Contract’s scope of services.</p>
<p>6 We understand the total allocation target for the Traditional Private Equity Program is 5% and Strategic Lending Program is 5%, but that an increase above 5% may be being contemplated for the Traditional Private Equity Program. Could you please discuss contemplated increases to the targets over the life of the contract, and if an increase is expected, does TCRS anticipate increasing the number of managers in the portfolio or the size of commitments?</p>	<p>Tennessee Consolidated Retirement System (“TCRS”) investment staff is currently considering making a recommendation to the TCRS Board of Trustees to increase TCRS’ allocation target for traditional private equity from five percent (5%) of the Fund to ten percent (10%). Our current modeling suggests that this portfolio is likely to be at five percent (5%) of assets in 2018, based on NAV. The private equity consultant would be integral in the design and initial implementation of a larger mandate. This incremental allocation may include a larger number of managers, co-investments, strategic relationships with diversified managers, and/or larger fund commitment sizes.</p>
<p>7 <i>Technical Proposal – Section B</i> <input type="checkbox"/> B.17 Provide customer references from individuals (who are not current or former officials or staff of the State of Tennessee) for projects similar to the services sought under this RFP and which represent: o two (2) of the larger accounts currently serviced by the Respondent, and o three (3) completed projects.</p> <p>Is the requirement to provide two or five references? We want to make sure we are reading this correctly.</p>	<p>Two (2) references are sufficient as long as they include three (3) completed projects</p>
<p>8 <i>Language we wish to add is blue text and underlined below:</i></p>	<p>The State will accept the proposed additional language to Section A.2. in the Contract. The additional language has been added to Section</p>

QUESTION / COMMENT	STATE RESPONSE
<p>A.2. In General. The Contractor shall perform private equity investment consulting services requested by the State in connection with the Tennessee Consolidated Retirement System (“Retirement System”), and shall be, in general, an advisor to the State in the investment operations of the private equity investment program, which shall include traditional private equity and strategic lending. (“Program”). <u>The Contractor will not enter into any transaction on behalf of the State or bind the State in any way without the prior written consent of the State. The Contractor shall at no time have custody, possession, or control of any of the assets of the State and the Contractor shall not provide or otherwise be responsible for accounting services, such as cash reconciliation or fund accounting, or legal or tax advice.</u></p>	<p>A.2. in the Contract. (see below).</p>
<p>9 <i>Language we wish to add is blue text and underlined below:</i></p> <p>A.12. 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.</p> <p>The Contractor represents and warrants the following (to the extent applicable <u>and to the best of its knowledge</u>):</p>	<p>The State will accept the additional proposed language to Section A.12. in the Contract. The additional language has been incorporated in Section A.12. in the Contract. (see below).</p>

QUESTION / COMMENT	STATE RESPONSE
<p>10 A.12. (subsections a - f, and last paragraph in Section A.12.)</p> <p>The term 'Managing Member' is not defined in this agreement; we assume this means the Contractor, would you please confirm? We would prefer to restrict the definition of 'Managing Member' and also 'any Affiliate' to the "Contractor's employees that are assigned to the relationship".</p>	<p>The State will amend the language in Section A.12. in the Contract as follows:</p> <p><u>Representations and Warranties of the Contractor.</u></p> <p>The Contractor represents and warrants that (1) it is a Registered Investment Advisor registered under the Investment Advisors Act of 1940; (2) 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; (3) 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; (4) 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; (5) the person signing this Contract on its behalf is duly authorized to do so on its behalf; (6) 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 (7) 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's performance of advisory services for other clients as well as the advice provided by the Contractor to other clients, which may be similar or dissimilar to any advice provided to the State, shall not be considered a conflict under Section E.14(2) of this Contract. 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 and will promptly provide any updates to its Form ADV.</p> <p>The Contractor represents and warrants the following:</p> <p>a. With reference to Rule 206(4)-5 promulgated under the Investment Advisers Act, neither the Contractor nor any Covered Associate has within the last five (5) years:</p>

QUESTION / COMMENT	STATE RESPONSE
	<p>(i). contributed to an official of a Tennessee government entity;</p> <p>(ii). provided or agreed to provide, directly or indirectly, payment to any person to solicit, on behalf of the Contactor, a Tennessee government entity for investment advisory services; or</p> <p>(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 Contactor is providing or seeking to provide investment advisory services; or</p> <p>(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 Contactor is providing or seeking to provide investment advisory services to Tennessee government.</p> <p>b. With reference to Municipal Securities Rulemaking Board Rule G-37, neither the Contactor nor any Municipal Finance Director designated by the Contractor has within the last five (5) years engaged or sought to engage an issuer located in Tennessee in municipal securities business.</p> <p>c. With reference to Rule 23.451 of the Commodity Futures Trading Commission, neither the Contractor nor any Covered Associate 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.</p> <p>d. With reference to Tenn. Code Ann. §3-6-305, neither the Contractor nor any Covered Associate 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</p>

QUESTION / COMMENT	STATE RESPONSE
	<p>engage in lobbying on behalf of the person or entity for compensation.</p> <p>e. The Contractor 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.</p> <p>f. The Contractor has such policies and procedures in effect as are reasonably designed to monitor and report the activities described in a. through e. above.</p> <p>No more than once per fiscal year, the Contractor shall either (i) affirm that the representations set forth in this Section are true and correct or (ii) disclose the circumstances preventing such affirmation.</p> <p>The amended language removes references to “Managing Member” and “Affiliate” and replaces it with terms that are contained in the applicable laws and rules where appropriate.</p>
<p>11 <i>Language we wish to add is blue text and underlined below:</i></p> <p>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. <u>The State agrees that certain research, data collection, and other services to be provided under this Agreement may be performed by (Insert vendor name) are under common ownership and control with (insert vendor name)</u></p>	<p>The State will not add the requested language to the Contract. It is not necessary to add the additional language to Section D.7. of the Contract because the State would not consider work performed by a Contractor’s subsidiary organization to be worked performed by a subcontractor.</p>
<p>12 <i>Language we wish to add is blue text and underlined below:</i></p> <p>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</p>	<p>The State cannot agree to add the proposed language.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>maintained for a period of five (5) full years from the date of the final payment and shall be subject to audit (at the expense of the State) 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.</p>	
<p>13 Language we wish to Delete is crossed out and in red text below:</p> <p>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.</p>	<p>The State cannot agree to delete any of the language contained in Section D.16. in the Contract.</p>
<p>14 Language we wish to Delete is crossed out and in red text below:</p> <p>D.19</p> <p>We wish to delete D.19. from the Contract.</p> <p>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.</p> <p>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</p>	<p>The State cannot agree to delete the language contained in Section D.19. in the Contract.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>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.</p>	
<p>15 Language we wish to Delete is crossed out and in red text below:</p> <p>D.20.d.</p> <p>We wish to delete D.20.d. from the Contract: 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.</p>	<p>The State cannot agree to delete the language contained in Section D.20.d. in the Contract</p>
<p>16 Language we wish to add is blue text and underlined below:</p> <p>E.3.</p> <p>We wish to add the following language to Section E.3. of the Contract:</p> <p><u>The Contractor will be deemed to have satisfied its obligations under this section by exercising the same level of care to preserve the confidentiality of the State's information as the Contractor exercises to protect its own confidential information so long as such standard of care does not violate the applicable provisions of the first paragraph of this section.</u></p> <p><u>The Contractor's obligations under this section do not apply to information in the public domain; entering the public domain but not from a breach by the Contractor of this Contract; previously possessed by the Contractor without written obligations to the State to protect it; acquired by the Contractor without written restrictions against disclosure from a third party which, to the Contractor's knowledge, is free to disclose the information; independently developed by the Contractor without the use of the State's information; or, disclosed by the State to others without restrictions against disclosure.</u></p> <p><u>Notwithstanding the provisions of this Section, the Contractor is hereby given authority by the State to disclose, provide copies of, and communicate information obtained from the State hereunder to private equity partnerships</u></p>	<p>The State cannot accept the amended language relative to Section E.3. [Confidentiality of Records]. By statute (Tenn. Code Ann. §10-7-503), documents, including but not limited to electronic documents and data, made or received pursuant to law or ordinance or in connection with the transaction of official business by any governmental agency constitutes a public record. In order for documents to be considered confidential, meaning not open for public inspection, they must be designated as confidential pursuant to state or federal law. The State is not prescribing the method by which the Contractor maintains the confidentiality of the documentation.</p>

QUESTION / COMMENT	STATE RESPONSE
<p><u>and managers acquired or employed by the State pursuant to Section A.4 above provided that such partnership and managers maintain the same level of confidentiality as that otherwise provided under this Section E.3.</u></p> <p><u>Confidentiality of Contractor's Analyses. All information regarding the Contractor's analyses or evaluation of any private equity investment under the provisions of this Contract that is expressly identified by the Contractor as confidential shall be treated as confidential by the State and shall not be disclosed to any person or entity other than the State's officers, employees and agents, except for information that (i) is publicly available other than as a result of disclosure by the State's officers, employees or agents, (ii) becomes known to the State from a source that, to the State's knowledge, is not bound by a duty of confidentiality to the Contractor, or (iii) the State is legally required to disclose; provided, however, the State shall give prior notice of such request to the Contractor to permit the Contractor to seek a protective order, and absent the entry of such protective order, the State shall disclose only such information that the State is advised by its counsel must be disclosed by law. The Contractor shall have ten (10) business days from the date of notification to file a request for a protective order, and shall provide the State with a copy of such filing. It is expressly acknowledged and understood that this Section shall not restrict disclosure of the overall performance and progress of the private equity portfolio, nor shall this Section restrict disclosure relating to the identity of the name of any private equity investment vehicle used by the State, such as the name of any limited partnership, the name of the funds-of-funds manager and title of the fund, the amount invested in the vehicle, or the present value of the investment.</u></p>	
<p>17 <i>Language we wish to add is blue text and underlined below:</i></p> <p>E.5. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. <u>Notwithstanding the foregoing, Contractor may list the State on it lists of representative Clients.</u> The restrictions on Contractor advertising or marketing materials under this Section shall survive the</p>	<p>The State will remove Section E.5. from the Contract.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>termination of this Contract.</p>	
<p>18 <i>Language we wish to add is blue text and underlined below:</i></p> <p>We wish to add the following three clauses to Section E, after E.8.:</p> <p><u>E.9. 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.</u></p> <p><u>E.10. Disclosure Statement. The State shall acknowledge receipt of Part II of the Contractor's Form ADV at least 48 hours prior to the effective date of this Contract, in compliance with Rule 204-3(b) under the Investment Advisers Act of 1940, as amended.</u></p> <p><u>E.11. Standard of Care. In performing its obligations under this Contract, the Contractor shall discharge its duties hereunder with the care, skill, prudence and diligence that, under the circumstances then prevailing, a prudent investment advisor acting in a like capacity would use.</u></p> <p><u>The State agrees that it shall not hold the Contractor or its affiliates, subsidiaries, members, managers, and employees liable for any error of judgment with respect to investment recommendations it makes pursuant to this Contract provided that the Contractor acted in good faith and exercised the above standard of care with respect to such recommendation.</u></p> <p><u>National and state securities laws may impose liabilities under certain circumstances on persons who act in good faith, and therefore nothing herein shall in any way constitute a</u></p>	<p>The State will agree to add the following additional language to the Contract's Scope of Services in Section A of the Contract:</p> <p>"The State acknowledges that the Contractor and its officers and affiliates may serve as non-discretionary and discretionary investment managers for other individuals or entities, and nothing in this Contract shall in any way be deemed to restrict the right of the Contractor to perform such investment management or other services for any other person or entity; provided, however, that the Contractor's services provided to the other individuals or entities do not give rise to an actual or potential conflict of interest with the Contractor's obligation to provide investment services to the State pursuant to this Contract."</p> <p>This additional language has been added to the new Section A.13. in the Contract. (see below).</p> <p>E.10. The State will agree to add the following language to the Contract's Section A. Scope of Service: "Form ADV. Within thirty (30) days after execution of this Contract, the Contractor shall deliver information to the State providing disclosures regarding its background and business practices, including Parts 1, 2A and 2B of Form ADV (or such successor form), as required by the Securities and Exchange Commission." The additional language has been added to the new Section A.14. in the Contract. (see below).</p> <p>E.11. The State will agree to the first paragraph of the language designated by the Respondent by</p>

QUESTION / COMMENT	STATE RESPONSE
<p>waiver or limitation of any rights that the State may have under any such securities laws.</p>	<p>adding the additional language to the Contract's Section A. Scope of Services, which is as follows: "Standard of Care. In performing its obligations under this Contract, the Contractor shall discharge its duties hereunder with the care, skill, prudence and diligence that, under circumstances then prevailing, a prudent investment advisor acting in a like capacity would use." This additional language can be found in the new Section A.15 in the Contract. (see below). The State cannot agree to the remaining language in the Respondent's E.11.</p>
<p>19 Is the RFP intended to be a due diligence process, or is the RFP intended to result in a change in consultants?</p>	<p>This RFP will result in the award of a contract based on the proposals submitted.</p>
<p>20 Is the current private equity consultant being considered as part of this process?</p>	<p>The State will consider all proposals that meet the minimum mandatory requirements, which may include the current Contractor, should the current Contractor wish to propose.</p>
<p>21 What are the annual fees for the existing contract that the Board is paying to its current private equity consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?</p>	<p>Under the current private equity investment contract, the fee is \$125,500 per month and includes all services under the contract.</p>
<p>22 Do you have any specific issues in regards to your current private equity consultant?</p>	<p>This question is not relevant to this RFP.</p>
<p>23 What do you think is the single most important characteristic of an investment consulting firm?</p>	<p>Expert intelligence driven by, and towards, client needs.</p>
<p>24 How many in person meetings per year are anticipated for private equity? Do you have a preliminary schedule of these meetings?</p>	<p>The Contract provides that the private equity consultant will travel up to four (4) times per year for in-person meetings with State governance bodies. Important governance stakeholders include the Treasurer of the State of Tennessee, the TCRS Board of Trustees, and the Investment Committee of the TCRS Board of Trustees. Meetings for the relevant committees and boards are scheduled quarterly on a rolling basis. In practice, in-person meetings have averaged two (2) per year and are often scheduled ad hoc, at the consultant's convenience.</p>
<p>25 Do you currently use fund of funds or direct funds for your alternative investments? Are you anticipating utilizing more separately managed accounts, co-investments, or direct secondary purchases in the near-term?</p>	<p>TCRS has primarily accessed private equity investments via direct fund investments, with separate accounts being used for more liquid credit strategies in the Strategic Lending portfolio. We would consider fund-of-funds in areas where we believe they add alpha warranting the extra layer of fees. The program may include co-investments and direct secondaries sometime in the future.</p>

QUESTION / COMMENT	STATE RESPONSE
26 What is the most important investment issue your private equity program is currently facing?	The most important issue facing the private equity program over the next five (5) years is likely the ability to scale the program and maintain access to top managers while producing better-than-median/beta returns for the category.
27 What amounts are projected to be committed over next three years?	The private equity program is currently committing \$600MM per year on average, suggesting roughly \$1.8B in commitments expected over the next three (3) years. Strategic lending is an opportunistic, core-satellite portfolio in which prior-approved maximum commitments to core positions allow funding without further diligence. Going forward, this portfolio may commit \$150-300MM per year.
28 Any potential changes in investment team staffing?	As of the date of this Amendment #1 to RFP #30901-28515, the State does not anticipate any staffing changes to the private equity/strategic lending investment team.
29 Have any opportunities been lost because they couldn't be analyzed by existing specialist consultant?	TCRS has not missed any investment opportunity due to the inability of the private equity consultant to complete quality diligence on the opportunity.
30 Is liquidity at total plan level expected to impact private equity pacing over next five years?	No. TCRS is a well-funded plan with a sound actuarial outlook and a large allocation to safer, more liquid assets.
31 How much interaction would staff like to have on the deal log?	Investment staff prefers to confer with the private equity consultant at least monthly and not more frequently than every two (2) weeks on the pipeline. Note that staff operates independently for the private equity and strategic lending portfolios, respectively. This will include separate pipelines and conducting independent interactions with the private equity consultant.
32 What are the various roles of staff, committee, adviser in setting the strategic target, executing the plans, selecting potential investment managers, and monitoring the portfolio?	Investment staff has ultimate responsibility for executing plans, identifying and proposing investment options, and monitoring the portfolio. The Treasurer of the State of Tennessee and the Investment Committee of the TCRS Board of Trustees as well as the TCRS Board of Trustees consider and approve investment proposals and program-level decisions. The consultant provides data, insight, and recommendations at the strategic, operational, and program levels; provides formal diligence and expert advice on potential investments; provides portfolio reporting and data analysis; and consults on the existing portfolio and program as well as future decisions.
33 Certain investment opportunities may have characteristics that could make it suitable for either the 'private equity' portfolio or the 'strategic lending' portfolio – consequently, how are investments classified or placed in either portfolio?	In cases where an investment may be appropriate for either mandate, investment staff discusses the nature of the asset and its return stream, the risk and return profile of the investment, and the role it would play in the given portfolio.

QUESTION / COMMENT	STATE RESPONSE
34 Are there requirements / restrictions on staff travel to potential overseas due diligence trips for international opportunities?	Investment staff's travel requests will be considered by the Chief Investment Officer for the Tennessee Consolidated Retirement System and the State Treasurer.
35 Do you currently utilize a standard side letter for investment opportunities? Are there any potential changes to the current wording / issues contained therein?	When appropriate, a side letter is utilized for certain investment opportunities. The content of the side letter may differ from one (1) investment opportunity to another and must be approved by the State's Attorney General's Office and outside counsel for TCRS.
36 Which meetings will the consultant be required to attend? What are the meeting dates?	The contract provides that the private equity consultant will travel up to four (4) times per year for in-person meetings with State governance bodies. Important governance stakeholders include the Treasurer of the State of Tennessee, the TCRS Board of Trustees, and the Investment Committee of the TCRS Board of Trustees. Meetings for the relevant committees and boards are scheduled quarterly on a rolling basis. In practice, in-person meetings have averaged two (2) per year and are often scheduled ad hoc, at the consultant's convenience.
37 Can you please provide a Quarterly Performance Report?	The State declines to provide a Quarterly Performance Report.
38 Section A4 of the contract contains the following statement: "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/allocation study of the Retirement System". Will an asset allocation study be performed in connection with this contract?	No, a broad asset allocation study is anticipated by this contract, as TCRS' general consultant performs such studies for the system; however, if the private equity consultant should, in the course of consulting on the private equity programs, conduct a study or provide materials related to asset allocation, then those materials would need to be available to the actuary.
39 How long has Cambridge been the consultant?	The current consultant has been the consultant with the State since August 1, 2010.
40 What fees are currently being paid for Private Equity consulting?	Under the current private equity investment consultant contract, the fee is \$125,500 per month and includes all services under the contract.
41 Is the existing consultant able to rebid for the assignment?	The State will consider all proposals that meet the minimum mandatory requirements, which may include the current Contractor, should the current Contractor wish to propose.
42 How many staff members work on Private Equity?	The State has four (4) staff members working on private equity.
43 What are the current fees paid to the current private equity consultant?	Under the current private equity investment consultant contract, the fee is \$125,500 per month and includes all services under the contract.
44 Item reference: B.17. – Does TCRS want five	Two (2) references are sufficient as long as they

QUESTION / COMMENT	STATE RESPONSE
references total? Or per the pre-response teleconference, two references are sufficient as long as we have provided at least three large projects to them?	include three (3) completed projects.
45 Item reference: A.5. – Does a business credit report suffice?	The mandatory requirement is as follows: Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a 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.) To the extent that a “business credit report” differs from what is required, then a business credit report would not be acceptable.
46 Item reference: B.15. – item B, Are the business relationships listed required to be certified?	No, a list of the Respondent’s current contracts with business enterprises owned by minorities, women, Tennessee service-disabled veterans and small business enterprises, is not required to be certified.
47 We understand and agree that the TRS mandate is a non-discretionary consulting mandate and would like the Contract to reflect such status.	The State will agree to add the language “non-discretionary” to the Contract’s Section A. Scope of Services. The language “non-discretionary” has been added to the first sentence in Section A.2. in the Contract.
48 With respect to Section A6 Monitoring, we would like to point out that there can be no guaranty that the Contractor would be able to detect fraud.	The State acknowledges receipt of the comment.
49 As we are a registered investment advisor, we would like the Contract to acknowledge, in the appropriate sections, TRS’s receipt and review of certain documents including Parts 1, 2A and 2B of our Form ADV as filed with the U.S. Securities and Exchange Commission, our Allocation Policy, Privacy Policy, Conflicts of Interest Policy and Gifts and Entertainment Policy. We also maintain many other compliance-based policies and procedures including an Anti-“Pay-to-Play” Policy and a Non-Discrimination Policy.	<p>The State will agree to the following language and amend the Contract’s Section A Scope of Services to add the following language: “Form ADV. Within thirty (30) days after execution of this Contract, the Contractor shall deliver information to the State providing disclosures regarding its background and business practices, including, Parts 1, 2A and 2B of Form ADV (for such successor form), as required by the Securities and Exchange Commission.”</p> <p>Please see the answer to question number 18 and the additional language that has been added to Section A.14. in the Contract. (see below).</p>
50 With respect to Section C1 Maximum Liability, D17 and D18 RE Limitations on Liability, we would like to request the parties to have same liability cap. For these purposes, we have frequently agreed upon a mutual cap equal in amount to 1 year of fees. We would also like to request the “no punitive damages” provision to be reciprocal.	The maximum liability amount referenced in Section C.1. of the Contract is the total dollar amount that the State will pay the Contractor for the services rendered in the Contract’s Section A [Scope of Services]; it does not reference the total award amount should a party be found liable under the Contract. Accordingly, a mutual cap on liability is not appropriate. The State cannot change Sections D.17. [Limitation of State’s Liability] and D.18. [Limitation of Contractor’s Liability] as it relates to the State’s limitation of liability.

QUESTION / COMMENT	STATE RESPONSE
51 With respect to Section D19 Hold Harmless, we would like to clarify that we should only be required to indemnify TRS for acts or omissions arising out of our or our employees' negligence, bad faith, fraud or criminal wrongdoing.	Section D.19. [Hold Harmless] in the Contract already provides that the hold harmless language applies to "...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." Further clarification about the applicability of the hold harmless language is not necessary.
52 We would like the Contract to clarify that TRS is responsible for their own legal fees incurred in connection with the Contract and the services provided thereunder.	Because the Contract is not requesting that the Contractor provide legal services to the State or pay for the State's legal fees, clarification is not necessary.
53 We would like the Contract to clarify the basis upon which Contractor could terminate the Contract, if applicable. (There did not seem to be anything specified in the Contract.)	Sections D.5. [Termination for Convenience] and D.6. [Termination for Cause], provide the bases upon which the State may terminate the Contract.
54 With respect to Section E3 Confidentiality of Records, we would like to clarify that as a registered investment advisor, Contractor may be required to disclose certain performance information, AUM, etc. on an aggregate / no-name basis.	Section E.3. [Confidentiality of Records] provides that confidential information shall not be disclosed except as required or permitted under state or federal law, meaning that should state or federal law require disclosure of the information, then disclosure of the information would be permitted.
55 With respect to Section E5 Prohibited Advertising or Marketing, we would like to clarify that simply identifying TRS as a client of Contractor would not be a violation of the TRS anti-endorsement provision.	The State will remove E.5. from the Contract.
56 What is the expected number of partnerships at maturity within the Private Equity and Strategic Lending portfolios?	To achieve a five percent (5%) private equity allocation, staff expects to invest with thirty-six (36) to forty (40) investment managers. Strategic lending is more opportunistic in nature but is expected to engage sixteen (16) to twenty (20) managers at maturity.
57 How many investment opportunities do you expect to undergo full due diligence during a typical year within the Private Equity and Strategic Lending portfolios?	The private equity program currently involves the due diligence of ten (10) to fifteen (15) investments per year, the vast majority of them being "re-ups" with our existing managers. Strategic lending has averaged six (6) to eight (8) due diligence projects per year but this pacing is already slowing as the portfolio matures. The lock-up funds in strategic lending portfolio will result in successor fund diligence; however, the tenor is shorter than traditional private equity.
58 Can you clarify the anticipated structure of a potential co-investment program (number of deals per year, whether an external manager will be utilized to source and review deals, etc.)?	No decisions have been made regarding whether TCRS will participate in co-investments. Should the TCRS Board of Trustees elect to proceed with such a program, the pacing would likely be tactical and would need to be material. The private equity

QUESTION / COMMENT	STATE RESPONSE
	consultant would be an integral voice as we make all of these decisions.
59 As part of monitoring, can you clarify your expectations for the role of the consultant in attending annual meetings (AGMs) of each General Partner?	The investment staff attends annual meetings on behalf of TCRS. To the extent the consultant intends to perform due diligence on future offerings from a manager, we would view attending selected annual meetings as a favorable practice.
60 Do you require that the consultant conduct background checks for proposed new investments? If so, does the state cover the cost?	Background checks are not explicitly required in the contract and the State does not cover expenses related to such checks. Whether or not a respondent routinely conducts background checks during due diligence may influence that firm's score(s) on operational due diligence items.
61 RFP Attachment 6.2, Technical Response, Question A.5: Will the State have any objections if the Firm does not work with an accredited credit bureau?	The mandatory requirement is as follows: Provide an official document or letter from an accredited credit bureau, verified and dated within the last three (3) months and indicating a 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.) The State is unable to accept a credit report that does not come from an accredited credit bureau.
62 RFP Attachment 6.6, Contract: Can the State please address the Firm's tracked comments in the attached Contract?	The Firm's tracked comments are contained in questions 65 – 72 in this Amendment #1 to RFP #30901-28515.
63 RFP Attachment F, TCRS PE Partnerships: Can the State please specify the fund vehicles (for the ones not disclosed) within the Strategic Lending Portfolio Relationships section?	For the Strategic Lending commitments in which a specific fund strategy is not disclosed, the underlying vehicles are separate accounts and/or funds-of-one, with a customized strategy. The strategies may be focused on direct lending in the U.S., liquid leveraged loans in the U.S., or flexible mandates focused on stressed corporate credit.
64 Can we please receive a copy of the overall Questions & Comments ("Q&C") for our reference?	All of the questions and answers received relative to this RFP are contained in this document.
<p>65 Language we wish to add is blue text and underlined below:</p> <p>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, <u>in each case except to the extent arising, accruing or resulting from any acts, omissions, or negligence on the part of</u></p>	<p>Section D.19. [Hold Harmless] in the Contract already provides that the hold harmless language applies to "...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."</p> <p>Further clarification about the applicability of the hold harmless language is not necessary.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>the State of Tennessee, its employees, or any person acting for or on its or their behalf. The Contractor further agrees it shall be liable for the reasonable cost of attorneys for the State to enforce the terms of this Contract.</p>	
<p>66 Language we wish to add is blue text and underlined below:</p> <p>E.5. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.</p> <p>Contractor is permitted to disclose the existence of this Agreement and the nature of the relationship with State to any potential client.</p>	<p>The State will remove Section E.5. from the Contract.</p>
<p>67 Language we wish to add is blue text and underlined below:</p> <p>E.9. Electronic Delivery. Contractor may make reports and other communications available in electronic form, such as email or by posting on a secure web site (with notification of the posting by email). State hereby consents to receive deliveries of reports and other communications from Contractor (including annual and other updates of Contractor's policies and procedures) exclusively in electronic form (without separate mailing of paper copies), except to the extent State notifies Contractor.</p>	<p>State will agree to this additional language and add the language to the Contract's Section A. Scope of Services. The additional language has been added to the new Section A.16. in the Contract. (see below).</p>
<p>68 Request that the following language be added to the pro forma contract:</p> <p>E.10. Custody. State acknowledges that Contractor shall not have custody of securities, cash or other assets related to the Program</p>	<p>Please see the answer to question number 8.</p>
<p>69 Request that the following language be added to the pro forma contract:</p> <p>E.11. Form ADV. Contractor has delivered information providing disclosures regarding its background and business practices, including Parts 1, 2A and 2B of Form ADV (or such successor form), as required by the Securities and Exchange Commission.</p>	<p>The State will agree to the additional language designated by the Respondent and add it to the Contract's Section A, Scope of Services. Please see the response to question number 18 and the additional language that has been added to the new Section A.14. in the Contract. (see below).</p>
<p>70 Request that the following language be added to the pro forma contract:</p> <p>E.12. Other States. It is understood by State</p>	<p>The State will agree to the following additional language and add the additional language to the Contract's Section A, Scope of Services:</p>

QUESTION / COMMENT	STATE RESPONSE
<p><u>that the Contractor and its officers and affiliates may serve as non-discretionary and discretionary investment managers for others, and nothing in this Agreement shall in any way be deemed to restrict the right of the Contractor to perform such investment management or other services for any other person or entity, and the performance of such services for others shall not be deemed to violate or give rise to any duty or obligation to State; provided, however, that the allocation of all investment opportunities shall be made in conformity with the Contractor's allocation policy in effect from time to time.</u></p>	<p>“The State acknowledges that the Contractor and its officers and affiliates may serve as non-discretionary and discretionary investment managers for other individuals or entities, and nothing in this Contract shall in any way be deemed to restrict the right of the Contractor to perform such investment management or other services for any other person or entity; provided, however, that the Contractor’s services provided to the other individuals or entities do not give rise to an actual or potential conflict of interest with the Contractor’s obligation to provide investment services to the State pursuant to this Contract.”</p> <p>Please see the response to question number 18 and the additional language that has been added to the new Section A.13. in the Contract. (see below).</p>
<p>71 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.</p> <p>We would like a clause of termination as well.</p>	<p>The State cannot agree to a mutual termination provision.</p>
<p>72 Request that the following language be added to the pro forma contract:</p> <p>A.18. 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</p>	<p>The State cannot agree to the additional proposed language to Section A.18. in the Contract.</p>

QUESTION / COMMENT	STATE RESPONSE
<p>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.</p> <p>Information Provided after Termination of Agreement. State acknowledges that Contractor requires information with respect to investments recommended pursuant to the terms of this Agreement in order to maintain its track record current throughout the life of such investments. State agrees to provide any information reasonably requested by Contractor in order to maintain such track record in accordance with industry standards.</p>	
<p>73 Does TCRS currently use a private equity investment consultant? If so, who and for how long?</p>	<p>The Tennessee Consolidated Retirement System's current private equity investment consultant is Cambridge Associates, LLC, and it has been TCRS' consultant for five (5) years.</p>
<p>74 Why is the search being conducted at this time? Is there dissatisfaction with the current consultant? If so, please describe. If not, what consultant characteristics might convince TCRS to make a change?</p>	<p>The current private equity investment consultant contract expires on June 30, 2015. The State of Tennessee is required to engage in a transparent and competitive procurement process to obtain goods and services if there is more than one (1) individual or entity who/that could provide the goods and services to the State.</p>
<p>75 What is the current consultant fee? Is there a budget for this fee going forward?</p>	<p>Under the current private equity investment consultant contract, the fee is \$125,500 per month and includes all services under the contract.</p>
<p>76 How many meetings will the private equity consultant attend each year? Are all meetings held in Nashville?</p>	<p>The Contract provides that the private equity consultant will travel up to four (4) times per year for in-person meetings with State governance bodies. Important governance stakeholders include the Treasurer of Tennessee, the TCRS Board of Trustees, and the Investment Committee of the Board of Trustees. Meetings for the relevant committees and boards are scheduled quarterly on a rolling basis. In practice, in-person meetings have averaged two (2) per year and are often scheduled ad hoc, at the consultant's convenience.</p>
<p>77 With specific regard to the assets covered by this RFP, discuss current areas of focus/concern for the Board/Investment Committee (other than the consultant search).</p>	<p>With respect to private and alternative investments, TCRS and its governance stakeholders share many of the concerns typical of public institutional investors generally. Examples of these issues include hidden fees, headline risk, egregious contractual provisions, and manager concentration risk.</p>
<p>78 Is there a timeline in mind to move the private equity allocation from the initial 3% target to the intermediate-term target of 5%?</p>	<p>The investment staff expects to move to a formal five percent (5%) target sometime in the next two (2) years. Current state law and investment policy allow that the total private equity allocation for the two (2) mandates included in this RFP can</p>

QUESTION / COMMENT	STATE RESPONSE
	represent up to ten percent (10%) of the Fund.
79 The RFP does not address the need for commitment modeling – do you expect the PE consultant to build and maintain a commitment model for TCRS?	The investment staff models the portfolio in-house for the purposes of setting a commitment plan, but views commitment modeling by the consultant as an excellent practice for strategy and planning. The assumptions and outputs are often very different between two models, leading to valuable debates.
80 Could you please provide the following TCRS documents? a. Traditional Private Equity Manager Questionnaire b. Placement Agent Questionnaire	The investment staff no longer uses a formal manager questionnaire but still investigates the same items during due diligence. The questionnaire is strictly directed towards operational due diligence both on a general level (e.g. regulatory status) and as it applies specifically to Tennessee law. The placement agent questionnaire is currently under review, but a copy of the current questionnaire can be made available to RFP respondents.
81 A recommendation to the CIO for approval includes a written investment recommendation from the consultant. Is the consultant’s standard manager evaluation write-up sufficient or do you anticipate this deliverable will be customized for TCRS?	The consultant’s recommendation for an individual investment should primarily serve to connect the general due diligence conclusions for the investment with the TCRS portfolio specifically, including a recommended commitment or investment amount. It is preferable these reports include a high-level review of the risk and return characteristics, which may be copy directly from the diligence report if a summary is already included.
82 For the Strategic Lending program: a. Does TCRS have a minimum percentage it wishes to remain liquid and/or in separate accounts? b. Do all investments have to have a current yield? If so, is there an absolute minimum annual yield requirement?	There are currently no minimum parameters on liquid investments in Strategic Lending. The overall portfolio has been constructed loosely on a target allocation of thirty-three (33%) each to liquid, illiquid, and opportunistic strategies, respectively. There is no absolute minimum yield for individual credit investments or for the credit portfolio as a whole. The vast majority of assets included in this portfolio will have a yield in the range of five percent (5%) to fifteen percent (15%).
83 Section E.7 of the RFP contract describes the potential for “a partial takeover of the contract” – has this clause ever been implemented? If so, please describe the circumstances.	To the best of the State’s knowledge, this provision has not been implemented as it relates to the State’s contract for private equity investment consultant services.
84 Section 3.2.2.2 references an “XLS” format for the cost proposal. As an excel file was not provided with the RFP, shall we convert this document into an excel file?	The proposer can recreate the Cost Proposal in Excel format or the State will accept it as a pdf document.
85 RFP Attachment 6.2, Section D – does this need to be submitted with our technical proposal?	No, each Respondent invited to participate in the oral presentation process will be required to address the questions contained in RFP Attachment 6.2. – Section D.
86 RFP Attachment 6.2, Section B.17 – Are three distinct client references sufficient? If not,	Please see the answer to questions 7 and 44.

QUESTION / COMMENT	STATE RESPONSE
could you please clarify how many completed references questionnaires we need to have completed and returned to us?	

3. Delete section A of the RFP Attachment 6.6 in its entirety and insert the following in its place:

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 **non-discretionary** private equity investment consulting services requested by the State in connection with the Tennessee Consolidated Retirement System (“Retirement System”), and shall be, in general, an advisor to the State in the investment operations of the private equity investment program, which shall include traditional private equity and strategic lending. (“Program”). The Contractor will not enter into any transaction on behalf of the State or bind the State in any way without the prior written consent of the State. **The Contractor will not enter into any transaction on behalf of the State or bind the State in any way without the prior written consent of the State. The Contractor shall, at no time, have custody, possession, or control of any of the assets of the State and the Contractor shall not provide or otherwise be responsible for accounting services, such as cash reconciliation or fund accounting, or legal or tax advice.**
- A.3. Strategic Planning, Investment Policies and Guidelines, and Educational Materials. The Contractor shall assist the State in developing and periodically updating a strategic plan for developing a successful Program. The Contractor shall further assist the State in developing Program policies, objectives and guidelines, and shall periodically review such policies, objectives and guidelines, and make recommended changes to the same as appropriate. The Contractor understands that educational and strategic planning services and materials may need to be delivered on a regular basis due to State personnel changes, and due to changes in the composition of the Board of Trustees of the Retirement System. Further, the Contractor understands that the Program is structured as two (2) separate, internally-managed portfolios, traditional private equity and strategic lending, that each will require strategic planning support. As of the date of this contract, the Retirement System’s investment policy is attached hereto as **Attachment “B”**. Amendment Number 1 to the Retirement System’s Investment Policy is attached hereto as **Attachment “C”**. The Retirement System’s Private Equity Guidelines are attached hereto as **Attachment “D”**. The Retirement System’s Strategic Lending Guidelines are attached hereto as **Attachment “E”**. As of the date of this contract, a list of managers to which each portfolio has commitments and/or invested capital is attached as **Attachment “F”**. In the event that a policy, guideline or list attached to this Contract is amended or an amendment to a policy or guideline is amended during the term of this Contract, the State shall provide all amended documents to the Contractor as soon as practicable without requiring the State to amend this Contract.
- A.4. Analyzing Asset Allocation, and Search Strategy for Investments. The Contractor shall assist the State in analyzing the asset allocation of its private equity investments by type, implementation vehicle, geography, industry and vintage year, and make recommendations for reallocation of assets as appropriate. 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/allocation 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. The Contractor shall also assist the State in developing a search strategy for highly qualified private equity investments, based on the investments meeting a variety of qualitative and quantitative criteria. Investments may be made through all or a portion of the following: (i) investments in limited partnerships, (ii) commingled funds, (iii) customized or

standardized funds-of-funds, (iv) co-investment opportunities, (v) purchases of secondary interests in these investments, (vi) customized "fund-of-one" accounts, and/or (vii) joint ventures. The Contractor shall maintain or otherwise provide access to a robust database containing information on private equity partnerships and managers. The Contractor will address asset allocation, sourcing, and portfolio analysis for each of the two independent portfolios that comprise the private equity program.

- A.5. Due Diligence. The Contractor shall perform comprehensive due diligence on private equity investment opportunities and to the extent practicable shall assist the State in negotiating the terms and conditions of the investment. The Contractor shall provide the State with detailed materials supporting investment recommendations and shall be available to present those recommendations as needed to the State Treasurer, State personnel, and/or to the Board of Trustees of the Retirement System as provided in Section A.8 below.
- A.6. Monitoring. The Contractor shall continuously monitor and evaluate the investment performance of the Program and, if appropriate, portfolio holdings and performance of each investment relative to applicable guidelines and objectives. The Contractor shall conduct ongoing due diligence on the Retirement System's private equity investments and managers, and shall notify the State of any significant developments or adverse events, and provide analysis and advice on such issues. Such due diligence shall further include monitoring for fraud potential of the general partners or other representatives of any investment procured by the Program and immediately notify the State of any indication of such potential fraudulent activities. The Contractor shall further provide recommendations pertaining to any proposed modification or other potential action pertaining to the Retirement System's private equity investments and managers, including, but not limited to, changes to partnership documents, key person events, and fund extensions.
- A.7. Performance Measurement and Reporting. The Contractor shall provide quarterly and annual performance review reports on the Program in the manner and within the time frames described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor's Proposal. The Contractor shall provide separate performance measurement and reporting for each of the two portfolios that comprise the State's private equity program. The reports shall include: (i) market environment information; (ii) asset change information for the Program and progress in achieving the Program's target allocation relative to the total fund; (iii) subcategory asset allocation vs. targets; and (iv) the investment performance of individual investments, subcategories, and for the overall Program versus appropriate standardized and custom benchmarks. The reports shall also identify whether the Program's investment portfolios are within the authorized asset ranges, and whether performance is consistent with the investment objectives and policies of the Program. The Contractor shall present the State with an executive summary of these reviews in person as provided in Section A.8 below.
- A.8. Meetings. Upon the State's request and upon reasonable notice, the Contractor shall meet with appropriate State personnel, committees, boards and commissions to explain the reports and any studies described in this Section A, or to discuss any other matter in connection with the services being performed by the Contractor hereunder. At the sole discretion of the State, any such meetings may be held in person at the State's facilities in Nashville, or by telephone; provided, however, the Contractor shall not be required to travel to the State's facilities more than four times per year during the term of this Contract.
- A.9. 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, Deputy Chief Investment Officer, Director of Private Equity, and other authorized staff members. In the event of direct contact by a party other than the Chief Investment Officer, Deputy Chief Investment Officer, Director of Private Equity, the State Treasurer's office, or other authorized staff member, the Contractor shall refer such party to the Chief Investment Officer, the Deputy Chief Investment Officer, or the Director of Private Equity from whom any such inquiries should originate.

- A.10. Warranty. Contractor represents and warrants that throughout the Term of this Contract (“Warranty Period”), the goods or services provided under this Contract shall conform to the terms and conditions of this Contract. 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 all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, 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.

- A.11. 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.12. Representations and Warranties. The Contractor represents and warrants that (1) it is a Registered Investment Adviser registered under the Investment Advisors Act of 1940; (2) 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; (3) 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; (4) 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; (5) the person signing this Contract on its behalf is duly authorized to do so on its behalf; (6) 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 (7) 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 and to the best of its knowledge):

- a. With reference to Rule 206(4)-5 promulgated under the Investment Advisers Act, neither the Contractor nor any Covered Associate 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 Contractor, 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 Contractor 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 Contractor 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 **Contractor** nor any **Municipal Finance Director** 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 **Contractor** nor any **Covered Associate** 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 **Contractor** 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 **Contractor** 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 **Contractor** 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 **Contractor** 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.13. Services to Other Clients. The State acknowledges that the Contractor and its officers and affiliates may serve as non-discretionary and discretionary investment managers for other individuals or entities, and nothing in this Contract shall in any way be deemed to restrict the right of the Contractor to perform such investment management or other services for any other person or entity; provided, however, that the Contractor's services provided to the other individuals or entities do not give rise to an actual or potential conflict of interest with the Contractor's obligation to provide investment services to the State pursuant to this Contract.

A.14. Form ADV. Within thirty days (30) after the execution of this Contract, the Contractor shall deliver information to the State providing disclosures regarding its background and business practices, including Parts 1, 2A and 2B of Form ADV (or such successor form), as required by the Securities and Exchange Commission.

A.15. Standard of Care. In performing its obligations under this Contract, the Contractor shall discharge its duties hereunder with the care, skill, prudence and diligence that, under circumstances then prevailing, a prudent investment advisor acting in a like capacity would use.

A.16. Electronic Delivery. The Contractor may make reports and other communications available to the State in electronic form, such as email or by posting on a secure website (with notification of the posting by email). The State hereby consents to receive deliveries of reports and other communications from the Contractor (including annual and other updates of Contractor's policies and procedures) exclusively in electronic form (without separate mailing of paper copies), except to the extent the State notifies the Contractor.

A.17. Principal Consultants. The Contractor agrees to assign the individuals named in the Contractor's Proposal who will be the principal consultants to the State under this Contract. Should any of the named principal 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.18. 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.19. 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.20. 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.21. 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.

- A.22. 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 **sixty (60)** 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.23. 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 Department's Gifts and Solicitations Policy, attached hereto as **Attachment "G"**.
- 4. Delete the following section E.5 of RFP Attachment 6.6 in its entirety and renumber any subsequent sections as necessary:**
- E.5. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.
- 5. RFP Amendment Effective Date.** The revisions set forth herein shall be effective upon release. All other terms and conditions of this RFP not expressly amended herein shall remain in full force and effect.



**STATE OF TENNESSEE
TREASURY DEPARTMENT**

**REQUEST FOR PROPOSALS
FOR
PRIVATE EQUITY INVESTMENT CONSULTING SERVICES**

RFP # 30901-28515

RFP CONTENTS

SECTIONS:

- 1. INTRODUCTION**
- 2. RFP SCHEDULE OF EVENTS**
- 3. RESPONSE REQUIREMENTS**
- 4. GENERAL CONTRACTING INFORMATION & REQUIREMENTS**
- 5. EVALUATION & CONTRACT AWARD**

ATTACHMENTS:

- 6.1. Response Statement of Certifications & Assurances**
- 6.2. Technical Response & Evaluation Guide**
- 6.3. Cost Proposal & Scoring Guide**
- 6.4. Reference Questionnaire**
- 6.5. Score Summary Matrix**
- 6.6. *Pro Forma* Contract**
 - Attachment A – Attestation Re Personnel Used in Contract Performance**
 - Attachment B – TCRS Current Investment Policy**
 - Attachment C – Amendment 1 to TCRS Investment Policy**

Attachment D – TCRS Private Equity Guidelines

Attachment E – TCRS Strategic Lending Guidelines

Attachment F – Current List of Managers

Attachment G – Treasury Dept. Gifts and Solicitations Policy

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 Tennessee Consolidated Retirement System (“TCRS”) seeks to engage the services of a dedicated consultant to advise the Department’s Investment Division relative to TCRS’ private equity program. The TCRS is governed by a Board of Trustees (“Board”) that is charged with the responsibility of investing and managing the retirement system assets solely in the interest of the beneficiaries while exercising the prudent investor rule and reasonable care in its delegation of investment and management functions. The Board of Trustees has delegated the ability to invest, reinvest and manage TCRS fund assets to the State Treasurer. Through this delegation, the Department of Treasury employees in the Department’s Investments Division manage TCRS assets on a day-to-day basis in accordance with applicable statutes, policy and guidelines. Applicable law (Tenn. Code Ann. §8-37-104(a)(10)(A)(i)), provides that the Board is authorized to invest up to ten percent (10%) of TCRS plan assets in private equity; total TCRS plan assets were \$42.3 billion as of September 30, 2014. The Investments Division manages the private equity allocation across two independent, internally-managed platforms: the Private Equity portfolio and the Strategic Lending portfolio. TCRS seeks a single consultant to advise both portfolios.

TCRS’ Private Equity portfolio has an initial target allocation of 3% with an intermediate-term target of 5%. The Private Equity allocation contained commitments of almost to \$2 billion from thirty-two (32) General Partners, with roughly \$750 million in capital called as of September 30, 2014. This portfolio primarily invests in commingled funds across venture capital, leveraged buyout, distressed strategies as well as secondaries, and natural resources.

TCRS’ Strategic Lending portfolio has an allocation of 5%. Through the Strategic Lending allocation, TCRS has invested \$695.7 million as of September 30, 2014. This portfolio is constructed using a core-satellite approach, primarily in managed accounts and commingled vehicles. Assets in this portfolio will primarily include high yield fixed income securities, direct lending, secondary loans, distressed strategies, mezzanine, and royalties and other equity investments that behave like credit securities.

TCRS’ current investment policy is attached to the Pro Forma Contract contained in this RFP as **Attachment “B”**. Amendment Number 1 to TCRS’ Investment Policy is attached hereto as **Attachment “C”**. TCRS’ private equity guidelines are attached hereto as **Attachment “D”**. TCRS’ strategic lending guidelines are attached hereto as **Attachment “E”**. A current list of managers to which each portfolio has commitments and/or invested capital is attached as **Attachment “F”**. Treasury Department’s Gifts and Solicitations Policy is attached as **Attachment “G”**.

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 # 30901-28515

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
Fax: (615) 401-6819
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
Treasury Department
Andrew Jackson State Office Building, 14th Floor
502 Deaderick Street
Nashville, Tennessee 37243
Phone: (615) 741-4915
Fax: (615) 741-0996
Cell: (615) 982-9149
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 phone 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.

To participate in the teleconference, contact the Solicitation Coordinator, Dawn Rochelle via e-mail at Dawn.Rochelle@tn.gov or by phone at (615) 253-8770 for further instructions.

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 Conference 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 1.4.6. 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		March 23, 2015
2. Disability Accommodation Request Deadline	2:00 p.m.	March 26, 2015
3. Pre-response Conference	10:00 a.m.	March 27, 2015
4. Notice of Intent to Respond Deadline	2:00 p.m.	March 30, 2015
5. Written "Questions & Comments" Deadline	2:00 p.m.	April 7, 2015
6. State Response to Written "Questions & Comments"		April 14, 2015
7. Response Deadline	2:00 p.m.	April 23, 2015
8. State Completion of Technical Response Evaluations		May 6, 2015
9. State Schedules Respondent Oral Presentation		May 8, 2015
10. Respondent Oral Presentation	8 a.m. – 4:30 p.m.	May 12, 2015 – May 13, 2015
11. State Opening & Scoring of Cost Proposals		May 15, 2015
12. State Notice of Intent to Award Released <u>and</u> RFP Files Opened for Public Inspection		May 20, 2015
13. End of Open File Period		May 28, 2015
14. State sends contract to Contractor for signature		May 29, 2015
15. Contractor Signature Deadline	2:00 p.m.	June 5, 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 # 30901-28515 TECHNICAL RESPONSE ORIGINAL”

and six (6) 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 or USB flash drive labeled:

“RFP # 30901-28515 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 # 30901-28515 COST PROPOSAL ORIGINAL”

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

“RFP # 30901-28515 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 # 30901-28515 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 # 30901-28515 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 # 30901-28515 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 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:

- a. the response adequately meets RFP requirements for further evaluation;
- b. the State will request clarifications or corrections for consideration prior to further evaluation; or,
- c. 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 four (4) ranked Respondents to make an oral presentation. The ranking will be determined after the Technical Response score is totaled and ranked (e.g., 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 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 ATTACHMENT 6.1.**RFP # 30901-28515 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):**

RFP ATTACHMENT 6.2. — Section A

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 satisfactory credit rating for the Respondent (NOTE: A credit bureau report	

RESPONDENT LEGAL ENTITY NAME:			
Response Page # (Respondent completes)	Item Ref.	Section A— Mandatory Requirement Items	Pass/Fail
		number without the full report is insufficient and will <u>not</u> be considered responsive.)	
	A.6.	Provide a statement that the Proposer agrees to serve as a fiduciary to TCRS in the capacity of providing private equity investment management services to TCRS.	
	A.7.	Provide a statement that the Proposer is registered with the Securities and Exchange Commission as an investment advisor pursuant to the Investment Advisor Act of 1940.	
	A.8.	Provide a copy of the Proposer's most recent SEC Form ADV (Part 2).	
<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 Respondent must be properly licensed to render such opinions. The State may require 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 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 and total value; (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. <p>NOTE: In order to claim status as a Diversity Business Enterprise under this contract,</p>

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>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 officials or staff of the State of Tennessee) for projects similar to the services sought under this RFP and which represent:</p> <ul style="list-style-type: none"> ▪ two (2) of the larger accounts currently serviced by the Respondent, <u>and</u> ▪ three (3) completed projects. <p>All references must be provided in the form of standard reference questionnaires that have been fully completed by the individual providing the reference as required. The standard reference questionnaire, which <u>must</u> be used and completed as required, is detailed at RFP Attachment 6.4. References that are not completed as required will be considered non-responsive and will not be considered.</p> <p>The Respondent will be <u>solely</u> responsible for obtaining the fully completed reference questionnaires, and for including them within the Respondent's sealed Technical Response. In order to obtain and submit the completed reference questionnaires, as required, follow the process detailed below.</p> <p>(a) Customize the standard reference questionnaire at RFP Attachment 6.4. by adding the subject Respondent's name, and make duplicates for completion by references.</p> <p>(b) Send the customized reference questionnaires to each individual chosen to provide a reference along with a new standard #10 envelope.</p> <p>(c) Instruct the person that will provide a reference for the Respondent to:</p> <ol style="list-style-type: none"> (i) complete the reference questionnaire (on the form provided or prepared, completed, and printed using a duplicate of the document); (ii) sign <u>and</u> date the completed, reference questionnaire; (iii) seal the completed, signed, and dated, reference questionnaire within the envelope provided;

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<p>(iv) sign his or her name in ink across the sealed portion of the envelope; and</p> <p>(v) return the sealed envelope containing the completed reference questionnaire 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.	<p>Provide the total amount of assets under the Proposer's management, and the percentage of total firm revenues by product category. Indicate for each product whether it is a discretionary or a non-discretionary account.</p>
	B.20.	<p>Provide information regarding the relative percentage of revenues your firm derives from the following (total of all sources of revenue should add up to 100%):</p> <ul style="list-style-type: none"> • Revenues from investment management organizations; • Revenues from brokerage activities; • Revenues from tax-exempt institutional investors; <p>Revenue from other sources (please specify).</p>
	B.21.	<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 non-discretionary private equity consulting services; • Revenues from discretionary private equity consulting services; • Revenues from co-investment activities;

RFP ATTACHMENT 6.2. — SECTION B (continued)

RESPONDENT LEGAL ENTITY NAME:		
Response Page # (Respondent completes)	Item Ref.	Section B— General Qualifications & Experience Items
		<ul style="list-style-type: none"> • Revenues from secondary investment activities; • Revenues from general or other investment consulting; • Revenues from direct private equity investing; • Revenues from other activities (please specify).
	B.22.	Provide the names (or brief descriptions if confidentiality is required) and assets, both discretionary and non-discretionary, of all clients gained and lost since January, 2012. For each client lost, specify the reason and a current contact name at the firm.
	B.23.	Provide a list of employees, including their respective titles, who have left the Proposer's employment in the past five (5) years, and please explain the circumstances surrounding the departures.
	B.24.	Provide, as of December 31, 2014, a list of at least five (5) institutional private equity clients.
	B.25.	Provide, as of December 31, 2014, a list of at least three (3) public pension fund clients.
	B.26.	Provide, as of December 31, 2014, the name of at least one (1) client with more than \$20 billion in aggregate assets.
	B.27.	Provide, as of December 31, 2014, the name of at least one (1) client with more than \$1 billion of targeted private equity assets.
	B.28.	Provide the number of actively monitored and reported private equity partnerships (must be greater than one hundred (100)).
	B.29.	Provide a statement that, as of December 31, 2014, the Proposer has been in business for at least three (3) years providing services similar to those described in RFP 6.6, Pro Forma Contract, Section A.
	B.30.	Provide a statement that the primary consultant to be assigned to the TCRS account has a minimum of three (3) years of experience as a consultant for private equity investments to either public or private pension plans.
		SCORE (for <u>all</u> Section B—Qualifications & Experience Items above): <i>(maximum possible score = 20)</i>
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.	Provide examples of quarterly and annual client performance reports you propose to provide if awarded a contract under this RFP. Describe the manner and time frames in which you will provide the quarterly and annual client performance reports if awarded a contract under this RFP. Note that the Private Equity portfolio and the Strategic Lending portfolio require separate performance reporting.		5	
	C.5.	Describe the monitoring process once investments are made, including overseeing performance, risk, contract compliance, account restrictions, and activities creating potential conflicts of interest. Also describe frequency of contact with the general partners of funds in which clients are invested. Please specifically identify any steps the firm takes to monitor fees and expenses assessed by investment managers.		5	
	C.6.	Describe the Proposer's methods for assisting clients in evaluating partnership terms, amendments, and other contractual issues as they arise within a given investment.		5	
	C.7.	Provide an example of a typical capital deployment or pacing model.		5	
	C.8.	Describe the Proposer's information systems for collecting and analyzing performance data for commingled funds, separate accounts, and the portfolios in general. Please include a discussion of the collection and analysis of underlying fund holdings data.		5	
	C.9.	Describe the Proposer's method and capabilities for sourcing		5	

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
		potential investments.			
	C.10.	Provide redacted examples of typical due diligence reports for a venture fund, a buyout fund, a credit fund, and a non-US Fund, and discuss how many similar reports have been distributed to clients over each of the past three (3) years.		10	
	C.11.	Describe the Proposer's investment process that is typically completed prior to either committing or recommending a private equity investment, including operational diligence processes. Please specifically identify diligence practices with respect to fees and expenses assessed by the investment manager.		10	
	C.12.	Provide a list of alternative investments that Proposer has recommended to clients over the past five (5) years.		5	
	C.13.	Please consult the attached list of current investment positions and indicate for each whether the Proposer (a) maintains an ongoing relationship with the firm, and/or (b) published diligence on the specific fund or product.		10	
	C.14.	Describe any value-added services provided by the Proposer not addressed elsewhere in Section C, including but not limited to: an online client portal offering, white papers and other proprietary research, and access to benchmark data.		5	
	C.15.	For each of the calendar years 2012, 2013, and 2014, provide the following information: The total asset value of capital and number of partnerships committed by or on behalf of the Proposer's clients on the Proposer's recommendation or discretion. Provide a breakdown by venture capital, buyout (including distressed-control), credit, distressed (securities), secondaries funds, direct secondaries, fund-of-funds, coinvestment funds, and coinvestments & direct investments. Please also provide a breakdown by major geographical areas.		10	
	C.16.	For each of the five (5) largest partnership investments in venture capital, in buyouts, and non-U.S. private equity, provide the total dollars committed by the Proposer's clients in each partnership. Provide a list of the "first-time" funds for which the Proposer or Proposer's clients made commitments. Finally, please address the Proposer's ability to research and potentially recommend an investment product for which TCRS is the only client with interest and/or access, including separate accounts in the Strategic Lending portfolio.		5	
<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>			Total Raw Weighted Score: <i>(sum of Raw Weighted Scores above)</i>		
Total Raw Weighted Score			X 40 <i>(maximum possible score)</i>		= SCORE:
Maximum Possible Raw Weighted Score <i>(i.e., 5 x the sum of item weights above)</i>					

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 – Evaluator Identification:</i>					
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>					

RFP ATTACHMENT 6.2.— SECTION D

TECHNICAL RESPONSE & EVALUATION GUIDE

SECTION D: ORAL PRESENTATION. The Respondent must address ALL Oral Presentation Items (below).

A Proposal Evaluation Team, made up of three or more State employees, will independently evaluate and score the presentation 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:			
Oral Presentation Items	Item Score	Evaluation Factor	Raw Weighted Score
D.1. Describe your firm’s view and philosophy in achieving the objective outlined in the Contract’s Scope of Services		1	
D.2. Describe your firm’s experience in working with and supporting public pension plans and their private equity portfolios		1	
Total Raw Weighted Score <i>(sum of Raw Weighted Scores above):</i> The Solicitation Coordinator will use this sum and the formula below to calculate the score. Numbers rounded to two (2) places to the right of the decimal point will be standard for calculations.			
$\frac{\text{total raw weighted score}}{\text{maximum possible raw weighted score}}$ <i>(i.e., 5 x the sum of item weights above)</i>		X 10 <i>(maximum section score)</i>	= SCORE:
<i>State Use – Evaluator Identification:</i>			
<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		
	July 1, 2015- June 30, 2016	July 1, 2016 – June 30, 2017	July 1, 2017- June 30, 2018	July 1, 2018 – June 30, 2019	July 1, 2019 – June 30, 2020	Sum	Evaluation Factor	Evaluation Cost (cost x factor)
Private Equity Investment Consulting Services for the Tennessee Consolidated Retirement System inclusive of all services described in the pro forma Scope of Services.	\$ /month	\$ /month	\$ /month	\$ /month	\$ /month		12	

<p>TOTAL 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>	
--	--

RESPONDENT LEGAL ENTITY NAME:				
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> <math display="block">\frac{\text{lowest evaluation cost amount from <u>all</u> proposals}}{\text{evaluation cost amount being evaluated}}</math> </td> <td style="width: 10%; border: none; text-align: center;"> x 30 (maximum section score) </td> <td style="width: 40%; border: none;"> = SCORE: </td> </tr> </table>		$\frac{\text{lowest evaluation cost amount from all proposals}}{\text{evaluation cost amount being evaluated}}$	x 30 (maximum section score)	= SCORE:
$\frac{\text{lowest evaluation cost amount from all proposals}}{\text{evaluation cost amount being evaluated}}$	x 30 (maximum section score)	= SCORE:		
<i>State Use – Solicitation Coordinator Signature, Printed Name & Date:</i>				

RFP ATTACHMENT 6.4.

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 # 30901-28515 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?

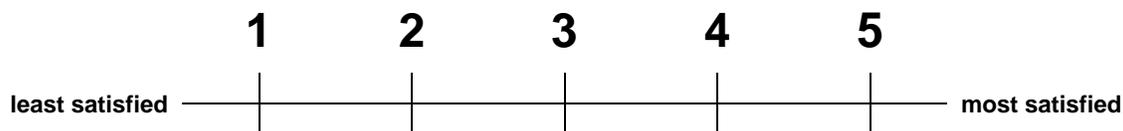
(2) Please provide the following information about the individual completing this reference questionnaire on behalf of the above-named individual, company, organization, or entity.

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.

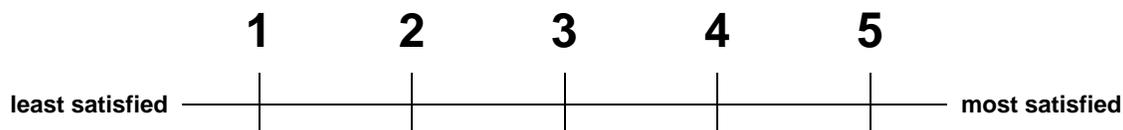


RFP # 30901-28515 REFERENCE QUESTIONNAIRE — PAGE 2

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 # 30901-28515 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.

	1	2	3	4	5	
least satisfied						most satisfied

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.

	1	2	3	4	5	
least satisfied						most satisfied

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:

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 # 30901-28515 *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,
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
AND
CONTRACTOR NAME**

This Contract, by and between the State of Tennessee, Tennessee Consolidated Retirement System (“State”) and **Contractor Legal Entity Name** (“Contractor”), is for the provision of consulting services for the Tennessee Consolidated Retirement System’s private equity and strategic lending portfolios, 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 private equity investment consulting services requested by the State in connection with the Tennessee Consolidated Retirement System (“Retirement System”), and shall be, in general, an advisor to the State in the investment operations of the private equity investment program, which shall include traditional private equity and strategic lending. (“Program”).
- A.3. Strategic Planning, Investment Policies and Guidelines, and Educational Materials. The Contractor shall assist the State in developing and periodically updating a strategic plan for developing a successful Program, The Contractor shall further assist the State in developing Program policies, objectives and guidelines, and shall periodically review such polices, objectives and guidelines, and make recommended changes to the same as appropriate. The Contractor understands that educational and strategic planning services and materials may need to be delivered on a regular basis due to State personnel changes, and due to changes in the composition of the Board of Trustees of the Retirement System. Further, the Contractor understands that the Program is structured as two (2) separate, internally-managed portfolios, traditional private equity and strategic lending, that each will require strategic planning support. As of the date of this contract, the Retirement System’s investment policy is attached hereto as **Attachment “B”**. Amendment Number 1 to the Retirement System’s Investment Policy is attached hereto as **Attachment “C”**. The Retirement System’s Private Equity Guidelines are attached hereto as **Attachment “D”**. The Retirement System’s Strategic Lending Guidelines are attached hereto as **Attachment “E”**. As of the date of this contract, a list of managers to which each portfolio has commitments and/or invested capital is attached as **Attachment “F”**. In the event that a policy, guideline or list attached to this Contract is amended or an amendment to a policy or guideline is amended during the term of this Contract, the State shall provide all amended documents to the Contractor as soon as practicable without requiring the State to amend this Contract.
- A.4. Analyzing Asset Allocation, and Search Strategy for Investments. The Contractor shall assist the State in analyzing the asset allocation of its private equity investments by type, implementation vehicle, geography, industry and vintage year, and make recommendations for reallocation of assets as appropriate. 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/allocation 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. The Contractor shall also assist the State in developing a search strategy for highly qualified private equity investments, based on the investments meeting a variety of qualitative and quantitative criteria. Investments may be made through all or a portion of the

following: (i) investments in limited partnerships, (ii) commingled funds, (iii) customized or standardized funds-of-funds, (iv) co-investment opportunities, (v) purchases of secondary interests in these investments, (vi) customized “fund-of-one” accounts, and/or (vii) joint ventures. The Contractor shall maintain or otherwise provide access to a robust database containing information on private equity partnerships and managers. The Contractor will address asset allocation, sourcing, and portfolio analysis for each of the two independent portfolios that comprise the private equity program.

- A.5. Due Diligence. The Contractor shall perform comprehensive due diligence on private equity investment opportunities and to the extent practicable shall assist the State in negotiating the terms and conditions of the investment. The Contractor shall provide the State with detailed materials supporting investment recommendations and shall be available to present those recommendations as needed to the State Treasurer, State personnel, and/or to the Board of Trustees of the Retirement System as provided in Section A.8 below.
- A.6. Monitoring. The Contractor shall continuously monitor and evaluate the investment performance of the Program and, if appropriate, portfolio holdings and performance of each investment relative to applicable guidelines and objectives. The Contractor shall conduct ongoing due diligence on the Retirement System’s private equity investments and managers, and shall notify the State of any significant developments or adverse events, and provide analysis and advice on such issues. Such due diligence shall further include monitoring for fraud potential of the general partners or other representatives of any investment procured by the Program and immediately notify the State of any indication of such potential fraudulent activities. The Contractor shall further provide recommendations pertaining to any proposed modification or other potential action pertaining to the Retirement System’s private equity investments and managers, including, but not limited to, changes to partnership documents, key person events, and fund extensions.
- A.7. Performance Measurement and Reporting. The Contractor shall provide quarterly and annual performance review reports on the Program in the manner and within the time frames described in pages [PAGE NUMBERS FROM SUCCESSFUL PROPOSAL WHICH RESPOND TO SECTION C.4 OF ATTACHMENT 6.2 OF THE RFP] of the Contractor’s Proposal. The Contractor shall provide separate performance measurement and reporting for each of the two portfolios that comprise the State’s private equity program. The reports shall include: (i) market environment information; (ii) asset change information for the Program and progress in achieving the Program’s target allocation relative to the total fund; (iii) subcategory asset allocation vs. targets; and (iv) the investment performance of individual investments, subcategories, and for the overall Program versus appropriate standardized and custom benchmarks. The reports shall also identify whether the Program’s investment portfolios are within the authorized asset ranges, and whether performance is consistent with the investment objectives and policies of the Program. The Contractor shall present the State with an executive summary of these reviews in person as provided in Section A.8 below.
- A.8. Meetings. Upon the State’s request and upon reasonable notice, the Contractor shall meet with appropriate State personnel, committees, boards and commissions to explain the reports and any studies described in this Section A, or to discuss any other matter in connection with the services being performed by the Contractor hereunder. At the sole discretion of the State, any such meetings may be held in person at the State’s facilities in Nashville, or by telephone; provided, however, the Contractor shall not be required to travel to the State’s facilities more than four times per year during the term of this Contract.
- A.9. 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, Deputy Chief Investment Officer, Director of Private Equity, and other authorized staff members. In the event of direct contact by a party other than the Chief Investment Officer, Deputy Chief Investment Officer, Director of Private Equity, the State Treasurer’s office, or other authorized staff member, the Contractor shall refer such party to the Chief Investment Officer, the Deputy Chief Investment Officer, or the Director of Private Equity from whom any such inquiries should originate.

- A.10. Warranty. Contractor represents and warrants that throughout the Term of this Contract (“Warranty Period”), the goods or services provided under this Contract shall conform to the terms and conditions of this Contract. 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 all goods or services provided under this Contract shall be provided in a timely and professional manner, by qualified and skilled individuals, 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.

- A.11. 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.12. 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.13. Principal Consultants. The Contractor agrees to assign the individuals named in the Contractor's Proposal who will be the principal consultants to the State under this Contract. Should any of the named principal 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. 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.15. 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.16. 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.17. 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.

A.18. 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.19. 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 Department's Gifts and Solicitations Policy, attached hereto as **Attachment "G"**.

B. TERM OF CONTRACT:

This Contract shall be effective on **July 1, 2015** and extend for a period of **(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:

Services Description	Amount (per compensable increment)				
	July 1, 2015 – June 30, 2016	July 1, 2016 – June 30, 2017	July 1, 2017 – June 30, 2018	July 1, 2018 – June 30, 2019	July 1, 2019 – June 30, 2020
Private Equity Investment Consulting Services for the Tennessee Consolidated Retirement System inclusive of all services described in the Scope of Services	\$AMOUNT per month				

- 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:

Daniel Crews, Director of Private Equity
 State of Tennessee Treasury Department
 Andrew Jackson State Office Building, 13th Floor
 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: Tennessee 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 an "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, all payments to the Contractor, under this or any other contract the Contractor has with the State of Tennessee, shall be made by automated clearing house.
- b. The Contractor shall complete, sign, and present to the State a "Substitute W-9 Form" provided by the State. The taxpayer identification number in the Substitute W-9 Form must be the same as the Contractor's Federal Employer Identification Number or Tennessee Edison Registration ID.

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:

Daniel Crews, Director of Private Equity
Tennessee Treasury Department
Andrew Jackson State Office Building, 13th Floor
502 Deaderick Street
Nashville, Tennessee 37243
Daniel.Crews@tn.gov
Telephone # (615) 532-8720
FAX # (615) 743-6478

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 intentional torts, criminal acts, fraudulent conduct, 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);
 - 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.

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. Insurance. The Contractor shall carry adequate liability and other appropriate forms of insurance.
- a. The Contractor shall maintain, at minimum, the following insurance coverage:
 - (1) Workers' Compensation/ Employers' Liability (including all states coverage) with a limit not less than the relevant statutory amount or one million dollars (\$1,000,000) per occurrence for employers' liability whichever is greater.
 - (2) Comprehensive Commercial General Liability (including personal injury & property damage, premises/operations, independent contractor, contractual liability and completed operations/products) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence and two million dollars (\$2,000,000) aggregate.

- (3) Automobile Coverage (including owned, leased, hired, and non-owned vehicles) with a bodily injury/property damage combined single limit not less than one million dollars (\$1,000,000) per occurrence.
 - (4) Errors and Omission Coverage with a limit of not less than one million dollars (\$1,000,000) per claim and two million dollars (\$2,000,000) aggregate.
- b. The Contractor shall provide a valid Certificate of Insurance naming the State as an additional insured and detailing Coverage Description; Insurance Company & Policy Number; Exceptions and Exclusions; Policy Effective Date; Policy Expiration Date; Limit(s) of Liability; and Name and Address of Insured. Contractor shall obtain from Contractor's insurance carrier(s) and will deliver to the State waivers of the subrogation rights under the respective policies. Failure to provide required evidence of insurance coverage shall be a material breach of this Contract.

E.3. 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.4. 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.5. Prohibited Advertising or Marketing. The Contractor shall not suggest or imply in advertising or marketing materials that Contractor's goods or services are endorsed by the State. The restrictions on Contractor advertising or marketing materials under this Section shall survive the termination of this Contract.

E.6. 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.7. 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.8. 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.

IN WITNESS WHEREOF,

CONTRACTOR LEGAL ENTITY NAME:

CONTRACTOR SIGNATURE

DATE

PRINTED NAME AND TITLE OF CONTRACTOR SIGNATORY (above)

TENNESSEE TREASURY DEPARTMENT:

DAVID H. LILLARD, JR., STATE TREASURER AND CHAIRMAN OF THE TENNESSEE CONSOLIDATED RETIREMENT SYSTEM **DATE**

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